



PERSONNEL UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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NDPERS
Telephone (701) 328-3900
www.discovernd.com/ndpers

Events & Mailings

59th Legislative Session

The 59th Legislative Session has begun. For information about proposed legislation that affects NDPERS benefits, please view the [bills](#) or [bill summaries](#) on our website. Also, the [testimony](#) relating to each of the proposed bills is available. NDPERS will update this information as changes occur throughout the session.

NDPERS 2005 Payroll Conference

The NDPERS 2005 Payroll Conference is scheduled for June 8th and 9th. The conference will be held in Bismarck. This conference will also be available on web cast. The payroll conference is designed for all Authorized Agents and individuals who are responsible for explaining NDPERS benefits, enrolling new employees, reporting personnel changes, processing payroll deductions for programs administered by PERS, reconciling monthly group insurance billings and completing transmittal of deduction reports for the retirement and deferred compensation plans. New legislative changes as well as new policies and procedures will be addressed.

Additional information will be sent using e-mail and this newsletter. We will also post information on our website as the scheduled dates get closer.

2005 Pre-Retirement Education Program (PREP) Schedule

NDPERS has scheduled the following PREP's for 2005:

Fargo in April
Bismarck in October

As it becomes available, additional information will be sent using e-mail

and this newsletter. We will also post information on our website as the scheduled dates get closer.

If you are interested in sponsoring your own **Pre-Retirement Education Program**, you must complete the [Meeting Request and Registration Form \(SFN 53176\)](#). You will also find the [facilitator's handbook](#) on the website. This handbook provides you with the details involved in sponsoring a PREP.

To secure a date, you must complete the [Meeting Request and Registration form \(SFN 53175\)](#) and send it to NDPERS, PO Box 1657, Bismarck ND 58502-1657 or you may fax it to 701-328-3920. A minimum 90 day lead-time is required. NDPERS only conducts one employer-sponsored seminar per month.

Employer Based Wellness Program

Pursuant to N.D.C.C. 54-52.1-14, the NDPERS Board has directed staff to develop an employer based wellness program. The Board has a goal of 100% employer participation and plans to implement the program in phases. NDPERS staff is currently working to identify and establish sample wellness programs that agencies can use for satisfying the wellness requirement. In addition, NDPERS intends to continue to provide support to employers with a wellness grant program and periodic supplemental materials. Each employer will be asked to make a commitment and establish a wellness coordinator or coordinators. In addition, each employer will submit a proposed wellness plan to NDPERS and provide quarterly follow-up. NDPERS plans to provide wellness training for designated coordinators. Group insurance rates will reflect an employer's participation in this wellness initiative. All employer groups who participate in the program will receive a 1% wellness incentive

reduction on their health premiums. Employers will receive more information about the program in early spring 2005.

Important Updates

Beware of Scams

NDPERS has been notified by another state retirement system of a scam that has affected their members. The Michigan Office of Retirement Service was notified by one of its school districts that its employees had received an email that seemed to indicate that it was from this retirement office. The email was under the guise of providing updated benefit calculation information and requested that the employee provide personal information to allow the Michigan Public Employee's Retirement System to prepare a complimentary benefit calculation to the employee. The email provided a link to a site for the member to provide the requested information. However, the email was not from the Michigan Office of Retirement Service, which administers the Michigan Public Employee's Retirement System.

As far as NDPERS is aware, this type of situation has not occurred to our members. However, as a precaution, we wanted to make you aware of it. We also wanted to advise you that NDPERS would not send out an email to our members with a link for them to supply personal information. If your employees should ever get such a request please advise them not to respond. If you do receive notice that any of your employees have received a suspicious email, please notify this office immediately so that it can be investigated properly.

New Notice Requirement for Non-Social Security Employers

The Social Security Protection Act (SSPA) of 2004 includes a new notice requirement for state and local government employers when hiring an individual into a non-Social Security covered position.

The SSPA of 2004 requires state and local government employers to disclose the impact of non-coverage in Social Security, including Windfall Elimination Provision (WEP) and Government Pension Offset Provision (GPO) to employees hired on or after January 1, 2005 in jobs **not** covered

by Social Security. These employees must sign a statement that they are aware of a possible reduction in their future Social Security benefit entitlement. Thus, this statement should be provided to such employees, signed by the employee BEFORE beginning employment and a copy provided to the North Dakota Public Employees Retirement System.

