

**2025 HOUSE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1602**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Pioneer Room, State Capitol

HB 1602  
1/30/2025

Relating to political subdivision participation in the public employees retirement system defined contribution retirement plan.

10:33 a.m. Chairman Schauer opened the hearing.

Members present: Chairman Schauer, Vice Chairman Satrom, Representatives Bahl, Brown, Christy, Grindberg, Karls, McLeod, Rohr, Schneider, Steiner, VanWinkle, Vetter, Wolff

### **Discussion Topics:**

- Proposed amendments to remove effective dates.
- DC plans
- Proposed emergency clause
- Buying power of defined contribution plans.

10:34 a.m. Representative Kasper, District 46, testified in favor.

10:42 a.m. Matt Gardner, League of Cities, testified in favor.

10:46 a.m. David Lakefield, Finance Director of the City of Minot, testified in favor and submitted testimony, #32720.

10:48 a.m. Aaron Birst, testified in favor.

10:49 a.m. Derrick Hohbein, Chief Operating/Financial Officer NDPERS, testified neutrally and submitted testimony, #32149.

10:57 a.m. Chairman Schauer closed the hearing.

*Jackson Toman, Committee Clerk*

## **TESTIMONY OF DERRICK HOHBEIN**

### **House Bill 1602 – Relating to Political Subdivision Participation in the Public Employees Retirement System Defined Contribution Plan**

Good Morning, Mr. Chairman and members of the committee. My name is Derrick Hohbein and I am the Chief Operating/Financial Officer of the North Dakota Public Employees Retirement System, or NDPERS. I appreciate the committee taking the time to analyze House Bill 1602, which allows political subdivision employers to withdraw from participation in the newly established tier in the Defined Contribution (DC) Plan, while allowing their existing Defined Benefit Plan members to continue their participation in this plan. I am here today on behalf of the NDPERS Board to provide information in a neutral capacity so the policy makers are able to make an informed decision regarding the bill.

Section 1, Subsection 6 essentially makes participation in Tier 3 of our Defined Contribution Plan optional for political subdivision participants. There are two primary observations our Board would pass along regarding the ability for political subdivisions to withdraw from the plan:

- 1) NDPERS switched Defined Contribution & 457 Deferred Compensation recordkeepers in July 2024. As part of this transition, the new vendor was given expectations as far as what future enrollments into this plan will look like, so they can price the transition accordingly. We had our Vendor analyze the bill, and they indicated that depending on the impact of future inflow and outflow, they may need to revisit and adjust the fee charged to participants. So if this causes a mass exodus from the plan, all remaining members of the Defined Contribution Plan will be adversely impacted by higher fees.
- 2) With Defined Contribution Plans, there is “buying power” with numbers, meaning the larger the population to spread fees assessed by vendors across, the less each participant will have to pay. By allowing the population to decrease, the burden and the population impacted will be to the remaining members of the Defined Contribution Plan, since this is a benefit they are funding.

So while there isn't an impact to the State, or to the employer base to allow political subdivisions to withdraw, we do expect the members who remain in the Defined Contribution plan to potentially be impacted by larger fees assessed to their accounts if this Legislation were to pass.

Subsection 7 says the Board may not assess any fees for withdrawing from the Defined Contribution Plan. Because the language in the bill isn't allowing the political subdivision to cease participation in the Defined Benefit Plan without paying their share of the unfunded liability, this subsection doesn't negatively impact the NDPERS office or Main Defined Benefit Plans at all. Employers do not pay PERS any fees for the administration of the Defined Contribution Plan. The expenses of the NDPERS office are funded from employee forfeiture contributions and a nominal administrative fee (1 basis point) paid quarterly by participants.

Our federal tax consultant did not have any concerns from an IRS perspective. The analysis from both the federal tax consultant and our actuary is attached to the end of my testimony.

Mr. Chairman, I appreciate the committee taking the time to learn more about the impact this bill will have to our state. This concludes my testimony, and I'd be happy to answer any questions the committee may have.



