

EIGHTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

H.B. NO. 8-73. H.D.1

SECOND REGULAR SESSION, 1992

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AN ACT

To amend the Northern Marianas Retirement Fund Act of 1988 (Public Law 6-17), as amended, to provide for an annual cost of living increase, to increase the minimum annuity from \$1,200 per annum to \$6,000 per annum and to provide an option for continued life and health insurance to annuitants and for other purposes.

BE IT ENACTED BY THE EIGHTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1           Section 1. Repealer and Reenactment. 1 CMC, Section 8358, which was added  
2 by Public Law 7-39 is hereby repealed and reenacted to read as follows:

3                   “Section 8358. Annual Cost of Living Increase. Class I and Class II  
4 members in receipt of a service retirement annuity shall be provided an annual cost  
5 of living increase. The annuity amount will automatically increase on the first day  
6 of the quarter following approval by the Board of Trustees.

7                   The cost of living increase will be the same as used by the United States of  
8 America Social Security System for its beneficiaries, but not less than two percent.  
9 The cost of living increase percentage will be applied to the previous year’s annuity  
10 amount and paid in equal semi-monthly increments.”



1           Annuitants receiving an annuity of \$6,000 per annum or more, but less than  
2           \$12,000 per annum, on the effective date of this Act, shall have their yearly  
3           benefits increased as provided for **under** Section 8341(c), as amended.”

4           Section 4. Amendment. 1 CMC, Section 8344(d) is hereby amended to read as  
5 follows:

6           “(d) The basic minimum annual annuity shall not be less than \$6,000.

7           Annuitants receiving an annuity of \$6,000 per annum or more, but less than  
8           \$12,000 per annum, on the effective date of this Act, shall have their yearly  
9           benefits increased as provided for in Section 8341(c), as amended.”

10          Section 5. Amendment. 1 CMC, Section 8351(a) is hereby amended to read as  
11 follows:

12          “(a) Spouse. The basic annual survivor annuity shall be equal to 50 percent  
13          of the adjusted retirement annuity accrued by the member at the date of death or  
14          in the case of a member receiving a disability or retirement annuity, 50 percent of  
15          the amount to which the member was entitled. The minimum spouse annuity shall  
16          be \$6,000 per year.”

17          Section 6. Amendment. 1 CMC, Section 8353(a) is hereby amended to read as  
18 follows:

19          “(a) Spouse. The basic annual survivor annuity for spouses of Class II  
20          members shall be equal to 50 percent of the disability or service retirement annuity  
21          earned by the member and accruing to his or her credit at the date of death for the

1 period of his or her total service, The spouse’s basic annual annuity shall not, in  
2 any case, be less than \$6,000 per year.”

3 Section 7. Repealer and Reenactment. 1 CMC, Section 8341(e), as amended by  
4 Public Law 7-39 is hereby repealed and reenacted to read as follows:

5 “(e) Class I members in receipt of service retirement annuity shall be  
6 entitled to an annual cost of living increase commencing on January 1st subsequent  
7 to the anniversary of the members’s retirement date, provided the member is at  
8 least 55 years of age.”

9 Section 8. Amendment. 1 CMC, Section 8344(e), as amended by Public Law 7-39,  
10 is hereby repealed and reenacted to read as follows:

11 “(e) Class II members in receipt of service retirement annuity shall be  
12 entitled to an annual cost of living increase commencing on January 1st subsequent  
13 to the anniversary of the members’s retirement date, provided the member is at  
14 least 55 years of age.”

15 Section 9. Amendment. 1 CMC, Section 8350(c) is hereby amended to read as  
16 follows:

17 “(c) If a spouse survives the member, and there are no minor children,  
18 spousal benefits will commence upon the spouse attaining age 35. The spouse shall  
19 be eligible for the cost of living increase upon attaining age 55 commencing on  
20 January 1st subsequent to the anniversary of the spouse’s annuity date. Spousal  
21 benefits shall discontinue upon a spouse’s remarriage or death.”

1           Section 10. Amendment. 1 CMC, Section 8352(a)( 1) is hereby amended to read  
2 as follows:

3                   “(1) If a spouse survives, an annuity shall begin as of the date of the death  
4 of the member if the surviving spouse shall have attained the age of 35 years, or  
5 if the surviving spouse is under the age of 35 years at the date of death, payment  
6 shall begin upon his or her attainment of that age. The annuity shall terminate  
7 upon death of the surviving spouse or remarriage. Upon reaching 55 years of age  
8 the spouse shall be entitled to an annual cost of living increase commencing on  
9 January 1st subsequent to reaching 55 years of age.”

