LAW ENFORCEMENT AND CORRECTIONAL OFFICER RETIREMENT PROGRAM STUDY - BACKGROUND MEMORANDUM

Senate Concurrent Resolution No. 4017 (2001) (attached as an appendix) directs a study of the feasibility and desirability of implementing a retirement program for all law enforcement and correctional officers within the state of North Dakota which provides retirement benefits similar to those provided to the members of the Highway Patrolmen’s retirement system pursuant to North Dakota Century Code (NDCC) Chapter 39-03.1. The resolution notes that recruiting and retaining quality law enforcement and correctional officers within the state of North Dakota is integral to maintaining the safety and quality of life of all North Dakota residents; that the nature of the work performed by law enforcement and correctional officers takes a physical toll on those officers which exceeds that experienced by workers in the vast majority of occupations and necessitates that law enforcement and correctional officers leave their employment at a younger age than for most occupations; and that other than for members of the Highway Patrolmen’s retirement system, a retirement program does not exist that is uniform across the state which allows law enforcement and correctional officers to retire at an age at which they might enjoy their retirement prior to experiencing the physical effects of their work as law enforcement and correctional officers.

NORTH DAKOTA HIGHWAY PATROLMEN’S RETIREMENT SYSTEM

The North Dakota Highway Patrolmen’s retirement system is governed by NDCC Chapter 39-03.1. Members of the Highway Patrolmen’s retirement system are eligible for a normal service retirement at age 55 with at least 10 years of eligible employment or with age plus service equal to at least 80--the Rule of 80. The normal service retirement benefit is 3.6 percent of final average salary for the first 25 years of service and 1.75 percent for service in excess of 25 years. Members are eligible for an early service retirement at age 50 with 10 years of eligible employment. The early service retirement benefit is the normal service retirement benefit payable at age 55 or the Rule of 80, if earlier. Vested benefits are indexed at a rate set by the Public Employees Retirement System Board based upon the increase in final average salary from date of termination to benefit commencement date. Reduced early retirement benefits may be elected upon attainment of age 50.

Preretirement death benefits are available to a surviving spouse of a deceased member of the Highway Patrolmen’s retirement system who had accumulated at least 10 years of service in one of three forms--a lump sum payment of accumulated contributions, monthly payment of the member’s accrued benefit for 60 months, or 50 percent of the member’s accrued benefit, not reduced on account of age, for the spouse’s lifetime. If the deceased member had accumulated less than 10 years of service or if there is no surviving spouse, then a death benefit equal to the member’s accumulated contribution is paid in a lump sum.

The normal form of benefit for the Highway Patrolmen’s retirement system is a monthly benefit for life with 50 percent of the benefit continuing for the life of the surviving spouse, if any. Optional forms of payment are a 100 percent joint and survivor annuity, five-year certain and life annuity, and 10-year certain and life annuity. The monthly benefit amount is adjusted under the optional forms of payment so the total value of benefits is actuarially equivalent. Final average salary is the highest salary received by the member for any 36 consecutive months employed during the last 120 months of employment, and the member’s contribution is 10.30 percent of monthly salary. The state contributes 16.70 percent of the monthly salary for each participating member.

The latest available report of the consulting actuary for the Highway Patrolmen’s retirement fund is dated July 1, 2000. According to the report, on that date the Highway Patrolmen’s retirement fund had net assets with an actuarial value of $35,876,466 and a market value of $41,726,105. Total active membership was 122.
LAW ENFORCEMENT AND CORRECTIONAL OFFICER RETIREMENT PROGRAMS IN SURROUNDING STATES

South Dakota

The laws governing the South Dakota retirement system are codified in Chapter 3-12 of the South Dakota Codified Laws Annotated. The South Dakota retirement system is composed of Class A members and Class B members. Class A members are all members other than Class B members, and Class B members are justices, judges, state law enforcement officers, magistrate judges, municipal police officers, municipal firefighters, county sheriffs, deputy county sheriffs, and Penitentiary correctional staff, parole agents, air rescue firefighters, campus security officers, court services officers, conservation officers, and park rangers.

