

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

SPRING 2007 • VOLUME 30, NUMBER 1

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This newsletter is published by
the North Dakota Public
Employees Retirement System
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nd.gov/ndpers

Board Members:

Jon Strinden
Chairman
Vacant

Attorney General Appointee
Arvy Smith

State Health Officer Designee

Members Elected:

Rosey Sand, Howard G. Sage,
Joan Ehrhardt, Ron Leingang
Sparb Collins

Executive Director

Kathy M. Allen

Editor

PERS Board Election

The term of North Dakota Public Employees Retirement System (NDPERS) Board member Rosey Sand expires on June 30, 2007. NDPERS is required to give notification of the vacancy and the election process to all active employees. The Board acts as the administrating body to manage the Public Employees Retirement System, Judges Retirement System, Highway Patrol Retirement System, North Dakota National Guard System, Law Enforcement Retirement System the Uniform Group Insurance Program, Section 457 Deferred Compensation Plan, Prefunded Retiree Health Program, and the Section 125 FlexComp Program for public employees. In addition, three of the elected members are selected by the board to serve on the State Investment Board.

The Board consists of seven members. The chairman is appointed by the governor. Three members are elected by the active membership, one member is elected by the retired membership, there is an attorney general appointee, and one member is the state health officer. The board meets once a month in Bismarck with the meetings generally lasting four to five hours. Board members are paid \$62.50 per meeting.

Any active employee of a department of the State of North Dakota, or of a political

subdivision who participates in NDPERS, may become a candidate for election to the Board so long as that department or political subdivision is not currently represented on the Retirement Board by a board member not up for election (NDCC 54-52-03). Currently, the Department of Human Services and Department of Commerce have members that serve on the Board, so employees from those agencies are not eligible to become candidates in the upcoming election.

An eligible individual must obtain the signatures of 100 active NDPERS members to be nominated as a candidate for the vacancy. Nomination petitions are available from the NDPERS office at 400 East Broadway, Suite 505, Bismarck, ND. You may request this information in writing, by phone or through our e-mail address at ndpers-info@nd.gov. The deadline to submit petitions is 4:00 p.m., Friday, May 4, 2007. Election ballots will be mailed to active members by June 1, 2007 and must be returned no later than the close of business on Friday, June 15, 2007. Election returns will be tabulated on Monday, June 18, 2007.

If you have any questions about the election, please call the NDPERS office at 701-328-3900 or toll free at 1-800-803-7377 if you are outside the Bismarck-Mandan calling area.

Tips for Filing FlexComp Claims

Out-of-Date FlexComp Reimbursement Forms

The FlexComp reimbursement voucher (SFN 16868) has been revised. We are asking participants to dispose of all FlexComp reimbursement forms with an earlier revision date than 12-06. Beginning June 1, 2007, any FlexComp claims received on an out-of-date reimbursement form will be returned with a request to resubmit the information on the most current form.

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Tips *Continued from page 1*

For convenience, there are two versions of the FlexComp reimbursement form on our website at www.nd.gov/ndpers. The Print Version is a printable form to print and fill out and the Fill and Print Version is an interactive online version of the form that allows employees to input the information and it automatically calculates the column total.

Your claim form must include both your Social Security number and your Employee ID number. Your Employee ID number can be found on your FlexComp checks or direct deposit advices. Please be sure to include these numbers when filing a claim.

We also have transitioned the FlexComp records to FileNet. In order to scan documents into this system, we must comply with certain specifications.

- DO NOT use staples or highlighter on your form or receipts.
- Only 8 1/2 by 11 inch size paper can be scanned. Therefore, please copy any receipts/statements smaller than this size and send us the copy. Retain the originals for your records. Copies must be legible and will be returned if unreadable.
- DO NOT submit two-sided copies.
- Use only blue or black ink for filling out and signing your form.
- DO NOT write over or make any notations in the bar code section in the upper right corner of the form.

Your assistance with these requirements is appreciated as it expedites the processing of your claim.

