

**2007 Legislative Session
North Dakota Public Employees Retirement System**

Bill Number	Sponsor	Summary	Technical and Actuarial Comments PERS Board Recommendations	Hearing Date/Time Place Committee Action
HB1078	PERS & SB Career & Tech. Education	The proposed legislation would permit current and future employees of the State board for career and technical education to irrevocably elect to transfer to and/or participate in the Public Employees Retirement System (PERS) Hybrid Plan and the Retiree Health Benefit Fund effective July 1, 2007. Employees of the State board for career and technical education currently may participate only in the Teachers' Fund for Retirement (TFFR). For current employees of the board who elect to transfer to the Hybrid Plan, the TFFR must transfer the greater of the actuarial equivalent of the employee's accrued benefit or the employee's account balance to the Hybrid Plan.	For PERS retirement plan the bill is neutral as a result of the asset transfer from TFFR. For the retiree health program there are no assets to be transferred for past service liability so PERS needs an increase in contributions to pay for this liability over time. Segal indicates this should be an additional 1.85% employer contribution for eight years. The bill presently provides for this contribution. PERS Board: PERS notes that if the bill is passed it must include a funding provision for the retiree health program to pay for the additional liability.	PASSED Filed with Secretary of State
HB1179	R. Price	As proposed, this bill would clarify that district health units and the Garrison Conservancy District participate in the uniform group insurance program under the same terms and conditions as state agencies. Therefore, they would pay medical premiums on a flat (composite) basis.	GBS states they believe the bill will have no actuarial effect on the system, however they note participation by health districts is optional but for state agencies is required. PERS Board: The PERS Board reviewed these comments at its Oct 19 th board meeting and noted that the	PASSED as amended Filed with Secretary of State

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			bill states district health units would participate "under the same terms and conditions as state agencies" but in line 16 this is prefaced with the term "may". The board felt that it would be beneficial to change "may to "shall" to make it clear that they would participate under the same terms and conditions as a state agency.	
HB1244	R. Kasper, Dosch, N. Johnson, Keiser, Ruby, S. Klein	A BILL for an Act to amend and reenact section 54-52.1-04 of the North Dakota Century Code, relating to confidentiality of pharmaceutical manufacturer rebates obtained by the public employees retirement system.		FAILED
HB1432	R. Price, Svedjan, Weisz Sen. Fischer, Holmberg, J. Lee	A Bill for an Act to create and enact a new section to chapter 54-52.1 of the NDCC, relating to health treatment management services for state employees and their families; and to provide a continuing appropriation		PASSED as amended
HB1433	R. Price, Svedjan, Weisz Sen. Fischer, Holmberg, J. Lee	A Bill for an Act to create and enact a new section to chapter 54-52.1 of the NDCC, relating to diabetes treatment management services for state employees and their families; to amend and reenact section 54-52.1-04 of the NDCC, relating to PERS uniform group insurance program; and to provide an appropriation.		PASSED as amended
HB1486	R. Skarphol, Klein, Wald, Grande	A Bill for an Act to amend and reenact subsection 5 of section 54-52.1-03 of the NDCC, relating to participation by members of the legislative assembly in the uniform group		FAILED

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HB1510	R. Schneider Sen. Mathern	insurance program. As proposed, this bill would expand the uniform group insurance program to allow participation by members of the ND National Guard in the medical and life insurance coverages. The member of the National Guard must be a "resident" of ND. Premiums will be paid directly by the individual and State coverage would be secondary to any military coverage available. Guard members called to active duty outside of ND do not lose eligibility. Finally, the bill authorizes the Board to allow licensed agents to sell the uniform health insurance coverage and receive commissions.	Generally the actuarial concerns with expanding eligibility is the possibility of adverse selection that can increase a plans cost. A second concern with opening up a governmental plan is that it could lose that status if nongovernmental employers are allowed. Section 7 of the bill mitigates the concerns of GBS and provides the board the authority not to implement the bill unless it can be done in a manner that will not impact the plan.	FAILED
SB2022		NDPERS Budget Bill		Amended Conf. Comm.Appointed
SB2044	PERS	The proposed legislation would allow the Board to provided for a one-time post-retirement payment equal to 75% of the member's, beneficiary's, disability retirees or prior service retirees current monthly benefit payment amount payable in January of either 2008 or 2009, if the trust fund's total annualized return on investments is at least 9.16% for the fiscal year ending June of 2007 or 2008, applicable to both the Hybrid Plan (except the Judges retirement plan) and the Highway Patrol Retirement System. This is a potential one-time payment in the biennium.	Segal's actuarial review indicates the target return for the 13 th check is 9.06%. For the Judges 2% increase for each year of the biennium Segal indicates the cost is .46% of payroll. Since the judges have a margin of 2.16% this is affordable. PERS Board: Amend the bill to reduce the target return to match the actuarial required target. The return in the bill is 9.16 and according to Segal is 9.06%. PERS Board supports the bill	PASSED Filed with Secretary of State

