

# State of South Dakota

NINETIETH SESSION  
LEGISLATIVE ASSEMBLY, 2015

400W0203

## HOUSE BILL NO. 1011

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

1 FOR AN ACT ENTITLED, An Act to provide for automatic increases in the accounts of  
2 automatically-enrolled participants of the deferred compensation plan of the South Dakota  
3 Retirement System.

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

5 Section 1. That § 3-13-56 be amended to read as follows:

6 3-13-56. The board may establish an automatic enrollment feature within the plan by rules  
7 promulgated pursuant to chapter 1-26 and § 3-13-54. Any automatic enrollment feature  
8 established by the board shall include:

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



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

22 If a participant discontinues participation pursuant to subdivision (4), that act is a permissive  
23 withdrawal pursuant to § 414(w) of the Internal Revenue Code.