

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
BCBS, 4510 13th Ave SW

September 22, 2011

Time: 8:30 AM

I. MINUTES

- A. August 23, 2011

II. GROUP INSURANCE

- A. Quarterly Executive Summary - BCBS
- B. High Deductible Health Plan Update and Agreement – Sparb (Board Action)
- C. Part D Renewal Agreement – (Board Action)

III. RETIREMENT

- A. GASB – Segal (Information)
- B. TIAA-CREF Update and Agreement – Sparb (Board Action)
- C. Asset Allocation – Sparb (Board Action)

IV. FLEX COMP PROGRAM

- A. Approval of Flex Comp Vendors – Kathy (Board Action)
- B. Flex Election Process – Kathy (Board Action)

V. MISCELLANEOUS

- A. PERS Update – Sparb (Information)
- B. Administrative Rules – Deb (Board Action)
- C. Audit Committee Minutes of February 23, 2011 – (Information)
- D. SIB Agenda

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



**North Dakota
Public Employees Retirement System**
400 East Broadway, Suite 505 • Box 1657
Bismarck, North Dakota 58502-1657

Sparb Collins
Executive Director
(701) 328-3900
1-800-803-7377

FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Sparb
DATE: September 16, 2011
SUBJECT: Quarterly Executive Summary

Attached is the Quarterly Executive Summary from BCBS. Representatives of BCBS will be at the next meeting to review the report and answer questions.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: September 16, 2011
SUBJECT: HDHP Update and Requested Actions

This memo will provide you an update on:

- Plan Rollout Schedule
- Supplemental Payroll Contributions to HSA
- Coordination of eligibility with Flex
- Employer Contributions

I am also requesting Board approval of:

- HDHP Agreement

Plan Rollout Schedule

The following is the tentative plan rollout schedule:

- NDPERS letter to all state employees announcing the HDHP/HSA
- On-Site Information Sessions - Tentative Dates/Times/Locations –
 - Fargo 10/10 @ 10:00 AM and 2:00 PM
 - Dickinson – 10/11 @ 8:30 AM
 - Williston – 10/11 @ 3:00 PM
 - Wahpeton 10/13 @ 9:00 AM
 - Mayville 10/13 @ 3:00 PM
 - Minot – 10/18 @ 9:00 AM
 - Bismarck - 10/18 @ 1:00 and 4:00 PM
 - Jamestown – 10/20 @ 9:00 AM
 - Valley City – 10/20 @ 3:00 PM
 - Grand Forks – 10/25 @ 8:30 AM
 - Grafton – 10/25 @ 1:30 PM
 - Grand Forks – 10/26 @ 1 PM
 - Devils Lake – 10/27 @ 9:00 AM
 - Bottineau – 10/27 @ 1:30 PM
- WebEx – Two per week (Monday's and Wednesday's) from 10/10 – 10/28

As you will note, we are going to use a combination of communications channels to let employees know about this new option (mailings, on-site presentations and web videos). We hope by using these options we will allow everyone the opportunity to learn about the HDHP/HSA so they can make an informed decision during open enrollment.

Supplemental Payroll Contributions to HSA

At a recent Board meeting we discussed allowing employees who join the HSA to make supplemental contributions to their HSA from payroll. In starting work on this we noted that we would need to coordinate the flow of funds from 30 different payroll systems (10 different state systems and 20 health units). We also found out that DBS, our HSA vendor, has to have all funds flow through a single account. This raises some challenges for us that can be overcome, however it will take some time. Consequently, we are going to target implementation of this component for the next plan year.

Coordination of Eligibility With Flex

As we have continued to work on this federal requirement, it has become an increasing challenge. Specifically the requirement is that a member cannot be enrolled in the medical FSA and an HSA at the same time. This has two implications. First, during the open enrollment a member cannot apply/enroll for both the HDHP/HSA and the medical FSA. Secondly, if they have a balance in their FSA at the end of the year that is available for claims during the run out period (through middle of March) in the following year they cannot be enrolled in the HSA during this period. Insuring compliance with these requirements will require scanning the Flex medical FSA to determine if we have any enrollee's who would have conflict. This will be largely a manual process. Another challenge is that the flex program is decentralized in North Dakota. That is PERS does the program for all non-higher ed employees and within higher education they have different programs at different schools. In recognition of the above staff has made the following decisions on how to proceed:

1. We will not send the enrollment information to Discovery (the HSA vendor) until the later part of January.
2. We have met with Higher Education and requested they appoint someone to coordinate with us for each campus who can certify the eligibility of a member who enrolls from their campus.
3. In the first several weeks in January all parties (PERS and Higher Ed) will review the enrollment to insure all members applying for the program is eligible.
4. If a member is not eligible since they enrolled in the FSA for the year we will cancel their enrollment in the HDHP/HSA.
5. If they are not eligible due to having the claims run out for the FSA we will enroll them in the HDHP but not make the first payment to the HSA until the run out period has expired and we will make the first payment equal to the missed payments since January.

Employer Contributions

We have become aware that once an employer contribution is transferred into a members HSA it is difficult for the employer to take it back due to an error (i.e. they were mistakenly enrolled, they were determined to be ineligible, they were enrolled in the wrong level of coverage, etc). It is not uncommon for us to have to make changes when members are enrolled and now we will not be able to fully verify someone enrollment with the flex requirement until we receive their enrollment material which could be within the first 20-30 days after enrollment. Consequently we are going to lag contributions to the HSA by one month allowing us more time to make adjustments if necessary without having the complication of having already made a contribution to the HSA.

HDHP Agreement

Attached please find the final HDHP amendment for your approval. This has been reviewed by staff, Jan and was discussed at the last Board meeting.

Board Action Requested

Approve the HDHP amendment

**North Dakota Public Employees
Retirement System
Amendment**

January 1, 2012 through June 30, 2013

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

AMENDMENT

This amendment is executed on August 17, 2011 to be effective January 1, 2012, through June 30, 2013. Please read this amendment carefully and keep it with your Benefit Plan document for future reference.

The Administrative Service Agreement is amended as follows:

Under Section 5.2, RESPONSIBILITIES OF THE PLAN SPONSOR, the following provision is amended to include:

- D. For any high deductible health plan offered by the Plan Sponsor, the Plan Sponsor assumes sole responsibility for determining whether the Plan qualifies as a high deductible health plan under Section 223(c)(2) of the U.S. Internal Revenue Code. BCBSND MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE REGARDING THE PLAN.

For any high deductible health plan offered by the Plan Sponsor, BCBSND does not provide legal or tax advice, and expressly disclaims responsibility for determining, on behalf of any individual or group, the legal and tax implications of: (1) establishing a health savings account; (2) eligibility for a health savings account; (3) the contributions made to a health savings account; (4) the deductibility of contributions to a health savings account; and (5) withdrawals from a health savings account and related taxation.

Under Section 6.1, FEES AND CHARGES, of the Administrative Service Agreement is repealed and replaced with the attached table of contract rates:

Under Section 6, FEES AND CHARGES, the following provisions are amended:

- 6.3 NDPERS will pay BCBSND, on or before the last day of each month, premium income based on the amount identified in Column 6 of the above Table for type of contract for that month.

- 6.5 BCBSND will retain any surplus funds from the amounts identified in Column 4 of the above tables. Surplus funds retained by BCBSND shall earn interest at a rate to be determined monthly, based on US Treasury Notes quoted by the Wall Street Journal. The monthly rate will be established at the close of the first trading day each month based on the closing yield to maturity of US Treasury Notes maturing 24 months hence. If there are multiple notes for that maturity, the rate will be based on an average. If there are no notes with that maturity, the next subsequent maturity will be used.

Surplus funds described in the above Section 6.5 not used by BCBSND to pay NDPERS Health Plan incurred claims plus retention will be subject to the Final Accounting as described in Section 7 of this Agreement.

- 6.6 Payments made pursuant to Section 6.3 and pursuant to Column 5 of the above Table will be handled as follows:

BCBSND will dispense to Regional Advantage Services LLC, Medicare Part D premiums identified in Column 5 of the above Table for type of contract for that month. Interest will not be paid on this account.

Funds described in Section 6.6 are not subject to final accounting as described in Section 7 of this Agreement.

Under Section 9, BLUECARD[®] PROGRAM, the following provision is repealed and replaced with the following language:

INTER-PLAN PROGRAMS

BCBSND has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Whenever a Member accesses health care services outside of the geographic area BCBSND serves, the claim for those services may be processed through one of these Inter-Plan Programs and presented to BCBSND for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to Members under this Agreement are described generally below.

Typically when accessing care outside the BCBSND service area, a Member will obtain care from health care providers that have a contractual agreement (i.e., "participating agreement") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, a Member may obtain care from health care providers who have not entered into a "participating agreement" with a Host Blue. BCBSND payment practices in both instances are described below.

A. BlueCard[®] Program

Under the BlueCard Program, when Members access health care services within the geographic area served by a Host Blue, BCBSND will remain responsible to the Group for fulfilling BCBSND's contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with the health care providers who have entered into a "participating agreement" with it (participating health care providers). The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, BCBSND's action will be consistent with the spirit of this description.

Liability Calculation Method Per Claim - The calculation of Member liability on claims for Covered Services processed through the BlueCard Program will be based on the lower of the billed charges of the Host Blue's participating health care provider or the negotiated price made available to BCBSND by the Host Blue.

Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's health care provider contracts. The negotiated price made available to BCBSND by the Host Blue may represent a payment negotiated by a Host Blue with a health care provider that is one of the following:

1. the actual price. An actual price is a negotiated payment without any other increases or decreases; or
2. an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives; or
3. an average price. An average price is a percentage of billed covered charges representing the aggregate payments negotiated by the Host Blue with all of its health care providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

Host Blues using either an estimated price or an average price may, in accordance with Inter-Plan Programs policies, prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., prospective adjustments may mean that a current price reflects additional amounts or credits for claims already paid to providers or anticipated to be paid to or received from providers). However, the amount paid by the Member is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to BCBSND is a final price irrespective of any future adjustments based on the use of estimated or average pricing.

A small number of states require a Host Blue either (i) to use a basis for determining Member liability for Covered Services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (ii) to add a surcharge. Should the state in which health care services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, BCBSND would then calculate the Member's liability in accordance with applicable law.

Return of Overpayments - Under the BlueCard Program, recoveries from a Host Blue or from participating health care providers of a Host Blue can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts determined in this way will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a claim-by-claim or prospective basis.

B. Nonparticipating Providers Outside the BCBSND Service Area

When Covered Services are provided outside of BCBSND's service area by health care providers who have not entered into a "participating agreement" with a Host Blue (nonparticipating health care providers), the amount the Member pays for such services will generally be based on either the Host Blue's nonparticipating health care provider local payment or the pricing arrangements required by applicable state law. In these situations, the Member may be liable for the difference between the amount that the nonparticipating health care provider bills and the payment BCBSND will make for the Covered Services as set forth in this paragraph.

In certain situations, BCBSND may pay claims based on the payment BCBSND would make if the Covered Services had been obtained within the BCBSND service area. Such situations include where a Member did not have reasonable access to a participating health care provider, as determined by BCBSND in its sole and absolute discretion or by applicable state law. In other situations, BCBSND may pay such a claim based on the payment BCBSND would make if BCBSND were paying a nonparticipating health care provider inside of BCBSND's service area (as described in the Member's Certificate of Insurance) where the Host Blue's corresponding payment would be more than BCBSND's payment to a nonparticipating health care provider within the BCBSND service area. BCBSND may also in its sole and absolute discretion, negotiate a payment with such a health care provider on an exception basis. In any of these situations, the Member may be responsible for the difference between the amount that the nonparticipating health care provider bills and payment BCBSND will make for the Covered Services as set forth in this paragraph.

All other provisions in this section remain as set forth in the Administrative Service Agreement.

Effective 7-1-2011

Exhibit A is amended to include the following Summary of Material Modification:

**North Dakota Public Employees Retirement System
Dakota Plan**

Summary of Material Modification

This is a summary of material modification made to North Dakota Public Employees Retirement System Dakota Plan health benefit plan effective July 1, 2011. Please read this summary of material modification carefully and keep it with your Certificate of Insurance and Summary Plan Description document for future reference. All other provisions remain as set forth in your Certificate of Insurance and Summary Plan Description.

