

# State of South Dakota

NINETY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2016

400X0250

## SENATE BILL NO. 13

Introduced by: The Committee on Retirement Laws at the request of the South Dakota Retirement System

1 FOR AN ACT ENTITLED, An Act to establish a new retirement benefit structure for certain  
2 public employees who are members of the South Dakota Retirement System.

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

4 Section 1. That chapter 3-12 be amended by adding a NEW SECTION to read:

5 For any generational member, the term, accumulated contributions, means the sum of:

6 (1) All contributions made by the member;

7 (2) Eighty-five percent of the contributions made by the member's employer if the  
8 member has three years or more of contributory service or noncontributory service,  
9 or fifty percent of the contributions made by the employer if the member has less than  
10 three years of contributory service or noncontributory service;

11 (3) Member credited service purchases pursuant to §§ 3-12-83, 3-12-84, and 3-12-84.2;  
12 and

13 (4) The effective rate of interest on the sum of subdivisions (1), (2), and (3).

14 Section 2. That chapter 3-12 be amended by adding a NEW SECTION to read:

15 For any generational member, the term, credited service, means the sum of the following:



- 1 (1) Years of service, or fractions thereof, for which member contributions were made to  
2 the system;
- 3 (2) Any period of authorized leave of absence or sick leave with pay for which  
4 deductions for member contributions are made, deposited, and credited to the fund;
- 5 (3) Any period of authorized leave of absence or sick leave without pay or temporary  
6 layoff, during or for which a member obtained credit by payments to the fund made  
7 in lieu of salary deductions; and
- 8 (4) Any period during which a member is on an authorized leave of absence to enter  
9 military service, if the member fulfills the provisions of § 3-12-86.

10 Section 3. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 For any generational member, the term, final average compensation, means the highest  
12 average annual compensation earned by a member during any period of twenty consecutive  
13 calendar quarters during the member's last forty calendar quarters of membership in the system.  
14 If the compensation received in the last calendar quarter considered exceeds one hundred five  
15 percent of the amount in the highest previous calendar quarter, or if the average compensation  
16 received in the last four calendar quarters exceeds one hundred five percent of the amount  
17 earned in the highest calendar quarter prior to the last four calendar quarters considered, only  
18 the lesser amount shall be considered and the excess shall be excluded in the computation of  
19 final average compensation.

20 For purposes of determining final average compensation if periods of contributory service  
21 are separated by breaks, any service earned from covered employment may be aggregated to  
22 constitute a period of twenty consecutive calendar quarters.

23 For any member who has less than twenty but more than four calendar quarters of  
24 membership in the system, the member's final average compensation shall be based on the

1 compensation received in all quarters of membership. For any member who has four calendar  
2 quarters of membership or less, the member's final average compensation shall be based on the  
3 member's annual compensation.

4 Section 4. That chapter 3-12 be amended by adding a NEW SECTION to read:

5 For any generational member, the term, improvement factor, means the annual increase in  
6 the amount of the benefit provided on July first, compounded annually. However, no annual  
7 increase may be provided unless the member has received benefit payments for at least the  
8 consecutive, twelve-month period before July first. The annual increase shall be established by  
9 the board for each fiscal year, based on the fair value funded ratio of the system and the increase  
10 in the consumer price index for the preceding third calendar quarter compared to the consumer  
11 price index for the third calendar quarter for the base year (the previous year in which the  
12 consumer price index was the highest), as follows:

- 13 (1) If the system's fair value funded ratio is less than eighty percent, the improvement  
14 factor shall be equal to the increase in the consumer price index, but no less than one  
15 percent and no greater than two and one-tenth percent;
- 16 (2) If the system's fair value funded ratio is eighty percent or greater but less than ninety  
17 percent, the improvement factor shall be the increase in the consumer price index, but  
18 no less than one percent and no greater than two and four-tenths percent;
- 19 (3) If the system's fair value funded ratio is ninety percent or greater but less than one  
20 hundred percent, the improvement factor shall be the increase in the consumer price  
21 index, but no less than one percent and no greater than two and eight-tenths percent;  
22 or
- 23 (4) If the system's fair value funded ratio is one hundred percent or greater, the  
24 improvement factor shall be the increase in the consumer price index, but no less

1           than one percent and no greater than three and one-tenth percent.

2           Section 5. That chapter 3-12 be amended by adding a NEW SECTION to read:

3           For any generational member, normal retirement age is sixty-seven for Class A credited  
4 service and for Class B credited service as a justice, judge, and magistrate judge and age  
5 fifty-seven for other Class B credited service. The Legislature may increase the normal  
6 retirement age for some or all then-contributing members if life expectancy at retirement  
7 continues to increase, as substantiated by a periodic actuarial experience analysis that takes into  
8 account census data of all active members, vested terminated members, and retired members  
9 as well as beneficiaries of the system.

10          Section 6. That chapter 3-12 be amended by adding a NEW SECTION to read:

11          Upon retirement, a generational member shall receive a normal retirement benefit,  
12 commencing at normal retirement age or thereafter, for Class A credited service, equal to one  
13 and eight-tenths percent of final average compensation for each year of Class A credited service.

14          Section 7. That chapter 3-12 be amended by adding a NEW SECTION to read:

15          Upon retirement, a generational member shall receive a normal retirement benefit,  
16 commencing at normal retirement age or thereafter, for Class B credited service other than as  
17 a justice, judge, or magistrate judge, equal to two percent of final average compensation for each  
18 year of Class B credited service other than as a justice, judge, or magistrate judge.

19          Section 8. That chapter 3-12 be amended by adding a NEW SECTION to read:

20          Upon retirement, a generational member shall receive a normal retirement benefit,  
21 commencing at normal retirement age or thereafter, equal to three and three hundred thirty-three  
22 thousands percent of final average compensation for the first fifteen years of Class B credited  
23 service as a justice, judge, or magistrate judge and two percent of final average compensation  
24 for each year of Class B credited service as a justice, judge, or magistrate judge in excess of

1 fifteen years.

2 Section 9. That chapter 3-12 be amended by adding a NEW SECTION to read:

3 Any generational member applying for a retirement benefit shall elect one of the following  
4 monthly benefit options:

5 (1) A single life benefit that provides a monthly benefit to the member for as long as the  
6 member lives and ceases upon the death of the member;

7 (2) A sixty percent joint and survivor benefit that provides a reduced lifetime monthly  
8 benefit to the member, and upon the member's death sixty percent of the reduced  
9 benefit continues to the surviving spouse until the death of the surviving spouse; or

10 (3) A one hundred percent joint and survivor benefit that provides a reduced lifetime  
11 monthly benefit to the member, and upon the member's death one hundred percent  
12 of the reduced benefit continues to the surviving spouse until the death of the  
13 surviving spouse.

14 The benefits payable to the member and the surviving spouse pursuant to a joint and  
15 survivor benefit are based on the ages of the member and the spouse and are the actuarial  
16 equivalent of a single life benefit. The monthly benefit of a member electing the joint and  
17 survivor benefit is reduced in order to provide for a continuing benefit for the surviving spouse  
18 after the member's death. The last payment of the member's benefit is for the month in which  
19 the member's death occurs, and any surviving spouse benefit is effective from the first day of  
20 the month following the member's death. The benefits payable pursuant to this section shall be  
21 paid in accordance with § 401(a)(9) of the Internal Revenue Code.

22 Section 10. That chapter 3-12 be amended by adding a NEW SECTION to read:

23 If more than one monthly retirement benefit payment has been made to the generational  
24 member, the benefit election made by a member is irrevocable and surviving spouse benefits,

1 if elected, may only be paid to the person who is the spouse both at the time of the election and  
2 at the time of the member's death and only if the spouse survives the member. The benefit  
3 election may not be rescinded in the event of a subsequent divorce or the subsequent death of  
4 the spouse.

5 Section 11. That chapter 3-12 be amended by adding a NEW SECTION to read:

6 No retirement benefit may be paid unless the system has received a completed application  
7 for a retirement benefit, including the benefit option elected. The application shall be signed by  
8 both the generational member and the member's spouse, if applicable, and each signature shall  
9 be witnessed by a representative of the system or notarized.

10 Section 12. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 Unless a generational member's required beginning date for retirement occurs first, the  
12 retirement benefit of a generational member is effective in accordance with whichever of the  
13 following is last:

- 14 (1) The first day of the month following the date on which the member's contributory  
15 service terminated;
- 16 (2) The first day of the month following an intervening complete calendar month after  
17 the date on which the member's written application for retirement benefits is received  
18 by the system; or
- 19 (3) The first day of the month specified in the member's application for retirement.

20 The last payment of the member's benefit is for the month in which the member's death  
21 occurs.

22 Section 13. That chapter 3-12 be amended by adding a NEW SECTION to read:

23 Any generational member who fails to make a timely application for retirement benefits may  
24 receive three months of benefits retroactive from the effective date of the member's retirement

1 benefit. However, no member may receive any retroactive benefits for any period of time before  
2 the first day of the month following the date the member's contributory service terminated.

3 Section 14. That chapter 3-12 be amended by adding a NEW SECTION to read:

4 The disability benefit approved pursuant to § 3-12-206 is the greater of the following  
5 calculations:

- 6 (1) Twenty-five percent of the generational member's final average compensation at the  
7 date of disability; or
- 8 (2) The generational member's unreduced accrued retirement benefit at the date of  
9 disability.

10 The disability benefit shall be paid in monthly installments. The disability benefit of a  
11 generational member shall terminate upon attaining normal retirement age, or if the member  
12 commences a disability benefit within five years of normal retirement age, after receiving the  
13 disability benefit for five years, and thereafter the member shall receive a retirement benefit. In  
14 order to start the retirement benefit, the member shall submit a completed retirement application  
15 that includes the benefit option elected by the member. The single life benefit is equal to the  
16 amount the member received as a disability benefit.

