

FULL NOTICE OF INTENT TO ADOPT, AMEND, AND REPEAL ADMINISTRATIVE
RULES RELATING TO N.D.A.C. ARTICLES 71-02, 71-03, 71-04, 71-05, 71-06, &
71-08 REGARDING THE PUBLIC EMPLOYEES RETIREMENT SYSTEM, UNIFORM
GROUP INSURANCE PROGRAM, DEFERRED COMPENSATION PLAN FOR PUBLIC
EMPLOYEES, HIGHWAY PATROL RETIREMENT SYSTEM, RETIREE HEALTH
INSURANCE CREDIT, AND DEFINED CONTRIBUTION PLAN

TAKE NOTICE that the North Dakota Public Employees Retirement System will hold a public hearing to address proposed adoption of, amendments to, and repeal of administrative rules in N.D. Admin. Code 71-02, 71-03, 71-04, 71-05, 71-06, & 71-08 at 11:00 A.M. on Tuesday, January 20, 2026, at 1600 East Century Avenue Suite 2, Bismarck, North Dakota. The proposed rules and amendments address:

Section 71-02-01-01. Definitions is amended as follows:

- The definition of "correctional officer" is repealed due to the enactment of 2025 HB 1177 allowing correctional officers to be enrolled in the public safety plan upon employment.
- The definition of "normal retirement age" is amended to replace "law enforcement" with the applicable plan names due to the enactment of 2025 HB 1274 and 2025 HB 1419, which renamed the law enforcement retirement plan the public safety retirement plan and expanded eligibility for participation in that plan.
- The definition of "overtime" is amended to remove an incorrect subsection reference.
- The definition of "permanent and total disability" is amended to replace "law enforcement" with the applicable plan names due to the enactment of 2025 HB 1274 and 2025 HB 1419, which renamed the law enforcement retirement plan the public safety retirement plan and expanded eligibility for participation in that plan and to remove an incorrect subdivision reference.

Section 71-02-03-02.2. Payment is amended to clarify when payments for service credit must be received.

Section 71-02-03-06. Conversion of Sick Leave is amended to correct numbering and typographical errors.

Section 71-02-04-07. Amount of early retirement benefit is amended to clarify the amount of early retirement benefit for certain plan members for consistency with N.D.C.C. § 54-52-17(4)(e).

Section 71-02-04-09.1. Dual membership limitations is amended to clarify that dual membership application among defined benefit plans does not include the defined contribution plan.

Section 71-02-05-06. Determination of disability–procedures is amended to replace the reference to the “law enforcement system” due to the enactment of 2025 HB 1274 and 2025 HB 1419, which renamed the law enforcement retirement plan the public safety retirement plan and expanded eligibility for participation in that plan, to clarify the time for appealing an initial board decision, to clarify other language, and to correct statutory references.

Section 71-02-05-07. Optional benefits is amended to replace the reference to “law enforcement retirement plans” due to the enactment of 2025 HB 1274 and 2025 HB 1419, which renamed the law enforcement retirement plan the public safety retirement plan and expanded eligibility for participation in that plan and to correct statutory references.

Section 71-02-05-07.1. Judges’ retirement plan optional benefits is amended to correct a statutory reference.

Section 71-02-06-01. Conditions for return is amended to clarify automatic refund provisions for various plans under NDCC 54-52 consistent with the technical corrections to NDCC § 54-52-17(7) enacted in 2025 SB 2121, § 2.

Section 71-02-06-06. Employer payment of employee contributions is amended to clarify that employees need to be treated by employer in a similar manner based upon class of employee.

Section 71-02-08-02. Withdrawal is amended to clarify defined benefit plan employer withdrawal provisions for compliance with federal requirements.

Section 71-02-08-05. Merger of eligible employer groups is amended to clarify defined benefit plan employer group mergers for compliance with federal requirements.

Section 71-03-03-05. Special enrollment for certain qualifying events is amended to clarify qualifying events for enrollment in uniform group insurance plans, including timeframe to apply and effective date of coverage.

Section 71-03-04-01. Employer contributions is amended to provide guidance on treatment of state employees who transfer employment between participating employers and to provide a definition of termination of employment for administration of uniform group insurance plans.

Section 71-03-05-10. Determining amount of premium overpayments and underpayments is amended to add a subsection regarding treatment of overpayments and underpayments for the employee assistance program.

Section 71-03-07-01. Employer contribution is amended to provide guidance on treatment of political subdivision employees who transfer employment between participating employers and to provide a definition of termination of employment for administration of uniform group insurance plans.

Section 71-04-05-02. Payroll deductions is amended to allow NDPERS and a participating 457 plan employer to agree to a different timeframe for payroll remittances.

Section 71-05-01-01. Definitions – is amended to clarify that the definitions apply in NDAC art. 71-05 and as follows:

- The definition of “overtime” is amended to remove an incorrect subsection reference.
- The definition of “plan administrator” is amended to clarify that the plan administrator of Highway Patrol Plan includes a person or committee appointed by the NDPERS Board consistent with the definition of plan administrator in the main plan definitions (NDAC §71-02-01-01).

Section 71-05-02-02. Determination of disability – Procedures is amended to clarify the time for appealing an initial board decision and to correct a statutory reference.

Section 71-05-04-03. Repurchase of service credit and purchase of additional service credit is amended to add language to the Highway Patrol Plan rule regarding purchasing service credit for previous public employment that mirrors the rule for main plan (NDAC § 71-02-03-02.1).

Section 71-05-04-04.1. Costs is amended to add language to the Highway Patrol Plan rule regarding purchase of service costs that mirrors the rule for the main plan (NDAC § 71-02-03-02.5).

Section 71-05-04-06. Crediting purchased or repurchased service is amended to add language to the Highway Patrol Plan rule regarding crediting of purchased service that mirrors the rule for the main plan (NDAC § 71-02-03-02.4).

Section 71-05-04-08. Conversion of sick leave is amended to add language to the Highway Patrol Plan rule regarding conversion of sick leave that mirrors the rule for the main plan (NDAC § 71-02-03-06).

Section 71-05-05-08. Retirement–Dual membership is amended to clarify that dual membership application among defined benefit plans does not include the defined contribution plan.

Section 71-06-01-11. Erroneous payment of benefits–Overpayments, Underpayments, and Appeals is adopted to address retiree health insurance credit overpayments, underpayments, and appeals.

Section 71-08-02-01. Membership of individuals who become covered under the judges retirement plan, the highway patrol retirement plan, the teachers' fund for retirement plan, or the alternate retirement plan of the state board of higher education is amended to clarify that dual membership application among defined benefit plans does not include the defined contribution plan.

Section 71-08-03-01. Disability distribution is amended to correct a statutory reference.

Section 71-08-10-01. Permanent employee participation is amended to replace references to the "law enforcement plan" due to the enactment of 2025 HB 1274 and 2025 HB 1419, which renamed the law enforcement retirement plan the public safety retirement plan and expanded eligibility for participation in that plan.

Section 71-08-11-03. Employer payment of employee contributions is amended to clarify that employees need to be treated by employer in a similar manner based upon class of employee.

Section 71-08-11-08. Forfeiture of rights upon distribution is amended to clarify forfeiture of rights upon distribution within the defined contribution plan.

Section 71-08-12-01. Participation is adopted to establish requirements for political subdivisions to join the defined contribution plan as permitted by the enactment of 2025 HB 1146, which allowed political subdivision employers not already participating in NDPERS to join the defined contribution plan.

Section 71-08-12-02. Withdrawal is adopted to establish requirements for a political subdivision to terminate participation in the defined contribution retirement plan that are consistent with the requirements of 2025 HB 1602 relating to political subdivision participation in the defined contribution plan and comply with federal requirements.

Section 71-08-12-03. Merger of eligible employer groups is adopted to establish requirements regarding mergers of eligible employers that comply with federal requirements.

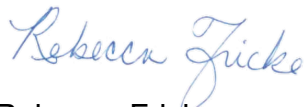
The proposed rules and amendments are not expected to have an impact on the regulated community in excess of \$50,000.

The proposed rules may be reviewed on the website of the North Dakota Public Employees Retirement System (www.ndpers.nd.gov) or at the office of the North Dakota Public Employees Retirement System, 1600 East Century Avenue Suite 2, Bismarck, North Dakota. A copy of the proposed rules and/or a regulatory analysis may be obtained by writing to PO Box 1657, Bismarck, ND 58502, e-mailing NDPERS-info@nd.gov, or calling 701-328-3900. Written comments on the proposed rules can be mailed to PO Box

1657, Bismarck, ND 58502 or emailed to NDPERS-info@nd.gov. Oral comments can be submitted by calling 701-328-3900. Comments received by no later than 5:00 p.m. on February 2, 2026, will be fully considered.

If you plan to attend the public hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Public Employees Retirement System at the above telephone number or address at least seven days prior to the public hearing.

Dated this 9th day of December, 2025.



Rebecca Fricke
Executive Director

SUMMARY OF PROPOSED ADMINISTRATIVE RULE CHANGES:

Section	Description	Reason
71-02-01-01(10). Definitions.	Remove definition of "correctional officer" as no longer needed due to enactment of HB 1177.	Comply with State Law, HB 1177.
71-02-01-01(14). Definitions.	Adds references to BCI and public safety plans in definition of "normal retirement".	Comply with State Law, HB 1274 & HB 1419 for plan names
71-02-01-01(16). Definitions	Definition of overtime.	Remove erroneous citation
71-02-01-01(19). Definitions	Adds references to BCI and public safety plans in definition of "permanent and total disability".	Comply with State Law, HB 1274 & HB 1419 for plan names
71-02-03-02.2(4). Payment.	Provides timeframe for payment towards additional service purchases.	Clarification
71-02-03-06 (2). Conversion of Sick Leave.	Corrects language regarding when additional service purchased is added to member's record.	Clarification based upon administrative processes
71-02-04-07. Amount of early retirement benefit.	Clarified the amount of early retirement benefit for consistency with state law.	Clarification
71-02-04-09.1. Dual membership limitations.	Clarifies dual membership application among defined benefit plans and does not include defined contribution plan.	Clarification
71-02-05-06. Determination of disability – Procedures.	Clarify disability application procedures, timeframes and appeal rights.	Clarification
71-02-05-07. Optional benefits.	Reflects updated public safety plan names and removes erroneous citation	Comply with State Law, HB 1274 & HB 1419 for plan names
71-02-05-07.1. Judges' retirement plan optional benefits.	Removes erroneous citation	Removes erroneous citation

Section	Description	Reason
71-02-06-01. Conditions for return.	Clarifies automatic refund provisions for various plans under NDCC 54-52	Clarification, comply with State Law, SB 2121
71-02-06-06. Employer payment of employee contributions.	Clarifies that employees need to be treated by employer in a similar manner based upon class of employee.	Clarification
71-02-08-02. Withdrawal.	Clarifies defined benefit plan employer withdrawal provisions for compliance with federal requirements.	Clarification and comply with federal requirements
71-02-08-05. Merger of eligible employer groups.	Clarifies defined benefit plan employer group mergers for compliance with federal requirements.	Clarification and comply with federal requirements
71-03-03-05. Special enrollment for certain qualifying events.	Clarify qualifying events for enrollment into uniform group insurance plans, including timeframe to make application and effective date of coverage	Clarification
71-03-04-01. Employer contributions.	Provide guidance on treatment of state employees that transfer employment between participating employers and provide definitions of termination of employment and transfer for administration of uniform group insurance plans.	Clarification
71-03-05-10(5). Determining amount of premium overpayments and underpayments.	Add new rule regarding treatment of overpayments and underpayments for the employee assistance program.	Consistency among uniform group insurance plans
71-03-07-01. Employer contribution.	Provide guidance on treatment of political subdivision employees that transfer employment between participating employers and provide definitions of termination of employment and transfer for administration of uniform group insurance plans.	Clarification