Under Section 8, DEFINITIONS, the following provision is repealed and replaced with:

8.6 **ANNUAL ENROLLMENT PERIOD** - a period of time an eligible employee or Eligible Dependent may apply for coverage under this Benefit Plan as a Late Enrollee. The Annual Enrollment Period will be determined by the Plan Administrator.

If you have any questions regarding the Plan, please contact North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, PO Box 1657, Bismarck, North Dakota 58502, or telephone (701) 328-3900.

Exhibit A is amended to include the North Dakota Public Employees Retirement System Dakota Plan High Deductible Health Plan Certificate of Insurance and Summary Plan Description.

Draft

IN WITNESS WHEREOF, the parties hereto have caused this amendment to be executed, in their names by their undersigned officers, the same being duly authorized to do so.

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (PLAN ADMINISTRATOR)**
PO Box 1657
Bismarck, North Dakota 58502

BLUE CROSS BLUE SHIELD OF NORTH DAKOTA*
4510 13th Avenue South
Fargo, North Dakota 58121

By: _____

"Signature"

Title: _____

Its President and CEO

Date: _____

August 29, 2011

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM (PLAN SPONSOR)**
PO Box 1657
Bismarck, North Dakota 58502

By: _____

Title: _____

Date: _____

Amendment
01/01/2012-06/30/2013

*An Independent Licensee of the Blue Cross and Blue Shield Association.

Draft

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure A		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
July 1, 2011 - December 31, 2011							(4)+(5)		(3)+(6)+(7)
		Total	Less	Less	(1)-(2)-(3)	Medicare	Total	Plus	
		BCBSND Bid	NDPERS	NDPERS	Total	Part D	Monthly	NDPERS	NDPERS
		plus HSA	Retention	HSA funds	Premium to	Premium	Paid to	Retention	Billing
Code	Description	Contribution			BCBSND		BCBSND		Rate
<u>Political Subdivision Rates with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	4	Single	\$456.16	\$2.80	\$453.36		\$453.36	\$2.80	\$456.16
2	4	Family	\$1,102.08	\$2.80	\$1,099.28		\$1,099.28	\$2.80	\$1,102.08
COBRA (PPO with Grandfathered Status)									
4	4	Single	\$456.16	\$2.80	\$453.36		\$453.36	\$11.92	\$465.28
5	4	Family	\$1,102.08	\$2.80	\$1,099.28		\$1,099.28	\$24.84	\$1,124.12
Active (PPO with NonGrandfathered Status)									
1	24	Single	\$463.10	\$2.80	\$460.30		\$460.30	\$2.80	\$463.10
2	24	Family	\$1,118.82	\$2.80	\$1,116.02		\$1,116.02	\$2.80	\$1,118.82
COBRA (PPO with NonGrandfathered Status)									
4	24	Single	\$463.10	\$2.80	\$460.30		\$460.30	\$12.06	\$472.36
5	24	Family	\$1,118.82	\$2.80	\$1,116.02		\$1,116.02	\$25.18	\$1,141.20
<u>Political Subdivision Rates w/o Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	3	Single	\$456.16	\$2.80	\$453.36		\$453.36	\$7.36	\$460.72
2	3	Family	\$1,102.08	\$2.80	\$1,099.28		\$1,099.28	\$13.82	\$1,113.10
COBRA (PPO with Grandfathered Status)									
4	3	Single	\$456.16	\$2.80	\$453.36		\$453.36	\$11.92	\$465.28
5	3	Family	\$1,102.08	\$2.80	\$1,099.28		\$1,099.28	\$24.84	\$1,124.12
Active (PPO with NonGrandfathered Status)									
1	23	Single	\$463.10	\$2.80	\$460.30		\$460.30	\$7.42	\$467.72
2	23	Family	\$1,118.82	\$2.80	\$1,116.02		\$1,116.02	\$13.98	\$1,130.00
COBRA (PPO with NonGrandfathered Status)									
4	23	Single	\$463.10	\$2.80	\$460.30		\$460.30	\$12.06	\$472.36
5	23	Family	\$1,118.82	\$2.80	\$1,116.02		\$1,116.02	\$25.18	\$1,141.20
<u>State Contracts with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1-3	2	S/F/Dual	\$886.62	\$2.80	\$883.82		\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2	Single	\$426.96	\$2.80	\$424.16		\$424.16	\$11.34	\$435.50
5	2	Family	\$1,029.00	\$2.80	\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2	Single	\$426.96	\$2.80	\$424.16		\$424.16	\$2.80	\$426.96
7	2	Family	\$1,029.00	\$2.80	\$1,026.20		\$1,026.20	\$2.80	\$1,029.00
<u>State Contracts w/o Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1-3	1	S/F/Dual	\$886.62	\$2.80	\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)									
4	1	Single	\$426.96	\$2.80	\$424.16		\$424.16	\$11.34	\$435.50
5	1	Family	\$1,029.00	\$2.80	\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	1	Single	\$426.96	\$2.80	\$424.16		\$424.16	\$7.06	\$431.22
7	1	Family	\$1,029.00	\$2.80	\$1,026.20		\$1,026.20	\$13.08	\$1,039.28

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Draft

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure A (cont'd)

July 1, 2011 - December 31, 2011

Code	Description	(1) Total BCBSND Bid plus HSA Contribution	(2) Less NDPERS Retention	(3) Less NDPERS HSA funds	(4) (1)-(2)-(3) Total Premium to BCBSND	(5) Medicare Part D Premium	(6) (4)+(5) Total Monthly Paid to BCBSND	(7) Plus NDPERS Retention	(8) (3)+(6)+(7) NDPERS Billing Rate
Non-Medicare Retiree (PPO with Grandfathered Status)									
21	11 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$2.80	\$640.44
22	11 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	11 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA									
24	11 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$15.60	\$653.24
25	11 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
26	11 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$34.82	\$1,633.12
Medicare Retiree									
41	11 1 Medicare only	\$167.18	\$2.80		\$164.38	\$69.50	\$233.88	\$2.80	\$236.68
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
43	11 1 Medicare + Others	\$519.58			\$516.78		\$586.28		\$589.08
42	11 2 Medicare only	\$331.56	\$2.80		\$328.76	\$139.00	\$467.76	\$2.80	\$470.56
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
49	11 2 Medicare + Others	\$683.96			\$681.16		\$820.16		\$822.96
50	11 3 Medicare only	\$495.94	\$2.80		\$493.14	\$208.50	\$701.64	\$2.80	\$704.44
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
55	11 3 Medicare + Others	\$848.34			\$845.54		\$1,054.04		\$1,056.84
51	11 4 Medicare only	\$660.32	\$2.80		\$657.52	\$278.00	\$935.52	\$2.80	\$938.32
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
58	11 4 Medicare + Others	\$1,012.72			\$1,009.92		\$1,287.92		\$1,290.72
44	11 Part A Single	\$371.46	\$2.80		\$368.66	\$69.50	\$438.16	\$2.80	\$440.96
Medicare Retirees with "grandfathered" rates									
42	14 2 Medicare only	\$331.58	\$2.80		\$328.78	\$139.00	\$467.78	\$2.80	\$470.58
98	14 Single (PPO with GF status)	\$169.60			\$169.60		\$169.60		\$169.60
49	14 2 Medicare + Others	\$501.18			\$498.38		\$637.38		\$640.18
50	14 3 Medicare only	\$352.54	\$2.80		\$349.74	\$208.50	\$558.24	\$2.80	\$561.04
51	14 4 Medicare only	\$216.38	\$2.80		\$213.58	\$278.00	\$491.58	\$2.80	\$494.38
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)									
30	11 Single (PPO with GF status)	\$347.54	\$2.80		\$344.74		\$344.74	\$9.74	\$354.48
31	11 Family (PPO with GF status)	\$623.30	\$2.80		\$620.50		\$620.50	\$15.26	\$635.76

- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

(8) - Premium amount NDPERS will bill its contract holders.

<u>Rate Structure A</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2012 - December 31, 2012							(4)+(5)		
		Total	Less	Less	(1)-(2)-(3)	Medicare	Total	Plus	(3)+(6)+(7)
		BCBSND Bid	NDPERS	NDPERS	Total	Part D	Monthly	NDPERS	NDPERS
		plus HSA	Retention	HSA funds	Premium to	Premium	Paid to	Retention	Billing
<u>Code</u>	<u>Description</u>	<u>Contribution</u>			<u>BCBSND</u>		<u>BCBSND</u>		<u>Rate</u>
<u>Political Subdivision Rates with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	4	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$2.80	\$456.16
2	4	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$2.80	\$1,102.08
COBRA (PPO with Grandfathered Status)									
4	4	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$11.92	\$465.28
5	4	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$24.84	\$1,124.12
Active (PPO with NonGrandfathered Status)									
1	24	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$2.80	\$463.10
2	24	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$2.80	\$1,118.82
COBRA (PPO with NonGrandfathered Status)									
4	24	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$12.06	\$472.36
5	24	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$25.18	\$1,141.20
<u>Political Subdivision Rates w/o Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	3	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$7.36	\$460.72
2	3	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$13.82	\$1,113.10
COBRA (PPO with Grandfathered Status)									
4	3	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$11.92	\$465.28
5	3	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$24.84	\$1,124.12
Active (PPO with NonGrandfathered Status)									
1	23	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$7.42	\$467.72
2	23	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$13.98	\$1,130.00
COBRA (PPO with NonGrandfathered Status)									
4	23	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$12.06	\$472.36
5	23	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$25.18	\$1,141.20
<u>State Contracts with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1-3	2	S/F/Dual	\$886.62	\$2.80		\$883.82	\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2	Single	\$426.96	\$2.80		\$424.16	\$424.16	\$11.34	\$435.50
5	2	Family	\$1,029.00	\$2.80		\$1,026.20	\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2	Single	\$426.96	\$2.80		\$424.16	\$424.16	\$2.80	\$426.96
7	2	Family	\$1,029.00	\$2.80		\$1,026.20	\$1,026.20	\$2.80	\$1,029.00
Active (HDHP with NonGrandfathered Status)									
1-3	17	S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52	\$769.52	\$2.80	\$886.62
COBRA (HDHP with NonGrandfathered Status)									
4	17	Single	\$372.12	\$2.80	\$0.00	\$369.32	\$369.32	\$10.24	\$379.56
5	17	Family	\$896.26	\$2.80	\$0.00	\$893.46	\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	17	Single	\$426.96	\$2.80	\$54.84	\$369.32	\$369.32	\$2.80	\$426.96
7	17	Family	\$1,029.00	\$2.80	\$132.74	\$893.46	\$893.46	\$2.80	\$1,029.00

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

<u>Rate Structure A (cont'd)</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2012 - December 31, 2012							(4)+(5)		
		Total	Less	Less	(1)-(2)-(3)	Medicare	Total	Plus	(3)+(6)+(7)
		BCBSND Bid	NDPERS	NDPERS	Total	Part D	Monthly	NDPERS	NDPERS
		plus HSA	Retention	HSA funds	Premium to	Premium	Paid to	Retention	Billing
Code	Description	Contribution			BCBSND		BCBSND		Rate
<u>State Contracts w/o Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1-3	1 S/F/Dual	\$886.62	\$2.80		\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)									
4	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$11.34	\$435.50
5	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$7.06	\$431.22
7	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$13.08	\$1,039.28
Active (HDHP with NonGrandfathered Status)									
1-3	16 S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52		\$769.52	\$11.66	\$895.48
COBRA (HDHP with NonGrandfathered Status)									
4	16 Single	\$372.12	\$2.80	\$0.00	\$369.32		\$369.32	\$10.24	\$379.56
5	16 Family	\$896.26	\$2.80	\$0.00	\$893.46		\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	16 Single	\$426.96	\$2.80	\$54.84	\$369.32		\$369.32	\$7.06	\$431.22
7	16 Family	\$1,029.00	\$2.80	\$132.74	\$893.46		\$893.46	\$13.08	\$1,039.28
<u>Non-Medicare Retiree (PPO with Grandfathered Status)</u>									
21	11 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$2.80	\$640.44
22	11 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	11 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA									
24	11 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$15.60	\$653.24
25	11 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
26	11 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$34.82	\$1,633.12
<u>Medicare Retiree</u>									
41	11 1 Medicare only	\$167.18	\$2.80		\$164.38	\$74.90	\$239.28	\$2.80	\$242.08
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
43	11 1 Medicare + Others	\$519.58			\$516.78		\$591.68		\$594.48
42	11 2 Medicare only	\$331.56	\$2.80		\$328.76	\$149.80	\$478.56	\$2.80	\$481.36
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
49	11 2 Medicare + Others	\$683.96			\$681.16		\$830.96		\$833.76
50	11 3 Medicare only	\$495.94	\$2.80		\$493.14	\$224.70	\$717.84	\$2.80	\$720.64
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
55	11 3 Medicare + Others	\$848.34			\$845.54		\$1,070.24		\$1,073.04
51	11 4 Medicare only	\$660.32	\$2.80		\$657.52	\$299.60	\$957.12	\$2.80	\$959.92
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
58	11 4 Medicare + Others	\$1,012.72			\$1,009.92		\$1,309.52		\$1,312.32
44	11 Part A Single	\$371.46	\$2.80		\$368.66	\$74.90	\$443.56	\$2.80	\$446.36

