

Introduced by

Representative Stemen

1 A BILL for an Act to amend and reenact sections 54-52-06.3 and 54-52-17 of the North Dakota
2 Century Code, relating to retirement benefits for peace officers, firefighters, and correctional
3 officers employed by political subdivisions; to provide an appropriation; and to provide an
4 effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 54-52-06.3 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-52-06.3. Contribution by peace officers, firefighters, and correctional officers**
9 **employed by political subdivisions - Employer contribution.**

10 1. Each peace officer, firefighter, or correctional officer employed by a political
11 subdivision that enters an agreement with the retirement board on behalf of its peace
12 officers, firefighters, and correctional officers separately from its other employees and
13 who is a member of the public employees retirement system is assessed and shall pay
14 monthly four percent of the employee's monthly salary. The assessment must be
15 deducted and retained out of the employee's salary in equal monthly installments.
16 Peace officer, firefighter, or correctional officer contributions increase byas follows:
17 a. By one-half of one percent of the member's monthly salary beginning with the
18 monthly reporting period of January 2012, and with an additional increase of
19 one-half of one percent, beginning with the monthly reporting period of
20 January 2013, and with an additional increase of one-half of one percent,
21 beginning with the monthly reporting period of January 2014. ~~The assessment~~
22 ~~must be deducted and retained out of the employee's salary in equal monthly~~
23 ~~installments.; and~~

1 b. By one-half of the sum of the amount determined by the board to be actuarially
2 required to support the level of benefits specified in section 54-52-17 less the
3 employer contribution and employee contribution amounts in effect on July 1,
4 2024, beginning with the monthly reporting period of January 2026.

5 2. The peace officer's, firefighter's, or correctional officer's employer shall contribute an
6 amount determined by the board to be actuarially required to support the level of
7 benefits specified in section 54-52-17. If the peace officer's, firefighter's, or correctional
8 officer's assessment is paid by the employer under subsection 3 of section 54-52-05,
9 the employer shall contribute, in addition, an amount equal to the required peace
10 officer's, firefighter's, or correctional officer's assessment.

11 **SECTION 2. AMENDMENT.** Section 54-52-17 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-52-17. Formulation of plan. (Retroactive application - [See note](#))**

14 Participating members shall receive benefits according to this section and according to
15 rules adopted by the board, not inconsistent with this chapter. No ~~person~~individual is entitled to
16 receive a prior service benefit if the ~~person~~individual was not continuously employed by a
17 governmental unit in North Dakota for a period of not less than two years immediately ~~prior~~
18 to before eligibility for retirement.

- 19 1. Participating members shall receive credit for full-time employment or its equivalent
20 from the date they attain eligibility until their normal retirement date, postponed
21 retirement date, or early retirement date, as defined in this section. Part-time
22 employment will be recognized as full-time employment on a prorated basis as the
23 board may prescribe.
- 24 2. Retirement benefits are calculated from the participating member's final average
25 salary, which is the average of the highest salary received by the member for any
26 thirty-six months employed during the last one hundred twenty months of employment.
27 For members who terminate employment on or after August 1, 2010, final average
28 salary is the average of the highest salary received by the member for any thirty-six
29 months employed during the last one hundred eighty months of employment. For
30 members who terminate employment between July 31, 2005, and August 1, 2010, final
31 average salary is the average of the highest salary received by the member for any

1 thirty-six months employed during the period for which the board has appropriate and
2 accurate salary records on the board's electronic database, but that period may not be
3 more than the last one hundred eighty months of employment. For members who
4 terminate employment after December 31, 2019, final average salary is the higher of
5 the final average salary calculated on December 31, 2019, or the average salary
6 earned in the three highest periods of twelve consecutive months employed during the
7 last one hundred eighty months of employment. Months without earnings are excluded
8 for the purpose of computing an average. If the participating member has worked for
9 less than thirty-six months at the normal retirement date, the final average salary is the
10 average salary for the total months of employment.

