$Bill\ Draft-LC\ 90111.01- \text{This bill proposes numerous administrative}$ and technical changes as well as additional options for the PERS and HP retirement plans.

Proposals	Section
1. The PERS board is presently authorized to appoint 3 of its 4 elected members to the state investment board. This change would allow the board to appoint as one of its 3 members a nonelected PERS Board members such as the Board Chair who is appointed by the Governor, the Attorney General's appointment or the Health Officer or designee.	Section 1
Standardizing the language relating to purchase or prior service and years of service for the Highway Patrol with the PERS plan	Section 2
3. Allows members in the HP and PERS to purchase an additional 5 years of service credit in addition to the 5 years presently authorized except such purchase would not apply toward legibility for the rule of 85	Section 2 for the HP Section 9 for PERS
4. Authorize the pretax payment of employee contributions made by the HP members and Judges (6.3% for HP & 1% for Judges)	Section 3 for HP Section 7 for Judges
5. Presently law authorizes a member to designate their spouse as an alternate beneficiary if the member dies. This change would allow the member to designate someone other then their spouse as the beneficiary with the consent of the spouse	Section 4 for HP Section 8 for PERS
6. Present law allows a member to take a Joint and Survivor benefit. This proposed change would allow a member to choose a new J&S	Section 4 for HP Section 8 for PERS

Proposals	Section
beneficiary if the existing beneficiary passes away.	
7. Adds a graduated benefit option to the plan in addition to the existing options (J&S 50% and 100%, 10 year term certain & level SS benefit). Pursuant to this option a member could take an actuarial reduced benefit initially (like they do with the J&S benefit) so their benefit would increase at 1% or 2% over time. The benefit would be reduced actuarially to reduce the initial payments by an amount to pay for the 1% or 2% option	Section 4 for HP Section 8 for PERS
8. Update the federal compliance provisions and add federally required language relating to the treatment of members in dual plans	Section 5 for HP Section 10 for PERS
9. Present law provides that any member of the PERS retirement plan can run for the PERS Board. The board is proposing broadening that to include members of the HP plan, Job Service Plan and DC plan. These are plans also administered by the Board.	Section 6

Sixty First Legislative Session 2009

Bill Provisions	Explanation	
A BILL for an Act to create and enact subsection 3 of section 39-03.1-09, and subsection 4 of section 54-52-05, of	This bill proposes numerous technical and administrative changes for the PERS and HP	
the North Dakota Century Code, relating to payment of	retirement plans	
employee contributions under the highway patrolmen's	*	9
retirement plan and public employees retirement system; to		2
amend and reenact subsection 1 of section 21-10-01,	,	
39-03.1-08.2, subsections 8 and 9 of section 39-03.1-11, 39-03.1-11.2, subsections 6 and 9 of section 54-52-17,		
subsection 6 of section 54-52-17.4, 54-52-28, subsection 7		
of section 54-52.1-03, and 54-52.1-03.4 of the North Dakota		at at
Century Code, relating to membership on state investment		
board, purchase of service credit, member benefit options,		
Internal Revenue Code compliance, and board elections under the highway patrolmen's retirement plan and public	e e	W
employees retirement system, and participation and		
employer payments under uniform group insurance		
program.		*8
SECTION 1. AMENDMENT. Subsection 1 of		2
section 21-10-01 of the North Dakota Century Code is amended and reenacted as follows:		·
1. The North Dakota state investment board		
consists of the governor, the state treasurer,		
the commissioner of university and school	This section proposes to modify the PERS	ā .
lands, the director of workforce safety and	membership on the State Investment Board to	
insurance, the insurance commissioner, three members of the teachers' fund for retirement	allow a non elected member of the PERS Board to	=
board or the board's designees who need not	serve if appointed by the PERS Board	**
be members of the fund as selected by that		
board, and three two of the elected members		

