

2020 Bill Draft: (DLR)-(ERB)

Most recent version as of:

FOR AN ACT ENTITLED, An Act to consolidate the South Dakota Department of Labor and Regulation employee's retirement plan with the South Dakota Retirement System and to transfer the funds of the South Dakota Department of Labor and Regulation employee's retirement plan to the South Dakota Retirement System.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That a NEW SECTION be added:

3-12C-1650. Members of Department of Labor and Regulation employees' retirement plan to be Class D members of system.

On July 1, 2020, all members of the Department of Labor and Regulation employees' retirement plan, including any retiree and any vested member, become Class D members of the system. The administration of retirement benefits for Class D members shall continue with the system.

Section 2. That a NEW SECTION be added:

3-12C-1651. Department of Labor and Regulation employees' retirement plan funds transferred to trust fund.

As of July 15, 2020, the balance of the funds of the Department of Labor and Regulation employees' retirement plan funds shall be transferred to the South Dakota Retirement System trust fund.

Section 3. That a NEW SECTION be added:

3-12C-1652. Class D members to receive benefits as provided under Department of Labor and Regulation employees' retirement plan.

Each Class D member shall receive the same benefit as provided pursuant to the Department of Labor and Regulation employees' retirement plan as in effect on June 30, 2020. Each Class D member's benefit shall be annually increased by the COLA as determined by § 3-12C-704. The benefits of any Class D member and the member's beneficiaries and any operational expenses

related to Class D members shall be paid from the plan fund established by this chapter and funded pursuant to § 3-12C-1651.

Section 4. That a NEW SECTION be added:

3-12C-1653. Funds credited to individual members considered member contributions.

Any amount transferred to the system from the Department of Labor and Regulation employees' retirement plan pursuant to § 3-12C-1651, which under the Department of Labor and Regulation employees' retirement plan were credited to the accounts of individual members, are considered member contributions.

Section 5. That § 3-12C-101 be AMENDED.

(17) "Class A member," any member other than a Class B member or a Class C member or a Class D member and is either a foundation member or a generational member;

(21A) "Class D credited service," service credited as a Class D member of the system;

(21B) "Class D member," any member of the Department of Labor and Regulation employees' retirement plan;

Section 6. That § 3-12C-228 be AMENDED.

3-12C-228. System funding review--Report required for certain conditions--Recommended corrective action.

The board shall review the funding of the system and shall make a report to the Governor and the Retirement Laws Committee if the funding of the system does not meet both of the following conditions:

- (1) The fair value funded ratio is greater than or equal to one hundred percent; and
- (2) The contribution rate meets or exceeds the minimum actuarial requirement to support benefits.

The report shall include recommendations for the circumstances and timing for any corrective action, including benefit changes, to improve the conditions in subdivisions (1) and (2). For Class D members, corrective action is limited to reducing or eliminating the cost of living adjustment. Based on this report and the recommendations of the board, the Legislature may adopt corrective action to improve the conditions in subdivisions (1) and (2).

Eligibility for benefits, the amount of any benefit, and the rate of member contributions established in this chapter are not the contractual rights of any member and are subject to change by

the Legislature for purposes of corrective action to improve the conditions in subdivisions (1) and (2).

Section 7. That § 3-12C-302 be AMENDED.

3-12C-302. Officials and employees excluded from membership in system.

Membership in the system shall exclude the following:

- (1) All elective officials except justices and judges, unless the official is currently contributing or has previously contributed to the system or the official has elected and is otherwise qualified to become a member of the system;
- (2) ~~All personnel in the Department of Labor and Regulation who were employed before July 1, 1980, and who elect to remain participants in the retirement system provided by chapter 61-2;~~
- (3) The governing body of any participating county, municipality, or other political subdivision; and
- (4) All personnel employed by the municipality of Sioux Falls before July 1, 2013. However, any person employed before July 1, 2013, who separates from service with the municipality of Sioux Falls and is subsequently rehired by the municipality of Sioux Falls and begins working after June 30, 2013, as a permanent full-time employee shall be a member of the system.

Section 8. That § 3-12C-1614 be REPEALED.

3-12C-1614. Department of Labor and Regulation employees--Membership in system--Benefits and credited service.

~~All personnel hired after June 30, 1980, by the divisions of the Department of Labor and Regulation shall be members of the system. Any individual employed before July 1, 1980, may elect to become a member of the system, if that election is made before July 1, 1981. Benefits accrued to a member prior to the date of such election shall be continued and may not be considered as other public benefits for the purposes of calculating or offsetting any benefit resulting from participation in the system. Credited service earned under the retirement system provided by chapter 61-2 may not be counted for the purpose of calculation of benefits under this chapter. For any individual who elects to be a member of the system pursuant to this section, credited service earned under the retirement system provided by chapter 61-2 shall be counted for the purpose of vesting and eligibility for any family or disability benefits pursuant to this chapter, if contributions made to the system provided under chapter 61-2 are not withdrawn.~~

Section 9. That § 61-2-15 be REPEALED.

61-2-15. Retirement program for department personnel.

Section 10. That § 61-2-15.1 be REPEALED.

**61-2-15.1. Department of Labor and Regulation Employee's Retirement Board--
Members--Terms.**

Section 11. That § 61-2-15.2 be REPEALED.

61-2-15.2. Meetings of board--Annual report to retirement laws committee.

Section 12. That § 61-2-15.3 be REPEALED.

61-2-15.3. Compensation and expense of board.

Section 13. That § 61-2-15.4 be REPEALED.

61-2-15.4. Hire of analysts, actuaries, investment advisors, and consultants by board.

Section 14. That § 61-2-15.5 be REPEALED.

61-2-15.5. Promulgation of rules and regulations by board.

Section 15. That § 61-2-15.6 be REPEALED.

**61-2-15.6. Board attached to Department of Labor and Regulation--Assignment of
support staff.**

Section 16. That ARSD Article 47:10 be REPEALED.

47:10:01:01. Definitions.

47:10:01:02. Exceptions.

47:10:02:01. Grievance procedure -- Informal consultation.

47:10:02:02. Request for formal hearing.

47:10:02:03. Time and place of hearing -- Notice.

47:10:02:04. Adjournment of hearing.

47:10:02:05. Burden of proof.

47:10:03:01. Amendment and notice.

47:10:03:02. Business name of retirement plan.

47:10:03:03. Fund -- Disbursements for expenses.

47:10:03:04. Use of fund restricted.

47:10:03:05. Annual actuarial valuation of plan.