17 Section 15. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 Any vested generational member may elect to start the retirement benefit in the ten years  
19 preceding the member's normal retirement age. However, no retirement benefit may be paid  
20 unless the member submits a completed retirement application to the system that includes the  
21 benefit option elected by the member. The normal retirement benefit shall be reduced by five  
22 percent for each full year and prorated for each additional full month between the date the early  
23 retirement benefit commences and the date the member attains normal retirement age.

24 Section 16. That chapter 3-12 be amended by adding a NEW SECTION to read:

1       Upon the death of a generational member retiree who elected either a sixty percent or one  
2 hundred percent joint and survivor benefit, the surviving spouse is eligible to receive a surviving  
3 spouse benefit. The amount of the surviving spouse benefit is based on the election made upon  
4 the retirement of the member and is payable on a monthly basis to the surviving spouse for the  
5 life of the spouse.

6       Section 17. That chapter 3-12 be amended by adding a NEW SECTION to read:

7       Upon the death of a generational member who was vested or died while performing usual  
8 duties for the employer and who has reached normal retirement age but has not yet begun a  
9 retirement benefit, a surviving spouse is eligible to receive a surviving spouse benefit. The  
10 surviving spouse benefit is equal to sixty percent of the actuarially reduced amount the member  
11 would have received if the member retired on the date of death and elected the sixty percent  
12 joint and survivor benefit. The annual benefit shall be divided into monthly payments and is  
13 payable for the life of the surviving spouse. The payments are effective the first day of the  
14 month following the member's death.

15       Section 18. That chapter 3-12 be amended by adding a NEW SECTION to read:

16       If no family benefit is being paid pursuant to § 3-12-95.4, a surviving spouse of a  
17 contributing generational member who had acquired at least three years of contributory service  
18 or noncontributory service or died while performing usual duties for the employer or died while  
19 receiving a disability benefit, shall, upon attaining the age sixty-seven, receive a surviving  
20 spouse benefit as follows:

21       (1)   If a family benefit had been paid, sixty percent of the family benefit paid at the time  
22           the family benefit ended, increased by the improvement factor from the date the last  
23           family benefit was paid; or

24       (2)   If a family benefit had not been paid, sixty percent of the amount calculated pursuant



1 to subsection (a) or (b), whichever is greater, increased by the improvement factor  
2 from the date of the member's death:

3 (a) Twenty-five percent of the member's final average compensation at the time  
4 of the member's death; or

5 (b) The member's unreduced accrued retirement benefit at the time of the  
6 member's death.

7 The surviving spouse benefit shall be paid in monthly installments for the life of the  
8 surviving spouse.

9 Section 19. That chapter 3-12 be amended by adding a NEW SECTION to read:

10 A generational member's spouse who is eligible to receive a surviving spouse benefit at age  
11 sixty-seven may elect to start the benefit in the ten years preceding the spouse attaining the age  
12 of sixty-seven. The early surviving spouse benefit, payable for the life of the surviving spouse,  
13 is the surviving spouse benefit reduced by five percent for each full year and prorated for each  
14 additional full month between the date the early surviving spouse benefit commences and the  
15 date the surviving spouse attains the age of sixty-seven.

16 Section 20. That chapter 3-12 be amended by adding a NEW SECTION to read:

17 If a retired generational member reenters covered employment at some time after the three  
18 consecutive calendar months that start with the member's effective date of retirement, the  
19 member's retirement benefits and continued membership shall be administered pursuant to this  
20 section.

21 If the retired member's benefits have not been reduced, the member's monthly retirement  
22 benefit shall be reduced by fifteen percent and the annual increase shall be eliminated  
23 throughout the period that the member reenters covered employment. The reduction and  
24 elimination shall cease if the member again terminates covered employment. However, the

1 reduction and elimination do not apply if the member retired as a Class B member other than  
2 a justice, judge, or magistrate judge and subsequently reenters covered employment as a Class  
3 A member.

4 If the retired member's benefits have been reduced, the member's benefits shall be suspended  
5 during the period that the member reenters covered employment and the annual increase shall  
6 be eliminated during the period that the member reenters covered employment. The suspension  
7 and elimination shall cease if the member again terminates covered employment.

8 Whether the member's retirement benefits are unreduced or reduced, contributions required  
9 of the member pursuant to § 3-12-71 shall be deposited by the member's participating unit with  
10 the system for the benefit of the member to be transferred to an account within the deferred  
11 compensation plan established pursuant to chapter 3-13. The contributions shall be governed  
12 by § 457 of the Internal Revenue Code. However, the contributions required of the member's  
13 employer unit pursuant to § 3-12-71 shall be deposited into the fund created by this chapter, but  
14 with no association or credit to the member. The member may not earn any additional benefits  
15 associated with the period that the member reenters covered employment.

16 Section 21. That chapter 3-12 be amended by adding a NEW SECTION to read:

17 Each generational member shall have a variable retirement account, which consists of  
18 variable retirement contributions and the credited investment return. The investment return shall  
19 be credited annually as of June thirtieth for all generational members with a variable retirement  
20 account on that date. The credited investment return is the South Dakota Investment Council's  
21 reported money-weighted investment return of the system, net of fees, for the completed fiscal  
22 year. For any account distributed during the fiscal year, the estimated investment return shall  
23 be credited to the end of the month before the date on which the retirement benefit is paid or the  
24 disability benefit is paid or the death occurred, as applicable. Any variable retirement

1 contributions made during the fiscal year shall receive one-half year's credited investment return.

2 Section 22. That chapter 3-12 be amended by adding a NEW SECTION to read:

3 Each year the board shall establish the variable retirement contribution for the following  
4 fiscal year based on the results of the most current annual actuarial valuation. The variable  
5 retirement contribution for any year may be adjusted from zero to one and one-half percent of  
6 each contributing generational member's compensation and shall be allocated to each  
7 generational member's variable retirement account. The variable retirement contribution for the  
8 fiscal year beginning July 1, 2017, shall be one and one-half percent of each contributing  
9 member's compensation.

10 Section 23. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 The variable retirement account is payable at the retirement, disability, or death of the  
12 generational member. The variable retirement account is payable to the generational member  
13 when the member commences a retirement benefit or a disability benefit or to the generational  
14 member's eligible child, eligible spouse, or beneficiary upon the death of the member. The  
15 variable retirement account is not payable to any member who withdraws his or her accumulated  
16 contributions from the system. For the purpose of paying a distribution, the variable retirement  
17 account is the amount in the member's variable retirement account or the total of the variable  
18 retirement contributions made on behalf of the member, whichever is greater.

19 The variable retirement account may be paid in a lump sum, rolled over to the South Dakota  
20 deferred compensation plan, rolled over to another eligible plan, or used to purchase a  
21 supplemental pension benefit. However, the purchase of a supplemental pension benefit is only  
22 available upon the member's retirement.

23 Section 24. That chapter 3-12 be amended by adding a NEW SECTION to read:

24 For any foundation member, the term, accumulated contributions, means the sum of:

- 1 (1) All contributions made by the member, including member contributions made by an  
2 employer after June 30, 1984, pursuant to § 3-12-71;
- 3 (2) For a member whose contributory service concluded after June 30, 2010, eighty-five  
4 percent of the employer contributions or noncontributory service if the member had  
5 three years or more of contributory service and fifty percent of the employer  
6 contributions if the member had less than three years of service; or for a member  
7 whose contributory service concluded before July 1, 2010, one hundred percent of  
8 the employer contributions or noncontributory service if the member had three years  
9 or more of contributory service and seventy-five percent of the employer  
10 contributions if the member had less than three years of service;
- 11 (3) Member redeposits pursuant to § 3-12-80 and member credited service purchases  
12 pursuant to §§ 3-12-83, 3-12-84, and 3-12-84.2; and
- 13 (4) The effective rate of interest earned on the sum of subdivisions (1), (2), and (3).

14 Section 25. That chapter 3-12 be amended by adding a NEW SECTION to read:

15 For any foundation member, the term, credited service, means:

- 16 (1) Years of service, or fractions thereof, for which member contributions were made to  
17 the system;
- 18 (2) Years of noncontributory service, or fractions thereof, credited before July 1, 1974,  
19 previously credited under the provisions of the retirement systems consolidated  
20 pursuant to § 3-12-46;
- 21 (3) Any period of authorized leave of absence or sick leave with pay for which  
22 deductions for member contributions are made, deposited, and credited to the fund;
- 23 (4) Any period of authorized leave of absence or sick leave without pay or temporary  
24 layoff, during or for which a member obtained credit by payments to the fund made

1 in lieu of salary deductions;

2 (5) Any period during which a member is on an authorized leave of absence to enter  
3 military service, if the member fulfills the provisions of § 3-12-86;

4 (6) Years of service, or fractions thereof, by faculty and administrators employed by the  
5 board of regents before April 1, 1964, credited pursuant to §§ 3-12-69.4 and  
6 3-12-69.5;

7 (7) Years of noncontributory service, or fractions thereof, earned before July 1, 1967, but  
8 not credited under the South Dakota public employee retirement system as it was  
9 consolidated pursuant to § 3-12-46 because the person earned the service prior to  
10 attaining the age of thirty. The service shall be credited only to those persons who are  
11 contributing members on July 1, 1987. No service may be credited pursuant to this  
12 subdivision to any member who has withdrawn the member's accumulated  
13 contributions after July 1, 1967; and

14 (8) Years of noncontributory service, or fractions thereof, earned by a member from  
15 July 1, 1967, to June 30, 1974, inclusive, but not credited under the South Dakota  
16 public employee retirement system because of the age and service restrictions  
17 established under that system.