Section	Description	Reason
71-04-05-02. Payroll deductions.	Allows NDPERS and participating 457 plan employer ability to agree to a different timeframe for payroll remittances.	Clarification
71-05-01-01(6). Definitions.	Definition of “overtime” in Highway Patrol Plan.	Remove erroneous citation and plan consistency
71-05-01-01(8). Definitions.	Clarify plan administrator of Highway Patrol Plan to include person or committee appointed by NDPERS Board.	Consistency among plans
71-05-02-02. Determination of disability – Procedures	Amended to clarify the time for appealing an initial board decision and to correct a statutory reference.	Clarification
71-05-04-03. Repurchase of service credit and purchase of additional service credit.	Mirror language regarding Highway Patrol Plan and purchasing previous public employment as already provided for main plan under NDAC 71-02-03-02.1.	Consistency among plans
71-05-04-04.1. Costs.	Mirror language regarding Highway Patrol Plan purchase of service costs as already provided for main plan under NDAC 71-02-03-02.5.	Consistency among plans
71-05-04-06. Crediting purchased or repurchased service.	Mirror language regarding Highway Patrol Plan crediting of purchased service as already provided for main plan under NDAC 71-02-03-02.4.	Consistency among plans
71-05-04-08. Conversion of sick leave	Amended to add language to the Highway Patrol Plan rule regarding conversion of sick leave that mirrors the rule for the main plan (NDAC § 71-02-03-06).	Consistency among plans
71-05-05-08. Retirement – Dual membership.	Clarifies dual membership application among defined benefit plans and does not include defined contribution plan.	Clarification

Section	Description	Reason
71-06-01-11. Erroneous payment of benefits – Overpayments, Underpayments, and Appeals.	New section to address retiree health insurance credit program underpayments and overpayments.	Clarification and consistency among plans
71-08-02-01. Membership of individuals who become covered under the judges retirement plan, the highway patrol retirement plan, the teachers' fund for retirement plan, or the alternate retirement plan of the state board of higher education.	Clarifies dual membership application among defined benefit plans and does not include defined contribution plan.	Clarification
71-08-03-01. Disability distribution.	Corrects erroneous citation	Corrects erroneous citation
71-08-10-01. Permanent employee participation.	Amended to replace references to the "law enforcement plan" due to the enactment of 2025 HB 1274 and 2025 HB 1419, which renamed the law enforcement retirement plan the public safety retirement plan and expanded eligibility for participation in that plan.	Comply with State Law, HB 1274 & HB 1419 for plan names
71-08-11-03. Employer payment of employee contributions.	Clarifies that employees need to be treated by employer in a similar manner based upon class of employee.	Clarification
71-08-11-08. Forfeiture of rights upon distribution.	Clarifies forfeiture of rights upon distribution within defined contribution plan.	Clarification
71-08-12-01. Participation.	New section added regarding political subdivision ability to join defined contribution plan.	Comply with State Law, HB 1146

Section	Description	Reason
71-08-12-02. Withdrawal.	New section added regarding political subdivision ability to terminate participation in the defined contribution retirement plan.	Comply with State Law, HB 1602
71-08-12-03. Merger of eligible employer groups.	New section added regarding mergers of eligible employers.	Clarification and federal law compliance

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1146
(Representatives Lefor, Dockter, Schauer, Stemen, M. Ruby)
(Senators Davison, Dever, Hogue)

AN ACT to amend and reenact sections 54-52-02.1, 54-52-06, 54-52.6-01, 54-52.6-02.2, 54-52.6-05, and 54-52.6-09.5 of the North Dakota Century Code, relating to employer eligibility to participate in the public employees retirement system defined contribution retirement plan, employer contribution requirements for the defined benefit and defined contribution retirement plans, and employee eligibility to elect to transfer to the defined contribution retirement plan; to provide for retroactive application; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52-02.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.1. Political subdivisions authorized to join public employees retirement system.

1. A political subdivision may, on behalf of its permanent employees, on behalf of its peace officers, firefighters, and correctional officers separately from its other employees, and permanent noncertified employees only in the case of school districts, enter agreements with the retirement board for the purpose of extending the benefits of the public employees retirement system, as provided in this chapter or chapter 54-52.6, to those employees. The agreement may, in accordance with this chapter and chapter 54-52.6, contain provisions relating to benefits, contributions, effective date, modification, administration, and other appropriate provisions as the retirement board and the political subdivision agree upon, but the agreement must provide:
 - a. The political subdivision will contribute on behalf of each eligible employee an amount equal to that provided in section 54-52-06 or 54-52-06.3 for peace officers, firefighters, and correctional officers participating separately from other political subdivision employees.
 - b. A portion of the moneys paid by the political subdivision may be used to pay administrative expenses of the retirement board.
2. Notwithstanding any other provision of law, a political subdivision having an existing police or firefighter pension plan may merge that plan into the public employees retirement system under rules adopted by and in a manner determined by the board.
3. Notwithstanding any other provision of this chapter, a political subdivision of this state not currently participating in the public employees retirement system may not become a participant in the retirement system until an actuarial study is performed under the direction of the board to calculate the required employer contribution for any past service liability and the required employer contribution must be an amount determined sufficient to amortize and fund any past service liability over a period not to exceed thirty years as determined by the board. Any fees incurred in performing the actuarial study must be paid for by the political subdivision in a manner determined by the board.

SECTION 2. AMENDMENT. Section 54-52-06 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06. Employer's contribution to retirement plan - Report to the employee benefits programs committee. (Effective through December 31, 2025)

1. Each governmental unit shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; with an additional increase of one percent, beginning with the monthly reporting period of January 2014; and with an additional increase of one percent, beginning with the monthly reporting period of January 2024. For a participating member who first enrolls after December 31, 2019, the governmental unit shall contribute an additional amount equal to one and fourteen-hundredths percent of the monthly salary or wage of the participating member.
2. For those members who elect to exercise their rights under section 54-52-17.14, the employing governmental unit, or in the case of a member not presently under covered employment the most recent employing governmental unit, shall pay the associated employer contribution. If the employee's contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition, an amount equal to the required employee's contribution. Each governmental unit shall pay the contribution monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, into the retirement fund from the governmental unit's funds appropriated for payroll and salary or any other funds available for these purposes. Any governmental unit failing to pay the contributions monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, or failing to otherwise comply with the board's established wage reporting or payroll reporting process requirements, is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction of a month after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date the contributions became due, penalty and interest to be paid on delinquent contributions may be waived.
3. An employer is required to submit contributions for any past eligible employee who was employed after July 1, 1977, for which contributions were not made if the employee would have been eligible to become vested had the employee participated and if the employee elects to join the public employees retirement system. Employer contributions may not be assessed for eligible service that an employee has waived pursuant to subsection 1 of section 54-52-05.
4. Annually, the board shall report to the employee benefits programs committee the contributions necessary, as determined by the actuarial study, to maintain the fund's actuarial soundness.

Employer's contribution to retirement plan - Report to the employee benefits programs committee. (Effective after December 31, 2025)

1. a. As determined by actuarial valuations, each state governmental unit that receives budgetary approval from the legislative assembly shall contribute to the defined benefit plan an amount on a level percent of compensation basis for all main system defined benefit retirement plan employees and all defined contribution retirement plan employees sufficient under the actuarial valuation to meet both the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability of the main plan over a closed period of thirty and one-half years, beginning January 1, 2026, and continuing through June 30, 2056. By November fifteenth of each even-numbered year the board shall publish the contribution rate required under this subsection. The board shall calculate this rate based on the July first actuarial report of that year. In lieu of each

state governmental unit that receives budgetary approval from the legislative assembly contributing the additional actuarially determined rate, the legislative assembly may authorize a transfer to the public employees retirement system fund in an amount equal to or greater than the actuarially determined amount as most recently published by the board for the succeeding biennium.

- b. Each participating political subdivision and state governmental unit that does not receive budgetary approval from the legislative assembly shall contribute an amount equal to eight and twelve-hundredths percent of the monthly salary or wage of a participating member.
 - c. For a participating member who first enrolls after December 31, 2019, a participating political subdivision shall contribute an additional amount equal to one and fourteen-hundredths percent of the monthly salary or wage of the participating member.
2. For those members who elect to exercise their rights under section 54-52-17.14, the employing governmental unit, or in the case of a member not presently under covered employment the most recent employing governmental unit, shall pay the associated employer contribution. If the employee's contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition, an amount equal to the required employee's contribution. Each governmental unit shall pay the contribution monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, into the retirement fund from the governmental unit's funds appropriated for payroll and salary or any other funds available for these purposes. Any governmental unit failing to pay the contributions monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, or failing to otherwise comply with the board's established wage reporting or payroll reporting process requirements, is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction of a month after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date the contributions became due, penalty and interest to be paid on delinquent contributions may be waived.
 3. An employer is required to submit contributions for any past eligible employee who was employed after July 1, 1977, for which contributions were not made if the employee would have been eligible to become vested had the employee participated and if the employee elects to join the public employees retirement system. Employer contributions may not be assessed for eligible service that an employee has waived pursuant to subsection 1 of section 54-52-05.
 4. Annually, the board shall report to the employee benefits programs committee the contributions necessary, as determined by the actuarial study, to maintain the fund's actuarial soundness.

SECTION 3. AMENDMENT. Section 54-52.6-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-01. Definition of terms.

As used in this chapter, unless the context otherwise requires:

1. "Board" means the public employees retirement system board.
2. "Deferred member" means ~~a person~~ an individual who elected to receive deferred vested retirement benefits under chapter 54-52.

3. "Eligible employee", for employees who become participating members after December 31, 2024, has the same meaning as provided under section 54-52-02.15. For employees who elected to join the defined contribution retirement plan under this chapter before January 1, 2025, the term includes a permanent state employee, except an employee of the judicial branch or an employee of the board of higher education and state institutions under the jurisdiction of the board of higher education, who is at least eighteen years of age and who is in a position not classified by the North Dakota human resource management services.
4. "Employee" means ~~any person~~ an individual employed by the state, whose compensation is paid out of state funds, or funds controlled or administered by the state or paid by the federal government through any of its executive or administrative officials.
5. "Employer" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision of the state.
6. "Participating member" means an eligible employee who elects to participate in the defined contribution retirement plan established under this chapter.
7. "Permanent employee" means a state employee whose services are not limited in duration and who is filling an approved and regularly funded position and is employed twenty hours or more per week and at least five months each year.
8. "Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

SECTION 4. AMENDMENT. Section 54-52.6-02.2 of the North Dakota Century Code is amended and reenacted 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 of a state entity that as of January 1, 2025, receives budgetary approval from the legislative assembly,~~ who on December 31, 2024, is a participating member of the public employees retirement system main system plan under chapter ~~54-42~~54-52, 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.

SECTION 5. AMENDMENT. Section 54-52.6-05 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-05. Direction of investments.