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure A (cont'd)		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2012 - December 31, 2012							(4)+(5)		
		Total BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	(1)-(2)-(3) Total Premium to BCBSND	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(3)+(6)+(7) NDPERS Billing Rate
Code	Description								
Medicare Retirees with "grandfathered" rates									
42	14	2 Medicare only	\$331.58	\$2.80	\$328.78	\$149.80	\$478.58	\$2.80	\$481.38
98	14	Single (PPO with GF status)	\$169.60		\$169.60		\$169.60		\$169.60
49	14	2 Medicare + Others	\$501.18		\$498.38		\$648.18		\$650.98
50	14	3 Medicare only	\$352.54	\$2.80	\$349.74	\$224.70	\$574.44	\$2.80	\$577.24
51	14	4 Medicare only	\$216.38	\$2.80	\$213.58	\$299.60	\$513.18	\$2.80	\$515.98
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)									
30	11	Single (PPO with GF status)	\$347.54	\$2.80	\$344.74		\$344.74	\$9.74	\$354.48
31	11	Family (PPO with GF status)	\$623.30	\$2.80	\$620.50		\$620.50	\$15.26	\$635.76

Draft

- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

(8) - Premium amount NDPERS will bill its contract holders.

<u>Rate Structure A</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2013 - June 30, 2013							(4)+(5)		
		Total	Less	Less	(1)-(2)-(3)	Medicare	Total	Plus	(3)+(6)+(7)
		BCBSND Bid	NDPERS	NDPERS	Total	Part D	Monthly	NDPERS	NDPERS
		plus HSA	Retention	HSA funds	Premium to	Premium	Paid to	Retention	Billing
<u>Code</u>	<u>Description</u>	<u>Contribution</u>			<u>BCBSND</u>		<u>BCBSND</u>		<u>Rate</u>
<u>Political Subdivision Rates with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	4	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$2.80	\$456.16
2	4	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$2.80	\$1,102.08
COBRA (PPO with Grandfathered Status)									
4	4	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$11.92	\$465.28
5	4	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$24.84	\$1,124.12
Active (PPO with NonGrandfathered Status)									
1	24	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$2.80	\$463.10
2	24	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$2.80	\$1,118.82
COBRA (PPO with NonGrandfathered Status)									
4	24	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$12.06	\$472.36
5	24	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$25.18	\$1,141.20
<u>Political Subdivision Rates w/o Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	3	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$7.36	\$460.72
2	3	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$13.82	\$1,113.10
COBRA (PPO with Grandfathered Status)									
4	3	Single	\$456.16	\$2.80		\$453.36	\$453.36	\$11.92	\$465.28
5	3	Family	\$1,102.08	\$2.80		\$1,099.28	\$1,099.28	\$24.84	\$1,124.12
Active (PPO with NonGrandfathered Status)									
1	23	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$7.42	\$467.72
2	23	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$13.98	\$1,130.00
COBRA (PPO with NonGrandfathered Status)									
4	23	Single	\$463.10	\$2.80		\$460.30	\$460.30	\$12.06	\$472.36
5	23	Family	\$1,118.82	\$2.80		\$1,116.02	\$1,116.02	\$25.18	\$1,141.20
<u>State Contracts with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1-3	2	S/F/Dual	\$886.62	\$2.80		\$883.82	\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2	Single	\$426.96	\$2.80		\$424.16	\$424.16	\$11.34	\$435.50
5	2	Family	\$1,029.00	\$2.80		\$1,026.20	\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2	Single	\$426.96	\$2.80		\$424.16	\$424.16	\$2.80	\$426.96
7	2	Family	\$1,029.00	\$2.80		\$1,026.20	\$1,026.20	\$2.80	\$1,029.00
Active (HDHP with NonGrandfathered Status)									
1-3	17	S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52	\$769.52	\$2.80	\$886.62
COBRA (HDHP with NonGrandfathered Status)									
4	17	Single	\$372.12	\$2.80	\$0.00	\$369.32	\$369.32	\$10.24	\$379.56
5	17	Family	\$896.26	\$2.80	\$0.00	\$893.46	\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	17	Single	\$426.96	\$2.80	\$54.84	\$369.32	\$369.32	\$2.80	\$426.96
7	17	Family	\$1,029.00	\$2.80	\$132.74	\$893.46	\$893.46	\$2.80	\$1,029.00

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure A (cont'd)		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2013 - June 30, 2013							(4)+(5)		
		Total BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	(1)-(2)-(3) Total Premium to BCBSND	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(3)+(6)+(7) NDPERS Billing Rate
Code	Description								
State Contracts w/o Wellness Program									
Active (PPO with Grandfathered Status)									
1-3	1 S/F/Dual	\$886.62	\$2.80		\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)									
4	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$11.34	\$435.50
5	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$7.06	\$431.22
7	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$13.08	\$1,039.28
Active (HDHP with NonGrandfathered Status)									
1-3	16 S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52		\$769.52	\$11.66	\$895.48
COBRA (HDHP with NonGrandfathered Status)									
4	16 Single	\$372.12	\$2.80	\$0.00	\$369.32		\$369.32	\$10.24	\$379.56
5	16 Family	\$896.26	\$2.80	\$0.00	\$893.46		\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	16 Single	\$426.96	\$2.80	\$54.84	\$369.32		\$369.32	\$7.06	\$431.22
7	16 Family	\$1,029.00	\$2.80	\$132.74	\$893.46		\$893.46	\$13.08	\$1,039.28
Non-Medicare Retiree (PPO with Grandfathered Status)									
21	11 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$2.80	\$640.44
22	11 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	11 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA									
24	11 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$15.60	\$653.24
25	11 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
26	11 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$34.82	\$1,633.12
Medicare Retiree									
41	11 1 Medicare only	\$167.18	\$2.80		\$164.38	TBD	TBD	\$2.80	TBD
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
43	11 1 Medicare + Others	\$519.58			\$516.78		TBD		TBD
42	11 2 Medicare only	\$331.56	\$2.80		\$328.76	TBD	TBD	\$2.80	TBD
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
49	11 2 Medicare + Others	\$683.96			\$681.16		TBD		TBD
50	11 3 Medicare only	\$495.94	\$2.80		\$493.14	TBD	TBD	\$2.80	TBD
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
55	11 3 Medicare + Others	\$848.34			\$845.54		TBD		TBD
51	11 4 Medicare only	\$660.32	\$2.80		\$657.52	TBD	TBD	\$2.80	TBD
98	11 Single (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
99	11 Family (PPO with GF status)	\$352.40			\$352.40		\$352.40		\$352.40
58	11 4 Medicare + Others	\$1,012.72			\$1,009.92		TBD		TBD
44	11 Part A Single	\$371.46	\$2.80		\$368.66	TBD	TBD	\$2.80	TBD

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

<u>Rate Structure A (cont'd)</u>		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
January 1, 2013 - June 30, 2013							(4)+(5)		
Code	Description	Total BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	(1)-(2)-(3) Total Premium to BCBSND	Medicare Part D Premium	Total Monthly Paid to BCBSND	Plus NDPERS Retention	(3)+(6)+(7) NDPERS Billing Rate
Medicare Retirees with "grandfathered" rates									
42	14	2 Medicare only	\$331.58	\$2.80	\$328.78	TBD	TBD	\$2.80	TBD
98	14	Single (PPO with GF status)	\$169.60		\$169.60		\$169.60		\$169.60
49	14	2 Medicare + Others	\$501.18		\$498.38		TBD		TBD
50	14	3 Medicare only	\$352.54	\$2.80	\$349.74	TBD	TBD	\$2.80	TBD
51	14	4 Medicare only	\$216.38	\$2.80	\$213.58	TBD	TBD	\$2.80	TBD
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)									
30	11	Single (PPO with GF status)	\$347.54	\$2.80	\$344.74		\$344.74	\$9.74	\$354.48
31	11	Family (PPO with GF status)	\$623.30	\$2.80	\$620.50		\$620.50	\$15.26	\$635.76

Draft

- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

(8) - Premium amount NDPERS will bill its contract holders.

Draft

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year							(4)+(5)		
July 1, 2011 - December 31, 2011		Total	Less	Less	(1)-(2)-(3)	Medicare	Total	Plus	(3)+(6)+(7)
Code	Description	BCBSND Bid plus HSA Contribution	NDPERS Retention	NDPERS HSA funds	Total Premium to BCBSND	Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate
<u>Political Subdivision Rates with Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	8 Single	\$436.64	\$2.80		\$433.84		\$433.84	\$2.80	\$436.64
2	8 Family	\$1,054.74	\$2.80		\$1,051.94		\$1,051.94	\$2.80	\$1,054.74
COBRA (PPO with Grandfathered Status)									
4	8 Single	\$436.64	\$2.80		\$433.84		\$433.84	\$11.52	\$445.36
5	8 Family	\$1,054.74	\$2.80		\$1,051.94		\$1,051.94	\$23.88	\$1,075.82
Active (PPO with NonGrandfathered Status)									
1	28 Single	\$443.28	\$2.80		\$440.48		\$440.48	\$2.80	\$443.28
2	28 Family	\$1,070.76	\$2.80		\$1,067.96		\$1,067.96	\$2.80	\$1,070.76
COBRA (PPO with NonGrandfathered Status)									
4	28 Single	\$443.28	\$2.80		\$440.48		\$440.48	\$11.66	\$452.14
5	28 Family	\$1,070.76	\$2.80		\$1,067.96		\$1,067.96	\$24.22	\$1,092.18
<u>Political Subdivision Rates w/o Wellness Program</u>									
Active (PPO with Grandfathered Status)									
1	7 Single	\$436.64	\$2.80		\$433.84		\$433.84	\$7.16	\$441.00
2	7 Family	\$1,054.74	\$2.80		\$1,051.94		\$1,051.94	\$13.34	\$1,065.28
COBRA (PPO with Grandfathered Status)									
4	7 Single	\$436.64	\$2.80		\$433.84		\$433.84	\$11.52	\$445.36
5	7 Family	\$1,054.74	\$2.80		\$1,051.94		\$1,051.94	\$23.88	\$1,075.82
Active (PPO with NonGrandfathered Status)									
1	27 Single	\$443.28	\$2.80		\$440.48		\$440.48	\$7.22	\$447.70
2	27 Family	\$1,070.76	\$2.80		\$1,067.96		\$1,067.96	\$13.50	\$1,081.46
COBRA (PPO with NonGrandfathered Status)									
4	27 Single	\$443.28	\$2.80		\$440.48		\$440.48	\$11.66	\$452.14
5	27 Family	\$1,070.76	\$2.80		\$1,067.96		\$1,067.96	\$24.22	\$1,092.18
<u>State Contracts with Wellness Program (see Rate Structure 'A')</u>									
Active (PPO with Grandfathered Status)									
1-3	2 S/F/Dual	\$886.62	\$2.80		\$883.82		\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$11.34	\$435.50
5	2 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$2.80	\$426.96
7	2 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$2.80	\$1,029.00
<u>State Contracts w/o Wellness Program (see Rate Structure 'A')</u>									
Active (PPO with Grandfathered Status)									
1-3	1 S/F/Dual	\$886.62	\$2.80		\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)									
4	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$11.34	\$435.50
5	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$7.06	\$431.22
7	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$13.08	\$1,039.28