11 3. Retirement dates are defined as follows:

12 a. Normal retirement date, except for a national guard security officer or firefighter, a
13 firefighter employed by a political subdivision, a peace officer employed by the
14 state, or a peace officer or correctional officer employed by a political subdivision,
15 is:

16 (1) The first day of the month next following the month in which the member
17 attains the age of sixty-five years; or

18 (2) When the member has a combined total of years of service credit and years
19 of age equal to eighty-five and has not received a retirement benefit under
20 this chapter.

21 b. Normal retirement date for members first enrolled after December 31, 2015,
22 except for a national guard security officer or firefighter, a firefighter employed by
23 a political subdivision, a peace officer employed by the state, a peace officer or
24 correctional officer employed by a political subdivision, or a supreme court or
25 district court judge, is:

26 (1) The first day of the month next following the month in which the member
27 attains the age of sixty-five years; or

28 (2) When the member has a combined total of years of service credit and years
29 of age equal to ninety and the member attains a minimum age of sixty and
30 has not received a retirement benefit under this chapter.

31 c. Normal retirement date for a national guard security officer or firefighter is:

- 1 (1) The first day of the month next following the month in which the national
2 guard security officer or firefighter attains the age of fifty-five years and has
3 completed at least three eligible years of employment; or
4 (2) When the national guard security officer or firefighter has a combined total
5 of years of service credit and years of age equal to eighty-five and has not
6 received a retirement benefit under this chapter.
- 7 d. Normal retirement date for a peace officer, firefighter, or correctional officer
8 employed by a political subdivision is:
- 9 (+) ~~The~~ the first day of the month next following the month in which the ~~peace-~~
10 ~~officer, firefighter, or correctional officer~~member attains the age of fifty-five
11 years and has completed:
- 12 (1) (a) If first enrolled before January 1, 2026, at least three eligible years of
13 employment; or
14 (b) If first enrolled after December 31, 2025, at least five eligible years of
15 employment; or
- 16 (2) When the peace officer, firefighter, or correctional officer has a combined
17 total of years of service credit and years of age equal to eighty-five and has
18 not received a retirement benefit under this chapter.
- 19 e. (1) Normal retirement date for a peace officer employed by the bureau of
20 criminal investigation is:
- 21 (a) [1] For a member employed before August 1, 2023, the first day of
22 the month next following the month in which the peace officer
23 attains the age of fifty-five years and has completed at least
24 three eligible years of employment; and
25 [2] For a member employed after July 31, 2023, the first day of the
26 month next following the month in which the peace officer attains
27 the age of fifty-five years and has completed at least ten eligible
28 years of employment; or
29 (b) When the peace officer has a combined total of years of service credit
30 and years of age equal to eighty-five and has not received a
31 retirement benefit under this chapter.

- 1 (2) Normal retirement date for a peace officer employed by the state, other than
2 a peace officer employed by the bureau of criminal investigation, is:
- 3 (a) The first day of the month next following the month in which the peace
4 officer attains the age of fifty-five years and has completed at least
5 three eligible years of employment; or
- 6 (b) When the peace officer has a combined total of years of service credit
7 and years of age equal to eighty-five and has not received a
8 retirement benefit under this chapter.
- 9 f. Postponed retirement date is the first day of the month next following the month
10 in which the member, on or after July 1, 1977, actually severs or has severed the
11 member's employment after reaching the normal retirement date.
- 12 g. (1) Early retirement date, except for a national guard security officer or
13 firefighter, a firefighter, peace officer, or correctional officer employed by a
14 political subdivision, or a peace officer employed by the state, is the first day
15 of the month next following the month in which the member attains the age
16 of fifty-five years and has completed three years of eligible employment.
- 17 (2) For a national guard security officer or firefighter, early retirement date is the
18 first day of the month next following the month in which the national guard
19 security officer or firefighter attains the age of fifty years and has completed
20 at least three years of eligible employment.
- 21 (3) For a peace officer employed by the state, other than a peace officer
22 employed by the bureau of criminal investigation, ~~or a firefighter, peace-~~
23 ~~officer, or correctional officer employed by a political subdivision,~~ early
24 retirement date is the first day of the month next following the month in
25 which the peace officer, ~~firefighter, or correctional officer~~ attains the age of
26 fifty years and has completed at least three years of eligible employment.
- 27 (4) For a peace officer employed by the bureau of criminal investigation, early
28 retirement date is the first day of the month next following the month in
29 which the peace officer attains the age of fifty years and has completed at
30 least three years of eligible employment.