1. Each participating member shall direct the investment of the individual's accumulated employer and employee contributions and earnings to one or more investment choices within available categories of investment provided by the board.
2. The board shall provide an investment menu of investment options. In establishing the investment options, the board shall:
 - a. Include predetermined investment portfolio options constructed to reflect different risk profiles that automatically reallocate and rebalance contributions as a participating member ages.
 - b. Allow a participating member to construct an investment portfolio using some or all of the investment options.
3. The board shall provide a diversified menu of mutual funds investment solutions and in-plan lifetime annuity options that may include in-plan and out-of-plan options, either fixed, variable, or a combination of both. In selecting an annuity provider the board shall comply with section 54-52.6-05.1.

SECTION 6. AMENDMENT. Section 54-52.6-09.5 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-09.5. Employer contribution for defined benefit plan. (Effective after December 31, 2025)

In addition to the employer contribution under section 54-52.6-09, a state employer that receives budgetary approval from the legislative assembly shall contribute to the defined benefit retirement plan under chapter 54-52, an amount equal to the contribution rate calculated under section 54-52-06 less

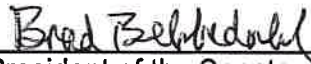
the amount of the required employer contribution under sections 54-52.2-09 and 54-52.6-09. If a state employer uses federal funds to pay any or all of an employee's wages, the employer shall use state funds to pay this additional contribution.

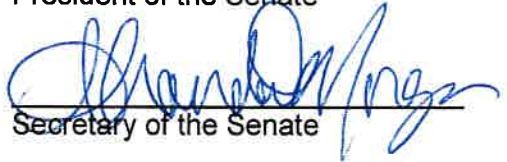
SECTION 7. RETROACTIVE APPLICATION. Section 4 of this Act applies retroactively to January 1, 2025.

SECTION 8. EMERGENCY. Section 4 of this Act is declared to be an emergency measure.


Speaker of the House

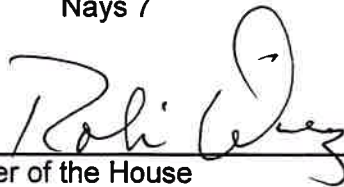

Chief Clerk of the House


President of the Senate


Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1146 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 82 Nays 7 Absent 5

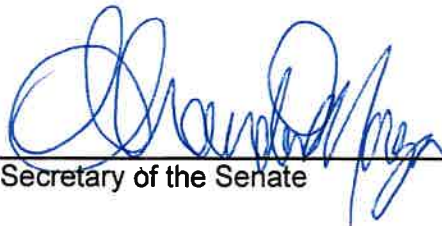

Speaker of the House


Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

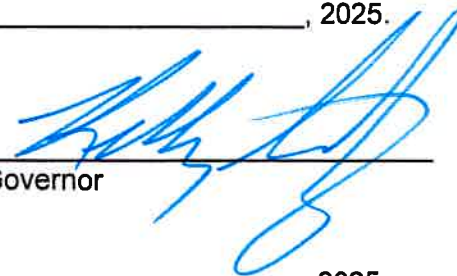
Vote: Yeas 46 Nays 0 Absent 1


President of the Senate


Secretary of the Senate

Received by the Governor at 10:05A M. on April 8th, 2025.

Approved at 4:38P M. on April 10th, 2025.


Governor

Filed in this office this 11th day of April, 2025,
at 12:13 o'clock P M.


Secretary of State

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1177

(Representatives Porter, Bosch, Dockter, Heinert, Karls, Nathe, Schauer, Toman)
(Senators Axtman, Cleary, Roers, Schaible)

AN ACT to amend and reenact subsection 3 of section 54-52-01 of the North Dakota Century Code, relating to the definition of correctional officer for purposes of the public employees retirement system.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

3. "Correctional officer" means a participating member who is employed as a correctional officer by a political subdivision. The term includes an individual employed by a correctional facility as defined in section 12-44.1-01, who is enrolled in, but has not yet completed, a correctional officer course approved or certified by the North Dakota department of corrections and rehabilitation.


Speaker of the House


President of the Senate


Chief Clerk of the House


Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1177.

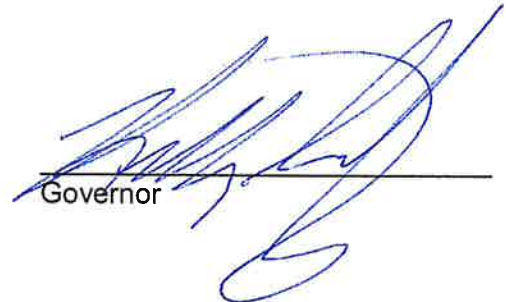
House Vote: Yeas 90 Nays 1 Absent 3

Senate Vote: Yeas 47 Nays 0 Absent 0


Chief Clerk of the House

Received by the Governor at 4:25 p.m. on March 20th, 2025.

Approved at 3:49 p.m. on March 21, 2025.


Governor

Filed in this office this 24th day of March, 2025,
at 9:42 o'clock A M.


Secretary of State

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1274
(Representatives Porter, Dockter, Heinert, Satrom, Schauer, Karls)
(Senators Cleary, Roers, Axtman, Dever)

AN ACT to amend and reenact sections 54-52-01, 54-52-02.15, 54-52-06.4, and 54-52-17 of the North Dakota Century Code, relating to membership of the public employees retirement system public safety retirement plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52-01. Definition of terms.

As used in this chapter, unless the context otherwise requires:

1. "Account balance" means the total contributions made by the employee, vested employer contributions under section 54-52-11.1, the vested portion of the vesting fund as of June 30, 1977, and interest credited thereon at the rate established by the board.
2. "Beneficiary" means any person in receipt of a benefit provided by this plan or any person designated by a participating member to receive benefits.
3. "Correctional officer" means a participating member who is employed as a correctional officer by a ~~political subdivision~~ governmental unit and, notwithstanding subsection 14, for an individual employed on or after the effective date of this Act, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. A correctional officer who is a participating member of the public safety retirement plan created by this chapter who begins employment on or after the effective date of this Act is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system. The term includes an individual employed by a correctional facility as defined in section 12-44.1-01, who is enrolled in, but has not yet completed, a correctional officer course approved or certified by the North Dakota department of corrections and rehabilitation.
4. "Deferred member" means a participating member who is not actively participating in the main plan under this chapter and who has an account intact in the main plan under this chapter.
5. "Eligible employee", except as otherwise provided under section 54-52-02.15, means a permanent employee who meets all of the eligibility requirements set by this chapter and who is eighteen years or more of age. The term includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11, and 54-52-02.12, and nonteaching employees of the superintendent of public instruction, including the superintendent of public instruction, who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.13, and employees of the state board for career and technical education who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.14. The term does not include nonclassified state employees who elected under section 54-52.6-02 to become members of the retirement plan established under chapter 54-52.6. The term does include employees of the judicial branch and employees of the board of higher education and state institutions under the jurisdiction of the board of higher education.
6. "Employee" means any individual employed by a governmental unit, whose compensation is paid out of the governmental unit's funds, or funds controlled or administered by a

governmental unit, or paid by the federal government through any of its executive or administrative officials; licensed employees of a school district means those employees eligible to participate in the teachers' fund for retirement who, except under subsection 2 of section 54-52-17.2, are not eligible employees under this chapter.

7. "Employer" means a governmental unit.
8. "Firefighter" means a participating member who is employed as a firefighter by a political subdivision and, notwithstanding subsection 13, for an individual employed after July 31, 2017, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. A firefighter who is a participating member of the ~~law enforcement~~public safety retirement plan created by this chapter who begins employment after July 31, 2017, is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system. The term does not include a firefighter employee of the North Dakota national guard.
9. "Funding agent" or "agents" means an investment firm, trust bank, or other financial institution which the retirement board may select to hold and invest the employers' and members' contributions.
10. "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision of the state.
11. "National guard security officer or firefighter" means a participating member who is:
 - a. A security police employee of the North Dakota national guard; or
 - b. A firefighter employee of the North Dakota national guard.
12. "Participating member" means an eligible employee who through payment into the plan has established a claim against the plan.
13. "Peace officer" means a participating member who is a peace officer as defined in section 12-63-01 and is employed as a peace officer by the state, except by the highway patrol for members of the retirement plan created under chapter 39-03.1, or is employed by a political subdivision and, notwithstanding subsection 14, for persons employed after August 1, 2005, is employed thirty-two hours or more per week and at least twenty weeks each year of employment. A peace officer who is a participating member of the ~~law enforcement~~public safety retirement plan created by this chapter who begins employment after August 1, 2005, is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system.
14. "Permanent employee" means an employee whose services are not limited in duration and who is filling an approved and regularly funded position in an eligible governmental unit, and is employed twenty hours or more per week and at least twenty weeks each year of employment.
15. "Prior service" means service or employment before July 1, 1966.
16. "Prior service credit" means such credit toward a retirement benefit as the retirement board may determine under the provisions of this chapter.
17. "Public employees retirement system" means the retirement plan and program established by this chapter.
18. "Retirement" means the acceptance of a retirement allowance under this chapter upon either termination of employment or termination of participation in the retirement plan.

19. "Retirement board" or "board" means the governing authority created under section 54-52-03.
20. "Seasonal employee" means a participating member who does not work twelve months a year.
21. "Service" means employment on or after July 1, 1966.
22. "Service benefit" means the credit toward retirement benefits as determined by the retirement board under the provisions of this chapter.
23. "Temporary employee" means an employee who is not eligible to participate as a permanent employee, who is at least eighteen years old and not actively contributing to another employer-sponsored pension fund, and, if employed by a school district, occupies a noncertified teacher's position.
24. "Wages" and "salaries" means the member's earnings in eligible employment under this chapter reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the member and participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

SECTION 2. AMENDMENT. Section 54-52-02.15 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.15. Public employees retirement system main plan - Closure to new hires - Multiple plan membership.

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 December 31, 2024; and
 - d. Is not eligible to participate in the ~~law enforcement~~public safety 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 January 1, 2025, 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 January 1, 2025, remains in the defined benefit retirement plan under this chapter, regardless of being rehired after December 31, 2024.
3. Except as otherwise provided under this section, effective January 1, 2025, 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 retirement plans: ~~law enforcement~~public safety 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.
 - b. A participating member of a retirement plan enumerated under this subsection who becomes an eligible employee is not eligible to participate in the defined benefit retirement plan under this chapter but instead participates in the defined contribution retirement plan under chapter 54-52.6. However, this subdivision does not apply to an individual who before January 1, 2025, is a participating or a deferred member under this chapter, as that individual continues to participate in the defined benefit retirement plan under this chapter.
5. The board shall adopt rules to implement this section.

SECTION 3. AMENDMENT. Section 54-52-06.4 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06.4. Contribution by peace officers and correctional officers employed by the state or security officers employed by the national guard - Employer contribution. (Retroactive application - See note)

1.
 - a. Each peace officer employed by the bureau of criminal investigation who is a member of the public employees retirement system is assessed and shall pay monthly four percent of the employee's monthly salary. Peace officer contributions increase by one percent of the member's monthly salary beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; with an additional increase of one percent, beginning with the reporting period of January 2024; and with an additional increase of one percent, beginning with the reporting period of January 2025.
 - b. Each correctional officer and peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, who is a member of the public employees retirement system is assessed and shall pay six percent of the employee's monthly salary.
 - c. Effective August 1, 2015, each national guard security officer who is a member of the public employee's retirement system is assessed and monthly shall pay six percent of the employee's monthly salary. National guard security officer contributions decrease by one-half of one percent of the member's monthly salary beginning with the monthly reporting period of January 2016.
 - d. The assessment under this subsection must be deducted and retained out of the employee's salary in equal monthly installments.
2. The employer of a correctional officer or peace officer employed by the state or a national guard security officer shall contribute an amount determined by the board to be actuarially required to support the level of benefits specified in section 54-52-17. The employer's contribution must be paid from funds appropriated for salary or from any other funds available for such purposes. If the correctional officer's, peace officer's, or security officer's assessment is paid by the employer under subsection 3 of section 54-52-05, the employer shall contribute, in addition, an amount equal to the required correctional officer's, peace officer's, or security officer's assessment.