January 2, 2025

Representative Austen Schauer, Chair  
Legislative Employee Benefits Programs Committee  
North Dakota State Government

**Re: North Dakota Public Employees Retirement System Legislative Studies – Provisions from  
Bill No. 25.0655.01000**

Dear Representative Schauer:

In accordance with your request, we have analyzed the impact of Bill No. 25.0655.01000 on the North Dakota Public Employees Retirement System (NDPERS). Our review is actuarial in nature; we are not attorneys and cannot provide legal advice.

**Systems Affected**

Defined Contribution (DC) Plan for Public Employees

**Summary**

Bill No. 25.0655.01000:

- Allows political subdivisions currently participating in the NDPERS Main Plan to withdraw participation from the new Defined Contribution plan that is effective January 1, 2025, while allowing their existing Main Plan members to continue participating in the Main Plan.
- The Board may not assess any fees or costs against a political subdivision for withdrawing from the Defined Contribution plan.

**Actuarial Impact of Bill 655**

There is no actuarial impact. Main Plan participation, benefits, and funding are not affected by the proposed change.

## **Policy Issue Analysis**

### **Benefits Policy Issues**

- Adequacy of Retirement Benefits

If a political subdivision elects not to participate in the DC plan, the political subdivision will need to consider alternate retirement benefits for any employees who begin employment on or after January 1, 2025.

- Competitiveness

If a political subdivision elects not to participate in the DC plan and has no alternative retirement benefit plan for employees who begin employment on or after January 1, 2025, then employment at that political subdivision will be less attractive.

- Benefits Equity and Group Integrity

No impact.

- Purchasing Power

No impact.

- Preservation of Benefits

No impact.

- Portability

No impact.

- Ancillary Benefits

No impact.

- Social Security

No impact.

### **Funding Policy Issues**

- Actuarial Impacts

No impact.

- Investment Impacts

No impact.

### **Administration Issues**

- Implementation Issues

NDPERS will need to communicate the option to withdraw from the new DC plan to political subdivisions.

- Administrative Costs

It is generally expected that the bigger the DC plan, the lower the per-participant cost, because administrative expenses can be spread across more participants. If the size of the DC plan (assets and participants) is smaller than it otherwise would have been because of this legislation, members and employers may be subject to higher administrative expenses.

- Needed Authority

The bill appears to provide appropriate levels of administrative and governance authority to the PERS Board to implement the changes made by the bill.

- Integration

None.

- Employee Communications

Employers and/or NDPERS will need to communicate changes in retirement benefit eligibility to political subdivision employees impacted by this legislation.

- Miscellaneous and Drafting Issues

The bill does not appear to limit the time period for political subdivisions to elect to withdraw from the DC plan. This could result in additional administrative costs due to temporary participation in the DC plan and the maintenance of small DC accounts.

**Disclosures and Additional Information**

We have reviewed the bill and provided a policy issue analysis from our perspective as actuaries. However, the policy issue analysis should not be considered to be comprehensive and there may be additional benefits policy, administration issues or legal issues that are not discussed in this letter.

The signing actuary is independent of the plan sponsor.

Bonita J. Wurst and Abra D. Hill are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



Bonita J. Wurst, ASA, EA, MAAA, FCA  
Senior Consultant



Abra D. Hill, ASA, MAAA, FCA  
Consultant

cc: Rebecca Fricke, NDPERS  
Joshua Murner, GRS



David Lakefield

Finance Director

City of Minot

david.lakefield@minotnd.gov

701-857-4774

### **HB 1602 Testimony**

#### **House Government and Veterans Affairs Committee**

#### **Hon. Representative Austen Schauer, Chairman**

Chairman Schauer and committee members, thank you for the opportunity to be here to speak in support of HB 1602. My name is David Lakefield, and I am the Finance Director for the City of Minot.

In 2014 the Minot City Council voted to close the existing defined benefit pension plan in favor of offering a defined contribution plan to future employees. This decision was made not only for financial reasons but also with the premise of offering a more conventional retirement plan similar to those in the private sector. The City believed this change would improve the attraction and retention of potential employees. However, that was not the case.