18 Section 26. That chapter 3-12 be amended by adding a NEW SECTION to read:

19 For any foundation member, the term, final average compensation, means the highest  
20 average annual compensation earned by a member during any period of twelve consecutive  
21 calendar quarters during the member's last forty calendar quarters of membership in the system  
22 including time during which the member was not a member but for which the member has  
23 received credit under the system. If the compensation received in the last calendar quarter  
24 considered exceeds a set percentage of the amount in the highest previous calendar quarter, or

1 if the average compensation received in the last four calendar quarters exceeds a set percentage  
2 of the amount earned in the highest calendar quarter prior to the last four calendar quarters  
3 considered, only the lesser amount shall be considered and the excess shall be excluded in the  
4 computation of final average compensation. Those respective set percentages are as follows:

- 5 (1) Before July 1, 2004, one hundred twenty-five percent and one hundred fifteen  
6 percent;
- 7 (2) Between July 1, 2004, and June 30, 2005, one hundred fifteen and one hundred ten  
8 percent; and
- 9 (3) After June 30, 2005, one hundred five percent and one hundred five percent.

10 For purposes of determining final average compensation if periods of contributory service  
11 are separated by breaks, any service earned from covered employment may be aggregated to  
12 constitute a period of twelve consecutive calendar quarters. For any member who has less than  
13 twelve but more than four calendar quarters of membership in the system, the member's final  
14 average compensation shall be based on the compensation received in all quarters of  
15 membership. For any member who has four calendar quarters of membership or less, the  
16 member's final average compensation shall be based on the member's annual compensation.

17 Section 27. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 For any foundation member, the term, improvement factor, means the annual increase in the  
19 amount of the benefit provided on July first, compounded annually. However, no annual  
20 increase may be provided unless the member has received benefit payments for at least the  
21 consecutive, twelve-month period before July first. The annual increase shall be established by  
22 the board for each fiscal year, based on the system's fair value funded ratio and the increase in  
23 the consumer price index for the preceding third calendar quarter compared to the consumer  
24 price index for the third calendar quarter for the base year (the past year in which the consumer

1 price index was the highest), as follows:

2 (1) If the system's fair value funded ratio is less than eighty percent, the improvement  
3 factor shall be two and one-tenth percent;

4 (2) If the system's fair value funded ratio is eighty percent or greater but less than ninety  
5 percent, the improvement factor shall be the increase in the consumer price index, but  
6 no less than two and one-tenth percent and no greater than two and four-tenths  
7 percent;

8 (3) If the system's fair value funded ratio is ninety percent or greater but less than one  
9 hundred percent, the improvement factor shall be the increase in the consumer price  
10 index, but no less than two and one-tenth percent and no greater than two and  
11 eight-tenths percent; or

12 (4) If the system's fair value funded ratio is one hundred percent or greater, the  
13 improvement factor shall be three and one-tenth percent.

14 Section 28. That chapter 3-12 be amended by adding a NEW SECTION to read:

15 For any foundation member, normal retirement age is age sixty-five for Class A credited  
16 service and for Class B credited service as a justice, judge, and magistrate judge and age  
17 fifty-five for other Class B credited service.

18 Section 29. That chapter 3-12 be amended by adding a NEW SECTION to read:

19 For any foundation member, the term, reduction age, means the age at which the sum of the  
20 foundation member's age and credited service equals a number as follows:

21 (1) For Class A credited service, an age not less than fifty-five and at which the sum of  
22 the foundation member's age and credited service equals eighty-five;

23 (2) For Class B credited service as a justice, judge, or magistrate judge, an age not less  
24 than fifty-five and at which the sum of the foundation member's age and credited

1 service equals eighty; and

2 (3) For Class B credited service other than as a justice, judge, or magistrate judge, an age  
3 not less than forty-five and at which the sum of the foundation member's age and  
4 credited service equals seventy-five.

5 Section 30. That § 3-12-47.1 be amended to read:

6 3-12-47.1. Any increase in a retired member's benefit as a result of ~~the provisions of the~~  
7 ~~1997 amendment to subdivision 3-12-47(24)~~ credited service related to years of noncontributory  
8 service, or fractions thereof, earned by a member from July 1, 1967, to June 30, 1974, inclusive,  
9 but not credited under the South Dakota public employee retirement system because of the age  
10 and service restrictions established under the system shall be prospective only from July 1, 1997.

11 Section 31. That § 3-12-47.2 be amended to read:

12 3-12-47.2. Any member who, pursuant to the provisions of § 3-12-83, has purchased a  
13 portion or all of the member's noncontributory service ~~described in subsection (h) of subdivision~~  
14 ~~§ 3-12-47(24)~~ earned by a member from July 1, 1967, to June 30, 1974, inclusive, but not  
15 credited under the South Dakota public employee retirement system because of the age and  
16 service restrictions established under the system is entitled to a refund of such purchase cost.

17 Section 32. That § 3-12-62.8 be amended to read:

18 3-12-62.8. For purposes of determining the retirement benefits of foundation member  
19 conservation officers, for credited service earned ~~prior to~~ before July 1, 1983, benefits shall be  
20 calculated pursuant to § 3-12-91 and for credited service earned after June 30, 1983, benefits  
21 shall be calculated pursuant to § 3-12-92. For purposes of ~~benefits~~ credited service earned ~~prior~~  
22 ~~to~~ before July 1, 1983, ~~a conservation officers shall have~~ officer has a normal retirement age of  
23 sixty-five. For purposes of ~~benefits~~ credited service earned after June 30, 1983, a foundation  
24 member conservation officers shall have officer has a normal retirement age of fifty-five.



1 Section 33. That § 3-12-77 be amended to read:

2 3-12-77. A member of the system who is not vested may leave the member's accumulated  
3 contributions in the system upon termination of employment for a period not to exceed ten years  
4 from the date of termination. However, no additional contributions may be made to the system  
5 by the member or a participating unit following the date of termination and no benefits in the  
6 retirement system may accrue to a member of the system following the date of termination,  
7 except as provided in § 3-12-72.4. If the member withdraws the member's accumulated  
8 contributions, membership in the system terminates. At the end of the ten-year period, no further  
9 interest may be credited with respect to contributions and no further investment return may be  
10 credited with respect to any variable retirement account. If the member fails to withdraw the  
11 member's accumulated contributions within eleven years following the member's termination,  
12 the member shall forfeit all rights to the member's accumulated contributions, variable  
13 retirement account, and to any credited service in connection therewith, if the system has made  
14 reasonable efforts to notify the member of the member's withdrawal rights and the effect of this  
15 section.

16 Section 34. That § 3-12-80 be amended to read:

17 3-12-80. If a person whose accumulated contributions have been refunded since July 1,  
18 1974, reenters the system as a foundation member, the ~~person~~ foundation member may elect to  
19 redeposit the accumulated contributions, with compound interest at the assumed rate of return  
20 between the date of withdrawal and the date of redeposit. The redeposit shall be made within  
21 two years after reentry into the system and the credited service forfeited when contributions  
22 were refunded shall then be reinstated; any employer contributions forfeited at the time of  
23 refund shall be reinstated; and the foundation member, except as provided in § 3-12-131, shall  
24 be regarded as having never refunded.

1 Any withdrawals of additional contributions made pursuant to § 3-12-104 shall be  
2 considered accumulated contributions for purposes of redeposit to reinstate the credited service  
3 forfeited when contributions were refunded.

4 No generational member may redeposit accumulated contributions.

5 Section 35. That § 3-12-90 be amended to read:

6 ~~3-12-90. Benefits paid upon early or normal retirement shall commence on the earlier of the~~  
7 ~~member's required beginning date or on the first day of the month following the later of, the date~~  
8 ~~on which the member's contributory service terminated, thirty days after the written application~~  
9 ~~for retirement benefits is received in the office of the administrator, or the date specified in the~~  
10 ~~member's application for retirement. In any event the benefit shall be paid from the first day of~~  
11 ~~the month. The last payment shall be made from the first day of the month in which the~~  
12 ~~member's death occurs.~~

13 ~~—An individual who fails to make a timely application for retirement benefits may receive up~~  
14 ~~to a maximum of three months of benefits retroactive to the date on which the member's~~  
15 ~~contributory service terminated. Unless a foundation member's required beginning date for~~  
16 ~~retirement occurs first, the early or normal retirement benefit of a foundation member is~~  
17 ~~effective in accordance with whichever of the following is last:~~

18 (1) The first day of the month following the date on which the member's contributory  
19 service terminated;

20 (2) The first day of the month following an intervening complete calendar month after  
21 the date on which the member's written application for retirement benefits is received  
22 by the system; or

23 (3) The first day of the month specified in the member's application for retirement.

24 The last payment of the member's benefit is for the month in which the member's death

1 occurs.

2 Any foundation member who fails to make a timely application for retirement benefits may  
3 receive three months of benefits retroactive from the effective date of the member's retirement  
4 benefit. However, no foundation member may receive any retroactive benefits for any period  
5 of time before the first day of the month following the date on which the member's contributory  
6 service terminated.

7 Section 36. That § 3-12-91 be amended to read:

8 3-12-91. Upon retirement, a foundation member shall receive a normal retirement ~~allowance~~  
9 benefit, commencing at normal retirement age or thereafter as provided in § 3-12-90, for Class  
10 A credited service, equal to the larger of ~~1.7%~~ one and seven-tenths percent of final average  
11 compensation for each year of Class A credited service before July 1, 2008, plus ~~1.55%~~ one and  
12 fifty-five hundredths percent of final average compensation for each year of Class A credited  
13 service after July 1, 2008, or ~~2.4%~~ two and four-tenths percent of final average compensation  
14 for each year of Class A credited service before July 1, 2008, plus ~~2.25%~~ two and twenty-five  
15 hundredths percent of final average compensation for each year of Class A credited service after  
16 July 1, 2008, less other public benefits. For purposes of this section, federal military retirement  
17 or federal national guard retirement benefits are not other public benefits. For the purposes of  
18 this section, any Class A member who did not participate in federal social security during the  
19 period of credited service shall be presumed to be entitled to the maximum primary social  
20 security benefit permitted at the time of retirement. Class A credited service includes all credited  
21 service under this or any of the retirement systems consolidated pursuant to § 3-12-46.