of the public employees retirement system board as selected by that board, and one member of the public employees retirement system board as selected by that board. The director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
board as selected by that board, and one member of the public employees retirement system board as selected by that board. The director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
system board as selected by that board. The director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend		
retirement board may appoint an alternate designee with full voting privileges to attend		
designee with full voting privileges to attend		
		· . ***
meetings of the state investment board when		iii
a selected member is unable to attend. The		
public employees retirement system board	" × ×	
may appoint an alternate designee with full		•.
voting privileges from the public employees		y w
retirement system board to attend meetings of		8
the state investment board when a selected		•
member is unable to attend. The members of		
the state investment board, except elected		s g ^ s
and appointed officials and the director of		
workforce safety and insurance or the		
director's designee, are entitled to receive as		
compensation sixty-two dollars and fifty cents		
per day and necessary mileage and travel		
expenses as provided in sections 44-08-04		
and 54-06-09 for attending meetings of the state investment board.		æ
state investment board.		
SECTION 2 AMENDMENT OF 12 CO. CO. C. CO.		×
SECTION 2. AMENDMENT. Section 39-03.1-08.2		
of the North Dakota Century Code is amended and reenacted as follows:		
a sooption to the first of the		42
eligible plans under rules adopted by the		
board for the purchase of additional service		

	Dill Dravialana	Combonation	
	Bill Provisions	Explanation	
	credit, but only to the extent the transfer is a		
	rollover contribution that meets the	tt x	10
	requirement of section 408 of the Internal		. , , , , , , , , , , , , , , , , , , ,
	Revenue Code [26 U.S.C. 408].	** ***********************************	· · · · · · · · · · · · · · · · · · ·
2.	Except as provided in subsection 3 of section	N -	
	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 changes in this section are intended to	. 1
	the United States, for up to four years of	standardize the language in the HP plan with the	
	credit, if the contributor is not presently	language in the PERS plan.	
	receiving credit for that service. A contributor		60 X:
	may not purchase credit under this subsection		
	if the years claimed also qualify for retirement		
	benefits from another retirement system.		8
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.		
4. <u>2.</u>			No.
	transfers as permitted by Internal Revenue		
	Code section 403(b)(13) and section		it is
	457(e)(17) from an Internal Revenue Code		
	section 403(b) annuity or Internal Revenue		
	Code section 457 deferred compensation plan		
•	for the purchase of permissive service credit,		
	as defined in Internal Revenue Code section		
	415(n)(3)(A), or as repayment of a cashout		
•	from a governmental plan under Internal	a a	1
	Revenue Code section 415(k)(3).		10
<u>3.</u>	A contributor may elect to purchase credit for		
	years of service and prior service for which the	This change is to standardize the provisions	,
- 1	continuator is not presently receiving credit. A	between the PERS plan and the HP plan	
	contributor is entitled to purchase additional	•	N.
	credit under this section for the following		
	service or prior service, except this service is		
	not eligible for credit if the years claimed also	a u	

	Bill Provisions	Explanation	
	qualify for retirement benefits from another		
	retirement system:		
	a. Except as provided in subsection 3 of		~
	section 39-03.1-10.1, up to four years	* 1	**
	of credit for active employment in the		V.
./	armed forces of the United States.		
	b. Employment as a permanent employee		3 9
To.	by a public employer either within or	* ' . "	
	outside the state of North Dakota.		
	c. Employment as a permanent employee		8 W
	by the federal government.		12
<u>4.</u>	A contributor may elect to purchase credit for		· *
	the following absences for which the		
·	participating contributor is not receiving		
	service credit:		**
	a. Employer-approved leave of absence;		
	Or Months average from a select the		
	b. Months away from work while		2
5.	participating as a seasonal employee.		
J.	The contributor may purchase credit under this		·
	section by paying to the board an amount equal to the actuarial cost to the fund of		2 0
	providing the credit. The board shall adopt		
	rules governing the purchase of additional		
	credit under this section.		
6.	The board may establish individual retirement		
	accounts and individual retirement annuities	e view in the second of the se	19 ₅₀
	as permitted under section 408(q) of the		
	Internal Revenue Code to allow employees to	a g	. »
	make voluntary employee contributions. The	g a state of the s	
	board may adopt appropriate rules as may be		
	necessary to implement and administer the		<u>e</u>
	accounts and annuities under this section.		
7.	In addition to service credit identified in this		> <u>(</u>
•	section, a contributor may purchase up to five	This change allows a member to purchase up to	. 2
·	ten years of service credit unrelated to any	ten years of service credit however the additional 5	2
	37.7.	ton yours or service credit however the additional 5	