1 (5) For a peace officer, firefighter, or correctional officer employed by a political
2 subdivision, early retirement date is the first day of the month next following
3 the month in which the member attains the age of fifty years and has
4 completed:

5 (a) If first enrolled before January 1, 2026, at least three eligible years of
6 employment; or

7 (b) If first enrolled after December 31, 2025, at least five eligible years of
8 employment.

9 h. Disability retirement date is the first day of the month after a member becomes
10 permanently and totally disabled, according to medical evidence called for under
11 the rules of the board, and has completed at least one hundred eighty days of
12 eligible employment. For supreme and district court judges, permanent and total
13 disability is based solely on a judge's inability to perform judicial duties arising out
14 of physical or mental impairment, as determined pursuant to rules adopted by the
15 board or as provided by subdivision a of subsection 3 of section 27-23-03.

16 (1) A member is eligible to receive disability retirement benefits only if the
17 member became disabled during the period of eligible employment and
18 applies for disability retirement benefits within twelve months of the date the
19 member terminates employment.

20 (2) A member is eligible to continue to receive disability benefits as long as the
21 permanent and total disability continues and the member submits the
22 necessary documentation and undergoes medical testing required by the
23 board, or for as long as the member participates in a rehabilitation program
24 required by the board, or both. If the board determines a member no longer
25 meets the eligibility definition, the board may discontinue the disability
26 retirement benefit. The board may pay the cost of any medical testing or
27 rehabilitation services the board deems necessary and these payments are
28 appropriated from the retirement fund for those purposes. A member's
29 receipt of disability benefits under this section is limited to receipt from the
30 fund to which the member was actively contributing at the time the member
31 became disabled.

- 1 4. The board shall calculate retirement benefits as follows:
- 2 a. Normal retirement benefits for ~~all retirees~~ a retiree, except ~~a supreme and/or~~
3 district court ~~judges~~ judge, ~~a peace officers~~ officer employed by the bureau of
4 criminal investigation, ~~and other peace officers~~ officer employed by the state, ~~or a~~
5 peace officer, firefighter, or correctional officer employed by a political
6 subdivision, reaching normal retirement date ~~equal~~ equals an annual amount,
7 payable monthly, comprised of a service benefit and a prior service benefit, as
8 defined in this chapter, which is determined as follows:
- 9 (1) For ~~members~~ member first enrolled:
- 10 (a) Before January 1, 2020, service benefit equals two percent of final
11 average salary multiplied by the number of years of service
12 employment.
- 13 (b) After December 31, 2019, service benefit equals one and seventy-five
14 hundredths percent of final average salary multiplied by the number of
15 years of service employment.
- 16 (2) Prior service benefit equals two percent of final average salary multiplied by
17 the number of years of prior service employment.
- 18 b. Normal retirement benefits for ~~all~~ a supreme ~~and/or~~ district court ~~judges~~ judge
19 under the public employees retirement system reaching normal retirement date
20 ~~equal~~ equals an annual amount, payable monthly, comprised of a benefit as
21 defined in this chapter, determined as follows:
- 22 (1) Benefits must be calculated from the time of appointment or election to the
23 bench and must equal three and one-half percent of final average salary
24 multiplied by the first ten years of judicial service, two and eighty hundredths
25 percent of final average salary multiplied by the second ten years of judicial
26 service, and one and one-fourth percent of final average salary multiplied by
27 the number of years of judicial service exceeding twenty years.
- 28 (2) Service benefits must include, in addition, an amount equal to the percent
29 specified in subdivision a of final average salary multiplied by the number of
30 years of nonjudicial employee service and employment.