Air rescue firefighters are employees of the Department of Military and Veterans Affairs who are stationed at Joe Foss Field, Sioux Falls, and who are directly involved in firefighting activities on a daily basis. Campus security officers are employees of the South Dakota Board of Regents whose positions are subject to the minimal educational training standards established by the South Dakota Law Enforcement Standards Commission and who satisfactorily complete the training required within one year of employment and whose primary duty is to preserve the safety of the students, faculty, staff, visitors, and property of the University of South Dakota and South Dakota State University. Conservation officers are employees of the South Dakota Department of Game, Fish and Parks and the Division of Wildlife or Division of Custer State Park. Deputy county sheriffs are employees of a county that is a participating governmental unit, appointed by the board of county commissioners, who are permanent full-time employees and whose positions are subject to the minimum educational training standards established by the South Dakota Law Enforcement Standards Commission. Deputy county sheriffs do not include jailers or clerks unless the participating governmental unit has requested that the jailer be considered as a deputy county sheriff and the Board of Trustees of the South Dakota Retirement System has approved the request. Law enforcement officers are agents of the State Division of Criminal Investigation, officers of the South Dakota Highway Patrol, municipal policemen, county sheriffs, deputy county sheriffs, or municipal firemen. Park rangers are employees of the Department of Game, Fish and Parks within the Division of Parks and Recreation, whose positions are subject to the requirements as to education and training provided by South Dakota law, and whose primary duty is law enforcement in the state park system. Parole agents are employees of the South Dakota Department of Corrections who are actually involved in direct supervision of parolees on a daily basis. Penitentiary correctional staff include the warden, deputy warden, guards, correctional supervisors, correctional officers, and their immediate supervisors of the South Dakota State Penitentiary and any other classification of Penitentiary employees approved by the South Dakota Retirement System Board of Trustees. Policemen are employees of the police department of a participating municipality holding the rank of patrolman, including probationary patrolmen, or higher rank, and whose position is subject to the minimum educational and training standards established by the South Dakota Law Enforcement Officers Standards Commission. The term policeman does not include civilian employees of a police department or any person employed by a municipality whose service as a policeman requires less than 20 hours per week and six months per year. If a municipality that is a participating governmental unit operates a city jail, the participating unit may request that jailers be considered policemen, subject to the approval of the board of trustees.

The required member contribution for Class B members is 8 percent of compensation which is matched by the employer. However, the employer is required to pay the member’s contribution. The normal retirement age for Class B members is age 55. The normal retirement allowance for Class B members other than justices, judges, and magistrate judges is 2.325 percent of final compensation for each year of Class B credited service other than as a justice, judge, or magistrate judge before July 1, 2002, plus 2 percent of final compensation for each year of Class B credited service other than as a justice, judge, or magistrate judge after July 1, 2002. The normal retirement allowance for Class A members is the larger of 1.625 percent of final compensation for each year of Class A credited service before July 1, 2002, plus 1.3 percent of final compensation for each year of Class A credited service after July 1, 2002, or 2.325 percent of final compensation for each year of Class A credited service before July 1, 2002, plus 2 percent of final compensation for each year of Class A credited service after July 1, 2002, less other public benefits.

For purposes of determining the benefits of Penitentiary correctional staff for credited service earned prior to July 1, 1978, benefits are calculated the same as for Class A members, and for credited service after July 1, 1978, benefits are calculated the same as for Class B members. For purposes of determining the benefits of county sheriffs and deputy county sheriffs for credited service earned prior to January 1, 1980, benefits are calculated the same as for Class A members, and for credited service after January 1, 1980, benefits are calculated using the formula for Class B members. For purposes of determining the benefits of parole agents for credited service earned prior to July 1, 1991,
benefits are calculated using the formula applicable to Class A members, and for credited service after June 30, 1991, benefits are calculated using the formula applicable to Class B members. For purposes of determining the benefits of air rescue firefighters for credited service earned prior to July 1, 1992, benefits are calculated the same as for Class A members and for credited service after June 30, 1992, benefits are calculated using the formula applicable to Class B members.

Section 3-12-92.6 of the South Dakota Codified Laws Annotated provides for adjustments in allowance for retirees based on time and circumstances of retirement. This section provides that each member who retired prior to July 1, 2000, and each beneficiary of a deceased member who retired prior to July 1, 2000, is entitled to receive a retirement allowance based on the current law as applicable based on the member’s final compensation, credited service, and other public benefits at retirement and the benefit formulas contained in current law when improved by the improvement factor from the date of retirement to July 1, 2000. In addition, each member or beneficiary of a member who retired prior to July 1, 1974, who is receiving benefits pursuant to a prior consolidated system is entitled to have that person’s benefit increased by an additional 2 percent on July 1, 2000, in lieu of the increase provided in Section 3-12-92.6.