SECTION 4. AMENDMENT. Section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

54-52-17. Formulation of plan. (Retroactive application - See note)

Participating members shall receive benefits according to this section and according to rules adopted by the board, not inconsistent with this chapter. ~~No person~~An individual is not entitled to receive a prior service benefit if the ~~person~~individual was not continuously employed by a governmental unit in North Dakota for a period of not less than two years immediately ~~prior to~~before eligibility for retirement.

1. Participating members shall receive credit for full-time employment or its equivalent from the date they attain eligibility until their normal retirement date, postponed retirement date, or early retirement date, as defined in this section. Part-time employment will be recognized as full-time employment on a prorated basis as the board may prescribe.
2. Retirement benefits are calculated from the participating member's final average salary, which is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred twenty months of employment. For members who terminate employment on or after August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred eighty months of employment. For members who terminate employment between July 31, 2005, and August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the period for which the board has appropriate and accurate salary records on the board's electronic database, but that period may not be more than the last one hundred eighty months of employment. For members who terminate employment after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. Months without earnings are excluded for the purpose of computing an average. If the participating member has worked for less than thirty-six months at the normal retirement date, the final average salary is the average salary for the total months of employment.
3. Retirement dates are defined as follows:
 - a. Normal retirement date, except for a national guard security officer or firefighter, a ~~firefighter employed by a political subdivision, a~~correctional officer or peace officer employed by the state, or a firefighter, peace officer, or correctional officer employed by a political subdivision, is:
 - (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
 - b. Normal retirement date for members first enrolled after December 31, 2015, except for a national guard security officer or firefighter, a ~~firefighter employed by a political subdivision, a~~correctional officer or peace officer employed by the state, a firefighter, peace officer, or correctional officer employed by a political subdivision, or a supreme court or district court judge, is:
 - (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to ninety and the member attains a minimum age of sixty and has not received a retirement benefit under this chapter.
 - c. Normal retirement date for a national guard security officer or firefighter is:

- (1) The first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (2) When the national guard security officer or firefighter has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- d. Normal retirement date for a peace officer, firefighter, or correctional officer employed by a political subdivision is:
 - (1) The first day of the month next following the month in which the peace officer, firefighter, or correctional officer attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (2) When the peace officer, firefighter, or correctional officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- e.
 - (1) Normal retirement date for a peace officer employed by the bureau of criminal investigation is:
 - (a) [1] For a member employed before August 1, 2023, the first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least three eligible years of employment; and
 - [2] For a member employed after July 31, 2023, the first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least ten eligible years of employment; or
 - (b) When the peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- (2) Normal retirement date for a correctional officer or peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, is:
 - (a) The first day of the month next following the month in which the correctional officer or peace officer attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (b) When the correctional officer or peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- f. Postponed retirement date is the first day of the month next following the month in which the member, on or after July 1, 1977, actually severs or has severed the member's employment after reaching the normal retirement date.
- g.
 - (1) Early retirement date, except for a national guard security officer or firefighter, a firefighter, peace officer, or correctional officer employed by a political subdivision, or a correctional officer or peace officer employed by the state, is the first day of the month next following the month in which the member attains the age of fifty-five years and has completed three years of eligible employment.

- (2) For a national guard security officer or firefighter, early retirement date is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty years and has completed at least three years of eligible employment.
 - (3) For a correctional officer or peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, or a firefighter, peace officer, or correctional officer employed by a political subdivision, early retirement date is the first day of the month next following the month in which the peace officer, firefighter, or correctional officer attains the age of fifty years and has completed at least three years of eligible employment.
 - (4) For a peace officer employed by the bureau of criminal investigation, early retirement date is the first day of the month next following the month in which the peace officer attains the age of fifty years and has completed at least three years of eligible employment.
- h. Disability retirement date is the first day of the month after a member becomes permanently and totally disabled, according to medical evidence called for under the rules of the board, and has completed at least one hundred eighty days of eligible employment. For supreme and district court judges, permanent and total disability is based solely on a judge's inability to perform judicial duties arising out of physical or mental impairment, as determined pursuant to rules adopted by the board or as provided by subdivision a of subsection 3 of section 27-23-03.
- (1) A member is eligible to receive disability retirement benefits only if the member became disabled during the period of eligible employment and applies for disability retirement benefits within twelve months of the date the member terminates employment.
 - (2) A member is eligible to continue to receive disability benefits as long as the permanent and total disability continues and the member submits the necessary documentation and undergoes medical testing required by the board, or for as long as the member participates in a rehabilitation program required by the board, or both. If the board determines a member no longer meets the eligibility definition, the board may discontinue the disability retirement benefit. The board may pay the cost of any medical testing or rehabilitation services the board deems necessary and these payments are appropriated from the retirement fund for those purposes. A member's receipt of disability benefits under this section is limited to receipt from the fund to which the member was actively contributing at the time the member became disabled.
4. The board shall calculate retirement benefits as follows:
- a. Normal retirement benefits for all retirees, except supreme and district court judges, and peace officers employed by the bureau of criminal investigation, and other peace officers employed by the state, reaching normal retirement date equal an annual amount, payable monthly, comprised of a service benefit and a prior service benefit, as defined in this chapter, which is determined as follows:
 - (1) For members first enrolled:
 - (a) Before January 1, 2020, service benefit equals two percent of final average salary multiplied by the number of years of service employment.
 - (b) After December 31, 2019, service benefit equals one and seventy-five hundredths percent of final average salary multiplied by the number of years of service employment.

- (2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.
- b. Normal retirement benefits for all supreme and district court judges under the public employees retirement system reaching normal retirement date equal an annual amount, payable monthly, comprised of a benefit as defined in this chapter, determined as follows:
 - (1) Benefits must be calculated from the time of appointment or election to the bench and must equal three and one-half percent of final average salary multiplied by the first ten years of judicial service, two and eighty hundredths percent of final average salary multiplied by the second ten years of judicial service, and one and one-fourth percent of final average salary multiplied by the number of years of judicial service exceeding twenty years.
 - (2) Service benefits must include, in addition, an amount equal to the percent specified in subdivision a of final average salary multiplied by the number of years of nonjudicial employee service and employment.
- c. Normal retirement benefits for a peace officer employed by the bureau of criminal investigation reaching the normal retirement date equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit determined as follows:
 - (1) The first twenty years of credited service multiplied by three percent of final average salary.
 - (2) For years in excess of twenty years of credited service multiplied by one and seventy-five hundredths percent of final average salary.
- d. ~~Normal retirement benefits for a peace officer employed by the state, other than by the bureau of criminal investigation, reaching the normal retirement date equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit determined as follows:~~
 - (1) ~~For members first enrolled:~~
 - (a) ~~Before January 1, 2020, service benefit equals two percent of final average salary multiplied by the number of years of service employment.~~
 - (b) ~~After December 31, 2019, service benefit equals one and seventy five hundredths percent of final average salary multiplied by the number of years of service employment.~~
 - (2) ~~Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.~~
- e. Postponed retirement benefits are calculated as for single life benefits for those members who retired on or after July 1, 1977.
- f.e. Early retirement benefits are calculated as for single life benefits accrued to the date of termination of employment, but must be actuarially reduced to account for benefit payments beginning before the normal retirement date, as determined under subsection 3. Except for a national guard security officer or firefighter, a firefighter, ~~peace officer, or correctional officer~~ employed by a political subdivision, a peace officer or correctional officer employed by the ~~state~~ governmental unit, or a supreme court or district court judge, early retirement benefits for members first enrolled after December 31, 2015, are calculated for single life benefits accrued to the date of termination of employment, but must be reduced by fixed rate of eight percent per year to account for benefit payments beginning before the normal retirement date. A retiree,

other than a supreme or district court judge, is eligible for early retirement benefits only after having completed three years of eligible employment. A supreme or district court judge retiree is eligible for early retirement benefits only after having completed five years of eligible employment.

- ~~g.f.~~ Except for supreme and district court judges, disability retirement benefits are twenty-five percent of the member's final average salary. Disability retirement benefits for supreme and district court judges are seventy percent of final average salary reduced by the member's primary social security benefits and by any workforce safety and insurance benefits paid. The minimum monthly disability retirement benefit under this section is one hundred dollars.
5. Upon termination of employment after completing three years of eligible employment, except for supreme and district court judges, who must complete five years of eligible employment, but before normal retirement date, a member who does not elect to receive early retirement benefits is eligible to receive deferred vested retirement benefits payable commencing on the member's normal retirement date in one of the optional forms provided in subsection 9. Members who have delayed or inadvertently failed to apply for retirement benefits to commence on their normal retirement date may choose to receive either a lump sum payment equal to the amount of missed payments, or an actuarial increase to the form of benefit the member has selected, which increase must reflect the missed payments.
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 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 any beneficiary survives the member, yet dies before distribution of the beneficiary's share, the beneficiary must be treated as if the beneficiary predeceased the member. 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 alternate beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the member may select a form of payment as follows:
- a. If the member was a supreme or district court judge, the surviving spouse may select one of the following optional forms of payment:
- (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payments as calculated for the deceased member as if the member was of normal retirement age at the date of death, payable until the spouse dies.
- b. The surviving spouse of all other members may select one of the following options:
- (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payment of a monthly retirement benefit equal to fifty percent of the deceased member's accrued single life retirement benefits until the spouse dies.
 - (3) If the member dies on or after the member's normal retirement date, the payment of a monthly retirement benefit equal to an amount that would have been paid to the

surviving spouse if the member had retired on the day of the member's death and had selected a one hundred percent joint and survivor annuity, payable until the spouse dies. A surviving spouse who received a benefit under this subsection as of July 31, 1995, is entitled to the higher of that person's existing benefit or the equivalent of the accrued benefit available under the one hundred percent joint and survivor provision as if the deceased member were of normal retirement age, with the increase payable beginning August 1, 1995.

7. If a member not coming under the provisions of subsection 6 terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. The board automatically shall refund a member's account balance if the member has completed less than three years of eligible employment, has an account balance of less than one thousand dollars, and was not a supreme or district court judge. If the member was a supreme or district court judge, the board automatically shall refund a member's account balance if the member completed less than five years of eligible employment. A member may waive the refund if the member submits a written statement to the board, within thirty days after termination, requesting that the member's account balance remain in the fund.
8. The surviving spouse of a member receiving retirement benefits must be the member's primary beneficiary unless there is no surviving spouse or the surviving spouse designates an alternate beneficiary in writing. If a member receiving retirement 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 balance 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. A benefit payment owed to the member, surviving spouse, or alternate beneficiary which was not paid before the death of the member, surviving spouse, or alternate beneficiary 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. Single life.
 - b. An actuarially equivalent joint and survivor option, with fifty percent or one hundred percent options.
 - c. Actuarially equivalent life with ten-year or twenty-year certain options.
 - d. An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.
 - e. An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year.

Except for supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a single life benefit. For supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a lifetime monthly pension with fifty percent of the benefit continuing for the life of the surviving spouse, if any.

10. The fund may accept rollovers from other eligible 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.

11. The board may accept trustee-to-trustee transfers as permitted by Internal Revenue Code section 403(b)(13) and section 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 Revenue Code section 415(k)(3).
12. The board may establish individual retirement accounts and individual retirement annuities as permitted under section 408(q) of the Internal Revenue Code to allow employees to make voluntary employee contributions. The board may adopt rules to implement and administer the accounts and annuities under this section.


