

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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Editor

Lt. Governor Wrigley to Host Wellness Webinar Series



Lt. Governor Drew Wrigley

North Dakota is proudly leading the nation in so many ways. Our economic growth, job creation and balanced budget are the envy of the country. But there is one area where we still have work to do and challenges to overcome – our physical health! Keep reading if your health matters to you.

Estimates show that modifiable health choices cost North Dakotans more than \$550 million annually in medical expenditures. Healthier people live with less stress, less disability, fewer injuries and fewer preventable diseases. They also spend less of their hard-earned money on health care.

NDPERS provides a number of health and wellness tools to help you improve your quality of life, including HealthyBlue, an online resource from Blue Cross Blue Shield of North Dakota where you can:

- Track your physical activity, nutrition and weight,

- Complete a health assessment,
- Access helpful tips to stay healthy, and
- Much more.

Take a moment to explore these exciting tools for better health at ndpersHealthyBlue.com.

This summer, I will be hosting a series of short and informative webinars that you can view on HealthyBlue. The webinars will cover topics like physical activity, nutrition, prevention, personal safety and more. Let's all get more engaged in our health! Watching the webinar series is an efficient and innovative way to do that.

Together, we can have fun building a Healthy North Dakota!

Drew Wrigley

Lieutenant Governor

Elected to the Board

Mike Sandal was re-elected by the active membership to a five-year term on the NDPERS Retirement Board. His term is effective July 1, 2012 and ends June 30, 2017. Mike is employed with the Department of Transportation.

The following is a recap of the election results:

	Votes
Mike Sandal	1,133
Invalid Ballots	8
Write-In Ballots	11
Total	1,152



Mike Sandal

The NDPERS Board and staff congratulate Mike on his re-election to the Board.

Do You Know Your NDPERS Member ID?

If you have called the NDPERS office, or completed any NDPERS forms you have been asked for your PERSLink member ID number. We receive many questions asking “What is my member ID number?” or “How do I find out what my member ID is?”

In October of 2010, NDPERS launched its new business system – PERSLink – “Your Online guide to Benefits Administered by NDPERS.” The new system includes functionality for each of the plans administered by NDPERS and will include web-enabled self-service functionality for members, retirees, beneficiaries, and employers.

One of the features of our new system is the ability to assign each member a unique NDPERS Member ID. This ID is the primary identifier to access your personal and confidential information. As a member, all documents you receive from NDPERS will contain this unique Member ID in lieu of your social security number.

Prior to the PERSLink system going live in October of 2010, you were sent a letter that contained your personal ID number. If you are an active employee and have misplaced this information, your payroll/human resource department can provide you with your number. If you are retired, contact the NDPERS office for assistance. Also, for an additional reference, refer to any personal correspondence you have received from the PERS office. You will find the Member ID printed in the upper right-hand area of the page.

We expect to have the PERSLink Member Self-Service (MSS) portal available later this year. You will be notified when this service becomes functional.

My TIAA-CREF: Feel More Confident That You Are on Track to Reach Your Goals

The newly enhanced TIAA-CREF secure website, My TIAA-CREF, makes it easier for you to actively manage your investments and feel more confident as an investor. Instructional videos and robust FAQs for every new feature and tool make the site simple to use.

These new improvements are designed to help you:

Stay on course toward meeting short- and long-term goals.

Log in to the site anytime to view and manage all of your TIAA-CREF investments and track their performance over time. You can also rebalance your investments, access planning and budgeting tools, and use charts and other visual aids to help monitor your progress.

View your personal rate of return.

See what all the numbers mean to you personally, with many interactive views to help you make sense of how your investments are doing. You can also access tools to help make sure you're on the right path to meet your financial goals and income needs in retirement.

Get a 360-degree look at your financial picture.

Link external accounts, such as bank accounts and non-TIAA-CREF retirement

savings, for a complete, private view of your investment picture. It's a great way to get a one-stop snapshot of your financial picture to help ensure you're on the right track.

If you haven't tried using the TIAA-CREF secure website, log in to www.tiaa-cref.org/MyTC and discover everything the new site has to offer.

Consider the investment objectives, risks, charges and expenses before investing. Please call 877-518-9161 or go to TIAA-CREF.org for a prospectus that contains this and other information. Read the prospectus carefully before investing.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products.