Concerning disability benefits, Section 3-12-99 of the South Dakota Codified Laws Annotated provides that the disability allowance for the first 36 months of the period of disability is 50 percent of the highest annual compensation earned in any one of the three years immediately preceding the date of disability, increased by 10 percent of compensation for each child to a maximum of four children. Beginning with the 37th month of disability, if the member is eligible for and receiving disability benefits from Social Security, the disability allowance is equal to the greater of the amount paid during the first 36 months less the amount of Social Security or the amount of a member’s unreduced accrued retirement allowance as of the date of disability. The annual amount of a disability allowance may not be less than 20 percent of the compensation on which the initial disability allowance was based. Beginning with the 37th month of disability, if the member is not eligible for and receiving disability benefits from Social Security, the disability allowance is equal to the greater of 20 percent of the compensation on which the initial disability allowance was based or the amount of the member’s unreduced accrued retirement allowance as of the date of disability.

Final compensation is the highest average annual compensation earned by a member during any period of 12 consecutive calendar quarters during the member’s last 40 calendar quarters of membership in the system, including time during which the member was not a member but for which the member received credit under the system. However, if the compensation received in the last calendar quarter considered exceeds 125 percent of the amount in the highest previous calendar quarter or if the average compensation received in the last four calendar quarters exceeds 115 percent of the amount earned in the highest calendar quarter prior to the last four calendar quarters considered, only the lesser amount may be considered in computing the final compensation and the excess must be excluded in the computation.

Since July 1, 1974, when South Dakota’s seven public retirement plans were consolidated into a unified system, a number of benefit improvements have been made to the system. The benefit formula multiplier for Class B public safety employees has been increased from 2 percent to 2.325 percent. Concerning early retirement, the status of early retirement for Class B public safety employees in 1974 was age 55 with five years of service. An unreduced early retirement was established at age 60 with five years of service for new members in 1982. The unreduced early retirement eligibility criteria was decreased to age 55 with five years of service in 1989 and age 50 with 25 years of service in 1991. In 1998 a Rule of 75 was implemented. The contribution rate was increased for both employers and employees from 6 percent to 8 percent in 1977 and set at 10 percent for new members in 1981. However, the contribution rates for both employers and employees were set at 8 percent for both employers and employees in 1989.

Montana

The Montana Public Employees Retirement Board administers eight separate and distinct retirement systems. Four of the systems, excluding two firefighters’ systems, may be characterized as public safety retirement systems—the Game Wardens’ and Peace Officers’ Retirement System, the Sheriffs’ Retirement System, the Highway Patrol Officers’ Retirement System, and the Municipal Police Officers’ Retirement System.

The Sheriffs’ Retirement System is governed by Chapter 19-7 of the Montana Code Annotated. The Sheriffs’ Retirement System is a multiple-employer cost-sharing defined benefit plan that covers all Montana sheriffs and Department of Justice criminal investigators hired after July 1, 1993. The plan was established in 1974. The Sheriffs’ Retirement System provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on age and/or years of service and highest average compensation. Member rights are vested after five years of service.

For purposes of the Sheriffs’ Retirement System, a sheriff is any elected or appointed county sheriff or undersheriff or any appointed, lawfully trained, appropriately salaried, and regularly acting deputy sheriff. An
investigator is a person who is employed as a criminal investigator or as a gambling investigator for the Department of Justice. Each member is required to contribute 9.245 percent of the member’s monthly compensation, and each employer is required to contribute monthly 9.535 percent of each member’s gross compensation. However, the employer is required to pick up and pay the contributions for the member. A member who has completed at least 20 years of membership service may retire on a service retirement benefit. The amount of the service retirement benefit granted to a member is 2.5 percent of the member’s final average salary for each year of service credited.

A member is entitled to a disability benefit based on the actuarial equivalent of the member’s service retirement benefit standing to the member’s credit at the time of the member’s disability retirement. However, if the disability is a direct result of the member’s service as a member in the line of duty, then the member is entitled to a benefit of one-half of the member’s final average salary. Members are entitled to a postretirement annual benefit adjustment of 1.5 percent of the member’s permanent monthly benefit.