DEADLINE TO FILE 2006 PLAN YEAR FLEXCOMP CLAIMS IS APRIL 30, 2007

The deadline to file medical and dependent care claims for the FlexComp 2006 Plan Year is April 30, 2007. If you have a balance in your medical spending account, you have the option to have eligible expenses incurred during the "grace period" from January 1, 2007 through March 15, 2007 reimbursed from that remaining balance. Any unused amounts in a medical spending reimbursement account cannot be used for dependent care expenses or vice versa. As a reminder, any amounts remaining in these accounts after April 30 are forfeited.

Maintaining Balance

Fidelity Introduces Automatic Rebalance and Rebalance Services

It may be no surprise that many employees do not take full advantage of retirement savings opportunities and strategies. However, it may be surprising to learn how widespread these needs are: According to recent surveys, 83% of retirement plan participants say they would like help diversifying their account assets,* while 87% don't make exchanges or rebalance their account.

As part of Fidelity's continuing effort to help individuals invest wisely and plan for a comfortable retirement, we are offering three new services that can help maintain the combination of investment types you want for your retirement savings plan help you stay on track with your desired investment strategy, whether or not you actively manage your plan account.

Rebalance allows you to indicate the percent of your account that you would like allocated to each plan investment option. The system then processes the needed exchanges in the next nightly cycle. For example, you can create a portfolio comprised of 50% ABC Stock Fund, 30% XYZ Bond Fund and 20% Stable Value Fund. Regardless of your current asset allocation, the system will trigger exchanges to allocate the portfolio as desired. The Rebalance service trades only

what is needed to attain the desired investment percentages. This is a single transaction executed on the next close of the market.

Automatic Rebalance works the same as the Rebalance service, but adjusts your accounts annually to help maintain their target investment allocations. This service may be well suited for individuals who want to maintain a set investment mix but are less interested in actively monitoring and adjusting their account.

Rebalance Notification alerts you via e-mail when your retirement savings account diverges from the investment allocation you've set. But here you retain control over whether or not to act on the notification. This service is designed for individuals who are more active in the ongoing management of their account.

Get balanced and stay balanced

To learn more about this free service, log on to NetBenefitsSM and simply:

1. Select your retirement savings account
2. Click "Change Investments"
3. Select "Rebalance"

Or contact a Fidelity Retirement Specialist @ 800-343-0860.

DEFERRED COMPENSATION *How to Make Change Happen*

If you elect to make any changes that affect your participation in the deferred compensation plan, you must be sure to complete the necessary forms with your payroll/human resource office to ensure the changes are made in accordance with your intentions.

Please remember that to increase, decrease, or suspend your deduction, you must complete the Participant Agreement for Salary Reduction SFN 3803. Your payroll/human resource personnel cannot accept verbal direction to make these changes as they require your signed authorization as well as authorization from the NDPERS office.

Group Health Plan Changes

The PERS health plan is bid every six years and is subject to renewal every two years during the contract period. The PERS Board has the option to accept or to go out to bid at each renewal point during the six-year period. During the bidding and renewal periods, the Board carefully reviews our funding requirements for the current benefit plan design in conjunction with the recommendations of our consultants and underwriters regarding mandatory increases that will be required due to medical inflation, utilization trends, group experience, and other market indices.

The PERS Board and staff prepare the projected costs to fund the current plan design for the next biennium including the

mandatory increases that must be covered as a result of these market forces and also provide several alternative designs for consideration in preparing the Governor's executive budget. As you may already know, as proposed in the executive budget, 100% of the premium will continue to be funded for state employees. This represents approximately a 19% to 22% increase over current rates for the next biennium or 9% to 11% annually. Even with the additional funding provided to compensate for the increase in premium, it is still necessary to make some changes to the health plan design. Following is a comparison of the current plan design with the proposed changes for the 2007-2009 biennium. The changes are in bold type.