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Draft

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year (cont'd)							(4)+(5)		
July 1, 2011 - December 31, 2011		Total			(1)-(2)-(3)		Total		(3)+(6)+(7)
Code	Description	BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	Total Premium to BCBSND	Medicare Part D Premium	Monthly Paid to BCBSND	Plus NDPERS Retention	NDPERS Billing Rate
Non-Medicare Retiree (PPO with Grandfathered Status) (see Rate Structure 'A')									
21	12 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$2.80	\$640.44
22	12 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	12 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA									
24	12 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$15.60	\$653.24
25	12 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
26	12 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$34.82	\$1,633.12
Medicare Retiree									
41	12 1 Medicare only	\$161.24	\$2.80		\$158.44	\$69.50	\$227.94	\$2.80	\$230.74
98	12 Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12 Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
43	12 1 Medicare + Others	\$498.48			\$495.68		\$565.18		\$567.98
42	12 2 Medicare only	\$319.68	\$2.80		\$316.88	\$139.00	\$455.88	\$2.80	\$458.68
98	12 Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12 Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
49	12 2 Medicare + Others	\$656.92			\$654.12		\$793.12		\$795.92
50	12 3 Medicare only	\$478.12	\$2.80		\$475.32	\$208.50	\$683.82	\$2.80	\$686.62
98	12 Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12 Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
55	12 3 Medicare + Others	\$815.36			\$812.56		\$1,021.06		\$1,023.86
51	12 4 Medicare only	\$636.56	\$2.80		\$633.76	\$278.00	\$911.76	\$2.80	\$914.56
98	12 Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12 Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
58	12 4 Medicare + Others	\$973.80			\$971.00		\$1,249.00		\$1,251.80
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)									
30	12 Single (PPO with GF status)	\$332.70	\$2.80		\$329.90		\$329.90	\$9.44	\$339.34
31	12 Family (PPO with GF status)	\$596.62	\$2.80		\$593.82		\$593.82	\$14.72	\$608.54

- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.
- (8) - Premium amount NDPERS will bill its contract holders.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year							(4)+(5)		
January 1, 2012 - June 30, 2012		Total			(1)-(2)-(3)		Total		(3)+(6)+(7)
Code	Description	BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	Total Premium to BCBSND	Medicare Part D Premium	Monthly Paid to BCBSND	Plus NDPERS Retention	NDPERS Billing Rate
Political Subdivision Rates with Wellness Program									
Active (PPO with Grandfathered Status)									
1	8	Single	\$436.64	\$2.80	\$433.84		\$433.84	\$2.80	\$436.64
2	8	Family	\$1,054.74	\$2.80	\$1,051.94		\$1,051.94	\$2.80	\$1,054.74
COBRA (PPO with Grandfathered Status)									
4	8	Single	\$436.64	\$2.80	\$433.84		\$433.84	\$11.52	\$445.36
5	8	Family	\$1,054.74	\$2.80	\$1,051.94		\$1,051.94	\$23.88	\$1,075.82
Active (PPO with NonGrandfathered Status)									
1	28	Single	\$443.28	\$2.80	\$440.48		\$440.48	\$2.80	\$443.28
2	28	Family	\$1,070.76	\$2.80	\$1,067.96		\$1,067.96	\$2.80	\$1,070.76
COBRA (PPO with NonGrandfathered Status)									
4	28	Single	\$443.28	\$2.80	\$440.48		\$440.48	\$11.66	\$452.14
5	28	Family	\$1,070.76	\$2.80	\$1,067.96		\$1,067.96	\$24.22	\$1,092.18
Political Subdivision Rates w/o Wellness Program									
Active (PPO with Grandfathered Status)									
1	7	Single	\$436.64	\$2.80	\$433.84		\$433.84	\$7.16	\$441.00
2	7	Family	\$1,054.74	\$2.80	\$1,051.94		\$1,051.94	\$13.34	\$1,065.28
COBRA (PPO with Grandfathered Status)									
4	7	Single	\$436.64	\$2.80	\$433.84		\$433.84	\$11.52	\$445.36
5	7	Family	\$1,054.74	\$2.80	\$1,051.94		\$1,051.94	\$23.88	\$1,075.82
Active (PPO with NonGrandfathered Status)									
1	27	Single	\$443.28	\$2.80	\$440.48		\$440.48	\$7.22	\$447.70
2	27	Family	\$1,070.76	\$2.80	\$1,067.96		\$1,067.96	\$13.50	\$1,081.46
COBRA (PPO with NonGrandfathered Status)									
4	27	Single	\$443.28	\$2.80	\$440.48		\$440.48	\$11.66	\$452.14
5	27	Family	\$1,070.76	\$2.80	\$1,067.96		\$1,067.96	\$24.22	\$1,092.18
State Contracts with Wellness Program (see Rate Structure 'A')									
Active (PPO with Grandfathered Status)									
1-3	2	S/F/Dual	\$886.62	\$2.80	\$883.82		\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2	Single	\$426.96	\$2.80	\$424.16		\$424.16	\$11.34	\$435.50
5	2	Family	\$1,029.00	\$2.80	\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2	Single	\$426.96	\$2.80	\$424.16		\$424.16	\$2.80	\$426.96
7	2	Family	\$1,029.00	\$2.80	\$1,026.20		\$1,026.20	\$2.80	\$1,029.00
Active (HDHP with NonGrandfathered Status)									
1-3	17	S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52	\$769.52	\$2.80	\$886.62
COBRA (HDHP with NonGrandfathered Status)									
4	17	Single	\$372.12	\$2.80	\$0.00	\$369.32	\$369.32	\$10.24	\$379.56
5	17	Family	\$896.26	\$2.80	\$0.00	\$893.46	\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	17	Single	\$426.96	\$2.80	\$54.84	\$369.32	\$369.32	\$2.80	\$426.96
7	17	Family	\$1,029.00	\$2.80	\$132.74	\$893.46	\$893.46	\$2.80	\$1,029.00

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year (cont'd)								(4)+(5)		
January 1, 2012 - June 30, 2012			Total		Less	(1)-(2)-(3)	Total	Total	Plus	(3)+(6)+(7)
Code	Description		BCBSND Bid plus HSA Contribution	NDPERS Retention	NDPERS HSA funds	Premium to BCBSND	Medicare Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate
State Contracts w/o Wellness Program (see Rate Structure 'A')										
Active (PPO with Grandfathered Status)										
1-3	1	S/F/Dual	\$886.62	\$2.80		\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)										
4	1	Single	\$426.96	\$2.80		\$424.16		\$424.16	\$11.34	\$435.50
5	1	Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)										
6	1	Single	\$426.96	\$2.80		\$424.16		\$424.16	\$7.06	\$431.22
7	1	Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$13.08	\$1,039.28
Active (HDHP with NonGrandfathered Status)										
1-3	16	S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52		\$769.52	\$11.66	\$895.48
COBRA (HDHP with NonGrandfathered Status)										
4	16	Single	\$372.12	\$2.80	\$0.00	\$369.32		\$369.32	\$10.24	\$379.56
5	16	Family	\$896.26	\$2.80	\$0.00	\$893.46		\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)										
6	16	Single	\$426.96	\$2.80	\$54.84	\$369.32		\$369.32	\$7.06	\$431.22
7	16	Family	\$1,029.00	\$2.80	\$132.74	\$893.46		\$893.46	\$13.08	\$1,039.28
Non-Medicare Retiree (PPO with Grandfathered Status) (see Rate Structure 'A')										
21	12	Single	\$640.44	\$2.80		\$637.64		\$637.64	\$2.80	\$640.44
22	12	Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	12	Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA										
24	12	Single	\$640.44	\$2.80		\$637.64		\$637.64	\$15.60	\$653.24
25	12	Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
26	12	Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$34.82	\$1,633.12
Medicare Retiree										
41	12	1 Medicare only	\$161.24	\$2.80		\$158.44	\$74.90	\$233.34	\$2.80	\$236.14
98	12	Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12	Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
43	12	1 Medicare + Others	\$498.48			\$495.68		\$570.58		\$573.38
42	12	2 Medicare only	\$319.68	\$2.80		\$316.88	\$149.80	\$466.68	\$2.80	\$469.48
98	12	Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12	Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
49	12	2 Medicare + Others	\$656.92			\$654.12		\$803.92		\$806.72
50	12	3 Medicare only	\$478.12	\$2.80		\$475.32	\$224.70	\$700.02	\$2.80	\$702.82
98	12	Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12	Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
55	12	3 Medicare + Others	\$815.36			\$812.56		\$1,037.26		\$1,040.06
51	12	4 Medicare only	\$636.56	\$2.80		\$633.76	\$299.60	\$933.36	\$2.80	\$936.16
98	12	Single (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
99	12	Family (PPO with GF status)	\$337.24			\$337.24		\$337.24		\$337.24
58	12	4 Medicare + Others	\$973.80			\$971.00		\$1,270.60		\$1,273.40

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First Year (cont'd)			Total			(1)-(2)-(3)		(4)+(5)		(3)+(6)+(7)
January 1, 2012 - June 30, 2012			BCBSND Bid	Less	Less	Total	Medicare	Monthly	Plus	NDPERS
Code	Description		plus HSA	NDPERS	NDPERS	Premium to	Part D	Paid to	NDPERS	Billing
			Contribution	Retention	HSA funds	BCBSND	Premium	BCBSND	Retention	Rate
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)										
30	12	Single (PPO with GF status)	\$332.70	\$2.80		\$329.90		\$329.90	\$9.44	\$339.34
31	12	Family (PPO with GF status)	\$596.62	\$2.80		\$593.82		\$593.82	\$14.72	\$608.54

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- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

(8) - Premium amount NDPERS will bill its contract holders.

Draft

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year							(4)+(5)		
July 1, 2012 - December 31, 2012		Total			(1)-(2)-(3)		Total		(3)+(6)+(7)
		BCBSND Bid	Less	Less	Total	Medicare	Monthly	Plus	NDPERS
		plus HSA	NDPERS	NDPERS	Premium to	Part D	Paid to	NDPERS	Billing
Code	Description	Contribution	Retention	HSA funds	BCBSND	Premium	BCBSND	Retention	Rate
Political Subdivision Rates with Wellness Program									
Active (PPO with Grandfathered Status)									
1	8	Single	\$475.68	\$2.80		\$472.88	\$472.88	\$2.80	\$475.68
2	8	Family	\$1,149.42	\$2.80		\$1,146.62	\$1,146.62	\$2.80	\$1,149.42
COBRA (PPO with Grandfathered Status)									
4	8	Single	\$475.68	\$2.80		\$472.88	\$472.88	\$12.30	\$485.18
5	8	Family	\$1,149.42	\$2.80		\$1,146.62	\$1,146.62	\$25.78	\$1,172.40
Active (PPO with NonGrandfathered Status)									
1	28	Single	\$482.92	\$2.80		\$480.12	\$480.12	\$2.80	\$482.92
2	28	Family	\$1,166.88	\$2.80		\$1,164.08	\$1,164.08	\$2.80	\$1,166.88
COBRA (PPO with NonGrandfathered Status)									
4	28	Single	\$482.92	\$2.80		\$480.12	\$480.12	\$12.46	\$492.58
5	28	Family	\$1,166.88	\$2.80		\$1,164.08	\$1,164.08	\$26.14	\$1,190.22
Political Subdivision Rates w/o Wellness Program									
Active (PPO with Grandfathered Status)									
1	7	Single	\$475.68	\$2.80		\$472.88	\$472.88	\$7.56	\$480.44
2	7	Family	\$1,149.42	\$2.80		\$1,146.62	\$1,146.62	\$14.28	\$1,160.90
COBRA (PPO with Grandfathered Status)									
4	7	Single	\$475.68	\$2.80		\$472.88	\$472.88	\$12.30	\$485.18
5	7	Family	\$1,149.42	\$2.80		\$1,146.62	\$1,146.62	\$25.78	\$1,172.40
Active (PPO with NonGrandfathered Status)									
1	27	Single	\$482.92	\$2.80		\$480.12	\$480.12	\$7.62	\$487.74
2	27	Family	\$1,166.88	\$2.80		\$1,164.08	\$1,164.08	\$14.46	\$1,178.54
COBRA (PPO with NonGrandfathered Status)									
4	27	Single	\$482.92	\$2.80		\$480.12	\$480.12	\$12.46	\$492.58
5	27	Family	\$1,166.88	\$2.80		\$1,164.08	\$1,164.08	\$26.14	\$1,190.22
State Contracts with Wellness Program (see Rate Structure 'A')									
Active (PPO with Grandfathered Status)									
1-3	2	S/F/Dual	\$886.62	\$2.80		\$883.82	\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2	Single	\$426.96	\$2.80		\$424.16	\$424.16	\$11.34	\$435.50
5	2	Family	\$1,029.00	\$2.80		\$1,026.20	\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2	Single	\$426.96	\$2.80		\$424.16	\$424.16	\$2.80	\$426.96
7	2	Family	\$1,029.00	\$2.80		\$1,026.20	\$1,026.20	\$2.80	\$1,029.00
Active (HDHP with NonGrandfathered Status)									
1-3	17	S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52	\$769.52	\$2.80	\$886.62
COBRA (HDHP with NonGrandfathered Status)									
4	17	Single	\$372.12	\$2.80	\$0.00	\$369.32	\$369.32	\$10.24	\$379.56
5	17	Family	\$896.26	\$2.80	\$0.00	\$893.46	\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	17	Single	\$426.96	\$2.80	\$54.84	\$369.32	\$369.32	\$2.80	\$426.96
7	17	Family	\$1,029.00	\$2.80	\$132.74	\$893.46	\$893.46	\$2.80	\$1,029.00