The Game Wardens’ and Peace Officers’ Retirement System is governed by Chapter 19-8 of the Montana Code Annotated. The Game Wardens’ and Peace Officers’ Retirement System is a multiple-employer, cost-sharing defined benefit plan that covers state game wardens and state peace officers not eligible to join the Public Employees Retirement System, Sheriffs’ Retirement System, Highway Patrol Officers’ Retirement System, or the Municipal Police Officers’ Retirement System. This plan was established in 1963. The Game Wardens’ and Peace Officers’ Retirement System provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on age and/or service and highest average compensation. Member rights are vested after five years of membership service.

Eligible members of the Game Wardens’ and Peace Officers’ Retirement System include game wardens who are assigned to law enforcement in the Department of Fish, Wildlife, and Parks; motor carrier officers employed by the Department of Transportation; campus security officers employed by the University System; wardens and deputy wardens employed by the Department of Corrections; corrections officers employed by the Department of Corrections; probation and parole officers employed by the Department of Corrections; stock inspectors and detectives employed by the Department of Livestock; motor vehicle inspectors employed by the Department of Justice; and drill instructors employed by the Department of Corrections. Game wardens include state fish and game wardens hired by the Department of Fish, Wildlife, and Parks and include all warden supervisory personnel whose salaries or compensation is paid out of Department of Fish, Wildlife, and Parks moneys. Motor carrier officers are defined as employees of the Department of Transportation appointed as a peace officer, and a peace officer or a state peace officer is defined as a person who by virtue of that person’s employment with the state is vested by law with a duty to maintain public order or make arrests for offenses while acting within the scope of that person’s authority or who is charged with specific law enforcement responsibilities on behalf of the state.

Each member is required to contribute 8.5 percent of the member’s monthly compensation between July 1, 2001, and September 30, 2001. Beginning October 1, 2001, the member contribution is increased to 10.56 percent of the member’s monthly compensation. State employers are required to contribute 9 percent of the total compensation paid to their covered employees. However, the employer is required to pick up and pay the member’s contribution. A member who has completed at least 20 years of membership service and reached age 50 is entitled to a service retirement benefit of 2.5 percent of the member’s final average salary for each year of service credit. A member who is determined by the Montana Public Employees Retirement Board to be disabled is entitled to a disability retirement benefit in an amount calculated based on the actuarial equivalent of the service retirement benefits standing to the member’s credit at the time of the member’s disability retirement. However, if the disability is a direct result of service to the state in the line of duty and the member has at least five years of membership service, the member who is disabled must be retired on a disability retirement benefit of not less than one-half of the member’s final average salary. Eligible recipients are entitled to a guaranteed annual benefit adjustment of 1.5 percent of the member’s permanent monthly benefit.

The Municipal Police Officers’ Retirement System is governed by Chapter 19-9 of the Montana Code Annotated. The Municipal Police Officers’ Retirement System is a multiple-employer, cost-sharing defined benefit plan that covers police officers employed by first-class and second-class cities and other cities that wish to adopt the plan. The plan was established in 1975. The Municipal Police Officers’ Retirement System provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on age and/or years of service and highest average compensation. Membership rights are vested after five years of membership service. The member’s contribution is based upon the date the member was first employed as a police officer. For members first employed on or before June 30, 1975, the contribution rate is 5.8 percent; for members first employed after June 30, 1975, the contribution rate is 7 percent; for members first employed after June 30, 1979, but before
July 1, 1997, the contribution rate is 8.5 percent; and for members first employed on and after July 1, 1997, the contribution rate is 9 percent. The employer contribution is 14.41 percent of the compensation paid to all active members. The employer is required to pick up and pay the member contributions. In addition to the member and employer contribution, the state of Montana contributes 29.3 percent of compensation paid to members of the Municipal Police Officers' Retirement System. A member is eligible to receive a service retirement benefit when the member has completed 20 years or more of membership service and has terminated service. A member who terminates service after completing at least 5 years of membership service but before completing 20 years of membership service is eligible to receive a service retirement benefit when the member has reached age 50. The monthly benefit formula is 2.5 percent of final average compensation for each year of service credit. If a member is determined by the Montana Public Employees Retirement Board to be disabled, the member is entitled to a disability retirement benefit regardless of the length of the member’s service, commencing on the day following the member’s termination from service. A member who becomes disabled before earning 20 years of service credit is entitled to receive a disability retirement benefit equal to one-half of the member’s final average compensation. A member who becomes disabled but who, at the time of the member’s injury or disability, was eligible at the member’s option to be retired but had elected to serve years in excess of 20 years of service credit and was then serving additional years is entitled to be paid for the additional years. A retiree is entitled to a guaranteed annual benefit adjustment of 1.5 percent of the retiree’s permanent monthly benefit.

