

NORTH DAKOTA LEGISLATIVE COUNCIL

Tentative Agenda

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Monday, September 23, 2002

Harvest Room, State Capitol

Bismarck, North Dakota

- 9:00 a.m. Call to order
Roll call
Consideration of minutes of the August 15, 2002, committee meeting
- 9:05 a.m. Technical comments and public input on Employee Benefits Programs Committee bills

TEACHERS' FUND FOR RETIREMENT (TFFR)

- Bill No. 52 Changes the definition of salary to include bonus amounts paid to members for performance, retention, experience, and other service-related bonuses, unless amounts are conditioned on or made in anticipation of an individual member's retirement or termination; provides that for purposes of determining vesting of rights and eligibility for benefits in instances of multiple plan membership, a teacher's service credit may not exceed one year of service in the Public Employees Retirement System or the Highway Patrolmen's retirement system in any fiscal year; provides that in instances of multiple plan membership a teacher may elect to have benefits calculated using the three highest certified fiscal year salaries for TFFR in the computation of final average salary, and all service credit earned in TFFR or using the three highest certified fiscal year salaries of TFFR combined with the alternate plan in the computation of final average salary, and service credit not to exceed one year in any fiscal year when combined with the service credit earned in the alternate retirement plan; provides that a teacher who is eligible to participate in TFFR who is also eligible to participate in an alternate retirement system is a member of TFFR for duties covered under TFFR and also a member of the Public Employees Retirement System or Highway Patrolmen's retirement system for duties covered by those alternate retirement systems; updates the benefit limitations under Section 415 of the Internal Revenue Code to those in effect on August 1, 2003; establishes a partial lump sum distribution option; replaces the maximum hours that a retired teacher may return to work with a schedule of from 700 to 1,000 hours based upon the length of the reemployed retiree's contract; updates the rollover provisions under Section 401 of the Internal Revenue Code to those in effect on August 1, 2003; provides that TFFR may accept eligible rollovers, direct rollovers, and trustee-to-trustee transfers from eligible retirement plans under Internal Revenue Code Section 402 to purchase refunded service credit and additional service credit (TFFR)

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Public Employees Retirement System Main System

- Bill No. 53 Changes the definition of governmental unit to exclude the Highway Patrol for members of the Highway Patrolmen's retirement plan; changes the definition of retirement to include termination of participation in the retirement plan and meeting the normal retirement date as well as termination of employment; allows elected officials of participating counties, at their individual option, to enroll in the defined benefit plan within the first six months of their term; allows nonstate appointed officials of participating employers appointed on or after August 1, 1999, who meet the participation requirements of North Dakota Century Code (NDCC) Chapter 54-52 to enroll in the defined benefit plan effective within the first month of taking office; allows the PERS Board to accept trustee-to-trustee transfers as permitted by Internal Revenue Code Sections 403 and 457 from a Section 403 annuity or Section 457 deferred compensation plan for the purchase of permissive service credit or as repayment of a cashout from a governmental plan; allows the board to establish individual retirement accounts and individual retirement annuities to allow employees to make voluntary employee contributions; provides that for purposes of multiple plan membership, service credit in TFFR, Highway Patrolmen's retirement system, or TIAA-CREF may not exceed 12 months of credit per year; provides that for purposes of determining benefits in multiple plan membership situations an employee may elect to have benefits calculated using the average of the highest salary received by the member for any 36 months employed during the last 120 months of employment in PERS or the average of the highest salary received by the member for any 36 consecutive months during the last 120 months of employment with any of the eligible employers with service credit not to exceed one month in any month when combined with the service credit earned in the alternate retirement system; provides that employees who have dual membership rights may elect to begin participation in an alternate plan or continue participation in PERS; clarifies that a member or a surviving spouse is entitled to receive retiree health benefits beginning on the date retirement benefits are effective unless the premium is billed to the member's employer; establishes standards for apportioning deferred compensation assets under qualified domestic relations orders (PERS)
- Bill No. 54 Provides a postretirement adjustment of 2 percent of an individual's present benefits on August 1, 2003, and again on August 1, 2004; provides a prior service retiree adjustment of 2 percent on August 1, 2003, and again on August 1, 2004 (PERS)
- Bill No. 55 Provides that participants in the judges' retirement system are entitled to receive a 2 percent postretirement adjustment in their present monthly benefit beginning January 1, 2004, and again on January 1, 2005 (PERS)
- Bill No. 56 Provides that for National Guard security officers and firefighters, unless a member specifically requests another option, all retirement benefits must be in the form of an unreduced level Social Security option (PERS)

Bill No. 60 Transfers administration of the retirement plan established in 1961 and frozen to new entrants in 1980 for employees of Job Service North Dakota under NDCC Chapter 52-11 from Job Service North Dakota to the PERS Board (Job Service North Dakota)

Bill No. 28 Provides that payments for overtime earned by employees of the North Dakota Mill and Elevator Association must be included as wages and salaries for purposes of calculating benefits under PERS (Senator Lindaas)

Presentation by representatives of the Mill and Elevator Association concerning the use of overtime