- 1 c. Normal retirement benefits for a peace officer employed by the bureau of criminal
2 investigation reaching the normal retirement date equals an annual amount,
3 payable monthly, comprised of a service benefit and a prior service benefit
4 determined as follows:
- 5 (1) The first twenty years of credited service multiplied by three percent of final
6 average salary.
- 7 (2) For years in excess of twenty years of credited service multiplied by one
8 and seventy-five hundredths percent of final average salary.
- 9 d. Normal retirement benefits for a peace officer employed by the state, other than
10 by the bureau of criminal investigation, reaching the normal retirement date
11 equals an annual amount, payable monthly, comprised of a service benefit and a
12 prior service benefit determined as follows:
- 13 (1) For ~~members~~a member first enrolled:
- 14 (a) Before January 1, 2020, service benefit equals two percent of final
15 average salary multiplied by the number of years of service
16 employment.
- 17 (b) After December 31, 2019, service benefit equals one and seventy-five
18 hundredths percent of final average salary multiplied by the number of
19 years of service employment.
- 20 (2) Prior service benefit equals two percent of final average salary multiplied by
21 the number of years of prior service employment.
- 22 e. Normal retirement benefits for a peace officer, firefighter, or correctional officer
23 employed by a political subdivision reaching normal retirement date who retires
24 after December 31, 2025, equals an annual amount, payable monthly, comprised
25 of a service benefit equal to two and fifty hundredths percent of final average
26 salary multiplied by the number of years of service employment.
- 27 e-f. Postponed retirement benefits are calculated as for single life benefits for those
28 members who retired on or after July 1, 1977.
- 29 f-g. Early retirement benefits are calculated as for single life benefits accrued to the
30 date of termination of employment, but must be actuarially reduced to account for
31 benefit payments beginning before the normal retirement date, as determined

1 under subsection 3. Except for a national guard security officer or firefighter, a
2 firefighter, peace officer, or correctional officer employed by a political
3 subdivision, a peace officer employed by the state, or a supreme court or district
4 court judge, early retirement benefits for members first enrolled after
5 December 31, 2015, are calculated for single life benefits accrued to the date of
6 termination of employment, but must be reduced by fixed rate of eight percent
7 per year to account for benefit payments beginning before the normal retirement
8 date. A retiree, other than a supreme or district court judge, or a peace officer,
9 firefighter, or correctional officer employed by a political subdivision and first
10 enrolled after December 31, 2025, is eligible for early retirement benefits only
11 after having completed three years of eligible employment. A supreme or district
12 court judge retiree, or a peace officer, firefighter, or correctional officer retiree
13 employed by a political subdivision and first enrolled after December 31, 2025, is
14 eligible for early retirement benefits only after having completed five years of
15 eligible employment.

16 ~~g-h.~~ Except for a supreme and/or district court judges~~judge~~, disability retirement
17 benefits are twenty-five percent of the member's final average salary. Disability
18 retirement benefits for a supreme and/or district court judges~~judge~~ are seventy
19 percent of final average salary reduced by the member's primary social security
20 benefits and by any workforce safety and insurance benefits paid. The minimum
21 monthly disability retirement benefit under this section is one hundred dollars.