The Highway Patrol Officers’ Retirement System is governed by Chapter 19-6 of the Montana Code Annotated. The Highway Patrol Officers’ Retirement System is a single-employer, defined benefit plan that covers all Montana Highway Patrol officers, including supervisory personnel. The plan was established in 1971. The Highway Patrol Officers’ Retirement System provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on age and/or years of service and highest average compensation. Member rights are vested after five years of membership service. All members of the Montana Highway Patrol, including the supervisor and assistant supervisors, are required to be members of the Highway Patrol Officers’ Retirement System. Members hired before July 1, 1997, are required to contribute 9 percent of the member’s monthly compensation and members hired after June 30, 1997, are required to contribute 9.05 percent of the member’s monthly compensation. The state is required to contribute 36.33 percent of the total compensation paid to the members, 26.15 percent of this amount is payable from the same source that is used to pay compensation to the members, and 10.18 percent is payable from a portion of the fees from driver’s licenses and duplicate driver’s licenses. However, the state is required to pick up and pay the member contributions. A member is eligible to receive a service retirement benefit after completing 20 years or more of membership service. The service retirement benefit is 2.5 percent of the member’s final average salary for each year of service credit. A member is entitled to a disability retirement benefit that is the actuarial equivalent of the service retirement benefit standing to the member’s retirement. However, if the disability is a direct result of service to the Montana Highway Patrol in the line of duty, then the member who is disabled must be retired on a disability retirement benefit of one-half of the member’s final average salary regardless of the member’s length of service. A retiree is entitled to a guaranteed annual benefit adjustment of 1.5 percent.

Minnesota

Minnesota has several retirement systems governing various categories of public safety personnel. These include the correctional plan within the Minnesota state retirement system, the State Patrol plan within the Minnesota state retirement system, the police and fire plan within the Minnesota Public Employees Retirement Association, and the correctional plan within the Minnesota Public Employees Retirement Association.

The Minnesota correctional plan within the Minnesota state retirement system is governed by Sections 352.90 through 352.97 of the Minnesota Statutes. Section 352.90 outlines the legislative policy concerning correctional employees. This section states that it:

Is the policy of the legislature to provide special retirement benefits and contributions for certain correctional employees who may be required to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of inmates at state correctional facilities or of patients at the Minnesota security hospital or at the Minnesota sexual psychopathic personality treatment center or of patients in the Minnesota extended treatment options on-campus program at the Cambridge regional human services center. Employees employed at a state correctional facility, the Minnesota security hospital, or the Minnesota sexual psychopathic personality treatment center as a corrections officer 1, corrections officer 2, corrections officer 3, corrections officer supervisor, corrections
officer 4, corrections captain, security counselor, or security counselor lead are eligible members. In addition, employees employed at correctional facilities as maintenance or trade personnel, special teachers, security guards, nursing personnel, and various other classifications of employment are members.

Employees are required to contribute 5.69 percent of salary and employers are required to contribute 7.98 percent of salary. Employees who have reached age 55 and have credit for at least three years of covered correctional service are entitled to a retirement annuity based on covered correctional service. The monthly annuity is determined by multiplying the average monthly salary by the number of years or completed months of covered correctional service by 2.4 percent. A covered correctional employee who is at least 50 years old and who has at least three years of allowable service is entitled to early retirement at a retirement annuity reduced by two-tenths of 1 percent for each month that the correctional employee is under age 55 at the time of retirement. Covered correctional employees who have become disabled and physically unfit to perform the duties of their position as a direct result of injury, sickness, or other disability incurred in or arising out of an act of duty that makes the employees physically or mentally unable to perform the duty are entitled to a disability benefit based on covered correctional service. The disability benefit is 50 percent of the average salary plus an additional percent equal to 2.4 percent for each year of covered correctional service in excess of 20 years, 10 months, prorated for completed months. Covered correctional employees who have at least one year of covered correctional service and who become disabled and physically or mentally unfit to perform the duties of their position because of sickness or injury occurring while not engaged in covered employment are entitled to a disability benefit based on covered correctional service only.