In the time period 2014-2018, while employees were hired under a defined contribution retirement plan, the City of Minot continued to experience significant turnover. After conducting longevity assessments across several departments and evaluating the results—along with information gathered from exit interviews, employee evaluations and an employee satisfaction survey--the City decided to return to a defined benefit plan. As a result, the City Council approved participation in the NDPERS-DB plan, effective January 1, 2019.

Now that the NDPERS-DB plan is closed to new employees, the City would like the option for its employees to participate in the defined contribution plan that is already in place. By adding additional participants to this plan, the City can spread the cost of the plan administration and benefit the individual members. This will also minimize the number of pension plans that city staff is required to maintain and give the City control over any changes that it may want to make to the plan.

Thank you for your time today. I would be happy to answer any questions that you may have.

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Pioneer Room, State Capitol

HB 1602  
2/13/2025

Relating to political subdivision participation in the public employees retirement system defined contribution retirement plan.
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2:54 p.m. Chairman Schauer opened the meeting.

Members present: Chairman Schauer, Vice Chairman Satrom, Representatives Brown, Grindberg, Karls, Rohr, Schneider, Steiner, VanWinkle, Vetter, Wolff  
Members absent: Representatives Bahl, Christy, McLeod

### Discussion Topics:

- Committee work

3:00 p.m. Derrick Hohbein, Chief Financial Officer of NDPERS, testified and answered questions.

3:18 p.m. Representative Rohr moved to amend the bill to remove effective date.

3:19 p.m. Representative Steiner seconded the motion.

3:19 p.m. Voice vote failed.

3:19 p.m. Chairman Schauer called for a Roll Call vote.

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	N
Representative Landon Bahl	AB
Representative Collette Brown	AB
Representative Josh Christy	AB
Representative Karen Grindberg	Y
Representative Karen Karls	Y
Representative Carrie McLeod	AB
Representative Karen Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	Y
Representative Lori VanWinkle	Y
Representative Steve Vetter	Y
Representative Christina Wolff	Y

3:19 p.m. Motion passed 9-1-4.

3:20 p.m. Vice-Chairman Satrom moved a Do Not Pass as Amended.

3:20 p.m. Representative VanWinkle seconded the motion.

3:20 p.m. Vice-Chairman Satrom moved to rescind the motion.

3:20 p.m. Representative Wolff moved a Do Pass as Amended.

3:21 p.m. Representative Steiner seconded the motion.

<b>Representatives</b>	<b>Vote</b>
Representative Austen Schauer	Y
Representative Bernie Satrom	N
Representative Landon Bahl	AB
Representative Collette Brown	AB
Representative Josh Christy	AB
Representative Karen Grindberg	N
Representative Karen Karls	Y
Representative Carrie McLeod	AB
Representative Karen Rohr	Y
Representative Mary Schneider	N
Representative Vicky Steiner	Y
Representative Lori VanWinkle	N
Representative Steve Vetter	N
Representative Christina Wolff	Y

3:21 p.m. Motion failed 5-5-4.

3:23 p.m. Chairman Schauer called for a second roll call vote.

<b>Representatives</b>	<b>Vote</b>
Representative Austen Schauer	Y
Representative Bernie Satrom	N
Representative Landon Bahl	AB
Representative Collette Brown	AB
Representative Josh Christy	AB
Representative Karen Grindberg	Y
Representative Karen Karls	Y
Representative Carrie McLeod	AB
Representative Karen Rohr	Y
Representative Mary Schneider	N
Representative Vicky Steiner	Y
Representative Lori VanWinkle	Y
Representative Steve Vetter	Y
Representative Christina Wolff	Y

3:24 p.m. Motion passed 8-2-4.

Representative Grindberg will carry the bill.

3:28 p.m. Chairman Schauer closed the meeting.