Speaker of the House


President of the Senate

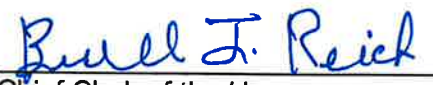

Chief Clerk of the House


Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1274.

House Vote: Yeas 71 Nays 19 Absent 4

Senate Vote: Yeas 47 Nays 0 Absent 0


Chief Clerk of the House

Received by the Governor at 9:25 A M. on April 14th, 2025.

Approved at 1:10 P M. on April 15th, 2025.


Governor

Filed in this office this 17th day of April, 2025,
at 8:23 o'clock A M.


Secretary of State

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1419
(Representatives Porter, Dockter, Heinert, O'Brien, M. Ruby, Satrom, Schauer)
(Senators Axtman, Cleary, Lee, Meyer, Roers)

AN ACT to amend and reenact sections 54-52-01, 54-52-02.1, 54-52-02.15, 54-52-06.3, 54-52-06.4, and 54-52-17 of the North Dakota Century Code, relating to the public employees retirement system public safety retirement plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52-01. Definition of terms.

As used in this chapter, unless the context otherwise requires:

1. "Account balance" means the total contributions made by the employee, vested employer contributions under section 54-52-11.1, the vested portion of the vesting fund as of June 30, 1977, and interest credited thereon at the rate established by the board.
2. "Beneficiary" means any person in receipt of a benefit provided by this plan or any person designated by a participating member to receive benefits.
3. "Correctional officer" means a participating member who is employed as a correctional officer by a ~~political subdivision~~ governmental unit and, notwithstanding subsection 16, for an individual employed on or after the effective date of this Act, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. A correctional officer who is a participating member of the public safety retirement plan created by this chapter who begins employment on or after the effective date of this Act is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system. The term includes an individual employed by a correctional facility as defined in section 12-44.1-01, who is enrolled in, but has not yet completed, a correctional officer course approved or certified by the North Dakota department of corrections and rehabilitation.
4. "Deferred member" means a participating member who is not actively participating in the main plan under this chapter and who has an account intact in the main plan under this chapter.
5. "Dispatcher" means a participating member who is employed as a state radio dispatcher by the state or is employed as a public safety answering point dispatcher by a political subdivision and, notwithstanding subsection 16, for an individual employed on or after the effective date of this Act, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. A dispatcher who is a participating member of the public safety retirement plan created by this chapter who begins employment on or after the effective date of this Act is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system.
6. "Eligible employee", except as otherwise provided under section 54-52-02.15, means a permanent employee who meets all of the eligibility requirements set by this chapter and who is eighteen years or more of age. The term includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11, and 54-52-02.12, and nonteaching employees of the superintendent of public instruction, including the superintendent of public instruction, who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.13, and employees of the state board for career and technical

education who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.14. The term does not include nonclassified state employees who elected under section 54-52.6-02 to become members of the retirement plan established under chapter 54-52.6. The term does include employees of the judicial branch and employees of the board of higher education and state institutions under the jurisdiction of the board of higher education.

6-7. "Emergency medical services personnel" means a participating member employed by a political subdivision as an emergency medical services personnel, as defined under section 23-27-02 and, notwithstanding subsection 16, for an individual employed on or after the effective date of this Act, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. An emergency medical services personnel who is a participating member of the public safety retirement plan created by this chapter who begins employment on or after the effective date of this Act is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system.

8. "Employee" means any individual employed by a governmental unit, whose compensation is paid out of the governmental unit's funds, or funds controlled or administered by a governmental unit, or paid by the federal government through any of its executive or administrative officials; licensed employees of a school district means those employees eligible to participate in the teachers' fund for retirement who, except under subsection 2 of section 54-52-17.2, are not eligible employees under this chapter.

7-9. "Employer" means a governmental unit.

8-10. "Firefighter" means a participating member who is employed as a firefighter by a political subdivision and, notwithstanding subsection 13, for an individual employed after July 31, 2017, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. A firefighter who is a participating member of the ~~law enforcement~~public safety retirement plan created by this chapter who begins employment after July 31, 2017, is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system. The term does not include a firefighter employee of the North Dakota national guard.

9-11. "Funding agent" or "agents" means an investment firm, trust bank, or other financial institution which the retirement board may select to hold and invest the employers' and members' contributions.

10-12. "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision of the state.

11-13. "National guard security officer or firefighter" means a participating member who is:

- a. A security police employee of the North Dakota national guard; or
- b. A firefighter employee of the North Dakota national guard.

12-14. "Participating member" means an eligible employee who through payment into the plan has established a claim against the plan.

13-15. "Peace officer" means a participating member who is a peace officer as defined in section 12-63-01 and is employed as a peace officer by the state, except by the highway patrol for members of the retirement plan created under chapter 39-03.1, or is employed by a political subdivision and, notwithstanding subsection 14, for persons employed after August 1, 2005, is employed thirty-two hours or more per week and at least twenty weeks each year of employment. A peace officer who is a participating member of the ~~law enforcement~~public safety retirement plan created by this chapter who begins employment after August 1, 2005, is

ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system.

- ~~44.16.~~ "Permanent employee" means an employee whose services are not limited in duration and who is filling an approved and regularly funded position in an eligible governmental unit, and is employed twenty hours or more per week and at least twenty weeks each year of employment.
- ~~45.17.~~ "Prior service" means service or employment before July 1, 1966.
- ~~46.18.~~ "Prior service credit" means such credit toward a retirement benefit as the retirement board may determine under the provisions of this chapter.
- ~~47.19.~~ "Public employees retirement system" means the retirement plan and program established by this chapter.
- ~~48.20.~~ "Retirement" means the acceptance of a retirement allowance under this chapter upon either termination of employment or termination of participation in the retirement plan.
- ~~49.21.~~ "Retirement board" or "board" means the governing authority created under section 54-52-03.
- ~~20.22.~~ "Seasonal employee" means a participating member who does not work twelve months a year.
- ~~24.23.~~ "Service" means employment on or after July 1, 1966.
- ~~22.24.~~ "Service benefit" means the credit toward retirement benefits as determined by the retirement board under the provisions of this chapter.
- ~~23.25.~~ "Temporary employee" means an employee who is not eligible to participate as a permanent employee, who is at least eighteen years old and not actively contributing to another employer-sponsored pension fund, and, if employed by a school district, occupies a noncertified teacher's position.
- ~~24.26.~~ "Wages" and "salaries" means the member's earnings in eligible employment under this chapter reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the member and participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

SECTION 2. AMENDMENT. Section 54-52-02.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.1. Political subdivisions authorized to join public employees retirement system.

1. A political subdivision may, on behalf of its permanent employees, on behalf of its peace officers, firefighters, dispatchers, emergency medical services personnel, and correctional officers separately from its other employees, and permanent noncertified employees only in the case of school districts, enter agreements with the retirement board for the purpose of extending the benefits of the public employees retirement system, as provided in this chapter, to those employees. The agreement may, in accordance with this chapter, contain provisions relating to benefits, contributions, effective date, modification, administration, and other appropriate provisions as the retirement board and the political subdivision agree upon, but the agreement must provide:

- a. The political subdivision will contribute on behalf of each eligible employee an amount equal to that provided in section 54-52-06 or 54-52-06.3 for peace officers, firefighters, dispatchers, emergency medical services personnel, and correctional officers participating separately from other political subdivision employees.
- b. A portion of the moneys paid by the political subdivision may be used to pay administrative expenses of the retirement board.
2. Notwithstanding any other provision of law, a political subdivision having an existing police, dispatcher, emergency medical services personnel, or firefighter pension plan may merge that plan into the public employees retirement system under rules adopted by and in a manner determined by the board.
3. Notwithstanding any other provision of this chapter, a political subdivision of this state not currently participating in the public employees retirement system may not become a participant in the retirement system until an actuarial study is performed under the direction of the board to calculate the required employer contribution for any past service liability and the required employer contribution must be an amount determined sufficient to amortize and fund any past service liability over a period not to exceed thirty years as determined by the board. Any fees incurred in performing the actuarial study must be paid for by the political subdivision in a manner determined by the board.

SECTION 3. AMENDMENT. Section 54-52-02.15 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.15. Public employees retirement system main plan - Closure to new hires - Multiple plan membership.

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 December 31, 2024; and
 - d. Is not eligible to participate in the ~~law enforcement~~public safety 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 January 1, 2025, 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 January 1, 2025, remains in the defined benefit retirement plan under this chapter, regardless of being rehired after December 31, 2024.
3. Except as otherwise provided under this section, effective January 1, 2025, 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 retirement plans: ~~law enforcement~~public safety 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.

- b. A participating member of a retirement plan enumerated under this subsection who becomes an eligible employee is not eligible to participate in the defined benefit retirement plan under this chapter but instead participates in the defined contribution retirement plan under chapter 54-52.6. However, this subdivision does not apply to an individual who before January 1, 2025, is a participating or a deferred member under this chapter, as that individual continues to participate in the defined benefit retirement plan under this chapter.

5. The board shall adopt rules to implement this section.

SECTION 4. AMENDMENT. Section 54-52-06.3 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06.3. Contribution by peace officers, firefighters, dispatchers, emergency medical services personnel, and correctional officers employed by political subdivisions - Employer contribution.

1. Each peace officer, firefighter, dispatcher, emergency medical services personnel, or correctional officer employed by a political subdivision that enters an agreement with the retirement board on behalf of its peace officers, firefighters, dispatchers, emergency medical services personnel, and correctional officers separately from its other employees and who is a member of the public employees retirement system is assessed and shall pay monthly four percent of the employee's monthly salary. Peace officer, firefighter, dispatcher, emergency medical services personnel, or correctional officer contributions increase by one-half of one percent of the member's monthly salary beginning with the monthly reporting period of January 2012, and with an additional increase of one-half of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one-half of one percent, beginning with the monthly reporting period of January 2014. The assessment must be deducted and retained out of the employee's salary in equal monthly installments.
2. The peace officer's, firefighter's, dispatcher's, emergency medical services personnel's, or correctional officer's employer shall contribute an amount determined by the board to be actuarially required to support the level of benefits specified in section 54-52-17. If the peace officer's, firefighter's, dispatcher's, emergency medical services personnel's, or correctional officer's assessment is paid by the employer under subsection 3 of section 54-52-05, the employer shall contribute, in addition, an amount equal to the required peace officer's, firefighter's, dispatcher's, emergency medical services personnel's, or correctional officer's assessment.

SECTION 5. AMENDMENT. Section 54-52-06.4 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06.4. Contribution by peace officers and dispatchers employed by the state or security officers employed by the national guard - Employer contribution. (Retroactive application - See note)

1. a. Each peace officer employed by the bureau of criminal investigation who is a member of the public employees retirement system is assessed and shall pay monthly four percent of the employee's monthly salary. Peace officer contributions increase by one percent of the member's monthly salary beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; with an additional increase of one percent, beginning with the reporting period of January 2024; and with an additional increase of one percent, beginning with the reporting period of January 2025.
- b. Each dispatcher and peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, who is a member of the public

employees retirement system is assessed and shall pay six percent of the employee's monthly salary.