The Minnesota State Patrol plan is governed by Chapter 352B of the Minnesota Statutes. Eligible members include state troopers, conservation officers currently employed by the state, crime bureau officers, certain employees of the Department of Public Safety, and public safety employees defined as peace officers and employed with the Division of Alcohol and Gambling Enforcement. Each member is required to contribute 8.40 percent of the member’s salary while employers are required to pay 12.60 percent of salary. Members who are credited with three or more years of allowable service are entitled to normal retirement at age 55. The normal retirement annuity is determined by multiplying the average monthly salary of the member by 3 percent for each year and pro rata for completed months of service. Members who are age 50 and who have at least three years of allowable service are entitled to an early retirement benefit equal to the normal retirement annuity reduced by one-tenth of 1 percent for each month the member is under age 55 at the time of retirement. A member who becomes disabled and physically or mentally unfit to perform duties as a direct result of an injury, sickness, or other disability incurred in or arising out of an act of duty is entitled to receive a disability benefit while disabled. The disability benefit is equal to the member’s average monthly salary multiplied by 60 percent, plus an additional 3 percent for each year and pro rata for completed months of service in excess of 20 years. If a member with at least one year of service becomes disabled because of sickness or injury occurring while not on duty and not engaged in state work, the member is entitled to a disability benefit based upon the normal retirement annuity. However, if the member with a non-work-related disability has less than 15 years of service, the disability benefit must be computed as though the member had 15 years of service.

The Minnesota Public Employees Retirement Association includes a police and fire retirement plan and a correctional plan. The Public Employees Retirement Association police and fire plan is governed by Sections 353.63 through 353.88 of the Minnesota Statutes. Section 353.63 outlines the policy of the state regarding retirement benefits for public safety personnel. This section provides that:

Is the recognized policy of the state that special consideration should be given to employees of governmental subdivisions who devote their time and skills to protecting the property and personal safety of others. Since this work is hazardous, special provisions are hereby made for retirement pensions, disability benefits and survivors benefits based on the particular dangers inherent in these occupations. The benefits provided . . . are more costly than similar benefits for other public employees since they are computed on the basis of a shorter working lifetime taking into account experience which has been universally recognized. This extra cost should be borne by the employee and employer alike at the ratio of 40 percent employee contributions and 60 percent employer contributions.

The Public Employees Retirement Association police and fire plan was established in 1959. Beginning in 1980, all new police officers and firefighters in Minnesota were automatically enrolled in the police and fire plan. In 1987 the Public Employees Retirement Association police and fire consolidated plan was formed, and most of Minnesota’s local police and fire relief associations joined. This plan was merged into the Public Employees Retirement Association police and fire plan in 1999. The Public Employees Retirement
Association police and fire plan has more than 10,000 members.

Full-time police officers or persons in charge of a designated police or sheriff’s department who by virtue of that employment are required by the employing governmental subdivision to be and are licensed by the Minnesota Peace Officer Standards and Training Board and who are charged with the prevention and detection of crime, who have the full power of arrest, who are assigned to a designated police or sheriff’s department, and whose primary job is the enforcement of the general criminal laws of the state, and full-time firefighters or persons in charge of a designated fire company or companies who are engaged in the hazards of firefighting are eligible to join the police and fire plan. Other employees that may be eligible to be members of the police and fire plan include certain public safety employees of the Metropolitan Airports Commission, certain metropolitan transit police officers, certain State Military Affairs Department firefighters, certain sheriffs’ association employees, Hennepin County paramedics and emergency medical technicians, and certain tribal police officers exercising state arrest powers.