Highway Patrolmen's Retirement System

Bill No. 57 Allows the PERS Board to accept trustee-to-trustee transfers as permitted by Internal Revenue Code Sections 403 and 457 from a Section 403 annuity or Section 457 deferred compensation plan for the purchase of permissive service credit or as repayment of a cashout from a governmental plan under Section 415; allows the board to establish individual retirement accounts and individual retirement annuities as permitted under Section 408 of the Internal Revenue Code to allow employees to make voluntary employee contributions; replaces the Rule of 80 with a service requirement of 25 years for normal retirement benefits; requires the board to administer the Highway Patrolmen's plan in compliance with Sections 415 and 401 of the Internal Revenue Code; provides that for the purpose of determining eligibility for benefits in instances of multiple plan membership, a member's years of service is the years of service credit earned in the TIAA-CREF, as well as PERS and TFFR, the total of which may not exceed 12 months of credit per year; provides that in instances of multiple plan membership an employee may elect to have benefits calculated by using the average of the highest salary received by the member for any 36 months employed during the last 120 months of employment in PERS or using the average of the highest salary received by the member for any 36 consecutive months during the last 120 months of employment with service credit not to exceed one month in any month when combined with the service credit earned in the alternate retirement system; provides that certain Highway Patrolmen's retirement system records relating to the retirement benefits of a member or a beneficiary may be disclosed to a member's participating employer, the administrative staff of the Retirement and Investment Office for purposes relating to membership and benefits determination, state or federal agencies, member interest groups approved by the board, the member's spouse or former spouse, legal representative, and judge presiding over the member's dissolution proceeding for purposes of aiding the parties in drafting a qualified domestic relations order, and designated beneficiaries after the member's death; provides a postretirement increase in benefits equal to 2 percent of the individual's present benefit with the increase payable beginning August 1, 2003, and again on August 1, 2004 (PERS)

Comments by representatives of the Highway Patrol concerning the retirement implications of participation by employees of the Truck Regulatory Division in the Highway Patrolmen's retirement system

Comments by Mr. Sparb Collins, Executive Director, Public Employees

Retirement System, concerning the retirement implications of participation by employees of the Truck Regulatory Division in the Highway Patrolmen's retirement system

Defined Contribution Retirement Plan

- Bill No. 58 Provides that former participating members of the defined contribution retirement plan who are receiving retirement benefits or the surviving spouse of a former participating member who was eligible to receive or was receiving defined contribution retirement plan benefits is eligible to receive retiree health benefits; allows temporary employees who previously elected to join the defined contribution retirement plan to elect to participate in the defined contribution retirement plan; allows participating members to elect to make voluntary contributions to the defined contribution retirement plan; extends the time period within which a member may waive a refund of the member's vested account balance from 30 days after termination to 120 days after termination (PERS)
- Bill No. 18 Provides that all state employees except Supreme or district court judges or employees of the State Board of Higher Education and state institutions under the jurisdiction of the board who are eligible to participate in the alternative retirement program established under subsection 13 of NDCC Section 15-10-17 are eligible to participate in the defined contribution retirement plan (Representative Wald)
- Bill No. 26 Provides that members of the Legislative Assembly are entitled to participate in the defined contribution retirement plan (Representative DeKrey)

UNIFORM GROUP INSURANCE PROGRAM

- Bill No. 59 Requires permanent employees after August 1, 2003, to be employed at least 20 hours per week as opposed to 17.5 hours per week for those employed before August 1, 2003, to participate in the uniform group insurance program; provides that retirees who have met the initial eligibility requirements for participation in the uniform group insurance program remain eligible as long as they pay the required premium; deletes the provision that political subdivisions may determine the amount of the employer's monthly contribution toward the total monthly premium amount required of each eligible participating employee under the uniform group insurance program (PERS)
- Presentation by Mr. Collins of an overview of the uniform group insurance contract renewal with Blue Cross Blue Shield of North Dakota
- Bill No. 25 Allows retirees who have accepted a retirement allowance from a political subdivision's retirement plan to elect to participate in the uniform group insurance program without meeting minimum requirements at age 65, when the employee's spouse reaches age 65, upon the receipt of a benefit, or when the spouse terminates employment (Senator Wardner)

Bill No. 69 Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the PERS Board (Senator T. Mathern)

Presentation by Mr. Michael Fix, Life and Health Actuary and Division Director, Insurance Department, concerning health care access in North Dakota

OLD-AGE AND SURVIVOR INSURANCE SYSTEM (OASIS)

Bill No. 61 Increases primary insurance benefits under the Old-Age and Survivor Insurance System fund and appropriates \$3,800 from the general fund to Job Service North Dakota to pay Old-Age and Survivor Insurance System benefits to remaining beneficiaries (Job Service North Dakota)

Comments by representatives of Job Service North Dakota and the Public Employees Retirement System concerning the transfer of administration for the Old-Age and Survivor Insurance System from Job Service North Dakota to the Public Employees Retirement System

LAW ENFORCEMENT AND CORRECTIONAL OFFICER RETIREMENT PROGRAM STUDY

Presentation by the Legislative Council staff of a bill draft relating to a law enforcement and correctional officer retirement program

Review by Mr. Collins of updated technical comments and fiscal information concerning the bill draft relating to a law enforcement and correctional officer retirement program

Comments by other interested persons in attendance concerning the bill draft

Committee discussion and staff directives concerning the law enforcement and correctional officer retirement program study

Adjourn

NOTE: The committee may take a 15- to 20-minute coffee break in the morning and will take a one-hour luncheon recess at noon.

Committee Members

Representatives Bette Grande (Chairman), Glen Froseth, Joe Kroeber, Wayne W. Tieman, Francis J. Wald

Senators Ralph L. Kilzer, Karen K. Krebsbach, Stanley W. Lyson, Tim Mathern