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			as amended.	
SB2045	PERS	<p>As proposed, this broad-ranging bill addresses the following employee benefits issues:</p> <ul style="list-style-type: none"> • Section 1 requires that employees' lump sum accrued sick leave payout and unused annual leave at termination be deposited into a trust (as established under Section 7). • Section 2 increases basic and AD&D life insurance coverage to \$5,000 from the current \$1,000 benefit. • Section 3 creates a new subsection to the Century Code that creates separate coverage for "retired Medicare-eligible group prescription drug coverage" in response to the new federal Medicare Part D drug plan. • Section 4 revises the policy on how the retiree health care credit will be applied for married couples where both parties are eligible for the credit. • Section 5 changes the eligibility requirements for a "temporary employee" of political subdivisions to a minimum of twenty hours per week and at least twenty weeks per year. 	<p>Section 1 and 7 set up a trust with a mandatory deposit of sick leave and vacation time at termination of employment. When this was recommended to the board by the benefits committee it was their understanding that employees could withdraw from the trust the mandatory payments in cash if they so elected. The GBS review indicates that is not acceptable under federal law. When the committee discussed proposing this provision they did so because they thought employees had this option. They would not have been in favor of this if they had known that this was not an option. Therefore staff is recommending that we amend the bill to withdraw section #1 and #7.</p> <p>PERS Board: Amend the bill to withdraw section #1 and #7 and support the bill as amended. The PERS Board supports the bill as amended.</p>	PASSED

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		<ul style="list-style-type: none"> • Section 6 relates to Section 3 above and authorizes the Board to bid and contract for a separate Medicare retiree drug plan distinct from the active employees' plan. • Section 7 gives the Board the authority to establish a trust to maintain employer and employee funds resulting from Section 1 above to be used for future health care expenses. <p>SEGAL: Section 4 of the proposed legislation would permit those members where both the member and spouse have credit in the Fund to combine credits towards monthly retiree premiums under the uniform group insurance program.</p>		
SB2046	TFFR	Relates to TFFR, incorporating federal law changes, employer contributions and service credit purchases, eligibility for and determination of benefits, vesting, early retirement, returning to teaching, and accepting a refund from the fund and to provide an appropriation.		PASSED as amended Conf. Comm. appointed
SB2047	PERS	The proposed legislation would automatically enroll new employees after August 1, 2007 in the Deferred Compensation Program and defer \$25 per month into the Program into a default investment option selected by the Board, unless the new employee opts out of enrollment within 30 days of beginning employment.	The bill would have no actuarial impact on the plan according to Segal. They also note that the Federal Pension Act addressed this type of enrollment by making it easier to do a corrective distribution if someone did not intend to enroll.	PASSED as amended

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			PERS Board: The PERS Board supports the bill as written.	
SB2048	PERS	<p>The proposed legislation would make the following important changes:</p> <p>Applies the definition of final average salary under the Hybrid Plan and Highway Patrolmen's Retirement System, which is currently the highest salary for 36 months in the last 180 months of employment, to employees who <u>terminate employment</u> on or after August 1, 2010, rather than those employees who <u>retire</u> on or after July 1, 2009. Also, for employees who terminate employment between July 1, 2005 and August 1, 2010, final average salary would be the highest salary for 36 months for any period for which the Board has accurate salary records, but no longer than the last 180 months of employment;</p> <p>Updates federal compliance provisions of the Hybrid Plan and Highway Patrolmen's Retirement System;</p> <p>Provides record confidentiality rules under the Hybrid Plan and Highway Patrolmen's Retirement Plan to limit disclosure of information regarding employer service purchases to the minimum, necessary elements of data;</p> <p>Permits conversion of sick leave to retirement</p>	<p>No concerns were expressed and it was indicated the bill would have no actuarial impact on the system.</p> <p>PERS Board: PERS is proposing to amend this bill as a result of the Federal Pension Act of 2006. Previous Federal law limits the purchasing option to active contributing members. This new provision opens the purchase provision to deferred members. The proposed amendment by PERS would maintain the status quo and allow only active members to make this purchase. The PERS board supports the bill as amended.</p>	<p>PASSED Filed with Secretary of State</p>