Bill Provisions other eligible service. Up to a maximum of five years of purchased service credit under this subsection will be recognized as service credit for the purpose of computing retirement dates under section 39-03.1-11. 8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If a contributor elects to purchase service credit using pretax	
five years of purchased service credit under this subsection will be recognized as service credit for the purpose of computing retirement dates under section 39-03.1-11. 8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	
five years of purchased service credit under this subsection will be recognized as service credit for the purpose of computing retirement dates under section 39-03.1-11. 8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	
credit for the purpose of computing retirement dates under section 39-03.1-11. 8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	
credit for the purpose of computing retirement dates under section 39-03.1-11. 8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	i i
dates under section 39-03.1-11. 8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	197
may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	20
may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If	
either pretax or aftertax moneys, at the board's discretion. If	
moneys, the requirements and restrictions in subsection 2 of	
section 39-03.1-09 apply to the purchase arrangement.	
	İ
SECTION 3. Subsection 3 to section 39-03.1-09 of	
the North Dakota Century Code is created and enacted as	
follows:	- 12
3. For compensation earned after August 1,	
2009, all employee contributions required	31
under subsection 1, and not otherwise paid	
under subsection 2, shall be paid by the state This section would authorize the payment of	
in lieu of contributions by the member. All employee contributions to the HP plan to be paid	
contributions paid by the state under this on a pretax basis instead of an after tax basis	-
subsection must be treated as employer	
contributions in determining tax treatment	
under this code and the federal Internal	
Revenue Code. Contributions paid by the	
state under this subsection must not be	
included as gross income of the member in	
determining tax treatment under this code and	
the Internal Revenue Code until they are	
distributed or made available. Contributions	
paid by the state in accordance with this	
subsection must be treated for the purposes of	
this chapter in the same manner and to the	
same extent as member contributions made	2:

	Bill Provisions	Explanation	
	prior to the date the contributions were		
į.	assumed by the state. The state shall pay		77
, s .	these member contributions from the same		
×	source of funds used in paying compensation		1/20
N 9	to the members. The state shall pay these		₩
	contributions by effecting an equal cash	·	
	reduction in the gross salary of the employee.	* · · ·	. *
	The state shall continue making payments	No.	·
	under this section unless otherwise specifically		
·	provided for under the agency's biennial		y 8
	appropriation, or by amendment to law.		
9)	appropriation, or by amonament to law.	// S	· n u · ·
SECT	TION 4. AMENDMENT. Subsection 8 and 9 of		
section 39-0	3.1-11 of the North Dakota Century Code are		W 4
amended an	id reenacted as follows:		.,
8.	The surviving spouse of a member receiving	This shape would allow a rearch as to the LID	
	retirement benefits must be the member's	This change would allow a member in the HP	
W	primary beneficiary unless there is no	system to designate a non spouse beneficiary.	
	surviving spouse or the surviving spouse		
3	consents to the designates member's		
83 65	designation of an alternate beneficiary in	· ·	
	writing If a contributor receiving retirement	g e a	× × × × ×
6	writing. If a contributor receiving retirement		
23	benefits, or a contributor's surviving spouse		
	receiving retirement benefits, dies before the		
	total amount of benefits paid to them equals		
	the amount of the contributor's accumulated		
•	deductions at retirement, the difference must		
	be paid to the named beneficiary of the		
	recipient or, if there is no named beneficiary,		
	to the recipient's estate.		# ## %
9.	The board shall adopt rules providing for the		
	receipt of retirement benefits in the following		
	optional forms:		
	a. An actuarially equivalent joint and		
	survivor one hundred percent option. A	This change would allow a member electing a joint	
	member shall have the option to	& survivor option to designate a new beneficiary if	
		or option to designate a new peneticiary if	10