*Jackson Toman, Committee Clerk*

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO**

**HOUSE BILL NO. 1602**

Introduced by

Representatives Kasper, J. Johnson, Kempenich, Koppelman, Motschenbacher, D. Ruby,  
Steiner

Senators Cleary, Paulson, Hogue, Klein

2-13-25  
JK 104

1 A BILL for an Act to amend and reenact section 54-52-02.15 of the North Dakota Century Code,  
2 relating to political subdivision participation in the public employees retirement system defined  
3 contribution retirement plan.

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

5 **SECTION 1. AMENDMENT.** Section 54-52-02.15 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **54-52-02.15. Public employees retirement system main plan - Closure to new hires -**  
8 **Multiple plan membership. ~~(Effective after December 31, 2024)~~**

9 **1. Under this section "eligible employee" means a permanent employee who:**

- 10 a. Meets all the eligibility requirements set by this chapter;  
11 b. Is at least eighteen years of age;  
12 c. Becomes a participating member after December 31, 2024; and  
13 d. Is not eligible to participate in the law enforcement plan, judges' plan, highway  
14 patrol plan, teachers' fund for retirement plan, or alternative retirement program  
15 established under section 15-10-17 for university system employees.

16 **2.** Effective January 1, 2025, the public employees retirement system defined benefit  
17 main plan maintained for employees is closed to new eligible employees. However, an  
18 employee who becomes a participating or deferred member under this chapter before  
19 January 1, 2025, remains in the defined benefit retirement plan under this chapter,  
20 regardless of being rehired after December 31, 2024.

JB 2014

- 1       3. Except as otherwise provided under this section, effective January 1, 2025, an eligible  
2       employee who begins employment with ~~ana~~ participating employer shall participate in  
3       the defined contribution retirement plan under chapter 54-52.6 as provided under  
4       section 54-52.6-02.1.
- 5       4. This section does not impact an employee to the extent the employee is a participating  
6       member in one or more of the following enumerated plans: law enforcement plan,  
7       judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative  
8       retirement program established under section 15-10-17 for university system  
9       employees.
  - 10      a. A participating or deferred member in the defined contribution retirement plan  
11      under chapter 54-52.6 who becomes eligible to participate in a plan enumerated  
12      under this subsection is eligible to participate in the retirement plan enumerated  
13      under this subsection.
  - 14      b. A participating member of a retirement plan enumerated under this subsection  
15      who becomes an eligible employee is not eligible to participate in the defined  
16      benefit retirement plan under this chapter but instead participates in the defined  
17      contribution retirement plan under chapter 54-52.6. However, this subdivision  
18      does not apply to an individual who before January 1, 2025, is a participating or a  
19      deferred member under this chapter, as that individual continues to participate in  
20      the defined benefit retirement plan under this chapter.
- 21      5. The board shall adopt rules to implement this section.
- 22      6. This section may not be construed to require a political subdivision to participate in the  
23      defined contribution retirement plan under chapter 54-52.6, even if the political  
24      subdivision has participated or continues to participate in the defined benefit  
25      retirement plan under this chapter. Political subdivision participation in the public  
26      employees retirement system, including the defined contribution retirement plan under  
27      chapter 54-52.6, is optional.
- 28      7. Notwithstanding sections 54-52-04 and 54-52-02.1, the board may not assess any  
29      fees or costs against a political subdivision for withdrawing from the defined  
30      contribution retirement plan under chapter 54-52.6.



JB 30/4

~~Public employees retirement system main plan – Closure to new hires – Multiple plan membership. (Effective on the date identified if the contingency is satisfied) (Contingent effective date – See note)~~

~~1. Under this section "eligible employee" means a permanent employee who:~~

~~a. Meets all the eligibility requirements set by this chapter;~~

~~b. Is at least eighteen years of age;~~

~~c. Becomes a participating member after the day before the effective date of this Act; and~~

~~d. Is not eligible to participate in the law enforcement plan, judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative retirement program established under section 15-10-17 for university system employees.~~

~~2. Effective on the effective date of this Act, the public employees retirement system defined benefit main plan maintained for employees is closed to new eligible employees. However, an employee who becomes a participating or deferred member under this chapter before the effective date of this Act, remains in the defined benefit retirement plan under this chapter, regardless of being rehired after the day before the effective date of this Act.~~