- c. Effective August 1, 2015, each national guard security officer who is a member of the public employee's retirement system is assessed and monthly shall pay six percent of the employee's monthly salary. National guard security officer contributions decrease by one-half of one percent of the member's monthly salary beginning with the monthly reporting period of January 2016.
 - d. The assessment under this subsection must be deducted and retained out of the employee's salary in equal monthly installments.
2. The employer of a dispatcher or peace officer employed by the state or national guard security officer shall contribute an amount determined by the board to be actuarially required to support the level of benefits specified in section 54-52-17. The employer's contribution must be paid from funds appropriated for salary or from any other funds available for such purposes. If the dispatcher's, peace officer's, or security officer's assessment is paid by the employer under subsection 3 of section 54-52-05, the employer shall contribute, in addition, an amount equal to the required dispatcher's, peace officer's, or security officer's assessment.

SECTION 6. AMENDMENT. Section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

54-52-17. Formulation of plan. (Retroactive application - See note)

Participating members shall receive benefits according to this section and according to rules adopted by the board, not inconsistent with this chapter. ~~No person~~An individual is not entitled to receive a prior service benefit if the ~~person~~individual was not continuously employed by a governmental unit in North Dakota for a period of not less than two years immediately ~~prior to~~before eligibility for retirement.

1. Participating members shall receive credit for full-time employment or its equivalent from the date they attain eligibility until their normal retirement date, postponed retirement date, or early retirement date, as defined in this section. Part-time employment will be recognized as full-time employment on a prorated basis as the board may prescribe.
2. Retirement benefits are calculated from the participating member's final average salary, which is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred twenty months of employment. For members who terminate employment on or after August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred eighty months of employment. For members who terminate employment between July 31, 2005, and August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the period for which the board has appropriate and accurate salary records on the board's electronic database, but that period may not be more than the last one hundred eighty months of employment. For members who terminate employment after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. Months without earnings are excluded for the purpose of computing an average. If the participating member has worked for less than thirty-six months at the normal retirement date, the final average salary is the average salary for the total months of employment.
3. Retirement dates are defined as follows:
 - a. Normal retirement date, except for a national guard security officer or firefighter, a ~~firefighter employed by a political subdivision, a dispatcher or~~ peace officer employed by

the state, or a firefighter, dispatcher, emergency medical services personnel, peace officer, or correctional officer employed by a political subdivision, is:

- (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- b. Normal retirement date for members first enrolled after December 31, 2015, except for a national guard security officer or firefighter, a ~~firefighter employed by a political subdivision, a dispatcher or~~ peace officer employed by the state, a firefighter, dispatcher, emergency medical services personnel, peace officer, or correctional officer employed by a political subdivision, or a supreme court or district court judge, is:
- (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to ninety and the member attains a minimum age of sixty and has not received a retirement benefit under this chapter.
- c. Normal retirement date for a national guard security officer or firefighter is:
- (1) The first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (2) When the national guard security officer or firefighter has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- d. Normal retirement date for a dispatcher, emergency medical services personnel, peace officer, firefighter, or correctional officer employed by a political subdivision is:
- (1) The first day of the month next following the month in which the dispatcher, emergency medical services personnel, peace officer, firefighter, or correctional officer attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (2) When the dispatcher, emergency medical services personnel, peace officer, firefighter, or correctional officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- e. (1) Normal retirement date for a peace officer employed by the bureau of criminal investigation is:
- (a) [1] For a member employed before August 1, 2023, the first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least three eligible years of employment; and
 - [2] For a member employed after July 31, 2023, the first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least ten eligible years of employment; or

- (b) When the peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- (2) Normal retirement date for a dispatcher or peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, is:
 - (a) The first day of the month next following the month in which the dispatcher or peace officer attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (b) When the dispatcher or peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- f. Postponed retirement date is the first day of the month next following the month in which the member, on or after July 1, 1977, actually severs or has severed the member's employment after reaching the normal retirement date.
- g.
 - (1) Early retirement date, except for a national guard security officer or firefighter, a dispatcher, emergency medical services personnel, firefighter, peace officer, or correctional officer employed by a political subdivision, or a dispatcher or peace officer employed by the state, is the first day of the month next following the month in which the member attains the age of fifty-five years and has completed three years of eligible employment.
 - (2) For a national guard security officer or firefighter, early retirement date is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty years and has completed at least three years of eligible employment.
 - (3) For a dispatcher or peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, or a dispatcher, emergency medical services personnel, firefighter, peace officer, or correctional officer employed by a political subdivision, early retirement date is the first day of the month next following the month in which the dispatcher, emergency medical services personnel, peace officer, firefighter, or correctional officer attains the age of fifty years and has completed at least three years of eligible employment.
 - (4) For a peace officer employed by the bureau of criminal investigation, early retirement date is the first day of the month next following the month in which the peace officer attains the age of fifty years and has completed at least three years of eligible employment.
- h. Disability retirement date is the first day of the month after a member becomes permanently and totally disabled, according to medical evidence called for under the rules of the board, and has completed at least one hundred eighty days of eligible employment. For supreme and district court judges, permanent and total disability is based solely on a judge's inability to perform judicial duties arising out of physical or mental impairment, as determined pursuant to rules adopted by the board or as provided by subdivision a of subsection 3 of section 27-23-03.
 - (1) A member is eligible to receive disability retirement benefits only if the member became disabled during the period of eligible employment and applies for disability retirement benefits within twelve months of the date the member terminates employment.

- (2) A member is eligible to continue to receive disability benefits as long as the permanent and total disability continues and the member submits the necessary documentation and undergoes medical testing required by the board, or for as long as the member participates in a rehabilitation program required by the board, or both. If the board determines a member no longer meets the eligibility definition, the board may discontinue the disability retirement benefit. The board may pay the cost of any medical testing or rehabilitation services the board deems necessary and these payments are appropriated from the retirement fund for those purposes. A member's receipt of disability benefits under this section is limited to receipt from the fund to which the member was actively contributing at the time the member became disabled.
4. The board shall calculate retirement benefits as follows:
 - a. Normal retirement benefits for all retirees, except supreme and district court judges, and peace officers employed by the bureau of criminal investigation, ~~and other peace officers employed by the state~~, reaching normal retirement date equal an annual amount, payable monthly, comprised of a service benefit and a prior service benefit, as defined in this chapter, which is determined as follows:
 - (1) For members first enrolled:
 - (a) Before January 1, 2020, service benefit equals two percent of final average salary multiplied by the number of years of service employment.
 - (b) After December 31, 2019, service benefit equals one and seventy-five hundredths percent of final average salary multiplied by the number of years of service employment.
 - (2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.
 - b. Normal retirement benefits for all supreme and district court judges under the public employees retirement system reaching normal retirement date equal an annual amount, payable monthly, comprised of a benefit as defined in this chapter, determined as follows:
 - (1) Benefits must be calculated from the time of appointment or election to the bench and must equal three and one-half percent of final average salary multiplied by the first ten years of judicial service, two and eighty hundredths percent of final average salary multiplied by the second ten years of judicial service, and one and one-fourth percent of final average salary multiplied by the number of years of judicial service exceeding twenty years.
 - (2) Service benefits must include, in addition, an amount equal to the percent specified in subdivision a of final average salary multiplied by the number of years of nonjudicial employee service and employment.
 - c. Normal retirement benefits for a peace officer employed by the bureau of criminal investigation reaching the normal retirement date equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit determined as follows:
 - (1) The first twenty years of credited service multiplied by three percent of final average salary.
 - (2) For years in excess of twenty years of credited service multiplied by one and seventy-five hundredths percent of final average salary.

- ~~d. Normal retirement benefits for a peace officer employed by the state, other than by the bureau of criminal investigation, reaching the normal retirement date equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit determined as follows:~~
 - ~~(1) For members first enrolled:~~
 - ~~(a) Before January 1, 2020, service benefit equals two percent of final average salary multiplied by the number of years of service employment.~~
 - ~~(b) After December 31, 2019, service benefit equals one and seventy five hundredths percent of final average salary multiplied by the number of years of service employment.~~
 - ~~(2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.~~
 - ~~e. Postponed retirement benefits are calculated as for single life benefits for those members who retired on or after July 1, 1977.~~
 - ~~f.e. Early retirement benefits are calculated as for single life benefits accrued to the date of termination of employment, but must be actuarially reduced to account for benefit payments beginning before the normal retirement date, as determined under subsection 3. Except for a national guard security officer or firefighter, a dispatcher, emergency medical services personnel, firefighter, peace officer, or correctional officer employed by a political subdivision, a dispatcher or peace officer employed by the state, or a supreme court or district court judge, early retirement benefits for members first enrolled after December 31, 2015, are calculated for single life benefits accrued to the date of termination of employment, but must be reduced by fixed rate of eight percent per year to account for benefit payments beginning before the normal retirement date. A retiree, other than a supreme or district court judge, is eligible for early retirement benefits only after having completed three years of eligible employment. A supreme or district court judge retiree is eligible for early retirement benefits only after having completed five years of eligible employment.~~
 - ~~g.f. Except for supreme and district court judges, disability retirement benefits are twenty-five percent of the member's final average salary. Disability retirement benefits for supreme and district court judges are seventy percent of final average salary reduced by the member's primary social security benefits and by any workforce safety and insurance benefits paid. The minimum monthly disability retirement benefit under this section is one hundred dollars.~~
 5. Upon termination of employment after completing three years of eligible employment, except for supreme and district court judges, who must complete five years of eligible employment, but before normal retirement date, a member who does not elect to receive early retirement benefits is eligible to receive deferred vested retirement benefits payable commencing on the member's normal retirement date in one of the optional forms provided in subsection 9. Members who have delayed or inadvertently failed to apply for retirement benefits to commence on their normal retirement date may choose to receive either a lump sum payment equal to the amount of missed payments, or an actuarial increase to the form of benefit the member has selected, which increase must reflect the missed payments.
 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 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 any beneficiary survives the member, yet dies before distribution of the beneficiary's share, the beneficiary must be treated as if the beneficiary predeceased the member. 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 alternate beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the member may select a form of payment as follows:

- a. If the member was a supreme or district court judge, the surviving spouse may select one of the following optional forms of payment:
 - (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payments as calculated for the deceased member as if the member was of normal retirement age at the date of death, payable until the spouse dies.
 - b. The surviving spouse of all other members may select one of the following options:
 - (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payment of a monthly retirement benefit equal to fifty percent of the deceased member's accrued single life retirement benefits until the spouse dies.
 - (3) If the member dies on or after the member's normal retirement date, the payment of a monthly retirement benefit equal to an amount that would have been paid to the surviving spouse if the member had retired on the day of the member's death and had selected a one hundred percent joint and survivor annuity, payable until the spouse dies. A surviving spouse who received a benefit under this subsection as of July 31, 1995, is entitled to the higher of that person's existing benefit or the equivalent of the accrued benefit available under the one hundred percent joint and survivor provision as if the deceased member were of normal retirement age, with the increase payable beginning August 1, 1995.
7. If a member not coming under the provisions of subsection 6 terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. The board automatically shall refund a member's account balance if the member has completed less than three years of eligible employment, has an account balance of less than one thousand dollars, and was not a supreme or district court judge. If the member was a supreme or district court judge, the board automatically shall refund a member's account balance if the member completed less than five years of eligible employment. A member may waive the refund if the member submits a written statement to the board, within thirty days after termination, requesting that the member's account balance remain in the fund.
 8. The surviving spouse of a member receiving retirement benefits must be the member's primary beneficiary unless there is no surviving spouse or the surviving spouse designates an alternate beneficiary in writing. If a member receiving retirement 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 balance 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. A benefit payment owed to the member, surviving spouse, or alternate beneficiary which was not paid before the death of the member, surviving spouse,

or alternate beneficiary 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. Single life.
 - b. An actuarially equivalent joint and survivor option, with fifty percent or one hundred percent options.
 - c. Actuarially equivalent life with ten-year or twenty-year certain options.
 - d. An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.
 - e. An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year.

