Sixty-second
Legislative Assembly
of North Dakota

SENATE BILL NO.

Introduced by

Senator Mathern

A BILL for an Act to amend and reenact sections 54-52.1-03.2 and 54-52.1-03.3 of the North Dakota Century Code, relating to retiree health benefits for members of the legislative assembly.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52.1-03.2 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.2. Retiree health benefits fund - Appropriation.

1. The board shall establish a retiree health benefits fund account with the Bank of North Dakota for the purpose of prefunding and providing hospital benefits coverage and medical benefits coverage under the uniform group insurance program for retired eligible employees or surviving spouses of retired eligible employees and their dependents as provided in this chapter. The state shall contribute monthly to the retiree health benefits fund an amount equal to one and fourteen hundredths percent of the monthly salaries and wages of all participating members of the highway patrolmen's retirement system under chapter 39-03.1, and one and fourteen hundredths percent of the monthly salaries of all supreme or district court judges who are participating members of the public employees retirement system under chapter 54-52. Each governmental unit that contributes to the public employees retirement system fund under section 54-52-06 or the retirement plan under chapter 54-52.6 shall contribute monthly to the retiree health benefits fund an amount equal to one and fourteen hundredths percent of the monthly salaries or wages of all participating members of the public employees retirement system under chapter 54-52 or chapter 54-52.6, except for nonteaching employees of the superintendent of public instruction who elect to participate in the

1 public employees retirement system pursuant to section 54-52-02.13 and
2 employees of the state board for career and technical education who elect to
3 participate in the public employees retirement system pursuant to section
4 54-52-02.14. For nonteaching employees of the superintendent of public
5 instruction who elect to participate in the public employees retirement system
6 pursuant to section 54-52-02.13, the superintendent of public instruction shall
7 contribute monthly to the retiree health benefits fund an amount equal to three and
8 twenty-four hundredths percent of the monthly salaries or wages of those
9 nonteaching employee members, beginning on the first of the month following the
10 transfer under section 54-52-02.13 and continuing thereafter for a period of eight
11 years, after which time the superintendent of public instruction shall contribute one
12 and fourteen hundredths percent of the monthly salary or wages of those
13 nonteaching employee members. For employees of the state board for career and
14 technical education who elect to participate in the public employees retirement
15 system pursuant to section 54-52-02.14, the state board for career and technical
16 education shall contribute monthly to the retiree health benefits fund an amount
17 equal to two and ninety-nine hundredths percent of the monthly salary or wages of
18 those employee members, beginning on the first of the month following the transfer
19 under section 54-52-02.14 and continuing thereafter for a period of eight years,
20 after which time the state board for career and technical education shall contribute
21 one and fourteen hundredths percent of the monthly salary or wages of those
22 employee members. The employer of a national guard security officer or firefighter
23 shall contribute monthly to the retiree health benefits fund an amount equal to one
24 and fourteen hundredths percent of the monthly salaries or wages of all national
25 guard security officers or firefighters participating in the public employees
26 retirement system under chapter 54-52. Job service North Dakota shall reimburse
27 monthly the retiree health benefits fund for credit received under section
28 54-52.1-03.3 by members of the retirement program established by job service
29 North Dakota under section 52-11-01. <u>For members of the legislative assembly,</u>
30 <u>the legislative assembly shall contribute monthly to the retiree health benefits fund</u>
31 <u>an amount determined by the board sufficient to actuarially fund participation by</u>

eligible members of the legislative assembly. The board, as trustee of the fund and in exclusive control of its administration, shall:

a. Provide for the investment and disbursement of moneys of the retiree health benefits fund and administrative expenditures in the same manner as moneys of the public employees retirement system are invested, disbursed, or expended.

b. Adopt rules necessary for the proper administration of the retiree health benefits fund, including enrollment procedures.

2. All moneys deposited in the fund established under subsection 1, not otherwise appropriated, are hereby appropriated to the board for the purpose of making investments for the fund and to make contributions toward hospital and medical benefits coverage for eligible retired employees or surviving spouses of eligible retired employees and their dependents under the uniform group insurance program.

3. If a member terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance at termination. If a member's account balance is withdrawn, the member relinquishes all rights to benefits under the retiree health benefits fund.

SECTION 2. AMENDMENT. Section 54-52.1-03.3 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.3. Eligibility for retiree health benefits - Fixed contribution and reduction factors.

1. The following persons are entitled to receive credit for hospital and medical benefits coverage under subsection 2:

a. A member or surviving spouse of the highway patrolmen's retirement system is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

b. A member or surviving spouse of the public employees retirement system is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

c. A member or surviving spouse of the retirement program established by job service North Dakota under section 52-11-01 receiving retirement benefits is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

d. A retired judge or surviving spouse receiving retirement benefits under the retirement program established under chapter 27-17 is eligible for the credit beginning on the date retirement benefits are effective unless the premium is billed to the employer.

e. A former participating member of the defined contribution retirement plan receiving retirement benefits, or the surviving spouse of a former participating member of that retirement plan who was eligible to receive or was receiving benefits, under section 54-52.6-13, is eligible as determined by the board pursuant to its rules.

f. A former member, or the surviving spouse of the former member, of the legislative assembly who served at least four years as a member of the legislative assembly.

2. ~~The~~ Except for a former member of the legislative assembly, the board shall calculate the allowable monthly credit toward hospital and medical benefits coverage for a person eligible under subsection 1 in an amount equal to five dollars multiplied by the member's or deceased member's number of years of credited service under the highway patrolmen's retirement system, the public employees retirement system, the retirement program established by job service North Dakota under section 52-11-01, or the judges' retirement program established under chapter 27-17. For a member of the public employees retirement system receiving an early retirement benefit or the surviving spouse of that member, or a former participating member of the defined contribution retirement plan who is receiving a periodic distribution and would not meet the normal retirement provisions of the public employees retirement system, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age

of sixty-four. For a member of the highway patrolmen's retirement system receiving an early retirement benefit or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of fifty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age of fifty-four. For a member of the retirement program established by job service North Dakota under section 52-11-01 receiving an early retirement benefit or a discontinued service annuity under the plan provisions of that retirement program or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent applies for each year the member terminates employment prior to attaining the age of sixty-four. <u>For a former member of the legislative assembly, or the surviving spouse of that member, the allowable monthly credit is an amount equal to fifty percent of the allowable monthly credit for a person eligible under subdivision b of subsection 1, not to exceed twenty-five years of credited service.</u>

3. The board shall apply the credit allowable under subsection 2 to the payment of monthly premiums required of each person eligible under subsection 1 for hospital benefits coverage and medical benefits coverage under the uniform group insurance program. The board shall allow spouses who each have credit under subsection 2 to combine their credits and shall apply the combined credit to the required monthly premiums under the uniform group insurance program. However, if the allowable credit under any circumstance exceeds the monthly premium in effect for selected coverage, that amount of the credit which exceeds the premium is forfeited and may not be used for any other purpose.

4. The board may, as an alternative to the calculation of the allowable monthly credit under subsection 2, provide actuarially reduced benefit options for the member and the member's surviving spouse including a one hundred percent joint and survivor option, a fifty percent joint and survivor option, or a five-year or ten-year certain option.