Employees are required to contribute 6.2 percent of the employee’s total salary, and employers are required to contribute 9.3 percent of the total salary of each member. Upon separation from public service, a police officer or firefighter member who has attained age 55 and who has received credit for not less than three years of allowable service is entitled to a normal retirement annuity. The normal retirement annuity is the average salary multiplied by 3 percent per year of allowable service. A police officer or firefighter who has become at least 50 years old and who has at least three years of allowable service is entitled to an early retirement annuity equal to the normal annuity reduced by one-tenth of 1 percent for each month that the member is under age 55 at the time of retirement. If a member becomes disabled in the line of duty, the member is entitled to a disability benefit of 60 percent of the average salary plus an additional 3 percent of average salary for each year of service in excess of 20 years. However, if the disability occurs before the member has at least five years of allowable service credit in the police and fire plan, the disability benefit is computed on the average salary from which deductions were made for contributions to the police and fire fund.

Recognizing the special, demanding nature of the work correctional officers perform every day in inmate facilities across the state of Minnesota, the Minnesota Legislature created a new Public Employees Retirement Association plan for correctional officers in 1999. This plan has over 2,500 members. The Public Employees Retirement Association correctional plan is governed by Chapter 353E of the Minnesota Statutes. The Public Employees Retirement Association correctional plan covers local government correctional service employees. Eligible members are employees employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers; directly responsible for the direct security, custody, and control of the county correctional institution and its inmates; expected to respond to incidents within the county correctional institution as part of that person’s regular employment duties and is trained to do so; and is a public employee but not a member of the public employees police and fire fund. A county correctional institution is defined as a jail administered by a county, a correctional facility administered by a county, or regional correctional facility administered by or on behalf of multiple counties.

Members are required to contribute 6.01 percent of salary, and employers are required to contribute 9.02 percent of salary. Employees who have attained at least age 55 and have credit of not less than three years of coverage in the local government correctional service plan are entitled to a normal retirement annuity. The normal retirement annuity is the employee’s average salary multiplied by 1.9 percent for each year of allowable service. Employees who have attained at least age 50 and have credit for not less than three years of coverage in the local government correctional service plan are entitled to a reduced retirement annuity equal to the normal annuity amount reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt of the annuity from the day the annuity begins to accrue until age 55.

Members of the Public Employees Retirement Association correctional plan who become disabled and physically or mentally unfit to perform the duties of the position as a direct result of an injury, sickness, or other disability that is medically determinable, that was incurred or arose out of any act of duty, and renders the employee physically or mentally unable to perform the employee’s duties are entitled to a disability benefit. The disability benefit is based on covered service and is an amount equal to 47.5 percent of the average salary plus an additional 1.9 percent for each year of covered service in excess of 25 years. A local government correctional employee who has at least one year of covered service and who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury that is medically determinable and that occurs while not engaged in covered employment is also entitled to a disability benefit. This disability benefit must be computed in the same manner as the normal retirement annuity as though the employee had at least 10 years of covered correctional service.
STUDY APPROACH

In carrying out its study of the feasibility and desirability of implementing a retirement program for all law enforcement and correctional officers within the state of North Dakota which provides retirement benefits similar to those provided to the members of the Highway Patrolmen’s retirement system pursuant to NDCC Chapter 39-03.1, interested entities and individuals include the Public Employees Retirement System Board, the superintendent of the Highway Patrol, the Attorney General, the Bureau of Criminal Investigation, the Department of Corrections and Rehabilitation, the Game and Fish Department, the Parks and Recreation Department, the North Dakota Association of Counties, the North Dakota League of Cities, the North Dakota Sheriffs and Deputies Association, the North Dakota Chiefs of Police Association, the North Dakota County Commissioners Association, and cities with municipal police pension plans. If it is determined that implementing a retirement program for all law enforcement and correctional officers within the state of North Dakota which provides retirement benefits similar to those provided to the members of the Highway Patrolmen’s retirement system pursuant to NDCC Chapter 39-03.1 is feasible, issues that will then need to be addressed include:

- Whether expansion of the Highway Patrolmen’s retirement system to include all law enforcement and correctional officers is feasible.
- How employees of the state or a political subdivision that participates in the Public Employees Retirement System should be treated.
- Treatment of existing police pension plans.
- The impact of federal Social Security participation as some law enforcement and correctional officers eligible for a new plan may be covered by Social Security while other eligible members are not.
- The definition of law enforcement and correctional officer used to establish eligibility for participation in a new plan.
- The number of eligible members.
- The benefit formula and determination of disability benefits.
- Whether a defined contribution option should be provided as an option for eligible members.
- Whether a new plan would be funded by employee contributions, employer contributions, state contributions, or a combination of funding sources.

ATTACH:1