~~3. Except as otherwise provided under this section, effective on the effective date of this Act, an eligible employee who begins employment with an employer shall participate in the defined contribution retirement plan under chapter 54-52.6 as provided under section 54-52.6-02.1.~~

~~4. This section does not impact an employee to the extent the employee is a participating member in one or more of the following enumerated plans: law enforcement plan, judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative retirement program established under section 15-10-17 for university system employees.~~

~~a. A participating or deferred member in the defined contribution retirement plan under chapter 54-52.6 who becomes eligible to participate in a plan enumerated under this subsection is eligible to participate in the retirement plan enumerated under this subsection.~~

Am 404

- 1 ~~\_\_\_\_\_ b. A participating member of a retirement plan enumerated under this subsection~~  
2 ~~who becomes an eligible employee is not eligible to participate in the defined~~  
3 ~~benefit retirement plan under this chapter but instead participates in the defined~~  
4 ~~contribution retirement plan under chapter 54-52.6. However, this subdivision~~  
5 ~~does not apply to an individual who before the effective date of this Act, is a~~  
6 ~~participating or a deferred member under this chapter, as that individual~~  
7 ~~continues to participate in the defined benefit retirement plan under this chapter.~~  
8 ~~\_\_\_\_\_ 5. The board shall adopt rules to implement this section.~~

**REPORT OF STANDING COMMITTEE  
HB 1602**

**Government and Veterans Affairs Committee (Rep. Schauer, Chairman)** recommends **AMENDMENTS** ([25.0655.01001](#)) and when so amended, recommends **DO PASS** (8 YEAS, 2 NAYS, 4 ABSENT OR EXCUSED AND NOT VOTING). HB 1602 was placed on the Sixth order on the calendar.



**2025 SENATE STATE AND LOCAL GOVERNMENT**

**HB 1602**

# 2025 SENATE STANDING COMMITTEE MINUTES

State and Local Government Committee  
Room JW216, State Capitol

HB 1602  
3/20/2025

Relating to political subdivision participation in the public employees retirement system defined contribution retirement plan.
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2:44 p.m. Vice Chairman Castaneda called the hearing to order.

Members Present: Chairman Roers; Vice Chair Castaneda; Senators: Barta, Lee and Walen.

Members Absent: Senator Braunberger

## **Discussion Topics:**

- Clarifies current statute
- Local control
- Opt out option
- Contribution

2:44 p.m. Representative Kasper, District #46, introduced the bill.

2:51 p.m. Matt Gardner, Executive Director ND League of Cities, testified in favor.

2:54 p.m. Harold Stewart, City Manager Minot, testified in favor and submitted testimony #43263.

2:55 p.m. Aaron Birst, ND Association of Counties, testified in favor.

3:00 p.m. Derrick Hohbein, Chief Operating/Financial Officer NDPERS, testified neutral and submitted testimony #41515.

3:14 p.m. Chair Roers closed the hearing.

*Susan Helbling, Committee Clerk*

## **TESTIMONY OF DERRICK HOHBEIN**

### **House Bill 1602 – Relating to Political Subdivision Participation in the Public Employees Retirement System Defined Contribution Plan**

Good afternoon, Madam Chair and members of the committee. My name is Derrick Hohbein and I am the Chief Operating/Financial Officer of the North Dakota Public Employees Retirement System, or NDPERS. I appreciate the committee taking the time to analyze House Bill 1602, which allows political subdivision employers to withdraw from participation in the newly established tier in the Defined Contribution (DC) Plan, while allowing their existing Defined Benefit Plan members to continue their participation in this plan. I am here today on behalf of the NDPERS Board to provide information in a neutral capacity so the policy makers are able to make an informed decision regarding the bill.