Bill Provisio	ns	Explanation		
designate a subs	equent beneficiary	the designated beneficiary died or if the member		
upon the death o		divorced.		
	on a divorce from a			
	ry. If the member		•	
elects to choose	a non-spouse			
beneficiary, subje	ect to any limitation			
under subsection	8, the non-spouse	* •		
beneficiary must	have a date of birth			
within ten years of	of the member's date			
of birth. Any elec	ction made under this			
	ited to one beneficiary,			
<u>unless a membe</u>		· ·		
· · · · · · · · · · · · · · · · · · ·	uent beneficiary under	9		
this subdivision.		5 9		
	uivalent life with ten-			
	ear certain options.			7
	quivalent partial lump			**
	option with a twelve-			
month maximun	n lump sum			
distribution.				
	ivalent graduated	This change adds a new optional method for		
	th either a one or two	receiving a benefit. It will allow a member to		Ì
percent increase		spread their benefit payments so they increase		
Unless a contributor rec		over time at a 1% or 2% rate.		ľ
contributor receive bene				
of these options at the t				
retirement, all retirement				
the form of a lifetime me				
fifty percent option to th	ie surviving spouse.	N		
SECTION 5 AMENDMENT	Cartian 20 02 4 44 0			
SECTION 5. AMENDMENT	Section 39-03.1-11.2	· · ·	*	
of the North Dakota Century Co reenacted as follows:	de are amended and			72
	ua Cada aamulianaa	provisions of the HP plan and addresses federal	10 Dis	
39-03.1-11.2. Internal Reven The board shall administer the plan i	ue code compliance.	requirements for dual plans		
section 415, section 401(a)(9), section	n compliance with		. #	
10000011 4 10, 3000011 40 1(a)(a), Section	711 40 1(a)(17), and	l · · · · · · · · · · · · · · · · · · ·		
			Page 7 of 1	17

Bill Provisions	Explanation	
section 401(a)(31) of the Internal Revenue Code in effect on		
August 1, 2007 2009, as it applies for governmental plans.		
The defined benefit dollar limitation under section		
415(b)(1)(A) of the Internal Revenue Code, as approved by	*	
the legislature, shall be adjusted under section 415(d) of the		
Internal Revenue Code, effective January 1 of each year		
following a legislative session. The adjustment of the		
defined benefit dollar limitation under section 415(d) shall		*
apply to participating members who have had a separation	s	:
from employment, but such member's benefit		
payments shall not reflect the adjusted limit prior to January	a .	
1 of the calendar year in which the adjustment applies. In	· · · · · · · · · · · · · · · · · · ·	
the event a participating member's benefit is increased by	· *	
plan amendment after the commencement of benefit		
payments, the member's annual benefit must not exceed		
the defined benefit dollar limitation under section		
415(b)(1)(A) of the Internal Revenue Code, as adjusted		• 10
under section 415(d) for the calendar year in which the		
increased benefit is payable.	**************************************	
If a participating member is, or ever has been, a participant	N A	
in another defined benefit plan maintained by the employer,	· ·	
the sum of the participant's annual benefits from all such	9 9 9	er e
plans may not exceed the defined benefit dollar limitation		
under section 415(b)(1)(A) of the Internal Revenue Code.		19
Where the participating member's employer-provided		
benefits under all such defined benefit plans would exceed		
the defined benefit dollar limitation, the benefit must be		
reduced to comply with section 415 of the Internal Revenue		
Code. Such reduction will be made pro rata between the		
plans, in proportion to the participating member's service in	,	
each plan.		. *
SECTION 6. AMENDMENT. Subsection 4 of		
section 54-52-03 of the North Dakota Century Code is		0.00
amended and reenacted as follows:		8 . 8
4) Three board members must be elected by and	This change allows a members of the HP plan, the	5 g
and the second state of th		