10           Section 11. Amendment. To add a new Section 8363 to 1 CMC, Division 8,  
11 Chapter 4 to read as follows:

12                   “Section 8363. Retirement Fund’s Contribution for Life Insurance.

13                   (a) Annuitants shall be provided an option to continue their CNMI  
14 Government life insurance coverage under the same terms and conditions  
15 in force at the time of their retirement. The premium cost will be divided  
16 equally between the Fund and the annuitant. Present annuitants shall be  
17 provided an option to have their CNMI Government life insurance  
18 reinstated to the face amount at the time they retired. The one time  
19 premium cost of such reinstatement shall be paid by the Fund.

1 (b) Under no condition shall this subsection be applied to deceased  
2 annuitant's estate or cause added benefits to be paid to survivors of  
3 deceased annuitants."

4 Section 12. Amendment. To add a new Section 8364 to 1 CMC, Division 8,  
5 Chapter 4 to read as follows:

6 "Section 8364. Retirement Fund's Contribution for Health Insurance.

7 (a) Annuitants shall be provided with an option to continue their  
8 CNMI Government health insurance coverage under the same terms and  
9 conditions in force at the time of their retirement. The premium for said  
10 health insurance will be paid by the Fund up to the amount of the premium  
11 cost for CNMI Government health insurance. The Fund assumes no  
12 liability to the annuitant for group health insurance coverage beyond the  
13 payment of premiums as forestated."

14 Section 13. Repealer. Sections 8, 9, and 10 of Public Law 7-39 are hereby  
15 repealed in their entirety.

16 Section 14. Funding for the Provisions of this Act. In order to preserve the  
17 actuarial soundness of the Retirement Fund, thirty percent of the Hotel Occupancy Tax  
18 and twenty percent of the Alcoholic Containers Excise Tax will be allotted annually  
19 commencing Fiscal Year 1994 to fund these provisions as follows:

20 (a) The Retirement shall not increase its administrative expenses in  
21 providing the increased benefits provided under this Act;

1           (b) In no event that the revenues generated and allotted to the Fund from  
2           the Hotel Occupancy Tax and the Alcoholic Beverage Containers Excise Tax  
3           exceed the cost of implementing the provisions of this Act, the surplus, if any, will  
4           be applied to the unfunded obligations of the government to the Fund;

5           (c) In the event the Government has liquidated its unfunded obligations to  
6           the Fund, the surplus as stated in subsection (b) above, will accrue to the Fund but  
7           will be a portion of the Government's contribution to the Fund for that Fiscal  
8           Year.

9           Section 15. Amendment. 4 CMC, Section 1803 is hereby amended to read as  
10          follows:

11           “The Marianas Visitors Bureau shall receive 25 percent of the taxes  
12           collected under Section 1404(b) and 70 percent of the taxes collected under Section  
13           1502. Thirty percent (30%) of the taxes collected under Section 1502 and twenty  
14           percent (20%) of the taxes collected under Section 1404(b) shall be allotted to the  
15           Northern Marianas Retirement Fund.”

16           Section 16. Severability. If any section of this Act should be declared invalid or  
17           unenforceable by a court of competent jurisdiction, the judicial determination shall not  
18           affect the validity of the Act as a whole, other than the particular part declared invalid or  
19           unenforceable.

1           Section 17. Effective Date. This Act shall take effect upon its approval by the  
2 Governor or upon its becoming law without such approval.

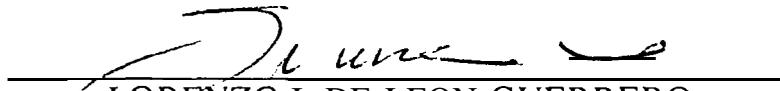
CERTIFIED BY:

ATTESTED BY:

  
THOMAS P. VILLAGOMEZ  
Speaker of the House

  
EVELYN C. FLEMING  
House Clerk

APPROVED this 1<sup>st</sup> day of Oct., 1993

  
LORENZO I. DE LEON GUERRERO  
Governor  
Commonwealth of the Northern Mariana Islands