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year (cont'd)							(4)+(5)		
July 1, 2012 - December 31, 2012		Total			(1)-(2)-(3)		Total		(3)+(6)+(7)
Code	Description	BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	Total Premium to BCBSND	Medicare Part D Premium	Monthly Paid to BCBSND	Plus NDPERS Retention	NDPERS Billing Rate
State Contracts w/o Wellness Program (see Rate Structure 'A')									
Active (PPO with Grandfathered Status)									
1-3	1 S/F/Dual	\$886.62	\$2.80		\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)									
4	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$11.34	\$435.50
5	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	1 Single	\$426.96	\$2.80		\$424.16		\$424.16	\$7.06	\$431.22
7	1 Family	\$1,029.00	\$2.80		\$1,026.20		\$1,026.20	\$13.08	\$1,039.28
Active (HDHP with NonGrandfathered Status)									
1-3	16 S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52		\$769.52	\$11.66	\$895.48
COBRA (HDHP with NonGrandfathered Status)									
4	16 Single	\$372.12	\$2.80	\$0.00	\$369.32		\$369.32	\$10.24	\$379.56
5	16 Family	\$896.26	\$2.80	\$0.00	\$893.46		\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	16 Single	\$426.96	\$2.80	\$54.84	\$369.32		\$369.32	\$7.06	\$431.22
7	16 Family	\$1,029.00	\$2.80	\$132.74	\$893.46		\$893.46	\$13.08	\$1,039.28
Non-Medicare Retiree (PPO with Grandfathered Status) (see Rate Structure 'A')									
21	12 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$2.80	\$640.44
22	12 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	12 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA									
24	12 Single	\$640.44	\$2.80		\$637.64		\$637.64	\$15.60	\$653.24
25	12 Family	\$1,280.88	\$2.80		\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
26	12 Family (3+)	\$1,601.10	\$2.80		\$1,598.30		\$1,598.30	\$34.82	\$1,633.12
Medicare Retiree									
41	12 1 Medicare only	\$173.12	\$2.80		\$170.32	\$74.90	\$245.22	\$2.80	\$248.02
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
43	12 1 Medicare + Others	\$540.68			\$537.88		\$612.78		\$615.58
42	12 2 Medicare only	\$343.44	\$2.80		\$340.64	\$149.80	\$490.44	\$2.80	\$493.24
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
49	12 2 Medicare + Others	\$711.00			\$708.20		\$858.00		\$860.80
50	12 3 Medicare only	\$513.76	\$2.80		\$510.96	\$224.70	\$735.66	\$2.80	\$738.46
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
55	12 3 Medicare + Others	\$881.32			\$878.52		\$1,103.22		\$1,106.02
51	12 4 Medicare only	\$684.08	\$2.80		\$681.28	\$299.60	\$980.88	\$2.80	\$983.68
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
58	12 4 Medicare + Others	\$1,051.64			\$1,048.84		\$1,348.44		\$1,351.24

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year (cont'd)								(4)+(5)		
July 1, 2012 - December 31, 2012			Total		Less	(1)-(2)-(3)		Total	Plus	(3)+(6)+(7)
Code	Description		BCBSND Bid plus HSA Contribution	Less NDPERS Retention	Less NDPERS HSA funds	Premium to BCBSND	Medicare Part D Premium	Monthly Paid to BCBSND	NDPERS Retention	NDPERS Billing Rate
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)										
30	12	Single (PPO with GF status)	\$362.36	\$2.80		\$359.56		\$359.56	\$10.04	\$369.60
31	12	Family (PPO with GF status)	\$650.02	\$2.80		\$647.22		\$647.22	\$15.80	\$663.02

Draft

- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

(8) - Premium amount NDPERS will bill its contract holders.

Draft

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year							(4)+(5)		
January 1, 2013 - June 30, 2013		Total			(1)-(2)-(3)		Total	Plus	(3)+(6)+(7)
		BCBSND Bid	Less	Less	Total	Medicare	Monthly	NDPERS	NDPERS
		plus HSA	NDPERS	NDPERS	Premium to	Part D	Paid to	Retention	Billing
Code	Description	Contribution	Retention	HSA funds	BCBSND	Premium	BCBSND	Retention	Rate
Political Subdivision Rates with Wellness Program									
Active (PPO with Grandfathered Status)									
1	8	Single	\$475.68	\$2.80	\$2.80	\$472.88	\$472.88	\$2.80	\$475.68
2	8	Family	\$1,149.42	\$2.80	\$2.80	\$1,146.62	\$1,146.62	\$2.80	\$1,149.42
COBRA (PPO with Grandfathered Status)									
4	8	Single	\$475.68	\$2.80	\$2.80	\$472.88	\$472.88	\$12.30	\$485.18
5	8	Family	\$1,149.42	\$2.80	\$2.80	\$1,146.62	\$1,146.62	\$25.78	\$1,172.40
Active (PPO with NonGrandfathered Status)									
1	28	Single	\$482.92	\$2.80	\$2.80	\$480.12	\$480.12	\$2.80	\$482.92
2	28	Family	\$1,166.88	\$2.80	\$2.80	\$1,164.08	\$1,164.08	\$2.80	\$1,166.88
COBRA (PPO with NonGrandfathered Status)									
4	28	Single	\$482.92	\$2.80	\$2.80	\$480.12	\$480.12	\$12.46	\$492.58
5	28	Family	\$1,166.88	\$2.80	\$2.80	\$1,164.08	\$1,164.08	\$26.14	\$1,190.22
Political Subdivision Rates w/o Wellness Program									
Active (PPO with Grandfathered Status)									
1	7	Single	\$475.68	\$2.80	\$2.80	\$472.88	\$472.88	\$7.56	\$480.44
2	7	Family	\$1,149.42	\$2.80	\$2.80	\$1,146.62	\$1,146.62	\$14.28	\$1,160.90
COBRA (PPO with Grandfathered Status)									
4	7	Single	\$475.68	\$2.80	\$2.80	\$472.88	\$472.88	\$12.30	\$485.18
5	7	Family	\$1,149.42	\$2.80	\$2.80	\$1,146.62	\$1,146.62	\$25.78	\$1,172.40
Active (PPO with NonGrandfathered Status)									
1	27	Single	\$482.92	\$2.80	\$2.80	\$480.12	\$480.12	\$7.62	\$487.74
2	27	Family	\$1,166.88	\$2.80	\$2.80	\$1,164.08	\$1,164.08	\$14.46	\$1,178.54
COBRA (PPO with NonGrandfathered Status)									
4	27	Single	\$482.92	\$2.80	\$2.80	\$480.12	\$480.12	\$12.46	\$492.58
5	27	Family	\$1,166.88	\$2.80	\$2.80	\$1,164.08	\$1,164.08	\$26.14	\$1,190.22
State Contracts with Wellness Program (see Rate Structure 'A')									
Active (PPO with Grandfathered Status)									
1-3	2	S/F/Dual	\$886.62	\$2.80	\$2.80	\$883.82	\$883.82	\$2.80	\$886.62
COBRA (PPO with Grandfathered Status)									
4	2	Single	\$426.96	\$2.80	\$2.80	\$424.16	\$424.16	\$11.34	\$435.50
5	2	Family	\$1,029.00	\$2.80	\$2.80	\$1,026.20	\$1,026.20	\$23.38	\$1,049.58
Part-Time/Temporary/LOA (PPO with Grandfathered Status)									
6	2	Single	\$426.96	\$2.80	\$2.80	\$424.16	\$424.16	\$2.80	\$426.96
7	2	Family	\$1,029.00	\$2.80	\$2.80	\$1,026.20	\$1,026.20	\$2.80	\$1,029.00
Active (HDHP with NonGrandfathered Status)									
1-3	17	S/F/Dual	\$886.62	\$2.80	\$114.30	\$769.52	\$769.52	\$2.80	\$886.62
COBRA (HDHP with NonGrandfathered Status)									
4	17	Single	\$372.12	\$2.80	\$0.00	\$369.32	\$369.32	\$10.24	\$379.56
5	17	Family	\$896.26	\$2.80	\$0.00	\$893.46	\$893.46	\$20.74	\$914.20
Part-Time/Temporary/LOA (HDHP with NonGrandfathered Status)									
6	17	Single	\$426.96	\$2.80	\$54.84	\$369.32	\$369.32	\$2.80	\$426.96
7	17	Family	\$1,029.00	\$2.80	\$132.74	\$893.46	\$893.46	\$2.80	\$1,029.00

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year (cont'd)							(4)+(5)		
January 1, 2013 - June 30, 2013		Total			(1)-(2)-(3)		Total		(3)+(6)+(7)
		BCBSND Bid	Less	Less	Total	Medicare	Monthly	Plus	NDPERS
		plus HSA	NDPERS	NDPERS	Premium to	Part D	Paid to	NDPERS	Billing
Code	Description	Contribution	Retention	HSA funds	BCBSND	Premium	BCBSND	Retention	Rate
State Contracts w/o Wellness Program (see Rate Structure 'A')									
Active (PPO with Grandfathered Status)									
1-3	1 S/F/Dual	\$886.62	\$2.80	\$2.80	\$883.82		\$883.82	\$11.66	\$895.48
COBRA (PPO with Grandfathered Status)									
4	1 Single	\$426.96	\$2.80	\$2.80	\$424.16		\$424.16	\$11.34	\$435.50
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6	1 Single	\$426.96	\$2.80	\$2.80	\$424.16		\$424.16	\$7.06	\$431.22
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22	12 Family	\$1,280.88	\$2.80	\$2.80	\$1,278.08		\$1,278.08	\$2.80	\$1,280.88
23	12 Family (3+)	\$1,601.10	\$2.80	\$2.80	\$1,598.30		\$1,598.30	\$2.80	\$1,601.10
COBRA									
24	12 Single	\$640.44	\$2.80	\$2.80	\$637.64		\$637.64	\$15.60	\$653.24
25	12 Family	\$1,280.88	\$2.80	\$2.80	\$1,278.08		\$1,278.08	\$28.42	\$1,306.50
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Medicare Retiree									
41	12 1 Medicare only	\$173.12	\$2.80	\$2.80	\$170.32	TBD	TBD	\$2.80	TBD
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
43	12 1 Medicare + Others	\$540.68			\$537.88		TBD		TBD
42	12 2 Medicare only	\$343.44	\$2.80	\$2.80	\$340.64	TBD	TBD	\$2.80	TBD
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
49	12 2 Medicare + Others	\$711.00			\$708.20		TBD		TBD
50	12 3 Medicare only	\$513.76	\$2.80	\$2.80	\$510.96	TBD	TBD	\$2.80	TBD
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
55	12 3 Medicare + Others	\$881.32			\$878.52		TBD		TBD
51	12 4 Medicare only	\$684.08	\$2.80	\$2.80	\$681.28	TBD	TBD	\$2.80	TBD
98	12 Single (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
99	12 Family (PPO with GF status)	\$367.56			\$367.56		\$367.56		\$367.56
58	12 4 Medicare + Others	\$1,051.64			\$1,048.84		TBD		TBD

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

Rate Structure B			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second Year (cont'd)								(4)+(5)		
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			BCBSND Bid	Less	Less	Total	Medicare	Monthly	Plus	NDPERS
			plus HSA	NDPERS	NDPERS	Premium to	Part D	Paid to	NDPERS	Billing
Code	Description		Contribution	Retention	HSA funds	BCBSND	Premium	BCBSND	Retention	Rate
Medicare Retirees COBRA (for Non-Medicare dependents of Medicare Retirees)										
30	12	Single (PPO with GF status)	\$362.36	\$2.80	\$2.80	\$359.56		\$359.56	\$10.04	\$369.60
31	12	Family (PPO with GF status)	\$650.02	\$2.80	\$2.80	\$647.22		\$647.22	\$15.80	\$663.02

Draft

- (1) - BCBSND premium rates, per bid, plus NDPERS HSA contribution.
- (2) - Per contract charge retained by NDPERS
- (3) - HSA funds NDPERS will send to Discovery Benefits.
- (4) - Total premium paid to BCBSND.
- (5) - Medicare Part D Premium submitted to BCBSND.
- (6) - Amount of premium NDPERS will send to BCBSND.
- (7) - Per contract charge retained by NDPERS.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
PREMIUM RATE STRUCTURE FOR THE 2011-2013 BIENNIUM**

(8) - Premium amount NDPERS will bill its contract holders.

