

Fifty-seventh
Legislative Assembly
of North Dakota

Introduced by

(At the request of the Public Employees Retirement System)

A BILL for an Act to create and enact a new section to chapter 39-03.1 of the North Dakota Century Code, relating to the purchase of additional service credit under the highway patrolmen's retirement system; to amend and reenact subdivision a of subsection 4 of section 39-03.1-11, subdivision d of subsection 4 of section 39-03.1-11, and subsection 6 of section 39-03.1-11 of the North Dakota Century Code, relating to computation of benefits, postretirement adjustments, and beneficiaries under the highway patrolmen's retirement system; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 39-03.1 of the North Dakota Century Code is created and enacted as follows:

Purchase of additional service credit.

1. The fund may accept rollovers from other qualified plans under rules adopted by the board for the purchase of additional service credit, but only to the extent the transfer is a rollover contribution that meets the requirement of section 408 of the Internal Revenue Code [26 U.S.C. 408].
2. Except as provided in subsection 3 of section 39-03.1-10.1, a contributor is entitled to purchase additional credit under this section for active employment in the armed forces of the United States, for up to four years of credit, if the contributor is not presently receiving credit for that service. A contributor may not purchase credit under this subsection if the years claimed also qualify for retirement benefits from another retirement system.
3. A contributor may elect to purchase credit for an employer-approved leave of absence if the contributor is not presently receiving credit for that absence.

1 4. A participating contributor who is a vested permanent employee is entitled to
2 purchase additional years of service credit to enable the contributor to qualify for
3 the normal retirement date defined by subdivision b of subsection 3 of section
4 39-03.1-11.

5 5. The contributor may purchase credit under this section by paying to the board an
6 amount equal to the actuarial cost to the fund of providing the credit. The board
7 shall adopt rules governing the purchase of additional credit under this section.

8 **SECTION 2. AMENDMENT.** Subdivisions a and d of subsection 4 of section
9 39-03.1-11 of the 1999 Supplement to the North Dakota Century Code are amended and
10 reenacted as follows:

11 a. Normal retirement benefits for all contributors reaching the normal retirement
12 date are payable monthly, and are:

- 13 (1) The first twenty-five years of credited service multiplied by three and
14 ~~forty~~ sixty hundredths percent of final average salary.
15 (2) All years in excess of twenty-five years of credited service multiplied by
16 one and three-fourths percent of final average salary.
17 (3) All contributors who retired before August 1, ~~1999~~ 2001, or their
18 beneficiaries, are entitled to receive benefits equal to three and ~~forty~~
19 sixty hundredths percent of final average salary multiplied by the first
20 twenty-five years of credited service, plus one and three-fourths percent
21 of final average salary multiplied by credited service in excess of
22 twenty-five years, with the increased benefits payable beginning
23 August 1, ~~1999~~ 2001.

24 d. Disability retirement benefits are ~~seventy percent of the contributor's final~~
25 ~~average salary, reduced by any workers' compensation benefits paid. The~~
26 ~~minimum monthly disability retirement benefit under this section is one~~
27 ~~hundred dollars.~~ payable monthly and are:

- 28 (1) Seventy percent of the contributor's final average salary, reduced by
29 any workers' compensation benefits paid. The minimum monthly
30 disability retirement benefit under this subsection is one hundred
31 dollars.

(2) An individual or that person's beneficiary who, on July 31, 2001, is receiving a disability retirement benefit is entitled to receive an increase in benefits equal to six percent of the individual's present benefits, with the increase payable beginning August 1, 2001.

SECTION 3. AMENDMENT. Subsection 6 of section 39-03.1-11 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

6. If before retiring a contributor dies after completing ten years of eligible employment, the board shall pay the contributor's accumulated deductions to the contributor's ~~surviving spouse. However, if there is no surviving spouse or the surviving spouse designates an alternate beneficiary in writing, the board shall pay the contributor's account balance to the contributor's beneficiary or, if there is no named beneficiary, to the contributor's estate~~ designated beneficiary as provided in this subsection. If the contributor has designated an alternate beneficiary with the surviving spouse's written consent, the board shall pay the contributor's account balance to the named beneficiary. If the contributor has named more than one primary beneficiary, the board shall pay the contributor's account balance to the named primary beneficiaries in the percentages designated by the contributor or, if the contributor has not designated a percentage for the beneficiaries, in equal percentages. If one or more of the primary beneficiaries has predeceased the contributor, the board shall pay the predeceased beneficiary's share to the remaining primary beneficiaries. If there are no remaining primary beneficiaries, the board shall pay the contributor's account balance to the contingent beneficiaries in the same manner. If there are no remaining designated beneficiaries, the board shall pay the contributor's account balance to the contributor's estate. If the contributor has not designated an alternate beneficiary under this section or the surviving spouse is the beneficiary, the surviving spouse of the contributor may select one of the following optional forms of payment:
- a. A lump sum payment of the contributor's accumulated deductions as of the date of death.
 - b. Payments for sixty months as calculated for the deceased contributor as if the contributor were age fifty-five at the date of death.

- 1 c. Payment of a monthly retirement benefit equal to fifty percent of the deceased
2 contributor's accrued normal retirement benefits until the spouse dies.

3 **SECTION 4.** A new subsection to the new section to chapter 39-03.1 of the North
4 Dakota Century Code as created by section 1 of this Act is created and enacted as follows:

5 Pursuant to rules adopted by the board, the board may allow a member to
6 purchase service credit with either pretax or aftertax moneys, at the board's
7 discretion.

8 **SECTION 5. EFFECTIVE DATE.** Section 4 of this Act becomes effective on the date
9 the board of trustees of the public employees retirement system receives a letter ruling from the
10 internal revenue service that section 4 of this Act does not jeopardize the qualified status of the
11 highway patrolmen's retirement system. The board shall notify the legislative council of the
12 effective date of section 4 of this Act.