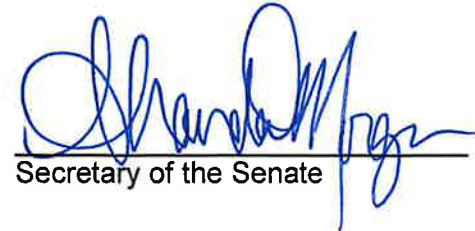
Except for supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a single life benefit. For supreme and district court judges, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a lifetime monthly pension with fifty percent of the benefit continuing for the life of the surviving spouse, if any.

10. The fund may accept rollovers from other eligible 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.
11. The board may accept trustee-to-trustee transfers as permitted by Internal Revenue Code section 403(b)(13) and section 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 Revenue Code section 415(k)(3).
12. The board may establish individual retirement accounts and individual retirement annuities as permitted under section 408(q) of the Internal Revenue Code to allow employees to make voluntary employee contributions. The board may adopt rules to implement and administer the accounts and annuities under this section.


Speaker of the House


President of the Senate

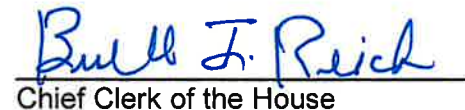

Chief Clerk of the House


Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1419.

House Vote: Yeas 68 Nays 22 Absent 4

Senate Vote: Yeas 45 Nays 2 Absent 0


Chief Clerk of the House

Received by the Governor at 9:25 A M. on April 14th, 2025.

Approved at 1:10 P M. on April 15th, 2025.


Governor

Filed in this office this 17th day of April, 2025,
at 9:23 o'clock A M.


Secretary of State

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1602

(Representatives Kasper, J. Johnson, Kempenich, Koppelman, Motschenbacher, D. Ruby, Steiner)
(Senators Cleary, Paulson, Hogue, Klein)

AN ACT to amend and reenact section 54-52-02.15 of the North Dakota Century Code, relating to political subdivision participation in the public employees retirement system defined contribution retirement plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

54-52-02.15. Public employees retirement system main plan - Closure to new hires - Multiple plan membership.

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 December 31, 2024; 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 January 1, 2025, 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 January 1, 2025, remains in the defined benefit retirement plan under this chapter, regardless of being rehired after December 31, 2024.
3. Except as otherwise provided under this section, effective January 1, 2025, an eligible employee who begins employment with ana participating 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.
 - b. A participating member of a retirement plan enumerated under this subsection who becomes an eligible employee is not eligible to participate in the defined benefit retirement plan under this chapter but instead participates in the defined contribution retirement plan under chapter 54-52.6. However, this subdivision does not apply to an individual who before January 1, 2025, is a participating or a deferred member under this

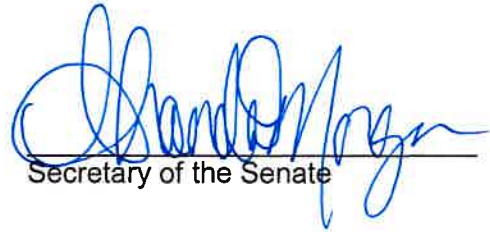
chapter, as that individual continues to participate in the defined benefit retirement plan under this chapter.

5. The board shall adopt rules to implement this section.
6. This section may not be construed to require a political subdivision to participate in the defined contribution retirement plan under chapter 54-52.6, even if the political subdivision has participated or continues to participate in the defined benefit retirement plan under this chapter. Political subdivision participation in the public employees retirement system, including the defined contribution retirement plan under chapter 54-52.6, is optional.
7. Notwithstanding sections 54-52-02.1 and 54-52-04, the board may not assess any fees or costs against a political subdivision for withdrawing from the defined contribution retirement plan under chapter 54-52.6.


Speaker of the House


President of the Senate



Chief Clerk of the House


Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1602.

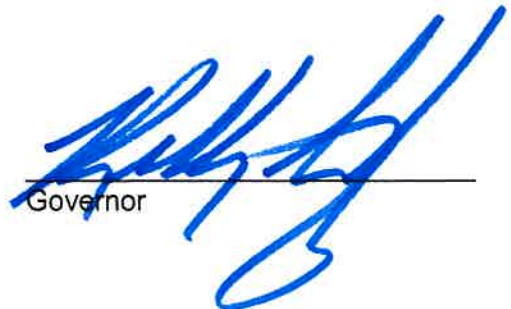
House Vote: Yeas 72 Nays 18 Absent 3

Senate Vote: Yeas 46 Nays 0 Absent 1


Chief Clerk of the House

Received by the Governor at 10:25A M. on April 1st, 2025.

Approved at 1:18 P M. on April 2nd, 2025.


Governor

Filed in this office this 3rd day of April, 2025,
at 10:44 o'clock A M.


Secretary of State

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

SENATE BILL NO. 2121
(State and Local Government Committee)
(North Dakota Public Employees Retirement System)

AN ACT to amend and reenact subsection 23 of section 54-52-01, section 54-52-17, subsection 2 of section 54-52-28, sections 54-52.1-03.1 and 54-52.2-06, subsection 8 of section 54-52.6-01, and subsection 1 of section 54-52.6-02.2 of the North Dakota Century Code, relating to administering the public employees retirement system.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 23 of section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

23. "Temporary employee" means an employee who is not eligible to participate as a permanent employee, who is at least eighteen years old and not actively contributing to another employer-sponsored ~~pension~~retirement fund, and, if employed by a school district, occupies a noncertified teacher's position.

SECTION 2. AMENDMENT. Section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

54-52-17. Formulation of plan. (Retroactive application - See note)

Participating members shall receive benefits according to this section and according to rules adopted by the board, not inconsistent with this chapter. ~~No person~~An individual is not entitled to receive a prior service benefit if the ~~person~~individual was not continuously employed by a governmental unit in North Dakota for a period of not less than two years immediately ~~prior to~~before eligibility for retirement.

1. Participating members shall receive credit for full-time employment or its equivalent from the date they attain eligibility until their normal retirement date, postponed retirement date, or early retirement date, as defined in this section. Part-time employment will be recognized as full-time employment on a prorated basis as the board may prescribe.
2. Retirement benefits are calculated from the participating member's final average salary, which is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred twenty months of employment. For members who terminate employment on or after August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred eighty months of employment. For members who terminate employment between July 31, 2005, and August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the period for which the board has appropriate and accurate salary records on the board's electronic database, but that period may not be more than the last one hundred eighty months of employment. For members who terminate employment after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. Months without earnings are excluded for the purpose of computing an average. If the participating member has worked for less than thirty-six months at the normal retirement date, the final average salary is the average salary for the total months of employment.
3. Retirement dates are defined as follows:

- a. Normal retirement date, except for a national guard security officer or firefighter, a firefighter employed by a political subdivision, a peace officer employed by the state, or a peace officer or correctional officer employed by a political subdivision, is:
 - (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- b. Normal retirement date for members first enrolled after December 31, 2015, except for a national guard security officer or firefighter, a firefighter employed by a political subdivision, a peace officer employed by the state, a peace officer or correctional officer employed by a political subdivision, or a supreme court or district court judge, is:
 - (1) The first day of the month next following the month in which the member attains the age of sixty-five years; or
 - (2) When the member has a combined total of years of service credit and years of age equal to ninety and the member attains a minimum age of sixty and has not received a retirement benefit under this chapter.
- c. Normal retirement date for a national guard security officer or firefighter is:
 - (1) The first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (2) When the national guard security officer or firefighter has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- d. Normal retirement date for a peace officer, firefighter, or correctional officer employed by a political subdivision is:
 - (1) The first day of the month next following the month in which the peace officer, firefighter, or correctional officer attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (2) When the peace officer, firefighter, or correctional officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- e. (1) Normal retirement date for a peace officer employed by the bureau of criminal investigation is:
 - (a) [1] For a member employed before August 1, 2023, the first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least three eligible years of employment; and
 - [2] For a member employed after July 31, 2023, the first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least ten eligible years of employment; or
 - (b) When the peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.

- (2) Normal retirement date for a peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, is:
 - (a) The first day of the month next following the month in which the peace officer attains the age of fifty-five years and has completed at least three eligible years of employment; or
 - (b) When the peace officer has a combined total of years of service credit and years of age equal to eighty-five and has not received a retirement benefit under this chapter.
- f. Postponed retirement date is the first day of the month next following the month in which the member, on or after July 1, 1977, actually severs or has severed the member's employment after reaching the normal retirement date.
- g.
 - (1) Early retirement date, except for a national guard security officer or firefighter, a firefighter, peace officer, or correctional officer employed by a political subdivision, or a peace officer employed by the state, is the first day of the month next following the month in which the member attains the age of fifty-five years and has completed three years of eligible employment.
 - (2) For a national guard security officer or firefighter, early retirement date is the first day of the month next following the month in which the national guard security officer or firefighter attains the age of fifty years and has completed at least three years of eligible employment.
 - (3) For a peace officer employed by the state, other than a peace officer employed by the bureau of criminal investigation, or a firefighter, peace officer, or correctional officer employed by a political subdivision, early retirement date is the first day of the month next following the month in which the peace officer, firefighter, or correctional officer attains the age of fifty years and has completed at least three years of eligible employment.
 - (4) For a peace officer employed by the bureau of criminal investigation, early retirement date is the first day of the month next following the month in which the peace officer attains the age of fifty years and has completed:
 - (a) If hired before August 1, 2023, at least three years of eligible employment; or
 - (b) If hired after July 31, 2023, at least ten years of eligible employment.
- h. Disability retirement date is the first day of the month after a member becomes permanently and totally disabled, according to medical evidence called for under the rules of the board, and has completed at least one hundred eighty days of eligible employment. For supreme and district court judges, permanent and total disability is based solely on a judge's inability to perform judicial duties arising out of physical or mental impairment, as determined pursuant to rules adopted by the board or as provided by subdivision a of subsection 3 of section 27-23-03.
 - (1) A member is eligible to receive disability retirement benefits only if the member became disabled during the period of eligible employment and applies for disability retirement benefits within twelve months of the date the member terminates employment.
 - (2) A member is eligible to continue to receive disability benefits as long as the permanent and total disability continues and the member submits the necessary documentation and undergoes medical testing required by the board, or for as long as the member participates in a rehabilitation program required by the board, or

both. If the board determines a member no longer meets the eligibility definition, the board may discontinue the disability retirement benefit. The board may pay the cost of any medical testing or rehabilitation services the board deems necessary and these payments are appropriated from the retirement fund for those purposes. A member's receipt of disability benefits under this section is limited to receipt from the fund to which the member was actively contributing at the time the member became disabled.