The Act requires the Social Security Administration to draft the notice. Form SSA-1945, "*Statement Concerning Your Employment in a Job Not Covered by Social Security*" is the document that new employees should sign. This form along with instructions for its use can be obtained at www.socialsecurity.gov/form1945.

You may also access the form and instructions under Program Administration, [Social Security Protection Act of 2004](#).

New Deferred Compensation Provider

Effective January 1, 2005, American Trust Center became an eligible product provider for the North Dakota PERS 457 Plan. American Trust Center is a North Dakota chartered trust company owned equally by American State Bank, Dickinson and Bank Center First, Bismarck.

American Trust Center's product consists of no-load mutual funds. The menu of investment options includes funds in all major asset classes. The product is being offered through Investment Centers of America representatives, Perry Bohl, Tom Gunderson, Wayne Muehler and Jim Braun in Bismarck. You may contact these individuals at (701) 255-6832 or toll free at (800) 279-6016.

Update Your Contact Information

Please update your contact information for the **life and dental plans** as follows:

Ruth Bahnemann
ING Employee Benefits
Phone: (612) 342-7050
Email:
Ruth.Bahnemann@us.ing.com

Please update your contact information for the **vision plan** as follows:

Miki Kornell
Ameritas Life Insurance Group

475 Fallbrook Blvd
Lincoln, NE 68521-9033
Phone: 800-659-2223 Ext. 2132
Email: MKornell@ameritas.com

New Year's Resolution – Remove Ineligible Dependents

Here's a New Year's Resolution I bet your employee's haven't thought of. Employees whose children no longer meet the eligibility guidelines as a dependent for coverage on their health, life, dental, or vision insurance plans must be removed. The most common oversight occurs with the life insurance plan. Once the member realizes they are still paying premiums, they assume NDPERS will refund their overpayment which may or may not be reimbursable. This is also true of the health, dental and vision insurance.

NDPERS does notify a health insurance contract holder when their dependent(s) is reaching age 23 or 26. But in the event the dependent is:

- no longer financial dependent
- drops out of school
- gets married
- becomes eligible for health insurance through their own employer

It is the responsibility of the employee to notify the carrier through an application requesting to remove the dependent coverage.

Reminder on Mandatory Participation Requirements for NDPERS DB Retirement Plan

Occasionally NDPERS receives calls from employers asking for clarification about the Mandatory Participation Requirements for employees in the NDPERS Defined Benefit Retirement Plan. As a reminder, the following are the mandatory participation requirements:

Mandatory Participation Requirements

If you work a minimum of 20 hours per week for 20 weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, and are not a non-classified state employee, you must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS.

If you meet the above requirements and are a non-classified state

employee, you must elect to participate in either the defined benefit plan or the defined contribution plan.

You should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

Participation Requirements for State Elected and Appointed Officials

State officials elected on or after December 31, 1999, who meet the mandatory participation requirements may enroll or waive participation in the defined benefit plan within the first 6 months of their term. If the state official elects to join NDPERS they must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

State appointed officials initially appointed on or after July 1, 1979 must be participating members of the defined benefit plan. The state appointed official must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

Participation Requirements for Other [Non-State] Elected Officials

Elected officials of participating counties, at their individual option, may enroll or waive participation in the defined benefit plan within the first 6 months of their term. All other elected officials who meet the above mandatory participation requirements must be enrolled in defined benefit plan within the first 6 months of their term.

Participation Requirements for Other [Non-State] Appointed Officials

Officials of all other participating employers appointed on or after August 1, 1999, who meet the above mandatory participation requirements must be enrolled in the defined benefit plan effective with the first month of taking office.

Please be sure to periodically review your employee listing to make sure that they still meet these mandatory participation requirements.

Also, if you have newly elected, re-elected or appointed officials at your agency who have started a new term, please make sure you carefully review the above provisions to determine if participation is required or optional

and review the requirements with these officials.

Part-time/Temporary Employees & Benefits Available

At this time, we want to provide a reminder about the ability for those who do not meet the mandatory requirements to participate in a few of the same NDPERS benefit plans that are offered to your permanent employees.

