



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos
Governor

Jude U. Hofschneider
Lieutenant Governor

Honorable Joseph P. Deleon Guerrero
Speaker, House of Representatives
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

07 OCT 2013

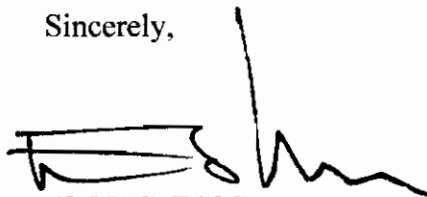
Honorable Ralph DLG. Torres
Senate President, The Senate
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 18-46, HD1, SD1 entitled, "To allow members of the Defined Contribution Plan to withdraw their account balance without terminating employment," which was passed by the House of Representatives and the Senate of the Eighteenth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 18-21**. Copies bearing my signature are forwarded for your reference.

Sincerely,



ELOY S. INOS

cc: Lt. Governor; Lt. Governor's Legal Counsel; Attorney General's Office; Press Secretary;
Special Assistant for Administration; Special Assistant for Programs and Legislative
Review



House of Representatives

18th NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

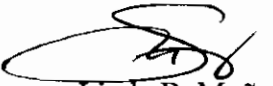
September 20, 2013

The Honorable Eloy S. Inos
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Inos:

I have the honor of transmitting herewith for your action **H. B. No. 18-46, HD1, SD1**, entitled: "To allow members of the Defined Contribution Plan to withdraw their account balance without terminating employment.", which was passed by the House of Representatives and the Senate of the Eighteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,



Linda B. Muña
House Clerk

Attachment



*Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

First Special Session

April 18, 2013

Representative Francisco S. Dela Cruz, of Saipan, Precinct 3 (*for himself*, Representatives Lorenzo I. Deleon Guerrero, Christopher D. Leon Guerrero, and Ramon A. Tebuteb,) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 18-46

AN ACT

**TO ALLOW MEMBER'S OF THE DEFINED CONTRIBUTION
PLAN TO WITHDRAW THEIR ACCOUNT BALANCE WITHOUT
TERMINATING EMPLOYMENT.**

The Bill was referred to the House Special Committee on Retirement on April 23, 2013, which submitted Standing Committee Report 18-20, adopted May 9, 2013.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, JUNE 5, 2013;**
with amendments in the form of H. B. 18-46, HD1 and transmitted to the
THE SENATE.

The Bill was referred to the Senate Committee on Fiscal Affairs.
THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, AUGUST 29, 2013;
with amendments in the form of H. B. 18-46, HD1, SD1 and returned to
THE HOUSE OF REPRESENTATIVES.

The House of Representatives accepted the Senate amendments and passed H. B. 18-46, HD1, SD1, during its 4th Day, Second Regular Session on September 16, 2013.

THE BILL WAS FINALLY PASSED ON SEPTEMBER 16, 2013.

A handwritten signature in black ink, appearing to be "L. Muña", written over a horizontal line.

Linda B. Muña, House Clerk



*Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

**Fourth Day, Second Regular Session
September 16, 2013**

H. B. 18-46, HD1, SD1

AN ACT

**TO ALLOW MEMBERS OF THE DEFINED CONTRIBUTION PLAN TO
WITHDRAW THEIR ACCOUNT BALANCE WITHOUT
TERMINATING EMPLOYMENT.**

**Be it enacted by the Eighteenth Northern Marianas Commonwealth
Legislature:**

1 **Section 1. Findings.** Public Law No. 17-82 made membership in the Defined
2 Contribution Plan voluntary. However, no provision was made for withdrawal of the
3 member's account prior to termination of employment.