	Bill Provisions	Explanation	
	from among the active participating members.	Job Service retirement plan or the defined	
1	members of the retirement plan established	contribution plan to run for the PERS Board.	相
	under chapter 54-52.6, members of the		
22	retirement plan established under 39-03.1,		N 3
# O	and members of the job service North Dakota	es ·	20
	retirement plan. Employees who have	# N	
	terminated their employment for whatever	# · ·	
	reason are not eligible to serve as elected		
	members of the board under this subsection.	*	
	Board members must be elected to a five-year	ti .	
	term pursuant to an election called by the		
· · · · · · · · · · · · · · · · · · ·	board. Notice of board elections must be given	av a	
	to all active participating members. The time		
	spent in performing duties as a board member		
	may not be charged against any employee's		
is	accumulated annual or any other type of		
la la	leave.		. 11
SEC	TION 7. Subsection 4 to section 54-52-05 of the		
North Dake	ota Century Code is created and enacted as	th and the state of the state o	- S
follows:	the contact of the contact and chaoted as		
<u>4.</u>	For compensation earned after August 1,	This change will allow members of the judges	
	2009, all employee contributions required	retirement plan to pay the employee contributions	
81	under sections 54-52-06.1 and the job service	on a pretax basis instead of an after tax basis.	
• .	of North Dakota retirement plan, and not		
	otherwise paid under subsection 3, shall be		55
	paid by the employer in lieu of contributions by		
33	the member. All contributions paid by the	e ^{r to}	85 No. 10
	employer under this subsection must be		9
	treated as employer contributions in		
	determining tax treatment under this code and		
. 3	the federal Internal Revenue Code.		8
9	Contributions paid by the employer under this		
	subsection must not be included as gross	9	
197	income of the member in determining tax	in . W	
<u> </u>	treatment under this code and the Internal		ji ji
			L

Bill Provisions	Explanation	
Revenue Code until they are distributed or made available. Contributions paid by the employer in accordance with this subsection must be treated for the purposes of this chapter in the same manner and to the same extent as member contributions made prior to the date the contributions were assumed by the employer. The employer shall pay these member contributions from the same source of		
funds used in paying compensation to the employee. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee. The employer shall continue making payments under this section unless otherwise specifically provided for under the agency's biennial appropriation, or by amendment to law.		
SECTION 8. AMENDMENT. Subsections 6, 8, and 9 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows: 6. If before retiring a member dies after completing three years of eligible employment, except for supreme and district court judges, who must have completed five years of eligible employment, the board shall pay the		
member's account balance to the member's designated beneficiary as provided in this subsection. If the member has designated an alternate beneficiary with the surviving spouse's written consent, the board shall pay the member's account balance to the named beneficiary. If the member has named more than one primary beneficiary, the board shall pay the member's account balance to the named primary beneficiaries in the		

Bill Provisions	Explanation	
percentages designated by the member or, if		
the member has not designated a percentage		
for the beneficiaries, in equal percentages. If		
one or more of the primary beneficiaries has	· ·	
predeceased the member, 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 member's account balance to the		
contingent beneficiaries in the same manner.		
If there are no remaining designated	,	
beneficiaries, the board shall pay the		
member's account balance to the member's		
estate. If the member has not designated an	T	
alternate beneficiary or the surviving spouse is	= , 2	
the beneficiary, the surviving spouse of the		(B)
member may select a form of payment as		
follows:		
a. If the member was a supreme or district	e e e	
court judge, the surviving spouse may		•
select one of the following optional		81
forms of payment:		•
(1) A lump sum payment of the		
member's retirement account as		
of the date of death.		el.
(2) Payments as calculated for the		·
deceased member as if the		3 N
member was of normal		<u></u>
retirement age at the date of		2 200
death, payable until the spouse dies.	v ¹ .	* .
	· · · · · · · · · · · · · · · · · · ·	
members may select one of the		A di
following options:		
(1) A lump sum payment of the		€
 member's retirement account as		W

