

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

400P0258

HOUSE BILL NO. 1020

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

1 FOR AN ACT ENTITLED, An Act to authorize the South Dakota Retirement System Board
2 of Trustees to establish an automatic enrollment feature within the South Dakota deferred
3 compensation plan.

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

5 Section 1. That chapter 3-13 be amended by adding thereto a NEW SECTION to read as
6 follows:

7 The board may establish an automatic enrollment feature within the plan by rules
8 promulgated pursuant to chapter 1-26 and § 3-13-54. Any automatic enrollment feature
9 established by the board shall include:

- 10 (1) A provision that automatic enrollment shall apply only to newly-employed members
11 hired after a specified future date;
- 12 (2) A provision that automatic enrollment shall apply only to the employees of those
13 participating units that choose the automatic enrollment feature for the unit's
14 employees;
- 15 (3) A provision that automatic enrollment may not require more than an established



- 1 maximum contribution per month per automatically-enrolled participant;
- 2 (4) A provision that a participant who is automatically enrolled shall have as long as
3 ninety days after the start of employment to discontinue participation in the plan;
- 4 (5) A provision that an automatically-enrolled participant who discontinues participation
5 in the plan within ninety days of enrollment shall receive a refund of the participant's
6 account within thirty days after discontinuing participation;
- 7 (6) A provision that the state investment officer shall select a default investment fund to
8 receive contributions by any automatically-enrolled participant who does not choose
9 an investment alternative to receive the participant's contributions;
- 10 (7) A provision authorizing participating units and the system to make contributions to
11 the plan for the benefit of participants;
- 12 (8) A provision that the plan shall adhere to notice requirements to automatically-
13 enrolled participants in accord with Internal Revenue Service Rulings 98-30 and
14 2000-8; and
- 15 (9) A provision that automatic enrollment does not require advance authorization by a
16 participant, which is hereby deemed to be an exception to the provisions of any state
17 law requiring employee authorization for a payroll deduction or any similar ordinance
18 of a local participating unit.

19 If a participant discontinues participation pursuant to subdivision (4), that act is a permissive
20 withdrawal pursuant to § 414(w) of the Internal Revenue Code of 1986, as amended and in
21 effect on January 1, 2008.