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Employee Benefits Programs Committee

October 26, 2016

Effect of bonuses on retirement plan contributions

NDCC 54-52-01(22) defines wages and salaries for retirement purposes

- Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

NDAC 71-02-06-04 provides guidance to employers for reporting and paying contributions on bonuses

- Recruitment and retention bonuses under NDCC 54-06-31 are not eligible for consideration as salary - no retirement contributions are paid
- Other types of bonuses are included as salary and reportable – retirement contributions are paid

NDAC 71-02-06-04 also provides guidance to NDPERS how to treat reportable bonuses

- Annualized to prevent atypical variances in salary

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