22 Section 37. That § 3-12-91.1 be amended to read:

23 3-12-91.1. Each participating unit shall make an additional contribution in the amount of  
24 six and two-tenths percent of any foundation member's compensation in each calendar year that

1 exceeds the maximum taxable amount for social security for the calendar year. The additional  
2 contributions shall be made only for Class A foundation members and may not be treated as  
3 employer contributions.

4 Section 38. That § 3-12-92 be amended to read:

5 3-12-92. Upon retirement, a foundation member shall receive a normal retirement ~~allowance~~  
6 benefit, commencing at normal retirement age or thereafter as provided in § 3-12-90, for Class  
7 B credited service other than as a justice, judge, or magistrate judge, equal to ~~2.4%~~ two and  
8 four-tenths percent of final average compensation for each year of Class B credited service other  
9 than as a justice, judge, or magistrate judge before July 1, 2008, plus ~~2.0%~~ two percent of final  
10 average compensation for each year of Class B credited service other than as a justice, judge,  
11 or magistrate judge after July 1, 2008.

12 Section 39. That § 3-12-92.4 be amended to read:

13 3-12-92.4. Upon retirement, a foundation member shall receive a normal retirement  
14 ~~allowance~~ benefit, commencing at normal retirement age or thereafter as provided in § 3-12-90,  
15 for the first fifteen years of Class B credited service as a justice, judge, or magistrate judge equal  
16 to ~~3.733%~~ three and seven hundred thirty-three thousandths percent of final average  
17 compensation for each year of Class B credited service as a justice, judge, or magistrate judge  
18 before July 1, 2008, plus ~~3.333%~~ three and three hundred thirty-three thousandths percent of  
19 final average compensation for each year of Class B credited service as a justice, judge, or  
20 magistrate judge after July 1, 2008. A foundation member shall also receive for Class B credited  
21 service as a justice, judge, or magistrate judge in excess of fifteen years, ~~2.4%~~ two and four-  
22 tenths percent of final average compensation for each year of Class B credited service as a  
23 justice, judge, or magistrate judge before July 1, 2008, plus ~~2.0%~~ two percent of final average  
24 compensation for each year of Class B credited service as a justice, judge, or magistrate judge

1 after July 1, 2008.

2 Section 40. That § 3-12-94 be amended to read:

3 3-12-94. Upon the death of a foundation retiree or any foundation member who has reached  
4 normal retirement age, the surviving spouse is eligible to receive a ~~normal retirement allowance~~  
5 benefit, payable in monthly installments, equal to sixty percent of the retirement ~~allowance~~  
6 benefit that the foundation member was receiving or was eligible to receive at the time of death.

7 Section 41. That § 3-12-95.4 be amended to read:

8 3-12-95.4. On the death of a contributing member after June 30, 2015, who has acquired at  
9 least three years of contributory service or noncontributory service ~~as delineated in subsections~~  
10 ~~(b), (c), (g), and (h) of subdivision 3-12-47(24)~~, or who died while performing usual duties for  
11 an employer, and prior to the earlier of the member attaining normal retirement age or the  
12 member's retirement, a family benefit shall be paid on behalf of any child of such member. The  
13 total family benefit is the greater of:

- 14 (1) Twenty-five percent of the member's final average compensation at the time of death;  
15 or  
16 (2) The member's unreduced accrued retirement benefit at the time of death.

17 The family benefit, which shall be paid in monthly installments, shall be equally apportioned  
18 among any children of the member and shall be paid on behalf of any child to the conservator  
19 or custodian of the child, as applicable. However, if the child is eighteen years of age the benefit  
20 is payable directly to the child. As ~~any~~ a child becomes ineligible ~~pursuant to subdivision 3-12-~~  
21 ~~47(14)~~, the family benefit shall be reallocated among any remaining eligible children of the  
22 deceased member. The family benefit terminates if there are no eligible children of the deceased  
23 member ~~pursuant to subdivision 3-12-47(14)~~.

24 Section 42. That § 3-12-95.5 be amended to read:

1        3-12-95.5. If no family benefit is being paid pursuant to § 3-12-95.4, a surviving spouse of  
2 a contributing foundation member who had acquired at least three years of contributory service  
3 or noncontributory service as delineated in subsections (b), (c), (g), and (h) of subdivision 3-12-  
4 ~~47(24)~~ or died while performing usual duties for the employer and who died after June 30, 2015,  
5 shall, upon attaining the age of sixty-five, receive a surviving spouse benefit calculated as  
6 follows, whichever is applicable:

7        (1) If a family benefit had been paid, sixty percent of the family benefit paid at the time  
8 the family benefit ended, increased by the improvement factor from the date the last  
9 family benefit was paid; or

10        (2) If a family benefit had not been paid, sixty percent of the amount calculated pursuant  
11 to subsection (a) or (b), whichever is greater, increased by the improvement factor  
12 from the date of the member's death:

13        (a) Twenty-five percent of the member's final average compensation at the time  
14 of the member's death; or

15        (b) The member's unreduced accrued retirement benefit at the time of the  
16 member's death.

17        The surviving spouse benefit shall be paid in monthly installments for the life of the  
18 surviving spouse.

19        Section 43. That § 3-12-95.6 be amended to read:

20        3-12-95.6. A foundation member's spouse who would be eligible to receive a surviving  
21 spouse benefit at age sixty-five may elect to start the benefit prior to age sixty-five but no earlier  
22 than the date on which the surviving spouse attains the age of fifty-five. The early surviving  
23 spouse benefit, payable for the life of the surviving spouse, is the surviving spouse benefit  
24 reduced by five percent for each full year and prorated for each additional full month between

1 the date the early surviving spouse benefit commences and the date the surviving spouse attains  
2 the age of sixty-five.

3 Section 44. That § 3-12-106 be amended to read:

4 3-12-106. Any vested foundation member can retire in the ten years preceding ~~his~~ the  
5 member's normal retirement age and the retirement ~~allowance~~ benefit shall be reduced by the  
6 lesser of the following:

7 (1) One-fourth of one percent for each full month which remains between the date of  
8 commencement of payments and the date the member will reach ~~his~~ the member's  
9 normal retirement age; or

10 (2) One-fourth of one percent for each full month which remains between the date of  
11 commencement of payments and the date the member will reach ~~his~~ the member's  
12 reduction age.

13 Section 45. That § 3-12-107 be amended to read:

14 3-12-107. Any foundation member who retires before being eligible for social security  
15 retirement benefits may elect to receive initial retirement benefit payments from the system in  
16 an amount greater than the standard benefit payments computed on the basis of the member's  
17 age and earnings at retirement. The greater amount, in conjunction with a later reduced amount,  
18 shall be the actuarial equivalent of the normal retirement ~~allowance~~ benefit computed on the  
19 basis of age at retirement. The greater amount shall be paid until the foundation member reaches  
20 the age of sixty-two, at which time the payment from the system shall be the reduced amount  
21 so that, as far as possible, the foundation member's combined monthly retirement income from  
22 the system and social security shall approximately equal the greater amount paid prior to age  
23 sixty-two.

24 Section 46. That § 3-12-110 be amended to read:

1        3-12-110. After all benefits currently or potentially payable under any provision of this  
2 chapter have terminated, if the aggregate benefits paid to a member and the member's surviving  
3 spouse and minor children, including any distribution of the member's variable retirement  
4 account, are less than the member's accumulated contributions, the amount by which the  
5 accumulated contributions exceed total payments made to date shall be paid in a lump sum as  
6 provided in this section.

7        Amounts payable under this section shall be paid as follows:

8        (1) To the beneficiary or entity designated by the member, if any is designated; ~~or~~

9        (2) If no beneficiary or entity is designated, then to the member's surviving spouse; ~~or~~

10       (3) If no beneficiary or entity is designated and there is no surviving spouse, then to all  
11 surviving children, irrespective of age, on a ~~share-alike~~ share-alike basis; or

12       (4) If no beneficiary or entity is designated, there is no surviving spouse, and there are  
13 no surviving children, then to the member's estate.

14       If no claim for payment due upon the death of a deceased member is made within three years  
15 from date of death, the payment shall revert to the system. However, a claim may be honored  
16 after the expiration of the three-year reversion period if, in the opinion of the administrator,  
17 payment of the claim is warranted by exceptional circumstances.

18       Section 47. That § 3-12-191 be amended to read:

19       3-12-191. A retiree receiving a benefit from the system may become a supplemental pension  
20 participant by direct rollover of funds held by the member in a variable retirement account or  
21 in either or both of the plans created in chapters 3-13 and 3-13A into the fund. Any rollover  
22 shall be in compliance with the provisions of § 401(a)(31) of the Internal Revenue Code and  
23 shall be recorded in the participant's supplemental pension contract record. All of a participant's  
24 funds rolled into the fund shall be expended in full as the single premium for a supplemental



1 pension contract. No single premium may be less than ten thousand dollars. No participant may  
2 have more than one supplemental pension contract funded by either or both of the plans created  
3 in chapters 3-13 and 3-13A and no more than one supplemental pension contract funded by the  
4 participant's variable retirement account. A supplemental pension contract goes into effect when  
5 a participant signs the supplemental pension contract. The initial monthly supplemental pension  
6 benefit is payable the first day of the first month after the contract goes into effect. Payment of  
7 any prior and current supplemental pension benefits shall be made within two months after the  
8 contract is in effect.

