

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1040

Page 1, line 1, after the third comma insert "54-52.6-02.2,"

Page 1, line 2, remove "and"

Page 1, line 2, after "54-52.6-22" insert ", and 54-52.6-23"

Page 1, line 12, replace "section" with "sections"

Page 1, line 12, after "54-52-06.5" insert "and 54-52.6-03"

Page 1, line 14, after "funding" insert "and balance transfer when opting to participate in the defined contribution plan"

Page 17, line 24, after "Election" insert "**through December 31, 2024**"

Page 22, after line 10, insert:

"SECTION 19. Section 54-52.6-02.2 of the North Dakota Century Code is created and enacted as follows:

54-52.6-02.2. Election after December 31, 2024 - Additional employer contribution.

1. As used in this section, "eligible employee" means a permanent state employee who on January 1, 2025, is a participating member of the public employees retirement system main system plan under chapter 54-42, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.
2. The board shall provide a three-month election period, from January 1, 2025, through March 31, 2025, for an eligible employee to transfer to the defined contribution plan under this chapter pursuant to the rules and policies adopted by the board.
 - a. An election under this section made by a member of the public employees retirement system under chapter 54-52 to transfer to the defined contribution retirement plan under this chapter is irrevocable.
 - b. For an eligible employee who elects to transfer from the public employees retirement system under chapter 54-52 to the defined contribution retirement plan under this chapter, the board shall transfer a lump sum amount from the public employees retirement system fund to the member's account in the defined contribution retirement plan under this chapter. However, if the eligible employee terminates employment before receiving the lump sum transfer under this section, the election made is ineffective and the eligible employee remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and privileges under that chapter.

- c. The board shall calculate the lump sum amount to be transferred based on the actuarial present value of the eligible employee's accumulated benefit obligation under the public employees retirement system based on the assumption the eligible employee will retire under the earlier applicable normal retirement age, plus interest from January 1, 2025, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election.
- d. This section does not affect an eligible individual's right to health benefits under chapter 54-52.1.
- 3. The state employer of an eligible employee who elects under this section to participate in the defined contribution retirement plan under this chapter shall pay an additional annual contribution of three thousand three hundred and thirty-three dollars for up to three years. Under this subsection, the employer shall pay the additional contribution each year the eligible employee continues permanent employment with the state, beginning January 2026, and extending no further than January 2028.
- 4. If the board receives notification from the internal revenue service that this section or any portion of this section will cause the public employees retirement system or the retirement plan established under this chapter to be disqualified for tax purposes under the Internal Revenue Code, that portion that will cause the disqualification does not apply."

Page 32, after line 5, insert:

"SECTION 32. Section 54-52.6-23 of the North Dakota Century Code is created and enacted as follows:

54-52.6-23. Savings clause - Plan modification.

If the board determines any section of this chapter does not comply with applicable federal statutes or rules, the board shall adopt appropriate terminology with respect to that section as will comply with those federal statutes or rules, subject to the approval of the employee benefits programs committee. Any plan modifications made by the board pursuant to this section are effective until the effective date of any measure enacted by the legislative assembly providing the necessary amendments to this chapter to ensure compliance with the federal statutes or rules."

Page 32, line 6, replace "Section" with "Sections"

Page 32, line 6, after "54-52-06.5" insert "and 54-52.6-03"

Page 32, line 6, replace "is" with "are"

Page 32, line 22, replace "32" with "34"

Page 32, line 22, replace "33" with "35"

Page 32, line 23, replace "23" with "24"

Page 32, line 23, replace "25" with "26"

Page 32, line 24, replace "31" with "33"

Page 32, line 24, replace "24" with "25"

Page 32, line 24, replace "34" with "36"

Renumber accordingly