Draft



**North Dakota
Public Employees Retirement System**
400 East Broadway, Suite 505 • Box 1657
Bismarck, North Dakota 58502-1657

Sparb Collins
Executive Director
(701) 328-3900
1-800-803-7377

FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Sparb
DATE: September 16, 2011
SUBJECT: Part D Agreement

At the last meeting the Board approved the rate renewal for the Part D premium for the Medicare retirees. Attached is the agreement for services which has been reviewed by staff and Jan. We are requesting your approval (note the red line version is shown with the changes from last year). Staff is recommending approval.

Board Action Requested

Approve the attached agreement for the Part D Rx program

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

Group MedicareBlue RxSM Retiree Prescription Drug Plan

Master Contract

Issued to: <Account/Contractholder/Plan Sponsor/Plan Administrator>, hereinafter “Group.”

Address: <Address Line 1>
<Address Line 2>
<Address Line 3>
<Address Line 4>
<Address Line 5>

Effective Date: <Plan Effective Date>

Issued By: <Insert Plan Name>

RECITALS

WHEREAS Group MedicareBlue Rx is a Medicare Prescription Drug Plan providing prescription drug coverage through only one of the following plans: Wellmark Blue Cross and Blue Shield of Iowa^{*}, Blue Cross and Blue Shield of Minnesota^{*}, Blue Cross and Blue Shield of Montana^{*}, Blue Cross and Blue Shield of Nebraska^{*}, Blue Cross Blue Shield of North Dakota^{*}, Wellmark Blue Cross and Blue Shield of South Dakota^{*}, and Blue Cross Blue Shield of Wyoming^{*}; and

WHEREAS Group wants to offer Medicare Part D prescription drug coverage to its eligible Medicare beneficiaries under the terms of this Group MedicareBlue Rx Retiree Prescription Drug Plan Contract, and

WHEREAS Group must comply with Medicare restrictions in order to obtain Medicare Part D Group prescription drug coverage; and

WHEREAS BCBS offers Medicare Part D prescription drug coverage through Group MedicareBlue Rx and is willing to provide Group’s eligible Medicare beneficiaries Part D coverage;

NOW THEREFORE it is hereby agreed as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Capitalized terms used in this Master Contract (the “Contract”) are defined herein or have the meaning set forth in the Medicare Part D Rules (42 C.F.R. Part 423).

^{*}Independent licensees of the Blue Cross and Blue Shield Association.

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

1.1

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1.2 **“BCBS”** is the independent licensee of the Blue Cross and Blue Shield Association, named above, that insurance coverage under this ~~Addendum-Contract~~ is issued by.

1.3 **“CMS”** is the Centers for Medicare and Medicaid Services, the Federal Agency responsible for the Medicare program.

1.4 **“CMS Contract”** is the contract between BCBS and CMS pursuant to which BCBS offers Group MedicareBlue Rx coverage.

1.5 **“Enrollee”** is a retired person (not an active employee) who (a) is eligible for Group’s retiree benefit plan, (b) is entitled to Medicare benefits under Medicare Part A or enrolled in Medicare Part B, (c) lives in the United States, and (d) is enrolled in MedicareBlue Rx under the procedures established in this Contract. “Enrollee” may also be a dependent or spouse of an Enrollee described above, provided that the dependent or spouse (a) is eligible for Group’s retiree benefit plan, (b) is entitled to Medicare benefits under Medicare Part A or enrolled in Medicare Part B, (c) lives in the United States, and (d) is enrolled in MedicareBlue Rx under the procedures established in this Contract.

1.6 **“Group”** is the employer, union, or other plan sponsor, named above, that insurance coverage under this Contract is issued to.

1.7 **“Group MedicareBlue Rx”** means [the stand-alone prescription drug plan sponsored by Group and issued by BCBS pursuant to this Contract].

~~1.7~~1.8 **“Medicare Low Income Subsidy (LIS)”** is the Medicare Part D subsidy for which low-income Medicare beneficiaries are eligible under Subpart P of 42 C.F.R. Part 423.

~~1.8~~1.9 **“Accretion”** is the confirmation by CMS that the retiree meets the federal requirements to be enrolled in the specified plan.

~~1.9~~1.10 **“Involuntary Group Termination”** is a termination that is requested by the Group rather than the Enrollee. For example, the Group may terminate an Enrollee who no longer meets the Group’s eligibility criteria or who fails to pay premium.

1.11 **“Plan Sponsor”** is an entity that sponsors a health plan. This can be an employer, a union, or some other entity.

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ARTICLE II

PROVISION OF PRESCRIPTION DRUG COVERAGE

2.1 **Insurance Coverage.** BCBS shall provide Enrollees insurance coverage for prescription drugs in accordance with the Evidence of Coverage and Schedule of

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

Copays and Limitations. Group and BCBS shall comply with the terms of this Contract with respect to this coverage, except as otherwise required by rules or guidance issued by CMS, or as otherwise required by the CMS Contract.

2.2 **Evidence of Coverage.** BCBS shall provide Enrollees an Evidence of Coverage describing benefits, exclusions, and appeal rights.

2.3 **Plan Effective Date.** The effective date of this Contract is 12:00 a.m. [Central Time] ~~of on~~ the Effective Date listed on page 1. Each Contract month thereafter will begin on the first day of each calendar month and end on the first day of the next succeeding calendar month. This Contract must be renewed annually by January 1.

ARTICLE III

GROUP RESPONSIBILITIES

3.1 **Billing of Premium.** Under this Contract, the billing arrangements are as follows:

<Instruction: Currently, Group Billing only applies—please use that section and delete the other 2>

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

~~<Group Billing. The Group will be responsible for payment of the "Premium Amount" for each Enrollee. The "Premium Amount" may be less for Enrollees who qualify for Low Income Subsidy. The Group may elect to pay the Late Enrollment Penalty charges assessed by CMS on behalf of its members or instead pass those charges on to the members. The first Contract charge is payable on the Effective Date of this Contract. Monthly charges are payable on the first day of each following month during the time this Contract is in effect.>~~
~~<Group Billing. The Group will be responsible for payment of the "Premium Amount" for each Enrollee. The "Premium Amount" may be less for Enrollees who qualify for Low Income Subsidy. The Group will also be responsible for any Late Enrollment Penalty charges assessed by CMS. The first Contract charge is payable on the Effective Date of this Contract. Monthly charges are payable on the first day of each following month during the time this Contract is in effect.>~~
~~<The first Contract charge is payable on the effective date of this Contract. Monthly charges are payable on the first day of the each following month during the time this Contract is in effect.>~~

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~~<Electronic Funds Transfer (EFT). The Group has authorized EFT payments effective MM/DD/YYYY against their account at the financial institution referenced in the EFT agreement with BCBS. An EFT will be completed according to the terms of the Group's EFT agreement for an amount equal to the total of the "Premium Amount" for all Enrollees.>~~

~~<Direct Billing. Each Enrollee will be billed individually for the applicable "Premium Amount." The first charge is payable on the effective date of the Enrollee's certificate. Charges are payable monthly. All charges are payable to BCBS by the Enrollee on the due date given.>~~

- 3.2 **Premium Amount.** Under this Contract, all Premium Amounts are for a full month. ~~Regardless of what day an Enrollee's coverage under this Contract starts, the coverage, and the monthly premiums for their coverage, will start on the first of that month.~~ The "Premium Amount" as agreed to by the Group and BCBS for each Enrollee is determined as follows:

Total Monthly Premium per Enrollee: *<Insert Premium Agreed to by Group>*;

Less any **Low Income Subsidy** applicable to the Enrollee, as determined by CMS;

Plus any **Late Enrollment Penalty** applicable to the Enrollee, as determined by CMS.

- 3.3 **Retroactive Premium Adjustments.** The monthly charge will be determined from ~~our~~ BCBS' records by the number of Enrollees who have been confirmed through the CMS Accretion process. Retroactive adjustments will be made for additions and terminations of Enrollees and for Enrollees who have been confirmed through the CMS Accretion process after the initial billing statement. *<Instruction—Keep this section in for Group billing: For Groups that use the Group Billing option, any refund that is owed to an Enrollee must come from the Group. BCBS will only adjust the amount due of a Group and will not refund premium(s) paid to an Enrollee.>*

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

3.4 Uniform Premium Requirement. The Group may determine how much, if any, of an Enrollee's premium it will subsidize. The Group may subsidize different amounts for different classes of Enrollees, provided that classes are reasonable and based on objective business criteria, such as years of service, business location, job category, and nature of compensation (e.g. salaried versus hourly). ~~Classes-Enrollee classes~~ may not be based on eligibility for the Medicare Low Income Subsidy. ~~Group's-Any such premium~~ subsidy may not vary for Enrollees within a class of Enrollees. The Group may not require any Enrollee to pay more each month than the Total Monthly Premium per Enrollee, listed above in Section 3.2. Per Enrollee Per Month Premium, listed above.

3.5 Benefit of Medicare Low Income Subsidy Premium. Any premium received through the Medicare Low Income Subsidy must be applied first to the eligible Enrollee's share of premium. The Group may not benefit from any premium received through the Medicare Low Income Subsidy until the eligible Enrollee's premium is reduced to zero (\$0.00).

<Instruction—Keep this section in for Group billing: The Group agrees to be responsible for reducing up-front the premium contribution required for its Group MedicareBlue Rx (PDP) ~~retirees-Enrollees~~ that are eligible for the Low-Income Subsidy. In ~~the-an~~ instance where the Group is not able to reduce up-front the premiums paid by the ~~enrolleeEnrollee~~, the Group must directly refund to the Enrollee the amount of the ~~lowLow-Income S-premium~~ subsidy up to the monthly premium contribution previously collected. The Group is required to complete the refund of the Low-Income Subsidy low-income premium subsidy amount payment for the Low-Income Subsidy low-income subsidy-eligible enrollee-Enrollee within 15 days of the receipt of the Group MedicareBlue Rx (PDP) monthly invoice.

Note that in some cases the LIS beneficiary may not be the ~~subscriber to or participant in an employer/union sponsored group health planretiree/employee~~, but the spouse or dependent of the ~~subscriber/participantretiree/employee~~. In these instances, where the Group refunds Low-Income Subsidy low-income premium subsidy amounts to LIS ~~enrolleesEnrollees~~, it may refund such amounts directly to the ~~employer/union group health plan subscriber/participantretiree/employee~~ on behalf of a spouse or dependent who is an LIS-eligible beneficiary.>

3.6 Agreement to Premium Requirements. The Group understands all premium requirements and obligations set forth in this Contract. By signing this Contract or acknowledging receipt of this Contract, the Group acknowledges and agrees to such requirements and obligations.