9 Section 48. That § 3-12-192 be amended to read:

10 3-12-192. A supplemental pension participant shall receive one of ~~two~~ three types of  
11 supplemental pension benefits:

12 (1) A supplemental pension benefit payable monthly for the lifetime of the participant;  
13 ~~or~~

14 (2) A supplemental pension benefit payable monthly for the lifetime of the participant  
15 and, upon the death of the participant, a supplemental pension benefit payable  
16 monthly to the participant's supplemental pension spouse equal to sixty percent of the  
17 monthly benefit amount that the participant was receiving at the time of death; or

18 (3) A supplemental pension benefit payable monthly for the lifetime of the participant  
19 and, upon the death of the participant, a supplemental pension benefit payable  
20 monthly to the participant's supplemental pension spouse equal to one hundred  
21 percent of the monthly benefit amount that the participant was receiving at the time  
22 of death.

23 A participant ~~who is not married at the time of the supplemental pension benefit purchase may~~  
24 ~~contract only for a supplemental pension benefit as described in subdivision (1) and a participant~~

1 ~~who is married at the time of the supplemental pension benefit purchase may contract only for~~  
2 ~~a supplemental pension benefit as described in subdivision (2)~~ may contract for any of the three  
3 types of supplemental pension benefits provided in this section. The contract shall be signed by  
4 both the supplemental pension participant and the spouse of the participant, if applicable, and  
5 each signature shall be witnessed by a representative of the system or notarized.

6 Section 49. That § 3-12-207 be amended to read:

7 3-12-207. The disability benefit approved pursuant to § 3-12-206 is the greater of the  
8 following calculations:

9 (1) Twenty-five percent of the foundation member's final average compensation at the  
10 date of disability; or

11 (2) The foundation member's unreduced accrued retirement benefit at the date of  
12 disability.

13 The disability benefit shall be paid in monthly installments for the life of the foundation  
14 member unless the benefit terminates pursuant to § 3-12-210.

15 For purposes of determining the eligibility of a surviving spouse benefit, the disability  
16 benefit of a foundation member is considered a retirement benefit when the member attains ~~the~~  
17 ~~age of sixty-five~~ normal retirement age.

18 Section 50. That § 3-12-215 be amended to read:

19 3-12-215. If no family benefit is being paid pursuant to § 3-12-214, a surviving spouse of  
20 a foundation member who received disability benefits pursuant to § 3-12-207 shall, upon  
21 attaining the age of sixty-five, receive a monthly benefit, payable for the life of the surviving  
22 spouse, equal to one of the following calculations, whichever is applicable:

23 (1) If there was a family benefit paid, sixty percent of the family benefit paid at the time  
24 the family benefit ended, increased by the improvement factor from the date the last

1 family benefit was paid; or

2 (2) If there was no family benefit paid, sixty percent of the deceased member's disability  
3 benefit paid at the time of the member's death, increased by the improvement factor  
4 from the date of the member's death.

5 Section 51. That chapter 3-12 be amended by adding a NEW SECTION to read:

6 For the purposes of this chapter, the term, actuarial equivalent, is a benefit of equal value,  
7 computed on the basis of the interest rate, mortality, and improvement factor assumptions  
8 adopted by the board for purposes of the actuarial valuation. If the board adopts a select and  
9 ultimate rate of interest, the interest rate is the ultimate rate. Mortality is based on a unisex rate  
10 that is fifty percent male and fifty percent female for employees and beneficiaries, based on the  
11 mortality rates for retired employees and beneficiaries, including, if the board adopts a  
12 generational mortality table, projection of mortality improvement to the year specified by the  
13 board based on the member's and beneficiary's ages as of the date of the calculation and  
14 projected generationally after that year. Separate improvement factor assumptions shall be made  
15 for foundation and generational members. The system shall make the interest rate, mortality, and  
16 improvement factor assumptions public.

17 Section 52. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 For the purposes of this chapter, the term, compensation, means gross wages paid to a  
19 member by the employer for personal services rendered during the period considered as credited  
20 service. Compensation includes amounts reported as wages, tips, and other compensation on the  
21 member's federal form W-2 wage and tax statement, except as otherwise excluded in this  
22 section; the amount of member contributions made by an employer after June 30, 1984, pursuant  
23 to § 3-12-71; any amount contributed to a member's individual retirement plan which meets the  
24 requirements of section 401, 403, 408, or 457 of the Internal Revenue Code; and any amount

1 contributed to a plan described in section 125 of the Internal Revenue Code; and any amount  
2 contributed to the system pursuant to § 3-12-83.2 in accord with § 414(h)(2) of the Internal  
3 Revenue Code.

4 Compensation does not include travel, meals, lodging, moving, or any other expenses  
5 incidental to an employer's business which is reimbursed by the employer; lump sum payments  
6 for sick leave; lump sum payments for annual leave; payments for insurance coverage of any  
7 kind or any other employee benefit by an employer on behalf of an employee or an employee  
8 and dependents; any amount paid in a one-time lump sum payment or over a period of time and  
9 based on or attributable to retirement or an agreement to retire in the future; payments made  
10 upon dismissal or severance; worker's compensation payments; and payments contingent on a  
11 member terminating employment at a specified time in the future paid or payable in a lump sum  
12 or over a period of time.

13 Any compensation in excess of the limits established in § 401(a)(17) of the Internal Revenue  
14 Code shall be disregarded for purposes of contributions or for benefit calculations under the  
15 system. However, the limit does not apply to compensation earned by a member if the member  
16 was employed by a participating unit before July 1, 1996.

17 Section 53. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 For the purposes of this chapter, a contributing member is any member for whom the system  
19 receives an employer contribution report that includes the member's employee and employer  
20 contributions indicating that the member is an active member. A member's active membership  
21 is terminated and the member is no longer a contributing member when the system receives  
22 notice of termination from an employer, accompanied by the member's final employee and  
23 employer contributions.

24 Section 54. That chapter 3-12 be amended by adding a NEW SECTION to read:

1 For the purposes of this chapter, the phrase, effective rate of interest, means the interest at  
 2 an annually compounded rate to be established by the board for each fiscal year. The rate shall  
 3 be no greater than ninety percent of the average ninety-one day United States treasury bill rate  
 4 for the immediately preceding calendar year and in no event may the rate be more than the rate  
 5 established by the board pursuant to § 3-12-121 for investment return for purposes of the  
 6 actuarial valuation. If a member withdraws contributions pursuant to § 3-12-76, 3-12-76.1, or  
 7 3-12-77, or if benefits are payable under § 3-12-110, the interest shall be as annually  
 8 compounded on the preceding June thirtieth.

9 Section 55. That chapter 3-12 be amended by adding a NEW SECTION to read:

10 For the purposes of determining eligibility for, and the amount of, any benefit payable  
 11 pursuant to this chapter, the first day of the month in which a person's birthday falls is  
 12 considered a person's birthday.

13 Section 56. That § 3-12-47 be amended to read:

14 3-12-47. Terms as used in this chapter, ~~unless the context otherwise requires,~~ mean:

15 (1) ~~Repealed by SL 2000, ch 24, § 1.~~

16 ~~(2) "Accumulated contributions," the sum of:~~

17 ~~(a) All contributions by a member, including member contributions made by an~~  
 18 ~~employer on or after July 1, 1984, pursuant to § 3-12-71;~~

19 ~~(b) Seventy-five percent of employer contributions if the member has less than~~  
 20 ~~three years contributory service or noncontributory service as delineated in~~  
 21 ~~subsections (b), (e), (g), and (h) of subdivision 3-12-47(24) and the~~  
 22 ~~contributory service concluded prior to July 1, 2010, or fifty percent of~~  
 23 ~~employer contributions if the contributory service concluded on or after July~~  
 24 ~~1, 2010, or one hundred percent of employer contributions if the member has~~

1           ~~three years or more contributory service or noncontributory service as~~  
 2           ~~delineated in subsections (b), (c), (g), and (h) of subdivision 3-12-47(24) and~~  
 3           ~~the contributory service concluded prior to July 1, 2010, or eighty-five percent~~  
 4           ~~of employer contributions if the contributory service concluded on or after July~~  
 5           ~~1, 2010; and~~

6           ~~(c) Member redeposits pursuant to § 3-12-80 and member credited service~~  
 7           ~~purchases pursuant to §§ 3-12-83, 3-12-84, and 3-12-84.2;~~

8           ~~all together with the effective rate of interest credited thereon.~~

9           ~~If credited service is purchased pursuant to § 3-12-83, 3-12-84, or 3-12-84.2, only the~~  
 10           ~~amount of the purchase shall be included as accumulated contributions for the~~  
 11           ~~purposes of a refund under this chapter;~~

12           ~~(2A) "Actuarial accrued liability," the present value of all benefits less the present value~~  
 13           ~~of future normal cost contributions;~~

14           ~~(3) "Actuarial equivalent," a benefit of equal value, including the improvement factor~~  
 15           ~~assumption adopted by the board, computed on the basis of interest rate and mortality~~  
 16           ~~assumptions adopted by the board for purposes of the actuarial valuation. For~~  
 17           ~~purposes of this definition, if the board adopts a select and ultimate rate of interest,~~  
 18           ~~the interest rate is the ultimate rate. Also, for purposes of this definition, mortality~~  
 19           ~~shall be based on a unisex rate that is fifty percent male and fifty percent female for~~  
 20           ~~employees and beneficiaries, based on the mortality rates for retired employees and~~  
 21           ~~beneficiaries including, if the board adopts a generational mortality table, projection~~  
 22           ~~of mortality improvement to the calendar year containing the beginning of the plan~~  
 23           ~~year;~~