PLAN FEATURES	Existing Plan Design			2007 - 2009 Proposed Plan Design (Per Executive Budget)		
	Basic	PPO	EPO	Basic	PPO	EPO
Deductible for Non-Physician Services*	All	All	All	All	All	All
- Per Person	\$250	\$250	\$100	\$400	\$400	\$200
- Per Family	\$750	\$750	\$300	\$1200	\$1200	\$600
* Services billed by a physician or psychiatrist.	services	services	services	services	services	services
Copayment for Physician Office Visits	\$25	\$20	\$15	\$30	\$25	\$20
Copayment for Emergency Room Visits	\$50	\$50	\$50	\$50	\$50	\$50
Co-Insurance on covered services EXCEPT Physician OV	75/25	80/20	85/15	75/25	80/20	85/15
Prescription Formulary Generic Drug						
- Copayment	\$5	\$5	\$5	\$5	\$5	\$5
- Co-Insurance	15%	15%	15%	15%	15%	15%
Prescription Formulary Brand-Name Drug						
- Copayment	\$15	\$15	\$15	\$20	\$20	\$20
- Co-Insurance	25%	25%	25%	25%	25%	25%
Prescription Non-Formulary Drug						
- Copayment	\$25	\$25	\$25	\$25	\$25	\$25
- Co-Insurance	50%	50%	50%	50%	50%	50%
Co-Insurance Maximum						
- Individual	\$1250	\$750	\$500	\$1250	\$750	\$500
- Family	\$2500	\$1500	\$1000	\$2500	\$1500	\$1000
Out of Pocket Maximums (Deductible & Coinsurance)*						
-Single	\$1500	\$1000	\$600	\$1650	\$1150	\$700
-Family	\$3250	\$2250	\$1300	\$3700	\$2700	\$1600
* - Copayments and Prescription Drugs are Additional						
Prescription Drug Coinsurance Max (Formulary Only)	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000

Pending final approval of the budget, the proposed changes will be effective July 1, 2007. Contracts have been renewed with all current EPO network providers and this will remain an option for the 2007-2009 biennium.

Effect on FlexComp Contributions

Individuals that participate in the health flexible spending (FSA) account may wonder how this affects your election for the 2007 plan year. Unfortunately, Federal regulations prohibit changes to a health FSA as a result of health plan design changes. Specifically, referencing Treas. Reg. 1.125-4(f) under permitted election changes it states, "A change does not apply to an election change with respect to a health FSA (or on account of a change in cost or coverage under a health FSA)."

NDPERS Defined Contribution 401(a) Plan and 457 Deferred Compensation Companion Plan

New Fund Added

The NDPERS Board approved adding the Goldman Sachs Mid Cap Value Fund (ticker symbol: CGMAX) to the 401(a) Plan and 457 Companion Plan core fund lineups. The fund's 3-year and 5-year annualized returns rank high in the mid cap value category and it currently has a MorningStar ranking of 4-stars. Under the NDPERS plan it will be a no load fund with a 1.17% expense ratio. The Mutual Shares A Fund (ticker symbol: TESIX) was originally offered as a mid cap value fund, but its style has drifted to a large cap value fund. The Mutual Shares A fund will still remain in the core lineup.

Two Funds Placed on Formal Fund Review

The NDPERS Board placed the Fidelity Dividend Growth Fund (ticker symbol: FDGFX) and Fidelity Blue Chip Growth Fund (ticker symbol: FBGRX) on Formal Fund Review. These funds have underperformed their benchmarks and peer funds. In addition, the Fidelity Blue Chip Growth Fund is under new management. The Fidelity Dividend Growth Fund is a large cap blend fund and the Fidelity Blue Chip Growth Fund is a large cap growth fund. There are alternative core funds in both the large cap blend and large cap growth styles. NDPERS will continue to closely monitor these funds.