<Instruction—Keep this section in for Group billing: Requirement to Obtain and Provide Written Documentation. As a condition of this Contract, CMS requires that BCBS enter into written agreements with groups which require the Group to comply with the above requirements and to retain and provide documents upon request to BCBS evidencing the Group's adherence to such requirements. This includes the requirement that any Low-Income Subsidy low-income

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

premium subsidy amount paid to the Group on behalf of an LIS beneficiary-Enrollee is first used to reduce any portion of the monthly premium paid for by the enrollee-Enrollee (or subscriber/participant, if applicable). Also, if the Group assumes responsibility for either reducing up-front LIS beneficiaries'-Enrollees' monthly premiums or refunding to LIS beneficiaries-Enrollees their monthly premium contributions, the written agreement will reflect the Group's assumption of these duties consistent with the above requirements. BCBS is required to retain all of these written agreements with groups and must provide access to these written agreements for inspection or audit by CMS (or its designee) in accordance with 42 CFR 423.504(d) and 423.505(d) and (e).>

~~3.8 <(Instruction: Keep this section in if the Group uses electronic enrollment) Verification of Residency. The Group is responsible to verify residency for any Enrollee who has a residential address consisting of a Post Office Box. The Group must maintain this verification in accordance with records retention requirements. In the case of an audit, the Group must be able to produce all applicable documentation.>~~

ARTICLE IV

CANCELLATION

4.1 BCBS Initiated Cancellation. This Contract is guaranteed renewable and cannot be cancelled as a result of the claims experience or health status of your Group. BCBS can, however, cancel or fail to renew this Contract for the following reasons:

1. for nonpayment of the Group bill;
2. for fraud or misrepresentation by the Group with respect to eligibility for coverage or any other material fact;
3. when the Group has failed to comply with a material plan provision relating to employer contribution or Group participation rules.
4. BCBS discontinues offering this product or all products in its service area;
5. termination or non-renewal of the CMS Contract ~~(BCBS will provide at least 90 days notice);~~
6. there is no longer any Enrollee who lives or resides in the service area.

4.2 ~~CMS-Initiated~~ or BCBS-Initiated Cancellation of CMS Contract. CMS requires BCBS to terminate this Contract upon termination or non-renewal of the CMS Contract. BCBS will provide the Group ninety (90) days notice before BCBS non-renews the CMS Contract and thereby terminates this Contract. BCBS will provide the Group as much notice as reasonably practical in the event of CMS's termination or

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

non-renewal of the CMS Contract. The notice will include the termination date for this Contract.

- 4.3 **Group Initiated Cancellation.** The Group may cancel this Contract at the end of any Contract month by written notice received by BCBS at least sixty (60) days prior to the effective date of cancellation, unless ~~we have~~BCBS has initiated Contract cancellation. In the event of a Group-initiated cancellation, the Group must comply with the ~~enrollee—~~Enrollee notification requirements for ~~Involuntary—~~Group Termination of Enrollee Coverage, described in Section 5.4, below.

ARTICLE V

GROUP RESPONSIBILITIES

- 5.1 **Timeliness of Enrollment Transactions.** The Group must provide enrollment and disenrollment requests within 7 calendar days of the date the request is made by an individual.

- 5.2 **Residency Requirement for Retirees.** Retirees' permanent residence must be in the United States in order to be eligible for MedicareBlue Rx.

- 5.3 **Disclosure Standards.** Group shall provide Enrollees information about its Medicare ~~Advantage—~~Prescription Drug benefit plan such that Group complies with all applicable disclosure standards and requirements under Federal and State laws, including, if applicable to Group, the Employee Retirement Income Security Act ("ERISA"). At a minimum, Group shall ensure that Enrollees receive an Evidence of Coverage describing benefits, exclusions, and appeal rights.

- 5.4 **~~5.3~~Involuntary Group Termination of Enrollee Coverage.**

1. **BCBS Notification:** The Group agrees to report to ~~BCBS—~~Group MedicareBlue Rx any ~~involuntary~~ ~~Involuntary Group termination—~~Termination of an Enrollee's coverage (e.g. if the Group determines an Enrollee is no longer eligible to participate in the plan). The notification must be received no later than three (3) business days after at least prior to the effective date of termination and include information used to identify the correct Enrollee, the requested date of disenrollment, the designation that the disenrollment is ~~involuntary~~ ~~a Group Termination~~, and the contact information and signature of the Group administrator sending the request. **<(Instruction: Keep this section in if the Group uses electronic enrollment)>**Groups that use the electronic enrollment process must ensure that disenrollments (a) are sent on the electronic file prior to termination date, (b) explain the disenrollment is due to ~~involuntary~~ ~~a Group Termination~~, and (c) include any other required file information.>

2. **Enrollee Notification:** The Group must provide an ~~involuntarily terminated~~ Enrollee with advance notice of the termination at ~~a minimum~~ least twenty-one (21) calendar days prior to the effective date of disenrollment. The Enrollee's notification must include all of the following components:

Comment [A1]: Deletion rejected – now that we've modified to specifically reference prescription drug plan rather than Medicare Advantage.

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

- A. notification of the ~~Involuntary Termination~~;
- B. notice of other insurance options through the Group;
- C. reason for the termination;
- D. information on other individual plan options the beneficiary may choose and how to request enrollment;
- E. notification that the disenrollment means that the individual will not have Medicare drug coverage and the potential for late-enrollment penalties in the future;
- F. explanation on how to contact Medicare for more information about other Medicare Part D plan options that might be available to the individual.

5.5 Voluntary Enrollee Disenrollment. ~~<(Instruction: Use this section if the Group uses Paper enrollment)>~~The Group must inform Enrollees that if they wish to voluntarily disenroll from coverage, the Enrollee must complete a disenrollment form or other written request and submit the form or request prior to the requested effective date of disenrollment.> ~~<(Instruction: Use this section if the Group uses electronic enrollment)>~~ For Groups that use the electronic enrollment process, the Group must notify ~~Group MedicareBlue Rx of Enrollees the plan of employees~~ who wish to voluntarily disenroll from coverage. The disenrollment information must accurately reflect the Group's record of disenrollment made by each individual, according to the process the Group has in place.>

~~<(Instruction: Keep this section in if the Group uses electronic enrollment)>~~**Group Enrollment.** The Group is responsible for maintaining all enrollment records in a manner that can be easily, accurately and quickly reproduced. The Group must provide BCBS all required data elements for each Enrollee, including retirees who become eligible for coverage under the Group after the ~~Plan~~-Effective Date. ~~At least thirty (30) days prior to the date each Enrollee's coverage is effective, the Group must provide the Enrollee:~~

~~notification that the Group intends to enroll the individual in a Group MedicareBlue Rx plan that the Group is offering;~~

~~notification that the individual may affirmatively opt out of the enrollment, the process to opt out, and any consequences of opting out under the Group's eligibility guidelines;~~

~~the summary of benefits, an explanation of how to get more information on the Group MedicareBlue Rx plan, and an explanation on how to contact Medicare for information on other Medicare Part D options that may be available to the individual;~~

~~disclaimers required by the Centers for Medicare and Medicaid Services;~~

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

As the Group has new retirees or newly eligible retirees, the Group agrees follow the above notification requirements.->

ARTICLE VI

MISCELLANEOUS PROVISIONS

- 6.1 Application of State Insurance Law.** State Insurance laws, such as laws guaranteeing renewability of insurance contracts, generally do not apply to this Contract. Such laws are preempted by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. 108-173, 117 Stat. 2066. *See* Social Security Act § 1860D-12(g) (42 U.S.C. § 1395w-112(g)); *accord*, 42 C.F.R. §§ 422.402, 423.440(a). The terms of this Contract and Group MedicareBlue Rx coverage are therefore regulated primarily by Federal law.
- 6.2 Medicare Secondary Payer.** Federal law requires BCBS to identify other payers that are responsible for Enrollees' medical, prescription drug, and other costs covered by Group MedicareBlue Rx the plan and that are primary to Medicare, identify amounts payable by those payers, and coordinate benefits with those payers. BCBS may bill these payers or authorize providers to bill these payers and, to the extent an Enrollee has been paid for MedicareBlue Rx-covered goods or services by another payer, BCBS may bill the Enrollee. Upon request, Group shall provide BCBS and CMS information that Group has on Enrollees' other insurance coverage for purposes of this coordination of benefits. Federal law preempts State laws and contractual provisions that interfere with Group MedicareBlue Rx's ability to coordinate benefits in accordance with CMS guidelines. *See* 42 C.F.R. §§ 422.108(f), 422.402, 423.462, 423.440(a).
- 6.3 Enrollee Communications.** BCBS may send CMS required Enrollee communications without the consent of the Group. BCBS shall provide Enrollees with the applicable Annual Notice Of Change and Evidence of Coverage no later than fifteen (15) calendar days before the beginning of the Annual Coordinated Election Period which is based on the Group open enrollment period, provided that Group provides BCBS with at least thirty (30) days prior notice of the open enrollment period date(s). Samples of all required materials can be made available to Group for informational purposes.
- 6.4 Contract Interpretation.** BCBS has discretionary authority to determine Enrollees' eligibility for benefits and to construe the provisions of the Group Evidence of Coverage ~~and this Contract.~~
- 6.5 Prohibited Claim Payments.** BCBS does not pay claims to providers or to ~~members~~ Enrollees for services received in countries that are sanctioned by the United States Department of Treasury's Office of Foreign Assets Control (OFAC), except for medical emergency services when payment of such services is authorized by OFAC. Countries currently sanctioned by OFAC include Cuba, Iran, and Syria. OFAC may add or remove countries from time to time.

[Insert as Attachment/Exhibit to existing contract, as applicable]

Attachment A

6.6 Acceptance of the Contract. This Contract is agreed to and accepted by Group and BCBS, by their authorized representatives set forth below. In the event that this Contract is not signed, payment to BCBS by Group (either by direct check or EFT) or by any Enrollee (under Direct Billing) will be deemed to signify Group's acceptance of all terms, conditions, and obligations of this Contract, as of the ~~effective~~-Effective date-Date of this Contract as stated on page 1.

Note:

This Contract and Evidence of Coverage (EOC) make up the entire Contract of coverage. The Group on behalf of itself and its Enrollees hereby expressly acknowledges its understanding that this ~~agreement~~-Contract constitutes a contract solely between [Group Name], in its capacities as Plan Sponsor, [~~Plan~~ Administrator], and as agent on behalf of Group MedicareBlue Rx ~~the Plan~~ and BCBS, that BCBS is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "**Association**") permitting BCBS to use the Blue Cross and/or Blue Shield Service Marks, and that BCBS is not contracting as the agent of the Association. The Group further acknowledges and agrees that it has not entered into this Contract based upon representations by any person other than BCBS and that no person, entity, or organization other than BCBS shall be held accountable or liable to the Group for any of BCBS's obligations to the Group created under this Contract. This paragraph shall not create any additional obligations whatsoever on the part of BCBS other than those obligations created under this Contract.

Signature page follows.

Insert as Attachment/Exhibit to existing contract, as applicable
Attachment A

IN WITNESS WHEREOF:

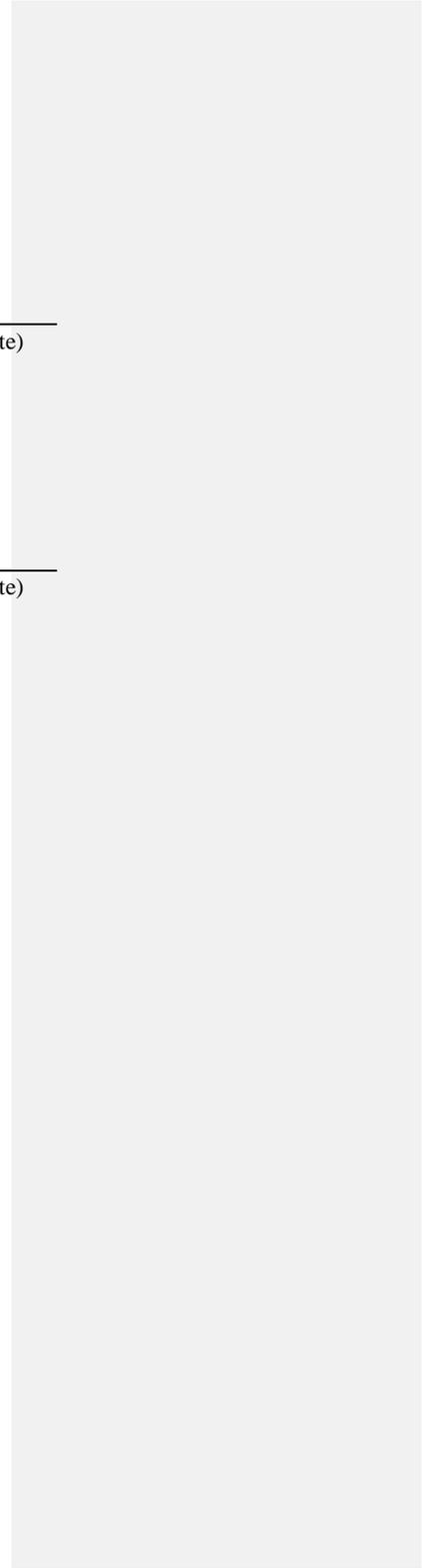
Group

_____	_____	_____
(Signature)	(Title)	(Date)

(Print Name)		

BCBS:

_____	_____	_____
(Signature)	(Title)	(Date)





**North Dakota
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Memorandum

TO: PERS Board

FROM: Sparb

DATE: September 16, 2011

SUBJECT: GASB Exposure Draft on Proposed Changes to Pension Accounting Standards for Public Sector Employers

Brad Ramirez will be at the next Board meeting via web conference to review the proposed changes by Governmental Accounting Standards Board for Pension Accounting. The following is background on the subject from a recent Segal Bulletin:

The Governmental Accounting Standards Board (GASB) has issued an Exposure Draft of an amendment to GASB Statement 27.¹ This Exposure Draft, which follows the Preliminary Views GASB released last year,² will lead, eventually, to a new Statement of Government Accounting Standards that would replace the standards in the current Statement 27 and make fundamental changes to pension accounting standards for state and local governments. GASB is accepting comments until September 30, 2011. This *Bulletin* summarizes the key proposals in the Exposure Draft, addresses two common misconceptions about the proposed changes and comments on the implications.