24           ~~(4)(2) "Actuarial requirement," the normal cost and the interest on and amortization of the~~

1 unfunded actuarial accrued liability accumulated to date over a thirty year period, all  
2 expressed in terms of a percentage of covered payroll;

3 ~~(5)~~(3) "Actuarial experience analysis," a periodic report which reviews basic experience  
4 data and furnishes actuarial analysis which substantiates the assumptions adopted for  
5 the purpose of making an actuarial valuation of the system;

6 ~~(6)~~(4) "Actuarial valuation," a projection of the present value of all benefits and the current  
7 funded status of the system, based upon stated assumptions as to rates of interest,  
8 mortality, disability, salary progressions, withdrawal, and retirement as established  
9 by a periodic actuarial experience analysis which takes into account census data of  
10 all active members, vested terminated members and retired members and their  
11 beneficiaries under the system;

12 ~~(6A)~~(5) "Actuarial value of assets," the total assets of the system, taking market  
13 appreciation into account on a rational and systematic basis;

14 ~~(7)~~(6) "Air rescue firefighters," employees of the Department of the Military who are  
15 stationed at Joe Foss Field, Sioux Falls, and who are directly involved in ~~fire fighting~~  
16 firefighting activities on a daily basis;

17 ~~(8)~~ "Annuity," ~~payment for life; all annuities shall be payable for life unless specifically~~  
18 ~~provided for otherwise;~~

19 ~~(9)~~(7) "Approved actuary," any actuary who is a member of the American Academy of  
20 Actuaries or an Associate or a Fellow of the Society of Actuaries who meets the  
21 qualification standards of the American Academy of Actuaries to issue actuarial  
22 opinions regarding the system or any firm retaining such an actuary on its staff and  
23 who is appointed by the board to perform actuarial services;

24 ~~(9A)~~(8) "Assumed rate of return," the actuarial assumption adopted by the board

1                   pursuant to § 3-12-121 as the annual assumed percentage return on trust fund  
2                   assets, compounded;

3       ~~(10)~~(9)       "Beneficiary," the person designated by a member of the system to receive any  
4                   payments after the death of such member;

5       ~~(11)~~(10)       "Benefits," the amounts paid to a member, spouse, spouse and family, child,  
6                   or beneficiary as a result of the provisions of this chapter;

7       ~~(12)~~(11)       "Board," the Board of Trustees of the South Dakota Retirement System;

8       (12) "Calendar quarter," a period of three calendar months ending March thirty-first, June  
9                   thirtieth, September thirtieth, or December thirty-first of any year;

10       (13) "Campus security officers," employees of the Board of Regents whose positions are  
11                   subject to the minimal educational training standards established by the law  
12                   enforcement standards commission pursuant to chapter 23-3 and who satisfactorily  
13                   complete the training required by chapter 23-3 within one year of employment and  
14                   whose primary duty as sworn law enforcement officers is to preserve the safety of the  
15                   students, faculty, staff, visitors and the property of the University of South Dakota  
16                   and South Dakota State University. The employer shall file with the system evidence  
17                   of the appointment as a sworn law enforcement officer at the time of employment  
18                   and shall file evidence of satisfactory completion of the training program pursuant  
19                   to chapter 23-3 within one year of employment;

20       (14) "Child," depending on the circumstances, as follows:

21               (a) For purposes of benefits pursuant to this chapter, an unmarried dependent  
22                   child of the member, who has not passed the child's nineteenth birthday and  
23                   each unmarried dependent child, who is totally and permanently disabled,  
24                   either physically or mentally, regardless of the child's age, if the disability



1 occurred ~~prior to~~ before age nineteen. It includes a stepchild or a foster child  
 2 who depends on the member for support and lives in the household of the  
 3 member in a regular parent-child relationship. It also includes any child of the  
 4 member conceived during the member's lifetime and born after the member's  
 5 death; or

6 (b) For purposes of beneficiary-type payments pursuant to this chapter, a person  
 7 entitled to take as a child via intestate succession pursuant to the provisions  
 8 of Title 29A;

9 (15) "Class A credited service," service credited as a Class A member of the system;

10 (16) "Class A member," ~~all members~~ any member other than a Class B ~~members~~ member  
 11 or a Class C member and is either a foundation member or a generational member;

12 (17) "Class B credited service," service credited as a Class B member of the system;

13 (18) "Class B member," a member who is a justice, judge, state law enforcement officer,  
 14 magistrate judge, police officer, firefighter, county sheriff, deputy county sheriff,  
 15 penitentiary correctional staff, parole agent, air rescue firefighter, campus security  
 16 officer, court services officer, conservation officer, or park ranger and is either a  
 17 foundation member or a generational member;

18 ~~(18A)~~(19) "Class C credited service," service credited as a Class C member of the  
 19 system;

20 ~~(18B)~~(20) "Class C member," any member of the cement plant retirement plan including  
 21 any retiree or any vested member;

22 ~~(19)~~(21) "Classified employees," employees of public school districts who are not  
 23 required by law to be certified as teachers, employees of the colleges and  
 24 universities under the control of the board of regents who are not faculty or

1 administrators and come within the provisions of chapter 3-6A, employees of  
 2 public corporations, employees of chartered governmental units, and all other  
 3 participating employees not elsewhere provided for in this chapter;

4 ~~(19A)~~(22) "Comparable level position," a member's position of employment that is  
 5 generally equivalent to the member's prior position of employment in terms  
 6 of required education, required experience, required training, required work  
 7 history, geographic location, and compensation and benefits;

8 ~~(20)~~ "Compensation," gross wages paid to a member by the employer for personal  
 9 services rendered during the period considered as credited service:

10 ~~(a)~~ Compensation includes amounts reported as wages, tips and other  
 11 compensation on the member's federal form W-2 wage and tax statement,  
 12 except as otherwise excluded in this subdivision, the amount of member  
 13 contributions made by an employer on or after July 1, 1984, pursuant to § 3-  
 14 12-71; any amount contributed to a member's individual retirement plan which  
 15 meets the requirements of section 401, 403, 408, or 457 of the Internal  
 16 Revenue Code; and any amount contributed to a plan described in section 125  
 17 of the Internal Revenue Code; and any amount contributed to the system  
 18 pursuant to § 3-12-83.2 in accord with § 414(h)(2) of the Internal Revenue  
 19 Code;

20 ~~(b)~~ Compensation does not include travel, meals, lodging, moving or any other  
 21 expenses incidental to an employer's business which is reimbursed by the  
 22 employer; lump sum payments for sick leave; lump sum payments for annual  
 23 leave; payments for insurance coverage of any kind or any other employee  
 24 benefit by an employer on behalf of an employee or an employee and

1 dependents; any amount paid in a one-time lump sum payment or over a  
 2 period of time and based on or attributable to retirement or an agreement to  
 3 retire in the future; payments made upon dismissal or severance; worker's  
 4 compensation payments; and payments contingent on a member terminating  
 5 employment at a specified time in the future paid or payable in a lump sum or  
 6 over a period of time;

7 ~~(c)~~ Any compensation in excess of the limits established in § 401(a)(17) of the  
 8 Internal Revenue Code shall be disregarded for purposes of contributions or  
 9 for benefit calculations under the system. However, the limit does not apply  
 10 to compensation earned by a member if the member was employed by a  
 11 participating unit on or before June 30, 1996;

12 ~~(21)~~(23) "Conservation officers," employees of the Department of Game, Fish and  
 13 Parks and the Division of Wildlife or Division of Custer State Park who are  
 14 employed pursuant to § 41-2-11 and whose positions are subject to the  
 15 requirements as to education and training provided in chapter 23-3;

16 ~~(21A)~~(24) "Consumer price index," the consumer price index for urban wage earners and  
 17 clerical workers calculated by the United States Bureau of Labor Statistics;

18 ~~(22)~~(25) "Contributory service," service to a participating unit during which  
 19 contributions were made to a South Dakota Retirement System, which may  
 20 not include years of credited service as granted in § 3-12-84 or 3-12-84.2;

21 ~~(23)~~(26) "Court services officers," persons appointed pursuant to § 26-7A-8;

22 ~~(23A)~~(27) "Covered employment," a member's employment as a permanent full-time  
 23 employee by a participating unit;

24 ~~(24)~~ "Credited service,"

- 1 ~~———— (a) — Years of service, or fractions thereof, for which member contributions were~~  
2 ~~made to the system;~~
- 3 ~~———— (b) — Years of noncontributory service, or fractions thereof, credited prior to July 1,~~  
4 ~~1974, previously credited under the provisions of the retirement systems~~  
5 ~~consolidated pursuant to § 3-12-46;~~
- 6 ~~———— (c) — Any period of authorized leave of absence or sick leave with pay for which~~  
7 ~~deductions for member contributions are made, deposited, and credited to the~~  
8 ~~fund;~~
- 9 ~~———— (d) — Any period of authorized leave of absence or sick leave without pay or~~  
10 ~~temporary layoff, during or for which a member obtained credit by payments~~  
11 ~~to the fund made in lieu of salary deductions;~~
- 12 ~~———— (e) — Any period during which a member is on an authorized leave of absence to~~  
13 ~~enter military service, if the member fulfills the provisions of § 3-12-86;~~
- 14 ~~———— (f) — Years of service, or fractions thereof, by faculty and administrators employed~~  
15 ~~by the board of regents prior to April 1, 1964, credited pursuant to §§ 3-12-~~  
16 ~~69.4 and 3-12-69.5;~~
- 17 ~~———— (g) — Years of noncontributory service, or fractions thereof, earned prior to July 1,~~  
18 ~~1967, but not credited under the South Dakota public employee retirement~~  
19 ~~system as it was consolidated pursuant to § 3-12-46 because the person earned~~  
20 ~~the service prior to attaining the age of thirty. The service shall be credited~~  
21 ~~only to those persons who are contributing members on July 1, 1987. No~~  
22 ~~service may be credited pursuant to this subsection to any member who has~~  
23 ~~withdrawn the member's accumulated contributions after July 1, 1967; and~~
- 24 ~~———— (h) — Years of noncontributory service, or fractions thereof, earned by a member~~

1 from July 1, 1967, to June 30, 1974, inclusive, but not credited under the  
 2 South Dakota public employee retirement system because of the age and  
 3 service restrictions established under that system.