	Bill	Provisions	Explanation	
	(2)	of the date of death. Payments for sixty months as calculated for the deceased	This change eliminates the sixty month option for	
		member as if the member was of normal retirement age at the	the surving spouse. It is a benefit that is little	
		date of death.	used.	H.
• .	(3)	Payment of a monthly retirement		88 = V
		benefit equal to fifty percent of		
		the deceased member's accrued		19
		single life retirement benefits until the spouse dies.		
	(4) (3)	If the member dies on or after		e
	() ,=-	the member's normal retirement		10
		date, the payment of a monthly		
•		retirement benefit equal to an		
*. •		amount that would have been	n n	
		paid to the surviving spouse if the member had retired on the		H
		day of the member's death and		5
		had selected a one hundred		₩.
		percent joint and survivor	g	#1
		annuity, payable until the spouse	* s	
5 8		dies. A surviving spouse who	, and the second second	· .
		received a benefit under this subsection as of July 31, 1995,		
		is entitled to the higher of that	en e	٠.
		person's existing benefit or the		
. 80		equivalent of the accrued benefit		
		available under the one hundred		
	· . · · =	percent joint and survivor		
		provision as if the deceased member were of normal		ati Maria Maria
		retirement age, with the increase		
		payable beginning August 1, 1995.		
8. The	survivino	spouse of a member receiving		

	Bill Provisions	Explanation	
	retirement benefits must be the member's		
	primary beneficiary unless there is no		
	surviving spouse or the surviving spouse		3
	consents to the designates member's	This change would allow a member in the PERS	8
	designation of an alternate beneficiary in	system to designate a non spouse beneficiary	· 8
	writing. If a member receiving retirement	8 R	
	benefits or the member's surviving spouse		
	receiving retirement benefits dies before the		
	total amount of benefits paid to either or both	* **	
	equals the amount of the member's account	a	
	balance at retirement, the difference must be	*	× ·
	paid to the named beneficiary of the recipient		
	or, if there is no named beneficiary, to the		es
•	recipient's estate.	** *	#4
9.	The board shall adopt rules providing for the	e , , ,	8 ₩
	receipt of retirement benefits in the following		3
	optional forms:		
	a. Single life.b. An actuarially equivalent joint and		10
			3
	survivor option, with fifty percent or one	* _* _ =	
	hundred percent options. A member shall have the option to designate a		W
	subsequent beneficiary upon the death	This change would allow a world. (DEDC)	
	of the original beneficiary or upon a	This change would allow a member of PERS who	
	divorce from a spouse beneficiary. If	elects a joint and survivor option to designate a	
	the member elects to choose a non-	new beneficiary if the designated beneficiary died or if the member divorced.	× .
	spouse beneficiary, subject to any	of it the member divorced.	А.
	limitation under subsection 8, the non-		E E
	spouse beneficiary must have a date of	n e e e e e e e e e e e e e e e e e e e	
	birth within ten years of the member's	# *** *** *** *** *** *** *** *** *** *	
	date of birth. Any election made under		
	this subdivision is limited to one		
	beneficiary, unless a member is		
	authorized to choose a subsequent		
	beneficiary under this subdivision.		
	c. An actuarially equivalent level social		# #

	Bill Provisions	Explanation	
	security option, which is available only to members who retire prior to attaining the age at which they may begin to receive unreduced social security benefits.		
d.	Actuarially equivalent life with ten-year or twenty-year certain options.		E
e.	An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.		
<u>f.</u>	An actuarial equivalent graduated benefit option with either a one or two percent increase.	This change adds a new optional method for receiving a benefit. It will allow a member to spread their benefit payments so they increase over time at a 1% or 2% rate.	
SECTIO the North Dako as follows:	N 9. Subsection 6 of section 54-52-17.4 of ota Century Code is amended and reenacted		
6. In se pr ur <u>m</u> cr as	addition to service credit identified in this ection, a vested participating member may urchase up to five ten years of service credit nrelated to any other eligible service. Up to a taximum of five years of purchased service redit under this subsection will be recognized a service credit for the purpose of computing etirement dates under section 54-52-17.	This change will allow member to purchase an additional 5 years of service credit however it would not be counted toward eligibility for the rule of 85.	
as follows: 54-52-28 board shall adn 415, section 40 401(a)(31) of th	N 10. AMENDMENT. Section 54-52-28 of the Century Code is amended and reenacted. 3. Internal Revenue Code compliance. The minister the plan in compliance with section 1(a)(9), section 401(a)(17), and section the Internal Revenue Code in effect on August as it applies for governmental plans. The	This section updates the federal compliance provisions for PERS and addresses federal requirements for dual plans	