Flexible Spending Annual Limit to Change

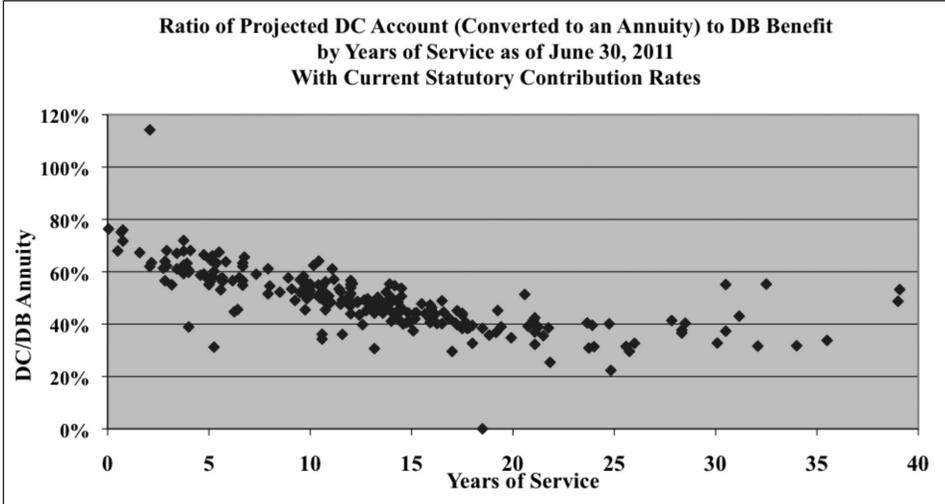
Notice 2012-40 which is a provision of the Affordable Care Act (ACA) changes the annual contribution limit for medical flexible spending accounts under the Section 125 FlexComp Plan. Currently the annual limit is \$6,000. Effective January 1, 2013, the annual limit will be reduced to \$2,500. Therefore, this will be in effect for our annual enrollment that will be conducted this fall. We are providing notice at this time in order to provide you time to plan accordingly when making your elections for the 2013 plan year.

PERS Defined Contribution Plan Financial Update

In past issues of *Perspectives*, we have discussed the challenges facing the PERS Hybrid or defined benefit (DB) plans. In this issue we will discuss the challenges facing our defined contribution plan and its members. The North Dakota Public Employees Retirement System Defined Contribution Plan (DC Plan) currently requires participants to contribute 5% of compensation to the DC Plan (for state employees 4% of the 5% is picked up by the employer). Employers contribute 5.12% of compensation on each participant's behalf resulting in a total contribution rate of 10.12% of compensation. Contributions to this plan increased recently as they did for the other PERS Plans and will increase to a total of 12.12% in January of 2013.

To examine how this plan is doing we asked our actuary, The Segal Company, to do an assessment of the DC plan similar to what we did with the Hybrid/DB plan. Since this plan does not have a funded status benchmark like the Hybrid/DB plan, the methodology used was to take the account balance for each DC plan member and project it forward using the same assumptions as the DB plan. At the member's normal retirement age the DC member's account balance was annuitized and compared to the benefit they would have received in the DB plan. Using this method to benchmark provides a perspective of the funding level in the DC plan to provide a comparable benefit to that in the Hybrid or DB plan. Please note, the DB plan benefit at normal retirement for a 25-year member is 50% of final average salary. This can be calculated by taking years of service times the 2.0% multiplier which equals the benefit's percentage of final average salary.

The following table shows for each DC member the estimated benefit compared to the estimated DB benefit. Along the bottom is the years' of service and along the side is the percent of the Hybrid/DB Benefit. A level of 100% indicates that the DC member would receive the same benefit as a Hybrid/DB plan member at



normal retirement and at 80% indicates the member would get a benefit that would be equal to about 60% of the Hybrid/DB benefit.

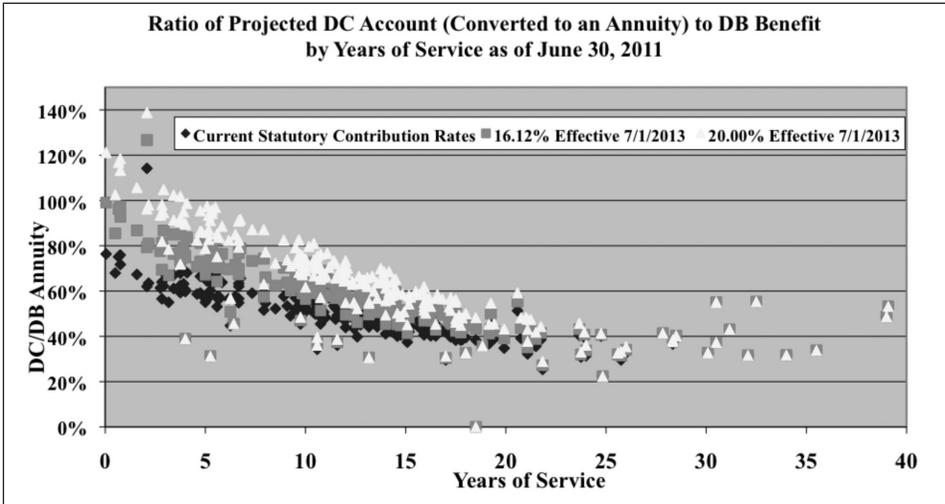
As the above shows, many of the members are projected to receive a benefit of 80% or less when compared to the benefit received by a similarly situated member in the DB plan.