4 ~~—————~~ If the conditions described in § 3-12-122 occur and benefit reductions are necessary  
 5 to correct those conditions, the credited service granted by this subdivision may be  
 6 reduced or eliminated;

7 ~~(25)~~(28) "Deputy county sheriff," an employee of a county that is a participating unit,  
 8 appointed by the board of county commissioners pursuant to §§ 7-12-9 and 7-  
 9 12-10, who is a permanent full-time employee and whose position is subject  
 10 to the minimum educational and training standards established by the law  
 11 enforcement standards commission pursuant to chapter 23-3. The term "~~deputy~~  
 12 ~~county sheriff,~~" does not include jailers or clerks appointed pursuant to §§ 7-  
 13 12-9 and 7-12-10 unless the participating unit has requested that the jailer be  
 14 considered as a deputy county sheriff and the Board of Trustees has approved  
 15 the request;

16 ~~(26)~~(29) "Disability" or "disabled," any medically determinable physical or mental  
 17 impairment that prevents a member from performing the member's usual  
 18 duties for the member's employer, even with accommodations, or performing  
 19 the duties of a comparable level position for the member's employer. The term  
 20 excludes any condition resulting from willful, self-inflicted injury;

21 ~~(26A)~~(30) "Effective date of retirement," the first day of the month in which retirement  
 22 benefits are payable pursuant to § 3-12-90;

23 ~~—————~~ ~~(27)~~ "Effective rate of interest," interest at an annually compounded rate to be established  
 24 by the board for each fiscal year. The rate shall be no greater than ninety percent of

1 the average ninety-one day United States treasury bill rate for the immediately  
 2 preceding calendar year and in no event may the rate be more than the rate  
 3 established by the board pursuant to § 3-12-121 for investment return for purposes  
 4 of the actuarial valuation. If a member withdraws contributions pursuant to § 3-12-  
 5 76, 3-12-76.1, or 3-12-77, or if benefits are payable under § 3-12-110, the interest  
 6 shall be as annually compounded on the preceding June thirtieth. With respect to  
 7 amounts due the system under §§ 3-12-69, 3-12-69.3, 3-12-80, 3-12-83 and 3-12-84,  
 8 the effective rate of interest shall be the assumed rate of return;

9 ~~(28)~~(31) "Eligible retirement plan," the term eligible retirement plan includes those  
 10 plans described in section 402(c)(8)(B) of the Internal Revenue Code;

11 ~~(29)~~(32) "Eligible rollover distribution," any distribution to a member of accumulated  
 12 contributions pursuant to §§ 3-12-76 and 3-12-76.1. The term does not include  
 13 any portion of a distribution that represents contributions made to the system  
 14 on an after tax basis nor distributions paid as a result of the member reaching  
 15 the required beginning date;

16 ~~(30)~~(33) "Employer," the State of South Dakota and any department, bureau, board, or  
 17 commission ~~thereof~~ of the State of South Dakota, or any of its governmental  
 18 or political subdivisions or any public corporation of the State of South Dakota  
 19 which elects to become a participating unit;

20 ~~(31)~~(34) "Employer contributions," amounts contributed by the employer of a  
 21 contributing member, excluding member contributions made by an employer  
 22 ~~on or after July 1~~ June 30, 1984, pursuant to § 3-12-71;

23 ~~(32)~~ Repealed by SL 2004, ch 41, § 6.

24 ~~(32A)~~(35) "Equivalent public service," any public service other than as a justice, a judge,

1 or a magistrate judge and comparable to ~~class~~ Class B service as defined by  
 2 this section, if the service is in the employ of a public entity that is not a  
 3 participating unit;

4 (36) "Fair value of assets," the total assets of the system at fair market value for securities  
 5 traded on exchanges; for securities not traded on exchanges, a value based on similar  
 6 securities; and for alternative investments, reported net asset value;

7 (37) "Fair value funded ratio," the fair value of assets divided by the actuarial accrued  
 8 liability;

9 ~~(33)~~(38) "Fiduciary," any person who exercises any discretionary authority or control  
 10 over the management of the system or the management or disposition of its  
 11 assets, renders investment advice for a fee or other compensation, direct or  
 12 indirect, or has any authority or responsibility to do so, or has any  
 13 discretionary authority or responsibility in the administration of the system;

14 ~~(34)~~ "Final average compensation," the highest average annual compensation earned by  
 15 a member during any period of twelve consecutive calendar quarters during the  
 16 member's last forty calendar quarters of membership in the system including time  
 17 during which the member was not a member but for which he has received credit  
 18 under the system. If the compensation received in the last calendar quarter considered  
 19 exceeds a set percentage of the amount in the highest previous calendar quarter, or  
 20 if the average compensation received in the last four calendar quarters exceeds a set  
 21 percentage of the amount earned in the highest calendar quarter prior to the last four  
 22 calendar quarters considered, only the lesser amount shall be considered and the  
 23 excess shall be excluded in the computation of final compensation. Those respective  
 24 set percentages are as follows:

1 ~~(a) On or before June 30, 2004, one hundred twenty-five percent and one hundred~~  
2 ~~fifteen percent;~~

3 ~~(b) Between July 1, 2004, and June 30, 2005, one hundred fifteen and one~~  
4 ~~hundred ten percent; and~~

5 ~~(c) On or after July 1, 2005, one hundred five percent and one hundred five~~  
6 ~~percent.~~

7 ~~For purposes of determining final compensation periods for service separated by~~  
8 ~~breaks, the service may be aggregated to constitute a period of twelve consecutive~~  
9 ~~calendar quarters. The term calendar quarter means a period of three calendar months~~  
10 ~~ending March thirty-first, June thirtieth, September thirtieth or December thirty-first~~  
11 ~~of any year;~~

12 (39) "Foundation member," any member of the system whose contributory service began  
13 before July 1, 2017;

14 (40) "Foundation retiree," any foundation member who has retired with a benefit payable  
15 from the system;

16 ~~(35)~~(41) "Firefighter," any full-time firefighter who works at least twenty hours a week  
17 and at least six months a year. The term does not include any volunteer  
18 firefighter;

19 ~~(36)~~(42) "Full-time student," a person who is in full-time attendance as a student at an  
20 educational institution, as determined by the board in light of the standards  
21 and practices of the institution involved, except that no individual ~~shall~~ may  
22 be considered a full-time student, if ~~he~~ the student is paid by ~~his~~ the student's  
23 employer while attending ~~such~~ an educational institution at the request of, or  
24 pursuant to a requirement of, ~~his~~ the employer;



1       ~~(37)~~(43)     "Fund," public ~~employees~~ employees' retirement fund or funds established for  
2                   the purposes of administration of this chapter;

3       ~~(38)~~(44)     "Funded ratio," the actuarial value of assets divided by the actuarial accrued  
4                   liability;

5       ~~(39)~~(45)     "General employees," full-time municipal employees who are not firefighters  
6                   or police officers;

7       (46)   "Generational member," any member of the system whose contributory service began  
8                   after June 30, 2017;

9       (47)   "Generational retiree," any generational member who has retired with a benefit  
10                  payable from the system;

11       ~~(39A)~~(48)    "Health care provider," a physician or other health care practitioner licensed,  
12                   registered, certified, or otherwise authorized by law to provide specified health  
13                   services;

14       ~~(40)~~(49)     "Highest annual compensation," a member's compensation used to calculate  
15                   benefits under §§ 3-12-95, 3-12-99 and 3-12-105 ~~prior to~~ before July 1, 2004,  
16                   which was the highest annual compensation earned by the member during any  
17                   one of the last three years of contributory service and which was not more than  
18                   one hundred fifteen percent of the member's final compensation calculated as  
19                   of the date of the member's death or disability;

20       ~~(41)~~   ~~"Improvement factor," the annual increase in the amount of the benefit allowance~~  
21                  ~~commencing on the July first in the year after the member has received benefit~~  
22                  ~~payments for at least a twelve-month period, compounded annually. The~~  
23                  ~~improvement factor effective July 1, 2010, shall be two and one-tenth percent.~~  
24                  ~~Beginning July 1, 2010, the annual increase shall be established by the board for each~~

1 fiscal year, in part on the basis of the increase in the consumer price index for the  
 2 preceding third calendar quarter compared to the consumer price index for the third  
 3 calendar quarter for the base year (the past year in which the consumer price index  
 4 was the highest), as follows:

5 ~~———— (a) If the system's market value funded ratio is less than eighty percent, the~~  
 6 ~~improvement factor shall be two and one-tenth percent;~~

7 ~~———— (b) If the system's market value funded ratio is eighty percent or greater but less~~  
 8 ~~than ninety percent, the improvement factor shall be the increase in the~~  
 9 ~~consumer price index, but no less than two and one-tenth percent or no greater~~  
 10 ~~than two and four-tenths percent;~~

11 ~~———— (c) If the system's market value funded ratio is ninety percent or greater but less~~  
 12 ~~than one hundred percent, the improvement factor shall be the increase in the~~  
 13 ~~consumer price index, but no less than two and one-tenth percent or no greater~~  
 14 ~~than two and eight-tenths percent; or~~

15 ~~———— (d) If the system's market value funded ratio is one hundred percent or greater, the~~  
 16 ~~improvement factor shall be three and one-tenth percent;~~