4. The board shall calculate retirement benefits as follows:

- a. Normal retirement benefits for ~~all retirees~~ a retiree, except a supreme ~~and~~ or district court ~~judges~~ judge, peace officers ~~officer~~ employed by the bureau of criminal investigation, ~~and~~ or other peace officers ~~officer~~ employed by the state, reaching normal retirement date ~~equal~~ equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit, as defined in this chapter, which is determined as follows:
 - (1) For ~~members~~ a member first enrolled:
 - (a) Before January 1, 2020, service benefit equals two percent of final average salary multiplied by the number of years of service employment.
 - (b) After December 31, 2019, service benefit equals one and seventy-five hundredths percent of final average salary multiplied by the number of years of service employment.
 - (2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.
- b. Normal retirement benefits for ~~all~~ a supreme ~~and~~ or district court ~~judges~~ judge under the public employees retirement system reaching normal retirement date ~~equal~~ equals an annual amount, payable monthly, comprised of a benefit as defined in this chapter, determined as follows:
 - (1) Benefits must be calculated from the time of appointment or election to the bench and must equal three and one-half percent of final average salary multiplied by the first ten years of judicial service, two and eighty hundredths percent of final average salary multiplied by the second ten years of judicial service, and one and one-fourth percent of final average salary multiplied by the number of years of judicial service exceeding twenty years.
 - (2) Service benefits must include, in addition, an amount equal to the percent specified in subdivision a of final average salary multiplied by the number of years of nonjudicial employee service and employment.
- c. Normal retirement benefits for a peace officer employed by the bureau of criminal investigation reaching the normal retirement date equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit determined as follows:
 - (1) The first twenty years of credited service multiplied by three percent of final average salary.
 - (2) For years in excess of twenty years of credited service multiplied by one and seventy-five hundredths percent of final average salary.
- d. Normal retirement benefits for a peace officer employed by the state, other than by the bureau of criminal investigation, reaching the normal retirement date equals an annual amount, payable monthly, comprised of a service benefit and a prior service benefit determined as follows:

- (1) For ~~members~~a member first enrolled:
 - (a) Before January 1, 2020, service benefit equals two percent of final average salary multiplied by the number of years of service employment.
 - (b) After December 31, 2019, service benefit equals one and seventy-five hundredths percent of final average salary multiplied by the number of years of service employment.
 - (2) Prior service benefit equals two percent of final average salary multiplied by the number of years of prior service employment.
- e. Postponed retirement benefits are calculated as for single life benefits for those members who retired on or after July 1, 1977.
 - f. Early retirement benefits are calculated as for single life benefits accrued to the date of termination of employment, but must be actuarially reduced to account for benefit payments beginning before the normal retirement date, as determined under subsection 3. Except for a national guard security officer or firefighter, a firefighter, peace officer, or correctional officer employed by a political subdivision, a peace officer employed by the state, or a supreme court or district court judge, early retirement benefits for members first enrolled after December 31, 2015, are calculated for single life benefits accrued to the date of termination of employment, but must be reduced by fixed rate of eight percent per year to account for benefit payments beginning before the normal retirement date. A retiree, other than a supreme or district court judge, or a peace officer employed by the bureau of criminal investigation and hired after July 31, 2023, is eligible for early retirement benefits only after having completed three years of eligible employment. A supreme or district court judge retiree is eligible for early retirement benefits only after having completed five years of eligible employment. A peace officer employed by the bureau of criminal investigation and hired after July 31, 2023, is eligible for early retirement benefits only after having completed ten years of eligible employment.
 - g. Except for a supreme and/or district court judges~~judge~~, disability retirement benefits are twenty-five percent of the member's final average salary. Disability retirement benefits for a supreme and/or district court judges~~judge~~ are seventy percent of final average salary reduced by ~~the member's primary~~any social security benefits and by any workforce safety and insurance benefits paid to the member. The minimum monthly disability retirement benefit under this section is one hundred dollars.
5. Upon termination of employment after completing three years of eligible employment, except for a supreme and/or district court judges~~judge~~, who must complete five years of eligible employment, or a peace officer employed by the bureau of criminal investigation and hired after July 31, 2023, who must complete ten years of eligible employment, but before normal retirement date, a member who does not elect to receive early retirement benefits is eligible to receive deferred vested retirement benefits payable commencing on the member's normal retirement date in one of the optional forms provided in subsection 9. Members who have delayed or inadvertently failed to apply for retirement benefits to commence on their normal retirement date may choose to receive either a lump sum payment equal to the amount of missed payments, or an actuarial increase to the form of benefit the member has selected, which increase must reflect the missed payments.
 6. If before retiring a member dies after completing three years of eligible employment, except for a supreme and/or district court judges~~judge~~, who must have completed five years of eligible employment, or a peace officer employed by the bureau of criminal investigation and hired after July 31, 2023, who must complete ten 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 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 any beneficiary survives the member, yet dies before distribution of the beneficiary's share, the beneficiary must be treated as if the beneficiary predeceased the member. 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 alternate beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the member may select a form of payment as follows:

- a. If the member was a supreme or district court judge, the surviving spouse may select one of the following optional forms of payment:
 - (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payments as calculated for the deceased member as if the member was of normal retirement age at the date of death, payable until the spouse dies.
 - b. The surviving spouse of all other members may select one of the following options:
 - (1) A lump sum payment of the member's retirement account as of the date of death.
 - (2) Payment of a monthly retirement benefit equal to fifty percent of the deceased member's accrued single life retirement benefits until the spouse dies.
 - (3) If the member dies on or after the member's normal retirement date, the payment of a monthly retirement benefit equal to an amount that would have been paid to the surviving spouse if the member had retired on the day of the member's death and had selected a one hundred percent joint and survivor annuity, payable until the spouse dies. A surviving spouse who received a benefit under this subsection as of July 31, 1995, is entitled to the higher of that person's existing benefit or the equivalent of the accrued benefit available under the one hundred percent joint and survivor provision as if the deceased member were of normal retirement age, with the increase payable beginning August 1, 1995.
7. If a member not coming under the provisions of subsection 6 terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. The board automatically shall refund a member's account balance if the member has completed less than three years of eligible employment, has an account balance of less than one thousand dollars, and was not a supreme or district court judge or a peace officer employed by the bureau of criminal investigation and hired after July 31, 2023. If the member was a supreme or district court judge, the board automatically shall refund a member's account balance if the member completed less than five years of eligible employment and has an account balance of less than one thousand dollars. If the member was a peace officer employed by the bureau of criminal investigation and hired after July 31, 2023, the board automatically shall refund a member's account balance if the member completed less than ten years of eligible employment and has an account balance of less than one thousand dollars. A member may waive the refund if the member submits a written statement to the board, within thirty days after termination, requesting that the member's account balance remain in the fund.

8. The surviving spouse of a member receiving retirement benefits must be the member's primary beneficiary unless there is no surviving spouse or the surviving spouse designates an alternate beneficiary in writing. If a member receiving retirement 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 balance 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. A benefit payment owed to the member, surviving spouse, or alternate beneficiary which was not paid before the death of the member, surviving spouse, or alternate beneficiary must be paid to the named beneficiary of the recipient or, if there is no named beneficiary, to the recipient's estate.
9.
 - a. The board shall adopt rules providing for the receipt of retirement benefits in the following optional forms:
 - a. (1) Single life.
 - b. (2) An actuarially equivalent joint and survivor option, with fifty percent or one hundred percent options.
 - c. (3) Actuarially equivalent life with ten-year or twenty-year certain options.
 - d. (4) An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.
 - e. (5) An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year.
 - b. Except for a supreme ~~and~~or district court ~~judges~~judge, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a single life benefit. For a supreme ~~and~~or district court ~~judges~~judge, unless a member specifically requests that the member receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a lifetime monthly pension with fifty percent of the benefit continuing for the life of the surviving spouse, if any.
10. The fund may accept rollovers from other eligible 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.
11. The board may accept trustee-to-trustee transfers as permitted by Internal Revenue Code section 403(b)(13) and section 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 Revenue Code section 415(k)(3).
12. The board may establish individual retirement accounts and individual retirement annuities as permitted under section 408(q) of the Internal Revenue Code to allow employees to make voluntary employee contributions. The board may adopt rules to implement and administer the accounts and annuities under this section.

SECTION 3. AMENDMENT. Subsection 2 of section 54-52-28 of the North Dakota Century Code is amended and reenacted as follows:

2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirements under section 401(a)(9)(G), and the regulations issued under that provision to the extent applicable to governmental plans, as

~~amended. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. For a member who attains age seventy and one-half before January 1, 2020, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment. For a member who attains age seventy and one-half after December 31, 2019, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy-two or terminates employment.~~

SECTION 4. AMENDMENT. Section 54-52.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.1. Certain political subdivisions authorized to join uniform group insurance program - Employer contribution.

If eligible under federal law, a political subdivision may extend the benefits of the uniform group insurance program under this chapter to its permanent employees, subject to minimum requirements established by the board and a minimum period of participation of sixty months. If the political subdivision withdraws from participation in the uniform group insurance program, before completing sixty months of participation, unless federal or state laws or rules are modified or interpreted in a way that makes participation by the political subdivision in the uniform group insurance program no longer allowable or appropriate, the political subdivision shall make payment to the board in an amount equal to any expenses incurred in the uniform group insurance program that exceed income received on behalf of the political subdivision's employees as determined under rules adopted by the board. The Garrison Diversion Conservancy District, ~~and district~~ shall participate in the uniform group insurance program under the same terms and conditions as state agencies. District health units required to participate in the public employees retirement system under section 54-52-02, which were participating in the uniform group insurance program at the time the Affordable Care Act was enacted, shall participate in the uniform group insurance program under the same terms and conditions as state agencies. A retiree who has accepted a retirement allowance from a participating political subdivision's retirement plan may elect to participate in the uniform group under this chapter without meeting minimum requirements at age sixty-five, when the employee's spouse reaches age sixty-five, upon the receipt of a benefit, when the political subdivision joins the uniform group insurance plan if the retiree was a member of the former plan, or when the spouse terminates employment. If a retiree or surviving spouse does not elect to participate at the times specified in this section, the retiree or surviving spouse must meet the minimum requirements established by the board. Each retiree or surviving spouse shall pay directly to the board the premiums in effect for the coverage then being provided. The board may require documentation that the retiree has accepted a retirement allowance from an eligible retirement plan other than the public employees retirement system.

SECTION 5. AMENDMENT. Section 54-52.2-06 of the North Dakota Century Code is amended and reenacted as follows:

54-52.2-06. Deferred compensation program - Benefits - Taxation - Exemption from judicial process - Assignment.

The deferred compensation program established by this chapter shall exist and serve in addition to retirement, pension, or benefit systems established by the state, county, city, town, or other political subdivision, and no deferral of income under the deferred compensation program shall effect a reduction of any retirement, pension, or other benefit provided by law. However, with the exception of Roth contributions, any sum deferred under the deferred compensation program is not subject to taxation until distribution is actually made to the employee. Any unpaid benefits under the deferred compensation program established by this chapter are not subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, except as provided by section 54-52.2-03.3. Neither the employee, the employee's beneficiary, nor any

designee of the employee or the employee's beneficiary has the right to commute, sell, assign, transfer, or otherwise convey the right to receive payments under this chapter.

SECTION 6. AMENDMENT. Subsection 8 of section 54-52.6-01 of the North Dakota Century Code is amended and reenacted as follows:

8. "Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

SECTION 7. AMENDMENT. Subsection 1 of section 54-52.6-02.2 of the North Dakota Century Code is amended and reenacted as follows:

1. As used in this section, "eligible employee" means a permanent state employee who on December 31, 2024, is a participating member of the public employees retirement system main system plan under chapter ~~54-42~~54-52, 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.


President of the Senate


Speaker of the House


Secretary of the Senate


Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2121.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 90 Nays 0 Absent 4


Secretary of the Senate

Received by the Governor at 3:27 P M. on March 17, 2025.

Approved at 12:16 P M. on March 18, 2025.


Governor

Filed in this office this 18th day of March, 2025,
at 2:58 o'clock P M.


Secretary of State