We also looked at the effect of increasing DC contributions to 16.12% and 20% of compensation as shown below.

increasing contributions to 20% of compensation. Segal noted the following in their analysis:

Specifically, an assumed Defined Contribution rate increasing to 16.12% effective July 1, 2013 would yield the following:

- Approximately 68% of current DC plan participants would receive benefits between 50% and 100% of the projected DB benefit, compared to 45% under the current projected statutory contributions.



The black diamonds are based upon the current contributions, the gray squares shows the effect of increasing contributions to 16.12% of compensation and the white triangles show the effect of

- All of the DC plan participants who are newly hired employees (those with 0-2 years of service) are projected to earn at least 80% of the projected DB benefit.

Consequently, PERS is proposing to increase contributions to the DC plan to a total of 16.12% of compensation in the next biennium. The same increase is being proposed for the Hybrid/DB plan.

The above analysis shows the challenge to the DC plan is as great as the challenge facing the Hybrid/DB plan and indicates that contribution increases to this plan are important in order to provide a sound retirement to its members. It also points out the importance of participating in supplemental retirement savings as a proactive approach to augmenting the DC retirement income in order to ensure a secure financial future.

Formal Fund Review: NDPERS 457 Companion and Defined Contribution Plans

Due to a change in management and poor performance, the NDPERS Board has placed the Nuveen Tradewinds Value fund (Ticker Symbol: NVORX) on **Formal Fund Review**.

When a fund has been placed under formal review, it indicates the board will be monitoring the fund, its operations, and its performance. The outcome of this monitoring may be to:

1. Remove the fund from the "formal fund review"
2. To close the fund to all new contributions
3. To remove the fund from the PERS investments options, select a new fund and move existing funds to the new fund.

PERS will post to its website any future actions relating to this fund.

The Nuveen Tradewinds Value fund is a Large Cap Blend fund. The NDPERS core investment lineup currently also has the Vanguard 500 Index Signal (Ticker Symbol: VIFSX) as a Large Cap Blend investment option.

NDPERS Contribution Increases

Senate bill 2108 was passed by the 2011 legislature. The bill provided for the employer and the employee contribution to be increased by 1% each for the Public Employees Retirement System, Judges Retirement System, Highway Patrol Retirement System, Law Enforcement Systems, and the Defined Contribution Retirement. A 1% increase went in to effect January 2012; the second contribution increase of 1% each for the employer and employee will go into effect January 2013.

The following shows the contribution increases as they apply to both employer and employee for each retirement system:

Plan	Employer Contribution	Employee Contribution
<i>Highway Patrol</i>	1% increase 2012	1% increase 2012
	1% increase 2013	1% increase 2013
<i>Main System</i>	1% increase 2012	1% increase 2012
	1% increase 2013	1% increase 2013
<i>Main System – Temporary Employees</i>		2% increase 2012
		2% increase 2013
<i>Judges</i>	1% increase in 2012	1% increase in 2012
	1% increase in 2013	1% increase in 2013
<i>Law Enforcement - Political Subdivision</i>	.5% increase in 2012	.5% increase in 2012
	.5% increase in 2013	.5% increase in 2013
<i>Law Enforcement - State Employees</i>	1% increase in 2012	1% increase in 2012
	1% increase in 2013	1% increase in 2013
<i>Defined Contribution Plan</i>	1% increase in 2012	1% increase in 2012
	1% increase in 2013	1% increase in 2013
<i>Defined Contribution Plan - Temporary Employees</i>		2% increase in 2012
		2% increase in 2013

If you are employed by a non-state governmental entity, your employer had the option to elect to have the employee contribution paid on a pretax basis. If no election was made, contributions will be paid on an after tax basis. State agencies were not required to make an election.

Summary of Legislative Proposals

The following summarizes the bills proposed to date for the 2013 legislative session. For more information or to review copies of the bills, please refer to our web site at www.nd.gov/ndpers and select the “Proposed Legislation” icon from the NDPERS home page.