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		<p>credit under the Hybrid Plan and Highway Patrolmen's Retirement System at any time, rather than within 60 days of termination only;</p> <p>Clarifies that employer service purchases on an actuarial equivalent basis under the Hybrid Plan must include contributions for both retirement and the Retiree Health Benefits Fund;</p> <p>Clarifies that temporary employees may not purchase any additional service credit, including repurchase of past service upon reemployment;</p> <p>Permits members who retire and commence receiving benefits after their normal retirement date under the Hybrid Plan or Highway Patrolmen's Retirement System to elect between a single lump sum payment equal to missed payments since normal retirement date or an increase in monthly retirement benefits that reflects the missed payments;</p> <p>Permits conversion of sick leave under the Defined Contribution Plan after four or more years of service, instead of after 25 or more years of service;</p> <p>Provides for automatic refund of member accounts under the Defined Contribution Plan if the vested account balance is less than \$1,000, instead of \$5,000.</p>		

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SB2050	PERS	The proposed legislation would increase the required monthly contribution to the Retiree Health Benefit Fund from 1.00% of monthly salary to 1.15% of monthly salary and increase the monthly retiree health credit from \$4.50 per year of credited service to \$5.00 per year of credited service. There is also a corresponding contribution rate increase for non-teaching employees of the superintendent of public instruction with a higher contribution rate for a specified period that is intended to fund past service.	Segal expressed no reservations with this bill and confirmed the actuarial cost to be .15% of payroll. PERS Board: Support the bill as written.	FAILED
SB2051	PERS	The proposed legislation would increase the employer contribution rate from 16.17% to 21.7% of salary for the Highway Patrolmen's Retirement System and from 4.12% to 5.12% of salary for the Hybrid Plan and Defined Contribution Plan. In addition, the proposed legislation would provide for an increase of 2% of monthly retirement benefits to retirees and their beneficiaries in both the Hybrid Plan and the Highway Patrolmen's Retirement System effective August 1, 2009.	Segal indicated the actuarial cost of this bill to be: Main .64% LE 0% HP 3.95% The provisions of this bill would not become effective until 2009 and the enhancement would be fully paid for in 2 years. PERS Board: The cost of these bills is less than we had originally estimated (Main 1% to .64%; HP 4.37 to 3.95%), therefore we should amend the bills with the new estimates.	FAILED

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			Please note the judges are not included in the increased contributions since they already have sufficient margin to pay for the proposed enhancement. The PERS Board supports the bill as amended.	
SB2116	S. Krebsbach	The proposed legislation would permit a specified association of counties and their employees to participate in the Public Employees Retirement System (Hybrid Plan), the Retiree Health Benefit Fund and the Deferred Compensation Program.	Segal indicates that it does not appear that the specified association of counties satisfies the requirements to be a political subdivision under applicable federal law.	WITHDRAWN FROM FURTHER CONSIDERATION
SB2166		A Bill for an Act to amend and reenact subsection 22 of section 54-52-01, subsection 3 of section 54-52-05, subsection 8 of section 54-52.6-01, and subsection 3 of 54-52.6-09 of the NDCC, relating to definition of wages and salaries and employer contributions of the ND mill and elevator association under PERS.		FAILED
SB2252	S. Mathern, Seymour, R. Price, Kerzman	A Bill for an Act to create and enact a new section to Chapter 54-52.1 of the NDCC, relating to public employees retirement system health insurance coverage of suicide-related medical services; to require a report regarding coverage of suicide-related medical services; and to provide an expiration date.		PASSED as amended
SB2413	S O'Connell, Dever, Krauter, Lyson, R. Kelsch, Martinson	A Bill for an Act to create and enact a new section to chapter 54-52 of the NDCC relating to participation by peace officers and correctional officers in the defined benefit retirement plan; and to amend and reenact subsections 3 and 11 of section 54-52-01,		FAILED

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		subsection 3 of section 54-52-05, and subsection 3 of section 54-52-17 of the NDCC, relating to participation by peace officers and correctional officers in the defined benefit retirement plan.		