

July 1998

## EMPLOYEE BENEFITS PROGRAMS COMMITTEE BILLS

The Employee Benefits Programs Committee is required by North Dakota Century Code (NDCC) Section 54-35-02.4 to "consider and report on those legislative measures and proposals over which it takes jurisdiction and which affect, actuarially or otherwise, the retirement programs of state employees or employees of any political subdivision, and health and retiree health plans of state employees or employees of any political subdivision." A majority of the committee members, acting through the chairman, has sole authority to determine whether any legislative measure "affects" a public employees program. The

committee is required to make a thorough review of any measure or proposal that it takes under its jurisdiction, including an actuarial review. Each retirement, insurance, or retiree insurance program is required by Section 54-35-02.4 to "pay, from its retirement, insurance, or retiree health benefits fund, as appropriate, and without the need for a prior appropriation, the cost of any actuarial report required by the committee which relates to that program."

The following bill drafts have been submitted for review by the Employee Benefits Programs Committee:

Employee Benefits Programs Committee Bill No.	Sponsor or Source	Topic
<b>TEACHERS' FUND FOR RETIREMENT (TFFR)</b>		
54	Senator C. Nelson	Allows a retired member to return to teaching for up to one year without losing any benefits if at least 50 percent of the salary earned by that person is placed in a school district's educational foundation or a private educational foundation
88	TFFR	Increases the benefit multiplier from 1.75 to 1.85 percent; provides a postretirement benefit increase of \$50 per month
89	TFFR	Provides that a member's surviving spouse must be the member's primary beneficiary unless the surviving spouse has consented in writing to an alternate beneficiary; deletes the provision that salary received by a member in lieu of previously employer-provided fringe benefits must have been under an agreement between the member and participating employer that was entered into within 60 months before retirement to be excluded from salary; reduces the vesting period from five years to three years; provides that retirement benefit 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; provides that early retirement benefits must be reduced to the actuarial equivalent of the benefit credits earned to the date of early retirement from the earlier of age 65 or the age at which current service plus age equals 85; deletes the requirement that the name of a member's designated beneficiary must have been filed with the board at the time of retirement in order for the beneficiary to receive payments under an annuity; provides that before payment of a benefit claim, the surviving spouse, if any, must have consented in writing to the member's choice of benefit option; requires a teacher to provide proof of eligibility under rules adopted by the board in order to purchase additional credit; deletes the requirement that a teacher must have completed five years of creditable service in this state before becoming eligible to purchase credit for years of teaching at an out-of-state school; deletes the requirement that service credit for a legislative session must be purchased within one year after the adjournment of that legislative session; deletes the requirement that

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90	TFFR	<p>service credit for a teacher who was elected president of a professional educational organization recognized by the board and who serves in a full-time capacity in lieu of teaching must be purchased within one year after the teacher leaves the position; allows a teacher who has at least five years of teaching service credit in the fund to purchase up to five years of credit not based on service for use toward retirement eligibility and benefits; repeals NDCC Section 15-39.1-12.1, which provides for partial service retirements under the Teachers' Fund for Retirement</p> <p>Provides that persons receiving monthly benefits from TFFR are entitled to receive a monthly credit toward hospital and medical benefits coverage of \$2.50 multiplied by the person's years of service; the program is funded by a state contribution equal to one percent of the salaries and wages of each teacher employed in the state and the bill contains an appropriation of \$6 million from the general fund to fund the teachers' retiree health benefits program</p>
<p><b>PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)</b>  <b>Public Employees Retirement System Main System</b></p>		
60	Representative Wald	<p>Establishes a defined contribution retirement plan for nonclassified state employees; provides that participating members would direct the investment of their accumulated employer and employee contributions and earnings to one or more investment choices within available categories of investment provided by the Public Employees Retirement System Board; provides that a participating member is immediately 100 percent vested in that member's contributions and vests in 50 percent of the employer's contributions upon completion of two years of service, 75 percent of the employer's contributions upon completion of three years of service, and 100 percent of the employer's contributions upon completion of four years of service</p>
80	Representative Kretschmar	<p>Provides that payments for overtime must be included as wages and salaries for purposes of calculating benefits under the Public Employees Retirement System</p>
101	PERS	<p>Includes vested employer contributions for purposes of determining a member's "account balance"; reduces the vesting requirement from five years to three years for nonjudge members of the Public Employees Retirement System main system; increases the benefit multiplier from 1.77 to 1.90 percent; provides that the fund may accept rollovers from other qualified plans for the purchase of additional service credit; provides a postretirement adjustment of nine percent of present benefits; provides a disability adjustment of nine percent of the present benefit; provides a prior service adjustment of nine percent of the present benefit; provides that a nonjudge member's account balance includes vested employer contributions equal to the member's contributions to the deferred compensation plan of \$25 or one percent of the member's monthly salary for months 1 through 12 of service credit, \$25 or two percent of the member's monthly salary for months 13 through 24 of service credit, \$25 or three percent of the member's monthly salary for months 25 through 36 of service credit, and \$25 or four percent of the member's monthly salary for service exceeding 36 months with a</p>