- 22 5. Upon termination of employment after completing three years of eligible employment,
23 except for a supreme and/or district court judges~~judge~~, or a peace officer, firefighter, or
24 correctional officer employed by a political subdivision and first enrolled after
25 December 31, 2025, who must complete five years of eligible employment, but before
26 normal retirement date, a member who does not elect to receive early retirement
27 benefits is eligible to receive deferred vested retirement benefits payable commencing
28 on the member's normal retirement date in one of the optional forms provided in
29 subsection 9. Members who have delayed or inadvertently failed to apply for
30 retirement benefits to commence on their normal retirement date may choose to
31 receive either a lump sum payment equal to the amount of missed payments, or an

1 actuarial increase to the form of benefit the member has selected, which increase
2 must reflect the missed payments.

3 6. If before retiring a member dies after completing three years of eligible employment,
4 except for a supreme and/or district court judges/judge, or a peace officer, firefighter, or
5 correctional officer employed by a political subdivision and first enrolled after
6 December 31, 2025, who must have completed five years of eligible employment, the
7 board shall pay the member's account balance to the member's designated
8 beneficiary as provided in this subsection. If the member has designated an alternate
9 beneficiary with the surviving spouse's written consent, the board shall pay the
10 member's account balance to the named beneficiary. If the member has named more
11 than one primary beneficiary, the board shall pay the member's account balance to the
12 named primary beneficiaries in the percentages designated by the member or, if the
13 member has not designated a percentage for the beneficiaries, in equal percentages.
14 If one or more of the primary beneficiaries has predeceased the member, the board
15 shall pay the predeceased beneficiary's share to the remaining primary beneficiaries.
16 If any beneficiary survives the member, yet dies before distribution of the beneficiary's
17 share, the beneficiary must be treated as if the beneficiary predeceased the member.
18 If there are no remaining primary beneficiaries, the board shall pay the member's
19 account balance to the contingent beneficiaries in the same manner. If there are no
20 remaining designated beneficiaries, the board shall pay the member's account
21 balance to the member's estate. If the member has not designated an alternate
22 beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the
23 member may select a form of payment as follows:

24 a. If the member was a supreme or district court judge, the surviving spouse may
25 select one of the following optional forms of payment:

26 (1) A lump sum payment of the member's retirement account as of the date of
27 death.

28 (2) Payments as calculated for the deceased member as if the member was of
29 normal retirement age at the date of death, payable until the spouse dies.

30 b. The surviving spouse of all other members may select one of the following
31 options:

- 1 (1) A lump sum payment of the member's retirement account as of the date of
2 death.
- 3 (2) Payment of a monthly retirement benefit equal to fifty percent of the
4 deceased member's accrued single life retirement benefits until the spouse
5 dies.
- 6 (3) If the member dies on or after the member's normal retirement date, the
7 payment of a monthly retirement benefit equal to an amount that would have
8 been paid to the surviving spouse if the member had retired on the day of
9 the member's death and had selected a one hundred percent joint and
10 survivor annuity, payable until the spouse dies. A surviving spouse who
11 received a benefit under this subsection as of July 31, 1995, is entitled to
12 the higher of that person's existing benefit or the equivalent of the accrued
13 benefit available under the one hundred percent joint and survivor provision
14 as if the deceased member were of normal retirement age, with the increase
15 payable beginning August 1, 1995.
- 16 7. If a member not coming under the provisions of subsection 6 terminates employment
17 because of death, permanent and total disability, or any voluntary or involuntary
18 reason prior to retirement, the member or the member's designated beneficiary is
19 entitled to the member's account balance at termination. The board automatically shall
20 refund a member's account balance if the member has completed less than three
21 years of eligible employment, has an account balance of less than one thousand
22 dollars, and was not a supreme or district court judge, or a peace officer, firefighter, or
23 correctional officer employed by a political subdivision and first enrolled after
24 December 31, 2025. If the member was a supreme or district court judge, or a peace
25 officer, firefighter, or correctional officer employed by a political subdivision and first
26 enrolled after December 31, 2025, the board automatically shall refund a member's
27 account balance if the member completed less than five years of eligible employment.
28 A member may waive the refund if the member submits a written statement to the
29 board, within thirty days after termination, requesting that the member's account
30 balance remain in the fund.