2007 Legislative Update

North Dakota Public Employees Retirement System

Bill No.	Sponsor	Summary	Committee Action
SB2045	PERS	Creates a new trust for separate coverage for retired Medicare-eligible group prescription drug coverage under the Uniform Group Insurance Plan; changes provisions relating to the employer payment for unused sick and annual leave; provides for an increase in the minimum basic life insurance benefits coverage from \$1,300 to \$5,000; allows spouses who both have earned retiree health insurance credit to combine the credits and apply to the policy of the contract holder; allows employer payments of a temporary employee's health insurance premium; defines eligibility for temporary employee eligibility; and allows board to bid out the Medicare retiree prescription drug coverage.	Passed Senate Passed House Referred back to Senate
SB2044	PERS	Would allow the Board to provided for a one-time post-retirement payment equal to 75% of the member s, beneficiary s, disability retirees or prior service retirees current monthly benefit payment amount payable in January of either 2008 or 2009, if the trust fund s total annualized return on investments is at least 9.16% for the fiscal year ending June of 2007 or 2008, applicable to both the Hybrid Plan (except the Judges retirement plan) and the Highway Patrol Retirement System.	Passed Senate Passed House Signed by Governor
SB2047	PERS	Would automatically enroll new employees after August 1, 2007 in the Deferred Compensation Program and defer \$25 per month into the Program into a default investment option selected by the Board, unless the new employee opts out of enrollment within 30 days of beginning employment.	Passed Senate Passed House
SB2048	PERS	Technical corrections to provisions of PERS relating to confidentiality, final average salary calculations, payment of delayed retirement benefits, conversion of sick leave, temporary employee purchase of service credit, compliance with the Internal Revenue Code, employer service credit purchases, and automatic refund of account balances.	Passed Senate Passed House Signed by Governor
SB2050	PERS	Would increase the required monthly contribution to the Retiree Health Benefit Fund from 1.00% of monthly salary to 1.15% of monthly salary and increase the monthly retiree health credit from \$4.50 per year of credited service to \$5.00 per year of credited service.	Passed Senate Failed House
SB2051	PERS	Would increase the employer contribution rate from 16.7% to 20.65% of salary for the Highway Patrolmen s Retirement System and from 4.12% to 5.12% of salary for the Hybrid Plan and Defined Contribution Plan. In addition, the proposed legislation would provide for an increase of 2% of monthly retirement benefits to retirees and their beneficiaries in both the Hybrid Plan and the Highway Patrolmen s Retirement System effective August 1, 2009.	Passed Senate Failed House
HB1078	Board for Career & Technical Education	Allows employees of the State Board for Career and Technical Education currently participating in TFFR to participate in the Public Employees Retirement System.	Passed House Passed Senate
HB1179	Rep. Price	Allows public health districts to participate in the uniform group insurance program under the same conditions as a state agency.	Passed House Passed Senate

Tobacco: You, Too, Can Kick the Habit

Anyone who has ever tried to quit smoking or using tobacco knows that simply deciding to quit doesn't usually work. When people give up tobacco, they often experience intense cravings, get cranky or irritable, and may even become depressed. That's why it's important to plan ahead, think about how you'll handle the tough times, and get help.

If you want to quit smoking, experts recommend that you **START** by taking the following steps:

S = Set a quit date.

T = Tell family, friends, and co-workers that you plan to quit.

A = Anticipate and plan for the challenges you'll face while quitting.

R = Remove cigarettes and other tobacco products from your home, car, and work.

T = Talk to your doctor about getting help to quit.

Don't Go It Alone

The "T" for "talking to your doctor" is really important. Many people try to quit on their own. But your doctor can offer you lots of tools that can improve your chances of success. Using nicotine replacement therapy, for example, or one of several prescription drugs, can double the chances that you'll actually quit.

Nicotine skin patches, chewing gum, and lozenges are available over-the-counter. But other forms of the therapy require a prescription. Nasal sprays, for example, and inhalers, which you "puff" on, are available only through your doctor.

Other prescription products that can help include the drugs Zyban and Chantix. Zyban is even available in a generic form called bupropion.

Support is Just a Click Away

If you are trying to quit smoking, visit www.bcbsnd.com/ehealth/ndpersquit for information about the NDPERS Smoking Cessation Program. You're just in time to join. Final enrollment for the program is April 30, 2007.