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102	PERS	<p>minimum contribution of \$25 and a maximum vested employer contribution of four percent of the member's monthly salary</p> <p>Provides that participants in the judges' retirement system are entitled to receive a two percent postretirement adjustment in their present monthly benefit and allows the board to suspend the increase for an upcoming year if it determines that the increase is not actuarially prudent; provides that disability retirement benefits for Supreme and district court judges are 70 percent of final average salary reduced by the member's primary Social Security benefits and by any workers' compensation benefits; provides that a surviving spouse of a Supreme or district court judge may select a lump sum payment of the member's retirement account as of the date of death or payments as calculated for the deceased member as if the member were normal retirement age at the date of death, payable until the spouse dies</p>
122	Representative Wald	<p>Reduces the vesting period from five years to three years for nonjudge members of the Public Employees Retirement System; provides that a member's account balance includes vested employer contributions of 25 percent upon completion of three years of service, 50 percent upon completion of seven years of service, 75 percent upon completion of 11 years of service, and 100 percent upon completion of 15 years of service</p>
103	PERS	<p><b>Highway Patrolmen's Retirement System</b></p> <p>Increases the benefit multiplier from 3.25 to 3.40 percent of final average salary for the first 25 years of service; provides a postretirement increase in the benefit multiplier from 3.25 to 3.40 percent of final average salary</p>
104	PERS	<p><b>UNIFORM GROUP INSURANCE PROGRAM</b></p> <p>Provides that the rate for a non-Medicare retiree single plan is 150 percent of the active member's single plan rate, provides that the rate for a non-Medicare retiree family plan of two people is twice the non-Medicare retiree single plan rate, and the rate for a non-Medicare retiree family plan of three or more persons is two and one-half times the non-Medicare retiree single plan rate for purposes of determining health insurance premiums for retired public employees not eligible for Medicare</p>
114	Senator Mathern	<p>Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the Public Employees Retirement System Board</p>
53		<p><b>OLD-AGE AND SURVIVOR INSURANCE SYSTEM (OASIS)</b></p> <p>Allows the governing body of a county to pay retirement program employer contributions from the levy authorized by Section 57-15-28.1(5)</p>
58	Job Service North Dakota	<p>Increases primary insurance benefits under the old-age and survivor insurance system fund</p>
87	Senator Grindberg	<p><b>ALTERNATE FIREFIGHTERS RELIEF ASSOCIATION PLANS</b></p> <p>Provides that a firefighters relief association may adopt an alternate pension plan for its members with a normal retirement age of</p>

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49	Commission on Uniform State Laws	<p>55 years, an early retirement age of 50 years, a service benefit of 2.33 percent of a first-class firefighter's salary at the time of the member's retirement multiplied by the number of years of service employment up to a maximum of 30 years, deferred vesting after 10 years, vesting of 10 years, and postretirement adjustments provided on an actuarially sound basis</p> <p style="text-align: center;"><b>UNIFORM MANAGEMENT OF PUBLIC EMPLOYEE RETIREMENT SYSTEMS ACT (UMPERSA)</b></p> <p>Adopts the Uniform Management of Public Employee Retirement Systems Act</p>