

THE NAVAJO NATION
LEGISLATIVE BRANCH
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LEGISLATION NO: _0038-23_

SPONSOR: Seth Damon

TITLE: An Action Relating to the Budget and Finance Committee; Approving the Fiscal Year 2024 Fringe Benefit Rates for the Navajo Nation Retirement Plan

Date posted: March 15, 2023 5:05 PM

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SUMMARY OF PROPOSED LEGISLATION

TrackingNo. 0038-23

Date: March 15, 2023

Subject: **AN ACTION RELATING TO THE BUDGET & FINANCE
COMMITTEE; APPROVING THE FISCAL YEAR 2024 FRINGE
BENEFIT RATES FOR THE NAVAJO NATION RETIREMENT
PLAN**

Purpose of this Legislation:

to approve the FY2024 fringe benefits rates for the Navajo Nation's Retirement Plan.

5-DAY BILL HOLD PERIOD: Applns
Website Posting Time/Date: _____
Posting End Date: 03-20-23
Eligible for Action: 03-21-23

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PROPOSED STANDING COMMITTEE RESOLUTION
25th NAVAJO NATION COUNCIL - First Year, 2023

Introduced by:



Primary Sponsor

Tracking No. 0038-23

AN ACTION
RELATING TO THE BUDGET & FINANCE COMMITTEE;
APPROVING THE FISCAL YEAR 2024 FRINGE BENEFIT
RATES FOR THE NAVAJO NATION RETIREMENT PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Budget & Finance Committee (“BFC”) is a standing committee of the Navajo Nation Council that is authorized to approve policies and regulations regarding wages, expenditure reimbursements, and fringe benefits for Navajo Nation officials and employees. 2 N.N.C. §164(A)(9), §300(A), §301(B)(8).
- B. Pursuant to its authority delegated by the Council in Resolution No. CF-21-73, BFC in Resolution No. BFMY-41-73 first approved the Retirement Plan for Employees of the Navajo Tribe and Certain Tribal Affiliates (“Retirement Plan”). The Retirement Plan originally became effective July 1, 1973.
- C. BFC, the Health, Education & Human Services Committee, and the Council have since approved various amendments and restatements of the Retirement Plan, via Resolutions Nos. BFMA-56-74, BFMY-198-77, CMY-26-79, BFJY-101-85, BFJN-71-86, BFS-56-90, BFMY-25-91, BFS-98-02, BFMA-34-03, BFMA-05-08, BFCO-16-09, HSCD-13-10, BFJY-16-19, and BFO-34-19, BFMY-13-21, and BFD-46-22.

1 **SECTION TWO. FINDINGS**

2 A. Pursuant to Article 11.02 of the Retirement Plan, the Retirement Plan Administration
3 Committee (“RPAC”) manages and administers the Retirement Plan. To assist the RPAC in
4 its functions, the RPAC arranges for necessary and appropriate legal, actuarial, investment,
5 accounting, and other professionals to provide the RPAC with consultant services.

6 B. On March 10, 2023, the RPAC’s actuarial consultant presented a report describing its
7 proposed Fiscal Year 2024 fringe benefit rates for the Retirement Plan, which rates would
8 apply to Regular Employees, Council Delegates, Commissioned Law Enforcement Officers,
9 and Judges, of the Navajo Nation. A copy of the consultant’s report is attached hereto as
10 **EXHIBIT 1.**

11 C. In Resolution No. RPAC-01-23 the RPAC approved the use of a 20-year amortization period
12 in calculating the FY2024 retirement fringe benefit rates, based on budget concerns resulting
13 from diminishing Navajo Nation revenues, recent investment market volatility and projected
14 financial headwinds, and on the need to maintain the funded status of the Retirement Plan.
15 Based on the use of a 6.4% discount rate, the RPAC recommends that the FY2024 retirement
16 fringe benefit rates be set as follows: 15.5% for Regular Employees and Council Delegates;
17 18.2% for Commissioned Law Enforcement Officers; 41.7% for Judges. Resolution No.
18 RPAC-01-23 is attached hereto as **EXHIBIT 2.**

19 D. In a memorandum dated March 10, 2023 the Plan Administrator of the Navajo Nation
20 Department of Retirement Services is requesting BFC to approve the RPAC’s
21 recommendations and the proposed FY2024 retirement fringe benefit rates. **EXHIBIT 3.**

22 E. Pursuant to its authorities under 2 N.N.C. §164(A)(9), §300(A), and §301(B)(8), BFC finds
23 it in the Navajo Nation’s best interest to accept and approve the above recommendations from
24 the RPAC regarding the FY2024 retirement fringe benefit rates, as shown in RPAC-01-23.

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26 **SECTION THREE. APPROVAL**

27 For the Retirement Plan for Employees of the Navajo Tribe and Certain Tribal Affiliates, the
28 Budget & Finance Committee hereby approves the recommendations of the Retirement Plan
29 Administration Committee as described and set forth in Resolution No. RPAC-01-23, which
30 recommendations include the use of a 20-year amortization period, a 6.4% discount rate, and the

1 following retirement fringe benefit rates to be included in the Navajo Nation's Comprehensive
2 Budget for FY2024: 15.5% for Regular Employees and Council Delegates; 18.2% for
3 Commissioned Law Enforcement Officers; and 41.7% for Judges.

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5 **SECTION FOUR. EFFECTIVE DATE**

6 This Action shall become effective in accordance with 2 N.N.C. §301(B)(13).
7

8 **SECTION FIVE. SAVING CLAUSE**

9 If any provision of this Action is determined invalid by the Supreme Court of the Navajo Nation,
10 or by a Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the
11 remainder of this Action shall be the law of the Navajo Nation.
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