

Sixty-first
Legislative Assembly
of North Dakota

Introduced by

(At the request of the Teachers' Fund for Retirement)

A BILL for an Act to amend and reenact sections 15-39.1-04(9), 15-39.1-10(4), 15-39.1-10.6, 15-39.1-19.1(1), 15-39.1-20, and 15-39.1-30 of the North Dakota Century Code, relating to incorporation of federal law changes, procedure relating to benefit limitations, annual hour limit for retiree reemployment, and disclosure of confidential records under the teachers' fund for retirement.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-39.1-04(9) is amended:

9. "Salary" means a member's earnings in eligible employment under this chapter for teaching, supervisory, administrative, and extracurricular services during a school year 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, 132(f), 401(k), 403(b), 414(h), or 457 in effect on ~~July~~ August 1, ~~2007~~ 2009. "Salary" includes 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. The annual salary of each member taken into account in determining benefit accruals and contributions may not exceed the annual compensation limits established under 26 U.S.C. 401(a)(17)(B) in effect on ~~July~~ August 1, ~~2007~~ 2009, as adjusted for increases in the cost of living in accordance with 26 U.S.C. 401(a)(17)(B) in effect on ~~July~~ August 1, ~~2007~~ 2009. A salary maximum is not applicable to members whose participation began before July 1, 1996. "Salary" does not include:

- a. Fringe benefits or side, nonwage, benefits that accompany or are in addition to a member's employment, including insurance programs, annuities,

transportation allowances, housing allowances, meals, lodging, or expense allowances, or other benefits provided by a member's employer.

- b. Insurance programs, including medical, dental, vision, disability, life, long-term care, workforce safety and insurance, or other insurance premiums or benefits.
- c. Payments for unused sick leave, personal leave, vacation leave, or other unused leave.
- d. Early retirement incentive pay, severance pay, or other payments conditioned on or made in anticipation of retirement or termination.
- e. Teacher's aide pay, referee pay, busdriver pay, or janitorial pay.
- f. Amounts received by a member in lieu of previously employer-provided benefits or payments that are made on an individual selection basis.
- g. Recruitment bonuses.
- h. Other benefits or payments not defined in subdivisions a through g which the board determines to be ineligible teachers' fund for retirement salary.

SECTION 2. AMENDMENT. Section 15-39.1-10(4) is amended:

- 4. Retirement benefits must begin no later than April first of the calendar year following the year the member attains age seventy and one-half or April first of the calendar year following the year the member terminates covered employment, whichever is later. Payments must be made over a period of time which does not exceed the life expectancy of the member or the joint life expectancy of the member and the beneficiary. Payment of minimum distributions must be made in accordance with section 401(a)(9) of the Internal Revenue Code in effect on ~~July~~ August 1, 2007 2009, and the regulations issued under that section, as applicable to governmental plans.

SECTION 3. AMENDMENT. Section 15-39.1-10.6 is amended:

15-39.1-10.6. Benefit limitations. Benefits with respect to a member participating under former chapter 15-39 or chapter 15-39.1 or 15-39.2 may not exceed the maximum benefits specified under section 415 of the Internal Revenue Code [26 U.S.C. 415] in effect on ~~July~~ August 1, 2007 2009, for governmental plans. The maximum dollar benefit applicable under section 415(b)(1)(A) of the Internal Revenue Code must reflect any increases in this

1 amount provided under section 415(d) of the Internal Revenue Code subsequent to August 1,
2 2009. If a member's benefit is limited by these provisions at the time of retirement or in any
3 subsequent year, the benefit paid in any following calendar year may be increased to reflect all
4 cumulative increases in the maximum dollar limit provided under section 415(d) of the Internal
5 Revenue Code for years after the year payments commenced, but not to more than would have
6 been payable in the absence of the limits under section 415 of the Internal Revenue Code. If
7 an annuitant's benefit is increased by a plan amendment, after the commencement of
8 payments, the member's benefit may not exceed the maximum dollar benefit under section
9 415(b)(1)(A) of the Internal Revenue Code, adjusted for the commencement age and form of
10 payment, increased as provided by section 415(d) of the Internal Revenue Code. If this plan
11 must be aggregated with another plan to determine the effect of section 415 of the Internal
12 Revenue Code on a member's benefit, and if the benefit must be reduced to comply with
13 section 415 of the Internal Revenue Code, then the reduction must be made pro rata between
14 the two plans, in proportion to the member's service in each plan.