4 The law establishing the Defined Contribution Plan allows for withdrawal of the
5 member's account upon termination of for certain hardship situations. Under this bill, the
6 members can withdraw their accounts upon request, without being required to terminate
7 employment. The amount eligible for withdrawal includes the member's contribution, vested
8 portion of the government contribution and account earnings. If the amounts withdrawn by
9 the member are not rolled over in to a 401k or other approved retirement account, the

HOUSE BILL 18-46, HD1, SD1

1 member will be required to pay Ch. 7 income tax, Ch. 2 earnings tax and may be subject to a
2 10% penalty. Amounts withdrawn for the hardship reasons listed in 1 CMC §8466 are not
3 subject to a penalty. The penalty imposed for early withdrawal is established by the Internal
4 Revenue Code incorporated by 4 CMC Chapter 7.

5 **Section 2. Amendment.** 1 CMC Section 8466 is amended as follows:

6 **“Section § 8466. Distribution Election at Termination.**

7 (a) A member who has been contributing into the plan for at least two years is
8 eligible to elect distribution of the member’s account in accordance with this section
9 60 days after termination of employment or giving notice of election to receive
10 distribution of the member’s account.

11 (b) Notwithstanding (a) of this section, distribution of all or a portion of the
12 individual account of a member may take place before the 60th day after the
13 termination of employment or giving notice of election to receive distribution of the
14 member’s account with the approval of the Administrator if the member makes a
15 written request on a form prescribed by the administrator for a distribution under this
16 subsection.

17 (c) The member’s spouse must consent to the request for distribution in
18 writing if the member is married on a form prescribed by the administrator.

19 (d) Distribution of an individual account may be made on account of an
20 immediate and heavy financial need of the member for the following reasons and in
21 the amount the need is demonstrated for:

HOUSE BILL 18-46, HD1, SD1

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(1) Medical care described in section 26 U.S.C. 213(d) incurred by the member, the member's spouse, or the member's dependent, or necessary to obtain that medical care;

(2) The purchase of a principal residence for the member;

(3) Postsecondary education tuition and related educational fees for the next 12-month period for the member, the member's spouse, or a dependent of the member; in this paragraph, dependent has the meaning given in section 26 U.S.C. 152;

(4) Prevention of the eviction of the member from the member's principal residence or foreclosure on the mortgage of the member's principal residence; or

(5) Any need prescribed by the United States Department of the Treasury, Internal Revenue Service, in a revenue ruling, notice, or other document of general applicability that satisfies the safe harbor definition of hardship under regulations adopted under section 26 U.S.C. 401(k).

(e) If a member dies before benefits commence, the member's beneficiary is immediately eligible to elect distribution of the member's share of the members individual account.

(f) Distributions are payable to an alternate payee in accordance with the terms and conditions of a qualified domestic relations order that is received and approved by the administrator as specified in section 8471.

HOUSE BILL 18-46, HD1, SD1

1 (g) Distributions that are being paid to a member may not be affected by the
2 member's subsequent reemployment with the employer. Upon reemployment at the
3 election of the member, a new individual account shall be established for the member
4 to which any future contributions shall be allocated. Upon subsequent termination of
5 employment, or election to receive distribution of the member's account. The member's
6 new individual account shall be distributed in accordance with this section."


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

11 **Section 4. Savings Clause.** This Act and any repealer contained herein shall not be
12 construed as affecting any existing right acquired under contract or acquired under statutes
13 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
14 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
15 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
16 any liability, civil or criminal, which shall already be in existence on the date this Act
17 becomes effective.

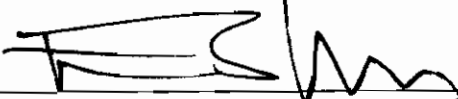
HOUSE BILL 18-46, HD1, SD1

1 **Section 5. Effective Date.** This Act shall take effect upon its approval by the
2 Governor, or its becoming law without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER JOSEPH P. DELEON GUERRERO
House of Representatives
18th Northern Marianas Commonwealth Legislature

APPROVED this 7TH day of OCTOBER 2013


ELOY S. INOS
Governor
Commonwealth of the Northern Mariana Islands