Section 1, Subsection 6 essentially makes participation in Tier 3 of our Defined Contribution Plan optional for political subdivision participants. There are two primary observations our Board would pass along regarding the ability for political subdivisions to withdraw from the plan:

- 1) NDPERS switched Defined Contribution & 457 Deferred Compensation recordkeepers in July 2024. As part of this transition, the new vendor was given expectations as far as what future enrollments into this plan will look like, so they can price the transition accordingly. We had our Vendor analyze the bill, and they indicated that depending on the impact of future inflow and outflow, they may need to revisit and adjust the fee charged to participants. So if this causes a mass exodus from the plan, all remaining members of the Defined Contribution Plan will be adversely impacted by higher fees.
- 2) With Defined Contribution Plans, there is “buying power” with numbers, meaning the larger the population to spread fees assessed by vendors across, the less each participant will have to pay. By allowing the population to decrease, the burden and the population impacted will be to the remaining members of the Defined Contribution Plan, since this is a benefit they are funding.

So while there isn't an impact to the State, or to the employer base to allow political subdivisions to withdraw, we do expect the members who remain in the Defined Contribution plan to potentially be impacted by larger fees assessed to their accounts if this Legislation were to pass.

Subsection 7 says the Board may not assess any fees for withdrawing from the Defined Contribution Plan. Because the language in the bill isn't allowing the political subdivision to cease participation in the Defined Benefit Plan without paying their share of the unfunded liability, this subsection doesn't negatively impact the NDPERS office or Main Defined Benefit Plans at all. Employers do not pay PERS any fees for the administration of the Defined Contribution Plan. The expenses of the NDPERS office are funded from employee forfeiture contributions and a nominal administrative fee (1 basis point) paid quarterly by participants.

Our federal tax consultant did not have any concerns from an IRS perspective. The analysis from both the federal tax consultant and our actuary is attached to the end of my testimony.

Madam Chair, I appreciate the committee taking the time to learn more about the impact this bill will have to our state. This concludes my testimony, and I'd be happy to answer any questions the committee may have.



January 2, 2025

Representative Austen Schauer, Chair  
Legislative Employee Benefits Programs Committee  
North Dakota State Government

**Re: North Dakota Public Employees Retirement System Legislative Studies – Provisions from  
Bill No. 25.0655.01000**

Dear Representative Schauer:

In accordance with your request, we have analyzed the impact of Bill No. 25.0655.01000 on the North Dakota Public Employees Retirement System (NDPERS). Our review is actuarial in nature; we are not attorneys and cannot provide legal advice.

**Systems Affected**

Defined Contribution (DC) Plan for Public Employees

**Summary**

Bill No. 25.0655.01000:

- Allows political subdivisions currently participating in the NDPERS Main Plan to withdraw participation from the new Defined Contribution plan that is effective January 1, 2025, while allowing their existing Main Plan members to continue participating in the Main Plan.
- The Board may not assess any fees or costs against a political subdivision for withdrawing from the Defined Contribution plan.

**Actuarial Impact of Bill 655**

There is no actuarial impact. Main Plan participation, benefits, and funding are not affected by the proposed change.

## **Policy Issue Analysis**

### **Benefits Policy Issues**

- Adequacy of Retirement Benefits

If a political subdivision elects not to participate in the DC plan, the political subdivision will need to consider alternate retirement benefits for any employees who begin employment on or after January 1, 2025.

- Competitiveness

If a political subdivision elects not to participate in the DC plan and has no alternative retirement benefit plan for employees who begin employment on or after January 1, 2025, then employment at that political subdivision will be less attractive.

- Benefits Equity and Group Integrity

No impact.

- Purchasing Power

No impact.

- Preservation of Benefits

No impact.

- Portability

No impact.

- Ancillary Benefits

No impact.

- Social Security

No impact.

### **Funding Policy Issues**

- Actuarial Impacts

No impact.

- Investment Impacts

No impact.

### **Administration Issues**

- Implementation Issues

NDPERS will need to communicate the option to withdraw from the new DC plan to political subdivisions.

- Administrative Costs

It is generally expected that the bigger the DC plan, the lower the per-participant cost, because administrative expenses can be spread across more participants. If the size of the DC plan (assets and participants) is smaller than it otherwise would have been because of this legislation, members and employers may be subject to higher administrative expenses.