Bill No.	Sponsor	Description
100	NDPERS	Updates federal compliance provisions; updates the Legislative Oversight Committee name in the Highway Patrol retirement statute; authorizes the Board to use provider fees to fund administration of the deferred compensation program; changes the 3-year vesting requirement for Law Enforcement plan from consecutive to non-consecutive years; eliminates the level social security option; updates the Legislative Oversight Committee name in the PERS Retirement statute; allows the Board to pay a third party payer from funds received from flexcomp program operations; establishes the payment procedure for a defined contribution plan account balance if the member passes away; establishes a federal compliance section in the defined contribution plan.
101	NDPERS	Changes the definition of temporary employee to comply with the Affordable Care Act (ACA) and sets the premium level accordingly; allows political subdivisions to set up their own health spending account if they select the PERS high deductible health plan (HDHP).
102	NDPERS	Closes the pre-Medicare plan to retirees after December 31, 2013; allows the retiree health credit to be used for other health and prescription drug coverage and the PERS dental, vision or LTC plans.
103	NDPERS	Increases employee and employer contributions to the Main, Highway Patrol, Judges, BCI Law Enforcement and Defined Contribution plans by 1% January 2014 and 1% January 2015. Increases employee contributions to the Law Enforcement plan by .5% January 2014 and .5% January 2015. Increases the temporary employee contributions to the Main plan by 2% January 2014 and 2% January 2015. Increases the temporary employee contributions to the Defined Contribution plan by 2% January 2014 and 2% January 2015.

BE SAFE IN THE SUN Skin Cancer is Very Common and Preventable

The Food and Drug Administration now requires sunscreen manufacturers to disclose whether their products protect against two classes of ultraviolet rays – UVA and UVB – and whether the products reduce skin cancer risk and early skin aging or just sunburn alone. Manufacturers can no longer claim that products are waterproof or sweat-proof. Instead, labels can indicate that sunscreen is water resistant (40 minutes) or water resistant (80 minutes).

Protecting your skin is critical to skin cancer prevention. That’s because about 90 percent of non-melanoma skin cancers and about 65 percent of melanomas are associated with exposure to UV radiation from the sun.

Follow these tips to protect your skin:

- Use sunscreen all year, all over, all the time and reapply every two hours, even on cloudy days and especially after you swim or sweat.
- Seek shade, especially between 10 a.m. and 4 p.m. when the sun’s rays are strongest.
- Cover up with long-sleeved shirts, pants, UV-ray blocking sunglasses and hats.
- Take extra care to protect skin when you’re near water, sand and snow. Snow reflects 80 percent of the sun’s rays, and sand reflects 25 percent of the sun’s rays.
- Avoid tanning beds, which can increase your chance of skin cancer and wrinkling. If you want a bronze glow, consider self-tanning products or sprays, but continue to use sunscreen since self-tanners and a base tan do not protect your skin.
- Keep newborn babies out of the sun, and don’t use sunscreen on babies until they are six months old. Then, use liberally and often. Make sure your children have sunscreen on before they leave the house during the summer.
- Examine your skin head-to-toe, and if you notice anything changing, growing or bleeding, see your physician. Caught early, skin cancer is very treatable. Ask your physician about scheduling a professional skin exam.

—Information provided by Blue Cross Blue Shield of North Dakota

Annual Statement for Fiscal Year Ending June 30, 2012

The 2011-2012 Summary Annual Statement for NDPERS active and deferred members will be mailed the first week of August.

A detailed annual statement will be available to view or print using the PERSLink Member Self Service (MSS). The instructions to log in to MSS can be found on the NDPERS web site at www.nd.gov/ndpers. You will need a ND Login Id and password along with your NDPERS Member Id and date of birth.

If you do not receive a Summary Annual Statement by the middle of September, please check with the NDPERS office in case the statement was returned due to an incorrect address. Any name or address changes to employee records need to be sent to NDPERS in writing. A Notice of Change SFN 10766 should be submitted to our office.

If you misplace your annual statement, you may print a duplicate through PERSLink Member Self Service.

NDPERS has many more features planned for Member Self Service; however, they are currently under construction. We plan to

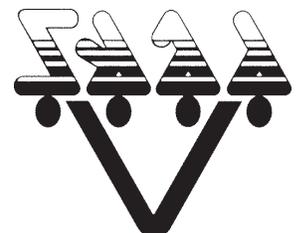
have all features available later this year. We will let you know when these features will be available. Thank you for your patience as we continue working to provide you with more online access to your benefits with NDPERS

NDPERS Privacy Policy

In compliance with the Health Insurance Portability and Accountability Act (HIPAA), NDPERS must have a privacy practices policy that describes how medical information about you may be used and disclosed and how you can get access to this information. The NDPERS Privacy Policy has been updated and is available for viewing or printing from our website at www.nd.gov/ndpers. A hard copy may be obtained by request through our e-mail account at NDPERS-info@nd.gov or by phone at 701.328.3918 or 800.803.7377.

The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.

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