

# TESTIMONY OF SCOTT MILLER

## House Bill 1183 – Public Safety Retirement Plan Membership

Good Morning, my name is Scott Miller. I am the Executive Director of the North Dakota Public Employees Retirement System, or NDPERS. I am here to testify in a neutral position regarding House Bill 1183.

- Adds “peace officers employed by the state” to the BCI agent Public Safety Retirement Plan
- “Peace officers” to include campus police, park rangers, game wardens, and parole and probation officers (BCI Agents are already in the Public Safety plan)
- Consultant notes (IceMiller):
  - The Internal Revenue Code does not generally recognize people who are not employed by a “police department or fire department” or who do not “provide police protection [or] fire fighting services” as public safety employees. Internal Revenue Code sections 71(t)(10) and 415(b). As a result, park rangers, game wardens, and parole and probation officers who retire early may be subject to a 10% tax penalty.
- Consultant notes (GRS):
  - The actuarial impact depends on the number and age of new members who would transfer, and the amount of liabilities and assets that would be transferred.
  - Approximately 430 members would transfer from the Main PERS plan to the Public Safety with prior Main service plan. Future members would start in the Public Safety plan.
  - Because the Public Safety system contains more favorable retirement provisions than the Main system, there would be an increase in past service liability because of the transfer.
  - The net impact of the transfer is expected to result in an increase in unfunded actuarial accrued liability to the Public Safety system due to an asset transfer that is about 78% of the actuarial accrued liability under the Main system.
    - Note this went down to 65% with the 2022 valuation
  - Normal cost of benefits goes down from 12.97% to 11.91% because of the expansion
  - Employer contributions will increase by 8.83%