15 **SECTION 4. AMENDMENT.** Section 15-39.1-19.1(1) is amended:

- 16 1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is
17 receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may
18 not return to covered employment until thirty calendar days have elapsed from
19 the member's retirement date. A retired member may then return to covered
20 employment under an annual hour limit and continue receiving a monthly
21 retirement benefit. The annual hour limit is based on the length of the
22 reemployed retiree's contract as follows:
- 23 a. (1) Retiree reemployment of nine months or less, annual limit is seven
24 hundred hours;
- 25 b. (2) Retiree reemployment of ten months, annual limit is eight hundred
26 hours;
- 27 c. (3) Retiree reemployment of eleven months, annual limit is nine hundred
28 hours; or
- 29 d. (4) Retiree reemployment of twelve months, annual limit is one thousand
30 hours.

- 1 **b.** Employment as a noncontracted substitute teacher does not apply to the
2 annual hour limit. Professional development and extracurricular duties do not
3 apply to the annual hour limit.
- 4 **c.** The retired member and the retired member's employer must notify the fund
5 office in writing within thirty days of the retired member's return to covered
6 employment. Should the retired member's employment exceed the annual
7 hour limit, the retired member must immediately notify the fund office in
8 writing. Failure to notify the fund office results in the loss of one month's
9 annuity benefit. The retired member's monthly benefit must be discontinued
10 the first of the month following the date the member reaches the annual hour
11 limit.
- 12 **d.** A retired member who returns to teaching shall pay the member contributions
13 required by section 15-39.1-09 on those earnings received by the retired
14 member after reaching the annual hour limit.
- 15 **e.** A participating employer who employs a retired member under this section
16 shall pay the employer contributions required by section 15-39.1-09 on the
17 salary of the retired member both before and after the retired member
18 reaches the annual hour limit.

19 **SECTION 5. AMENDMENT.** Section 15-39.1-20 is amended:

20 **15-39.1-20. Withdrawal from fund.** When a member of the fund ceases to be eligible
21 under the terms of this chapter to participate in the fund, the member may, after a period of one
22 hundred twenty days, withdraw from the fund and is then entitled to receive a refund of
23 assessments accumulated with interest. The one-hundred-twenty-day requirement may be
24 waived by the board when it has evidence the teacher will not be returning to teach in North
25 Dakota. The refund is in lieu of any other benefits to which the member may be entitled under
26 the terms of this chapter, and by accepting the refund, the member is waiving any right to
27 participate in the fund under the same provisions that existed at the time the refund was
28 accepted regardless of whether the member later repurchases refunded service credit. A
29 member may elect, at the time and under rules adopted by the board, to have any portion of an
30 eligible rollover distribution paid directly in a direct rollover to an eligible retirement plan

specified by the member as allowed under section 401(a)(31) of the Internal Revenue Code in effect on ~~July~~ August 1, 2007 2009.

SECTION 6. AMENDMENT. Section 15-39.1-30 is amended:

15-39.1-30. Confidentiality of records. All records relating to the retirement benefits of a member or a beneficiary under this chapter are confidential and are not public records.

The information and records may be disclosed, under rules adopted by the board, only to:

1. A person to whom the teacher has given written consent to have the information disclosed.
2. A person legally representing the teacher, upon proper proof of representation, and unless the teacher specifically withholds consent.
3. A person authorized by a court order.
4. A member's participating employer, limited to information concerning the member's years of service credit, years of age, employer and employee contribution amounts, and salary. The board may share other types of information as needed by the employer to validate the employer's compliance with existing state or federal law. Any information provided to the member's participating employer under this subsection must remain confidential except as provided in subsection 6.
5. The administrative staff of the public employees retirement system for purposes relating to membership and benefits determination.
6. State or federal agencies for the purpose of validating member eligibility or employer compliance with existing state or federal law.
7. Member interest groups approved by the board, limited to information concerning the member's death.
8. A government child support enforcement agency for purposes of establishing paternity or establishing, modifying, or enforcing a child support obligation of the member.
9. The member's spouse or former spouse, that individual's legal representative, and the judge presiding over the member's dissolution proceeding for purposes of aiding the parties in drafting a qualified domestic relations order under section 15-39.1-12.2. The information disclosed under this subsection must be limited to information necessary for drafting the order.

- 1 10. Beneficiaries designated by a participating member or a former participating
2 member to receive benefits after the member's death, but only after the member's
3 death. Information relating to beneficiaries may be disclosed to other beneficiaries
4 of the same member.
- 5 11. The general public, but only after the board has been unable to locate the member
6 for a period in excess of two years, and limited to the member's name and the fact
7 that the board has been unable to locate the member.
- 8 12. Any person if the board determines disclosure is necessary for treatment,
9 operational, or payment purposes, including the completion of necessary
10 documents.
- 11 13. A person if the information relates to an employer service purchase, but the
12 information must be limited to the member's name and employer, the retirement
13 program in which the member participates, the amount of service credit purchased
14 by the employer, and the total amount expended by the employer for that service
15 credit purchase. Information identified under this subsection may only be obtained
16 from the member's employer.