



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Benigno R. Fitial
Governor

Eloy S. Inos
Lieutenant Governor

The Honorable Paul A. Manglona
Senate President
Seventeenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Honorable Eliceo D. Cabrera
Speaker, House of Representatives
Seventeenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

FEB 16 2011

Feb 23, 2011
4:30pm
Justice

Dear Mr. President and Mr. Speaker:

This is to inform you that I have signed into law Senate Bill 17-34, SD1, entitled, "To amend 1 CMC §8358 to allow the NMI Retirement Fund Board to vote to provide a non-compounding annual retirement bonus in lieu of a cost of living increase to help provide for the fiscal solvency of the Northern Mariana Islands Retirement Fund; and for other purposes," which was passed by the Seventeenth Northern Marianas Commonwealth Legislature.

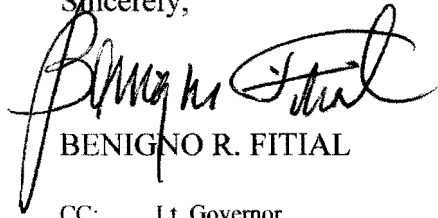
This bill is one of several measures recommended by the Northern Mariana Islands Retirement Fund's (NMIRF) actuary with the intent to stabilize the pension system to allow the NMIRF to be able to continue paying pensions further in to the future.

This measure eliminates the compounding effect of the cost of living allowance the current law allows, which will result in a reduction of approximately \$84 million of the actuarially accrued liabilities of the retirement system. In addition, the cost of living allowance allotments to the NMIRF will cease at the approval of this law, totaling \$33,745.05 monthly payments for the remainder of this fiscal year.

2/23/11
Dskw
4:45 pm

This bill becomes **Public Law No. 17-32**. Copies bearing my signature are forwarded for your reference.

Sincerely,



BENIGNO R. FITIAL

CC: Lt. Governor
NMIRF
CRA
Office of the Attorney General
Press Secretary, Office of the Governor
Special Assistant to the Administration
Special Assistant for Programs & Legislative Review
All Departments and Agencies



THE SENATE
SEVENTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

Public Law No.17-32
SENATE BILL NO. 17-34, SD1

AN ACT

TO AMEND 1 CMC § 8358 TO ALLOW THE NMI RETIREMENT FUND BOARD TO VOTE TO PROVIDE A NON-COMPOUNDING ANNUAL RETIREMENT BONUS IN LIEU OF A COST OF LIVING INCREASE TO HELP PROVIDE FOR THE FISCAL SOLVENCY OF THE NORTHERN MARIANA ISLANDS RETIREMENT FUND; AND FOR OTHER PURPOSES.

SENATE ACTION

Offered by Senator(s): Luis P. Crisostimo

Date: July 29, 2010

Referred to: None

Standing Committee Report No.: None

Final Reading: July 29, 2010

HOUSE ACTION

Referred to: Committee on Ways and Means

Standing Committee Report No. : 17-63 Adopted on 01/28/11

First and Final Reading: January 28, 2011


SENATOR JOVITA M. TAIMANAO
SENATE LEGISLATIVE SECRETARY

SEVENTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

EIGHTH SPECIAL SESSION, 2010

Public Law No. 17-32
SENATE BILL NO. 17-34, SD1

AN ACT

TO AMEND 1 CMC § 8358 TO ALLOW THE NMI RETIREMENT FUND BOARD TO VOTE TO PROVIDE A NON-COMPOUNDING ANNUAL RETIREMENT BONUS IN LIEU OF A COST OF LIVING INCREASE TO HELP PROVIDE FOR THE FISCAL SOLVENCY OF THE NORTHERN MARIANA ISLANDS RETIREMENT FUND; AND FOR OTHER PURPOSES.