17 ~~(41A)(50)~~ "Internal Revenue Code," or "code," the Internal Revenue Code as in effect as  
 18 of January 1, ~~2015~~ 2016;

19 ~~(42)(51)~~ "Law enforcement officer," an agent of the state division of criminal  
 20 investigation, an officer of the South Dakota Highway Patrol, a police officer,  
 21 county sheriff, deputy county sheriff, or a firefighter;

22 ~~———— (42A) "Market value of assets," the total assets of the system at fair market value;~~

23 ~~———— (42B) "Market value funded ratio," the market value of assets divided by the actuarial~~  
 24 ~~accrued liability;~~

1       ~~(43)~~(52)       "Member," any person who is participating in and has made contributions to  
 2                               the system and is either a foundation member or generational member. A  
 3                               ~~person is no longer a member if he withdraws his contributions at person's~~  
 4                               membership ceases when the person withdraws his or her accumulated  
 5                               contributions after termination of employment;

6       ~~(44)~~(53)       "Member contributions," amounts contributed by members, including member  
 7                               contributions made by an employer ~~on or after July 1~~ June 30, 1984, pursuant  
 8                               to § 3-12-71;

9       ~~(44A)~~(54)       "Military service," a period of active duty with the United States Army, the  
 10                              United States Navy, the United States Air Force, the United States Marine  
 11                              Corps, or the United States Coast Guard, from which duty the member  
 12                              received an honorable discharge or an honorable release;

13       ~~(45)~~(55)       "Municipality," any incorporated municipal government under chapter 9-3 or  
 14                              any chartered governmental unit under the provisions of Article IX of the  
 15                              Constitution of the State of South Dakota;

16       — ~~(46)~~ Repealed by SL 2004, ch 42, § 8.

17       (56) "Noncontributory service," for foundation members, service delineated in  
 18                              subdivisions (2), (5), (7), and (8) of section 25 of this Act, and for generational  
 19                              members, service pursuant to § 3-12-86;

20       ~~(46A)~~(57)       "Normal cost," the expected long-term cost of the system benefits and  
 21                              expenses expressed as a percentage of payroll;

22       ~~(47)~~(58)       "Normal retirement," the termination of employment and application for  
 23                              benefits by a member with three or more years of contributory service or  
 24                              noncontributory service ~~as delineated in subsections (b), (c), (g) and (h) of § 3-~~

1                   ~~12-47(24)~~ on or after the member's normal retirement age;

2   ~~(48)~~ "Normal retirement age," ~~age sixty-five for Class A credited service and for Class B~~  
3                   ~~credited service as a justice, judge and magistrate judge and age fifty-five for other~~  
4                   ~~Class B credited service;~~

5   ~~(49)~~(59) "Other public benefits," eighty percent of the primary insurance amount or  
6                   primary social security benefits that would be provided under federal social  
7                   security;

8   ~~(49A)~~(60) "Other public service," service for the government of the United States,  
9                   including military service; service for the government of any state or political  
10                  subdivision thereof; service for any agency or instrumentality of any of the  
11                  foregoing; or service as an employee of an association of government entities  
12                  described in this subdivision;

13   ~~(50)~~(61) "Park rangers," employees of the Department of Game, Fish and Parks within  
14                  the Division of Parks and Recreation and whose positions are subject to the  
15                  requirements as to education and training provided in chapter 23-3 and whose  
16                  primary duty is law enforcement in the state park system;

17   ~~(51)~~(62) "Parole agent," ~~employees~~ an employee of the Department of Corrections  
18                  employed pursuant to § 24-15-14 who ~~are~~ is actually involved in direct  
19                  supervision of parolees on a daily basis;

20   ~~(52)~~(63) "Participating unit," the State of South Dakota and any department, bureau,  
21                  board, or commission ~~thereof~~ of the State of South Dakota, and any of its  
22                  political subdivisions or any public corporation of the State of South Dakota  
23                  which has employees who are members of the retirement system created in  
24                  this chapter;

1       (53)(64)     "Penitentiary correctional staff," the warden, deputy warden, and any other  
2                       correctional staff holding a security position as determined by the Department  
3                       of Corrections and approved by the Bureau of Human Resources and the  
4                       Bureau of Finance and Management. For purposes of administration of this  
5                       chapter final determination of penitentiary correctional staff as Class B  
6                       members shall be made by the board of trustees based on the recommendation  
7                       of the Department of Corrections, Bureau of Human Resources, and the  
8                       Bureau of Finance and Management;

9       (54)(65)     "Permanent full-time employee," ~~those employees who have~~ any employee  
10                      who has been placed in a permanent classification who ~~are~~ is customarily  
11                      employed by a participating unit for twenty hours or more a week and at least  
12                      six months a year. The participating unit shall decide if an employee is a  
13                      permanent full-time employee and that decision is conclusive;

14       (54A)(66)    "Plan year," a period extending from July first of one calendar year through  
15                      June thirtieth of the following calendar year;

16       (55)(67)     "Police officer," any employee in the police department of any participating  
17                      municipality holding the rank of patrol officer, including probationary patrol  
18                      officer, or higher rank and whose position is subject to the minimum  
19                      educational and training standards established by the law enforcement officers  
20                      standards commission pursuant to chapter 23-3. The term, ~~police officer,~~ does  
21                      not include civilian employees of a police department nor any person  
22                      employed by a municipality whose services as a police officer require less than  
23                      twenty hours a week and six months a year. If a municipality which is a  
24                      participating unit operates a city jail, the participating unit may request that

1 any jailer appointed pursuant to § 9-29-25 be considered a police officer,  
2 subject to the approval of the board;

3 ~~(56)~~(68) "Political subdivision" includes ~~but is not limited to municipalities, school~~  
4 ~~districts, counties, chartered governmental units, any public corporation or~~  
5 ~~entity, and any special districts~~ any municipality, school district, county,  
6 chartered governmental unit, public corporation or entity, and special district  
7 created for any governmental function;

8 ~~(56A)~~(69) "Present value of all benefits," the present value of all benefits expected to be  
9 paid to all retired, terminated, and active members and beneficiaries, based on  
10 past and future credited service and future compensation increases.

11 ~~(57)~~(70) "Present value of benefits earned to date," the present value of the benefits  
12 currently being paid to retired members and their beneficiaries and the present  
13 value of benefits payable at retirement to active members, based on their  
14 earnings and credited service to date of the actuarial valuation;

15 ~~(58)~~(71) "Projected compensation," a deceased or disabled member's final average  
16 compensation multiplied by the improvement factor commencing each July  
17 first for each complete twelve-month period elapsed between the date of the  
18 member's death or disability, whichever occurred earlier, and the date the  
19 member would attain normal retirement age;

20 ~~(59)~~(72) "Projected service," the credited service plus the service which the member  
21 would have been credited with at his normal retirement age had ~~he~~ the member  
22 continued in the system and received credit at the same rate ~~he~~ the member  
23 was credited during the year covered by the compensation that was used in the  
24 calculation of the disability or family benefit;







- 1 supplemental pension payments made pursuant to the contract;
- 2 ~~(66D)~~(85) "Supplemental pension participant," any retiree receiving a benefit from the
- 3 system who chooses to purchase a supplemental pension benefit pursuant to
- 4 the provisions of this chapter;
- 5 ~~(66E)~~(86) "Supplemental pension spouse," any person who was married to a
- 6 supplemental pension participant at the time the participant entered into the
- 7 supplemental pension contract;
- 8 ~~(67)~~(87) "System," the South Dakota Retirement System created in this chapter;
- 9 ~~(68)~~(88) "Tax-qualifying purchase unit," any participating unit which elects to allow the
- 10 unit's employees to purchase credited service on a tax-deferred basis by means
- 11 of employer contribution agreements as outlined in §§ 3-12-83.1 and 3-12-
- 12 83.2;
- 13 ~~(69)~~(89) "Teacher," any person who has a valid teacher's certificate issued by the State
- 14 of South Dakota, who is in the employ of a public school district, and shall
- 15 also include the certified teachers employed by the Human Services Center,
- 16 South Dakota Developmental Center--Redfield, State Penitentiary,
- 17 Department of Education, State Training School, School for the Deaf, School
- 18 for the Blind and the Visually Impaired, Children's Care Hospital and School,
- 19 public nonprofit special education facilities, community support providers
- 20 certified by the Department of Human Services and public financed multi-
- 21 district education programs;
- 22 ~~(70)~~(90) "Terminated," complete severance of employment from public service of any
- 23 member by resignation or discharge, not including leave of absence, layoff,
- 24 vacation leave, sick leave, or jury duty, and involving all termination

1 proceedings routinely followed by the member's participating unit, including  
2 payment to the member for unused vacation leave, payment to the member for  
3 unused sick leave, payment to the member for severance of an employment  
4 contract, severance of employer-provided health insurance coverage,  
5 severance of employer-provided life insurance coverage, or severance of any  
6 other such employer-provided perquisite of employment granted by the  
7 member's participating unit to an active employee;

8 ~~(71)~~(91) "Trustee," a member of the board of trustees;

9 ~~(72)~~(92) "Unfunded actuarial accrued liability," the actuarial accrued liability less the  
10 actuarial value of assets;

11 ~~(73)~~(93) "Vested," the right to a retirement ~~annuity~~ benefit from the system based on  
12 the provisions of this chapter after three years of contributory service or  
13 noncontributory service ~~as delineated in subsections (b), (c), (g) and (h) of § 3-~~  
14 ~~12-47(24)~~, even if the member leaves the employment of a participating unit,  
15 provided that the member does not withdraw accumulated contributions. A  
16 member who leaves the employment of a participating unit is not entitled to  
17 benefits under §§ 3-12-95, 3-12-98, 3-12-99, 3-12-104, and 3-12-105.