Defined Benefit Plan:

If an employee is at least eighteen years old, and is not covered under the mandatory participation requirements, he/she may elect to participate in the NDPERS Defined Benefit Plan within the first 180 days of employment, or within 180 days of changing to part-time or temporary employment. The employee is required to contribute the entire 9.12% of salary to the plan. The law expressly prohibits the employer from paying any portion of an optional participant's contribution. A member may not participate as both a permanent and a part-time/temporary member. Permanent employment takes precedence.

Group Health Insurance:

Part-time/Temporary employees are eligible to participate in the NDPERS Group Health Insurance Plan at their own expense. Enrollment must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual open enrollment; however, applicable pre-existing condition waiting periods may apply.

Group Life Insurance:

A part-time/temporary employee can also elect to participate at their own expense in the NDPERS Group Life Insurance Plan. However, all requests for coverage must be medically underwritten. Application must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual enrollment. The effective date of coverage is the first of the month following the date of approval for the coverage requested.

As the employer, please make sure that you review these benefit options with any employee that is newly hired or who has recently changed to part-time/ temporary employment. If you have questions, please contact the NDPERS office.

Reminder on Wages & Salary Reporting to NDPERS

NDPERS is often asked what should be reported as wages & salaries for retirement contribution purposes. As a reminder, wages and salaries means earnings in eligible employment which were reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferrals amounts under an IRC Section 125, 401(k), 403(b), 414(h), or 457 Plan.

Salary does not include fringe benefits such as payments for overtime, unused sick leave, personal leave, vacation leave paid in a lump sum, transportation expenses, severance pay, early retirement incentive pay, medical insurance, worker's compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of a previously employer-provided fringe benefit under an agreement between the member and the participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the NDPERS board.

Bonuses for services performed and profit-sharing are considered reportable salary and retirement contributions must be made on that money. Recruitment and retention bonuses are not eligible for consideration as salary and no contributions associated with those types of bonuses should be submitted.

Bonuses or profit-sharing amounts paid must be prorated equally over the term of the intended bonus or profit-sharing period. When remitting retirement contributions on bonuses and profit-sharing amounts, complete the [Notice of Irregular Salary or No Deposit SFN 53707](#).

If you have questions about what should be reported as salary to NDPERS, please contact Raleigh Moore at (701) 328-3914 or Rebecca Fricke at (701) 328-3911.

Retirement Contributions Required for Employees Transferring Between Participating Employers

As a reminder, if you have an employee who is transferring into or out of your agency during the month, it is required that you make a

contribution for the partial month. Therefore, NDPERS will receive contributions from both employers during the month that the transfer occurs.

Board Meeting Highlights

Complete [meeting minutes](#) are available.

August 30, 2004

- Discussed various issues relating to the health insurance bid from BCBS.
- Reviewed legislative bills being introduced that would affect the PERS health insurance plan.
- Approved requesting a 5% increase in funding for the EAP Program.
- Reviewed technical comments for proposed legislation that affects the NDPERS retirement plans.
- Discussed the upcoming annual enrollment.

September 16, 2004

- Approved a bid from Gabriel Roeder Smith to perform an actuarial audit for the PERS retirement plans.
- Approved the actuarial valuation method utilized by the retirement consultant, Segal Company.
- Discussed issues relating to the PERS health insurance and the Medicare Prescription Drug Improvement and Modernization Act of 2003.
- Reviewed additional items for the PERS health insurance as they relate to the bid by BCBS.

October 1, 2004

- Were presented an overview by the ND Insurance Department of information relating to health insurance issues in North Dakota.
- Reviewed additional items as part of the bid by BCBS.
- Approved the Life Insurance Request for Proposals.

November 5, 2004

- Discussed the PERS annual flu shot clinic scheduled for November 9.

November 18, 2004

- Were presented with information by the ND Pharmacy Association regarding an alternative for PERS

rather than moving towards a different pharmacy network.

- Reviewed an issue regarding sick leave conversion and the number of hours eligible.
- Approved a plan for the Medicare Rx implementation effort.
- Approved a new method for contracting PPO & EPO providers for the PERS health insurance.
- Discussed proposed legislation.

Look forward to receiving via email your next edition of the PERsonnel Updates @ April 15, 2005.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