**BE IT ENACTED BY THE SEVENTEENTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that the Northern Mariana
2 Islands Retirement Fund ("Fund") is in dire need of fiscal reforms in order to save the
3 pension program from an impending demise. These fiscal reforms will be in the form of
4 legislative amendments to ensure the long term fiscal solvency of the pension program in
5 order to meet its mandate of providing a pension for all its members. An actuarial
6 determination has been made that amendment to provide an annual retirement bonus
7 ("ARB") in lieu of the annual Cost of Living Allowance ("COLA"), which compounds each
8 year to increase the annuity amount, will ultimately save the Fund and the CNMI
9 Government approximately \$84 million. This act will allow the NMI Retirement Fund
10 Board of Trustees to vote by 2/3 of its members to pay an ARB in lieu of a COLA each year,
11 should it find the financial condition of the Fund so requires. The legislature finds and
12 declares that this legislation is necessary to benefit the welfare of the people of the
13 Commonwealth of the Northern Mariana Islands, and is therefore a proper use of the
14 legislative authority granted by Section 1 of Article II of the Constitution of the
15 Commonwealth of the Northern Mariana Islands.

1 **Section 2. Amendment.** Section 8358 of Title 1 of the Commonwealth Code, as
2 amended by Public Laws 13-60, § 6(f) and 15-70, § 4(b), relating to the Annual Cost of 3
3 Living Increase, is hereby further amended as follows:

4 “(a) Eligible cClass I and class II members in receipt of a service retirement or
5 disability annuity and eligible surviving spouses shall may be provided an annual cost of
6 living increase. The annuity amount will automatically increase on the first day of the
7 quarter following approval by the board.

8 (b) The cost of living increase will be set by the board each year, using as a
9 guideline, the same as rate used by the United States of America Social Security for its
10 beneficiaries. The cost of living increase percentage will be applied to the first thirty
11 thousand dollars (\$30,000) of the previous year's annuity amount paid in equal semimonthly
12 increases. This figure shall not be adjusted.

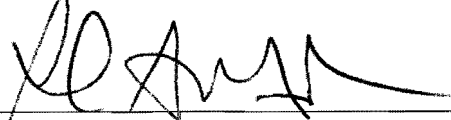
13 (c) Notwithstanding any law to the contrary, the Board of Trustees of the NMI
14 Retirement Fund are hereby authorized to vote by 2/3 of its membership, each year, to grant
15 an annual retirement bonus ("ARB") in lieu of a cost of living allowance ("COLA"). Should
16 the board vote to provide an ARB in lieu of a COLA, the ARB shall not compound or be
17 treated as increasing the annuity amount of a retiree, disability annuitant or survivor spouse
18 from year to year, but shall otherwise be applied to those individuals eligible for a COLA
19 under other provisions of this division.

20 (d) The board shall pay as a COLA or ARB only such amount as the Legislature
21 appropriates for this purpose each year."

22 **Section 3. Severability.** If any provision of this Act or the application of any such
23 provision to any person or circumstance should be held invalid by a court of competent
24 jurisdiction, the remainder of this Act or the application of its provisions to persons or
25 circumstances other than those to which it is held invalid shall not be affected thereby.

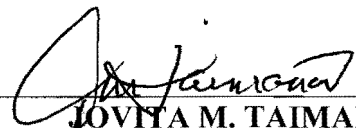
1 **Section 4. Effective Date.** This Act shall take effect upon its approval by the
2 Governor or becoming law without such approval.

CERTIFIED BY:



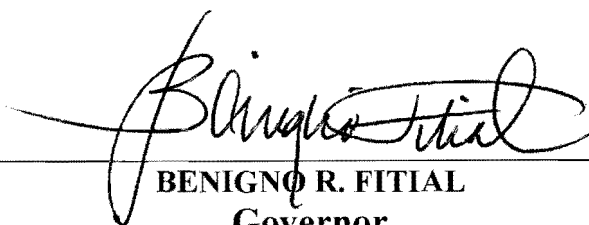
PAUL A. MANGLONA
PRESIDENT OF THE SENATE

ATTESTED BY:



JOVITA M. TAIMANAO
SENATE LEGISLATIVE SECRETARY

APPROVED this 16th day of FEBRUARY 2011



BENIGNO R. FITIAL
Governor
Commonwealth of the Northern Mariana Islands