CIGNA

Your NEW Dental Plan Carrier

On January 1, CIGNA became the new carrier for the state's group dental plan. If you were previously enrolled in the plan with ING/Reliastar, you were automatically enrolled in the CIGNA plan effective January 1, 2007 unless you opted to cancel your coverage. Notice was sent to the home addresses of all ING/Reliastar participants on record as of December 1, 2006. Last fall, we also conducted an open enrollment for the plan.

With the change in carrier, there are some administrative changes. Following is information we hope you find useful in accessing dental services and expediting your claims processing:

• **Member ID Card:** ID cards are available and may be printed from the PERS web site at www.nd.gov/ndpers. Select Forms & Publications from the menu and then the Group Dental Plan Insurance. The card contains the NDPERS group account number 3328472 as well as the necessary information for you or your provider to file a claim. This card DOES NOT contain your Member ID number. To obtain your Member ID number, you must register on the myCIGNA.com web site or call CIGNA Customer Support.

• **Member ID Number:** Your Member ID number is a unique number used to identify each plan participant. It starts with a 'U' followed by 9 digits and an individual identifier number beginning with 01 for the subscriber, 02 for the spouse, 03 for first dependent, etc. You have two options available to obtain your Member ID number:

1. If you have not already done so, go to my CIGNA.com web site home page and select the register button. Complete the personal information as requested. Where it asks for Member ID, provide your social security number and select continue. This will take you to the registration screen. After completing this step you can continue and will be provided with a profile of your account. You may download and print your Member ID card(s) which con-

tains coverage information as well as your personal Member ID number and NDPERS group account number.

2. If you do not have access to the internet, call CIGNA Customer Support at 1.800.244.6224. Respond 'dental' for type of coverage and 'eligibility' for type of information. A customer service representative will then ask you to verify some personal information before providing you with your Member ID number. CIGNA will not mail out ID cards so please record the number and retain it for future reference.

• **Member Resources:** At myCIGNA.com, you also have convenient access to your personalized information and a variety of resources. At myCIGNA.com you can:

- Download and print dental claim forms,
- View screen shots of your personal individual and family maximums and deductibles,
- Get answers related to common dental procedures,
- Check the status of a claim,
- Use the convenient 'cost calculator' to help you determine your out-of-pocket costs once your dental insurance is applied to your claim, or
- Review your dental plan information.

• **Locating a Dentist:** The Member ID Card contains information about how to locate a dentist. This DOES NOT apply to the PERS plan because we do not have a dental network. You may receive services from the dentist of your choice.

• **Filing Claims:** In November of 2006, CIGNA sent letters to all the dental providers in the State of North Dakota notifying them of the change in carriers, our group number, the address to submit claims, and instructions to access an internet based provider portal to obtain eligibility, benefits, and claims information. Your provider can file a claim using either your social security number or your Member ID number.

Rural Route Address Update

NDPERS wants to hear from you. We have numerous incorrect or insufficient addresses on file resulting in undeliverable mail. So we must update our mailing database. If you have recently moved or have had a temporary change of address, please submit a Notice of Change form (form number SFN 10766) to PERS to update your address to the U.S. Postal Service approved address. An example of an undeliverable address would be “Rural Route 1”; an example of the correct address would be “28861 182nd Ave. West”.

If you have an address change, a copy of the Notice of Change form is available on our website at www.state.nd.us/ndpers/forms-and-publications/forms-pubs-db.html. You may request the form by phone at 1-800-803-7377 or 328-3600.

You may also submit your address change in writing to PERS (be sure to sign the letter and include your social security number).

To complete the Notice of Change form for an address change:

- Go to Part A, Member Information, and complete your name, social security number, department name, department number

and daytime telephone number; if you are a retiree, please complete your name, social security number and daytime telephone number

- Go to Part C, Address Change
- Enter the effective date
- Enter your former address and new address
- Sign Part G, Authorization

Thank you for your cooperation in this matter.

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