- Needed Authority

The bill appears to provide appropriate levels of administrative and governance authority to the PERS Board to implement the changes made by the bill.

- Integration

None.

- Employee Communications

Employers and/or NDPERS will need to communicate changes in retirement benefit eligibility to political subdivision employees impacted by this legislation.

- Miscellaneous and Drafting Issues

The bill does not appear to limit the time period for political subdivisions to elect to withdraw from the DC plan. This could result in additional administrative costs due to temporary participation in the DC plan and the maintenance of small DC accounts.

**Disclosures and Additional Information**

We have reviewed the bill and provided a policy issue analysis from our perspective as actuaries. However, the policy issue analysis should not be considered to be comprehensive and there may be additional benefits policy, administration issues or legal issues that are not discussed in this letter.

The signing actuary is independent of the plan sponsor.

Bonita J. Wurst and Abra D. Hill are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



Bonita J. Wurst, ASA, EA, MAAA, FCA  
Senior Consultant



Abra D. Hill, ASA, MAAA, FCA  
Consultant

cc: Rebecca Fricke, NDPERS  
Joshua Murner, GRS



Harold Stewart

City Manager

City of Minot

harold.stewart@minotnd.gov

701-857-4774

### **HB 1602 Testimony**

#### **Senate State and Local Government Committee**

#### **Hon. Senator Kristin Roers, Chairman**

Chairman Roers and committee members, thank you for the opportunity to be here to speak in support of HB 1602. My name is Harold Stewart, and I am the City Manager for the City of Minot.

In 2014 the Minot City Council voted to close the existing defined benefit pension plan in favor of offering a defined contribution plan to future employees. This decision was made not only for financial reasons but also with the premise of offering a more conventional retirement plan similar to those in the private sector. The City believed this change would improve the attraction and retention of potential employees. However, that was not the case.

In the time period 2014-2018, while employees were hired under a defined contribution retirement plan, the City of Minot continued to experience significant turnover. After conducting longevity assessments across several departments and evaluating the results—along with information gathered from exit interviews, employee evaluations and an employee satisfaction survey--the City decided to return to a defined benefit plan. As a result, the City Council approved participation in the NDPERS-DB plan, effective January 1, 2019.

Now that the NDPERS-DB plan is closed to new employees, the City would like the option for its employees to participate in the defined contribution plan that is already in place. By adding additional participants to this plan, the City can spread the cost of the plan administration and benefit the individual members. This will also minimize the number of pension plans that city staff are required to maintain and give the City control over any changes that it may want to make to the plan.

Thank you for your time today. I would be happy to answer any questions that you may have.

# 2025 SENATE STANDING COMMITTEE MINUTES

## State and Local Government Committee Room JW216, State Capitol

HB 1602  
3/20/2025

Relating to political subdivision participation in the public employees retirement system defined contribution retirement plan.

4:28 p.m. Chairman Roers called the hearing to order.

Members Present: Chairman Roers; Vice Chair Castaneda; Senators: Barta, Lee and Walen.

Members Absent: Senator Braunberger and Senator Barta

### Discussion Topics:

- Committee Action

4:28 p.m. Senator Walen moved Do Pass.

4:28 p.m. Senator Lee seconded the motion.

Senators	Vote
Senator Kristin Roers	Y
Senator Jose L. Castaneda	Y
Senator Jeff Barta	AB
Senator Ryan Braunberger	AB
Senator Judy Lee	Y
Senator Chuck Walen	Y

Motion Passed 4-0-2

Senator Lee will carry the bill.

4:31 p.m. Chair Roers closed the hearing.

*Susan Helbling, Committee Clerk*

**REPORT OF STANDING COMMITTEE  
ENGROSSED HB 1602 ([25.0655.02000](#))**

**State and Local Government Committee (Sen. Roers, Chairman)** recommends **DO PASS** (4 YEAS, 0 NAYS, 2 ABSENT OR EXCUSED AND NOT VOTING). HB 1602 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.