Bill Provisions		
	Explanation	
defined benefit dollar limitation under section 415(b)(1)(A) of		
the Internal Revenue Code, as approved by the legislature,	6	
shall be adjusted under section 415(d) of the Internal		
Revenue Code, effective January 1 of each year following a	. 9	
legislative session. The adjustment of the defined benefit	·	
dollar limitation under section 415(d) shall apply to	H g	
participating members who have had a separation from		
employment, but such member's benefit payments shall not		
reflect the adjusted limit prior to January 1 of the calendar		
year in which the adjustment applies. In the event a		
participating member's benefit is increased by plan	·	
amendment after the commencement of benefit payments,		200
the member's annual benefit must not exceed the defined	*	
benefit dollar limitation under section 415(b)(1)(A) of the	₩	
Internal Revenue Code, as adjusted under section 415(d)		
for the calendar year in which the increased benefit is	2	11 11
payable.		
If a participating member is, or ever has been, a participant		
in another defined benefit plan maintained by the employer,		
the sum of the participant's annual benefits from all such		
plans may not exceed the defined benefit dollar limitation		
under section 415(b)(1)(A) of the Internal Revenue Code.	a a second	•
Where the participating member's employer-provided		
benefits under all such defined benefit plans would exceed		
the defined benefit dollar limitation, the benefit must be		
reduced to comply with section 415 of the Internal Revenue		
Code. Such reduction will be made pro rata between the		
plans, in proportion to the participating member's service in		* n
each plan.	Ty n	
SECTION 44 AND SECTION		
SECTION 11. AMENDMENT. Subsection 7 of		
section 54-52.1-03 of the North Dakota Century Code is		
amended and reenacted as follows:		
7. If the participating employee is a teacher	This section applies to the PERS health plan and	20
faculty member in a state charitable, penal, or	clarifies the meaning of teacher and that a contract	
educational institution who receives a salary or	can be less then 12 months instead of 9 months.	

Bill Provisions	Explanation	
wages on a nine-month less than a twelve-month basis and has signed a contract to teach for the next ensuing school year, the agency shall make arrangements to include that employee in the insurance program on a twelve-month basis and make the contribution authorized by this section for each month of		
the twelve-month period.	s. e	
SECTION 12. AMENDMENT. Section 54-52.1-03.4 of the North Dakota Century Code is amended and reenacted as follows:		
54-52.1-03.4 Participation by employees of certain political subdivisions and temporary Temporary employees and employees on unpaid leave of absence. An employee of a county, city, school district, district health unit, or park district that is not participating in the uniform group insurance program pursuant to section 54-52.1-03.1 and is not eligible for any other employee group health plan may elect to participate in the uniform group insurance program by completing the necessary enrollment forms and	This change deletes the provision that allows employees of employers that do not participate in PERS to join the health insurance plan. It is our understanding that HIPAA does not allow us to underwrite these individuals and therefore this could present opportunities for significant adverse	
qualifying under the medical underwriting requirements established by the board. The board may use risk-adjusted	selection against the plan.	# B
promiums for individual insurance contracts to implement the provisions of this section allowing employees of a county, city, school district, district health unit, or park		
district to participate in the uniform group insurance program. The county, city, school district, district health unit, or park district employee participating in the uniform group		
the board the premiums in effect for the coverage being		a j
provided. A temporary employee employed before August 1, 2007, may elect to participate in the uniform group insurance program by completing the necessary enrollment		
forms and qualifying under the medical underwriting requirements of the program. A temporary employee		

Bill Provisions	Explanation	
employed on or after August 1, 2007, is only eligible to participate in the uniform group insurance program if the employee is employed at least twenty hours per week and at least twenty weeks each year of employment. The temporary employee or the temporary employee's employer shall pay monthly to the board the premiums in effect for the coverage being provided. An employer shall also have the option of paying health or life insurance premiums for a permanent employee on an unpaid leave of absence. A political subdivision, department, board, or agency may make a contribution for coverage under this section.	This would allow an employer to make health insurance payments for an employee on an approved leave of absence.	