1 8. The surviving spouse of a member receiving retirement benefits must be the
2 member's primary beneficiary unless there is no surviving spouse or the surviving
3 spouse designates an alternate beneficiary in writing. If a member receiving retirement
4 benefits or the member's surviving spouse receiving retirement benefits dies before
5 the total amount of benefits paid to either or both equals the amount of the member's
6 account balance at retirement, the difference must be paid to the named beneficiary of
7 the recipient or, if there is no named beneficiary, to the recipient's estate. A benefit
8 payment owed to the member, surviving spouse, or alternate beneficiary which was
9 not paid before the death of the member, surviving spouse, or alternate beneficiary
10 must be paid to the named beneficiary of the recipient or, if there is no named
11 beneficiary, to the recipient's estate.

- 12 9. The board shall adopt rules providing for the receipt of retirement benefits in the
13 following optional forms:
- 14 a. Single life.
 - 15 b. An actuarially equivalent joint and survivor option, with fifty percent or one
16 hundred percent options.
 - 17 c. Actuarially equivalent life with ten-year or twenty-year certain options.
 - 18 d. An actuarially equivalent partial lump sum distribution option with a twelve-month
19 maximum lump sum distribution.
 - 20 e. An actuarially equivalent graduated benefit option with either a one percent or
21 two percent increase to be applied the first day of January of each year.

22 Except for a supreme and/or district court judgesjudge, unless a member specifically
23 requests that the member receive benefits according to one of these options at the
24 time of applying for retirement, all retirement benefits must be in the form of a single
25 life benefit. For a supreme and/or district court judgesjudge, unless a member
26 specifically requests that the member receive benefits according to one of these
27 options at the time of applying for retirement, all retirement benefits must be in the
28 form of a lifetime monthly pension with fifty percent of the benefit continuing for the life
29 of the surviving spouse, if any.

30 10. The fund may accept rollovers from other eligible plans under rules adopted by the
31 board for the purchase of additional service credit, but only to the extent the transfer is

1 a rollover contribution that meets the requirement of section 408 of the Internal
2 Revenue Code.

3 11. The board may accept trustee-to-trustee transfers as permitted by Internal Revenue
4 Code section 403(b)(13) and section 457(e)(17) from an Internal Revenue Code
5 section 403(b) annuity or Internal Revenue Code section 457 deferred compensation
6 plan for the purchase of permissive service credit, as defined in Internal Revenue
7 Code section 415(n)(3)(A) or as repayment of a cashout from a governmental plan
8 under Internal Revenue Code section 415(k)(3).

9 12. The board may establish individual retirement accounts and individual retirement
10 annuities as permitted under section 408(q) of the Internal Revenue Code to allow
11 employees to make voluntary employee contributions. The board may adopt rules to
12 implement and administer the accounts and annuities under this section.

13 **SECTION 3. APPROPRIATION - PUBLIC EMPLOYEES RETIREMENT SYSTEM -**

14 **TRANSFER - GENERAL FUND TO PUBLIC EMPLOYEES RETIREMENT SYSTEM FUND -**

15 **ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state
16 treasury, not otherwise appropriated, the sum of \$_____, or so much of the sum as may be
17 necessary, to the public employees retirement system, which the office of management and
18 budget shall transfer to the public employees retirement system fund for the purpose of
19 covering the cost of increasing the service benefit multiplier for peace officers, firefighters, and
20 correctional officers employed by a political subdivision who retire after December 31, 2025, to
21 two and fifty hundredths percent through December 31, 2025, for the biennium beginning
22 July 1, 2025, and ending June 30, 2027. This funding is considered a one-time funding item.

23 **SECTION 4. EFFECTIVE DATE.** This Act becomes effective on January 1, 2026.

24 **NOTE:** This bill draft contains blanks that must be filled in before introduction.