Major Proposed Changes

The following are GASB's major proposed changes:³

- The unfunded portion of the pension obligation would be reported as a net pension liability⁴ (total liability minus the value of plan net assets) on the *balance-sheet portion of the employer's basic financial statements* instead of in the notes that supplement those financial statements.
- If current and expected future plan assets (related to **current** plan participants) are insufficient to cover future benefit payments, *the basis for discounting projected benefit payments to their present value would require using a "blended" discount rate*. The long-term expected rate of return can be used to discount only those projected benefits that are covered by projected assets. Any projected benefits that are not covered by projected assets would be discounted using a high-quality municipal bond index rate.

- All plans would be *required to use the entry age normal cost allocation method* to determine the total liability as of the reporting period: projected benefits are discounted to their present value as of employees' hire ages and then attributed to employees' expected periods of employment as a level percentage of projected payroll.
- *Annual changes in net pension liability would have to be reported as pension expense as they occur* and could no longer be deferred, except as noted in the next two bullets.
- The *amortization period for recognizing changes in total pension liability for active and retired participants would be much shorter* than the 30-year period currently allowed. Changes in retired members' liabilities and changes due to plan amendments for any participants would have to be expensed immediately. Changes in active members' liabilities (other than those due to plan amendments) would be amortized over the future working lifetimes of active participants.
- Differences between assumed and actual *investment returns on pension plan assets would have to be recognized as pension expense over a five-year period* rather than first being "smoothed" but then also being amortized as part of the unfunded liability.
- *An employer participating in a cost-sharing multiple employer pension plan would report a net pension liability in its own financial statements based on its proportionate share of the collective unfunded liability for the entire plan.* Currently, these employers have no such reporting obligation in statements, footnotes or schedules.
- *Employers would be required to provide substantial additional disclosures*, including a description of the plan, assumptions, policy for determining contributions, and a sensitivity analysis of the impact on net pension liability of a one percentage point increase and decrease in the discount rate. In addition, detailed information about the changes in the net pension liability for the past 10 years is also required. For employers with plans that have an actuarially calculated contribution, information about the actuarially calculated contribution and the amount contributed would be required to be disclosed.

Common Misconceptions

Two common misconceptions about GASB's proposed changes are discussed below:

- The "blended" discount rate is not based on the plan's current funded status, but rather on a projection of plan benefits and assets. That projection includes all future employer contributions that are intended to fund the benefits for current members, including payments towards any current unfunded liability. This means that even underfunded plans may get to use the long-term earnings rate to discount their liabilities, as long as they have a practice of making contributions to adequately fund their accrued liabilities.
- Another misconception is that GASB is requiring faster funding of any unfunded liabilities. As discussed below, GASB's new, shorter amortization rules apply *only* to pension expense, and not to funding. Employers will have to disclose whether they are funding their actuarially determined contribution amounts, but those contributions can still be determined using current actuarial funding policies.

Implications

Current GASB standards base pension expense on the Annual Required Contribution (ARC), which requires amortization of the unfunded liability over a period no greater than 30 years. Also, funded status does not appear in the financial statements, but does appear in the footnotes. If GASB adopts the proposals contained in its Exposure Draft as a final accounting standard, the consequences for state and local governments would be significant. Most notably:

- Reporting the net pension liability on the entity's financial statements (rather than just any unfunded ARC) would change the focus of the statements from the entity's commitment to fund its obligation to a funded status snapshot in time.
- Immediate recognition of changes in liability due to plan amendments and accelerated recognition of changes in liability due to actuarial gains and losses and changes in actuarial assumptions would result in a very different pension expense and will likely cause confusion between pension expense and pension funding. That is because the current expense requirement — the ARC noted above — serves as a standard for responsible funding.
- The prior point leads to the third major change, which may be the most important: de-linking pension expense (the ARC) and pension funding. Under current GASB rules, the ARC serves as a *de facto* contribution standard. The creation of two different sets of "cost" numbers (a funding calculation determined by the plan that could remain fundamentally unchanged and a separate pension expense number) could have an unintended, detrimental effect on public attitudes about state and local government pension plans. At a minimum, it would cause confusion about which is the "true" cost.

Less significant implications would include the following:

- Projections of net pension liability would have to take into account ad hoc cost of living adjustments (COLAs) if an employer's past practice of granting ad hoc COLAs indicates that they have, in effect, become automatic.
- Although the valuation date would not need to be the employer's fiscal year-end, it would need to be a date no more than 24 months earlier. This would require each plan to project their pension obligation to the fiscal year-end, including any interim changes since the valuation date that affect the net pension liability.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: September 16, 2011
SUBJECT: PERS Companion Plan and Defined Contribution Plan Update

Implementation Update

During the week of Sept 12th a letter was sent to all members announcing the change to TIAA/CREF (see Attachment #1). In the next week or so the transition information mailing is going to be sent to our members (see Attachment #2). The proposed schedule for the rollout is:

Date	Communication
September 6	Announcement Letter
September 19	Transition Guide Mailing
September 21	Custom Retirement Website goes Live
October 1	Welcome Kits Mailed
October 3	Webinars Begin
October 3	Group Meeting Reminder Mailing (10 th – 19 th)
October 4	Group Meetings Start

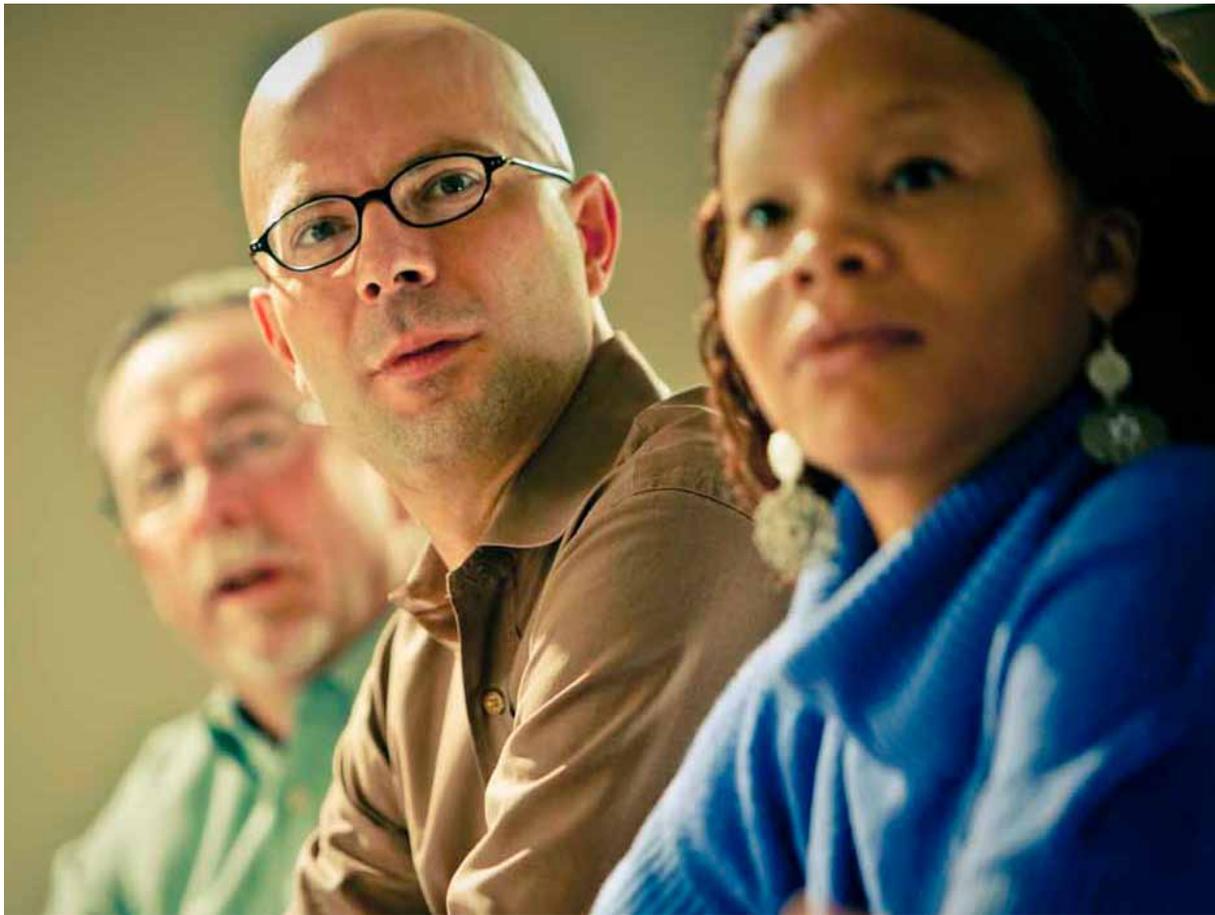
October 5	Individual Financial Counseling Sessions Start
October 24	Individual Financial Counseling Session Reminder Mailing
December 1	Final Reminder Mailing (Plan Changes)
January 3	Quarterly Statement

PERS Companion Plan and Defined Contribution Agreement

Attached please find the final agreement for TIAA/CREF. This has been reviewed by staff and Jan. Staff is seeking your approval.

Board Action Requested

Approve the attached agreement



Introducing Changes to the North Dakota Public Employees Retirement System Defined Contribution Plan and the Companion Plan

Recently you received a letter about the upcoming change in the retirement plan provider for the Defined Contribution Plan and the PERS Companion Plan. The plan changes discussed in this guide are effective November 1, 2011 and apply to all participants in the PERS Defined Contribution Plan and the PERS Companion Plan.



- 1 What Is Changing?
- 2 Your Next Steps
- 4 How Can I Learn More About The Plan Changes?
- 5 Your New Retirement Portfolio
- 6 Your New Investment Menu
- 7 Optional Replacement Funds
- 8 Frequently Asked Questions
- 11 About TIAA-CREF
- 12 Learn More



What Is Changing?

In our recent letter to you, we indicated that the NDPERS Board has selected TIAA-CREF as the new provider and recordkeeper for the 457(b) Deferred Compensation Companion Plan and the 401(a) Defined Contribution Plan.

We made this decision as the result of a Request for Proposal (RFP) we released earlier this year. The PERS Board periodically bids out the plans to ensure you are getting the most services at the lowest cost. The Board also retained Segal  Company, a national firm with experience in RFPs, to assist with processing and analyzing the responses. Eighteen different firms were sent a copy of the RFP and eight responded. The primary reasons we selected TIAA-CREF are: lower administrative fees, an increased number of days of onsite counseling services, a greater range of counseling services for participants, and expanded brokerage services. In addition, the Segal  Company ranked the investment offerings of TIAA-CREF higher than our existing fund mix.

Starting November 1, 2011, TIAA-CREF will become the provider for both the NDPERS 401(a) Defined Contribution Plan and the 457(b) Companion Plan, which are presently with Fidelity. TIAA-CREF will be offering:

- **A comprehensive core menu of mutual funds:** These mutual funds include a diverse set of actively and passively managed funds that have performed consistently well against their benchmarks and other funds within their peer group.
- **Lower administrative fees:** The \$8 annual fee for the defined contribution plan and the \$30 annual fee for the deferred compensation program will be eliminated.
- **Expanded, third-party investment advice from TIAA-CREF* and more days of counseling services:** This investment advice service is available to all NDPERS employees at no additional cost. During an advice session, a TIAA-CREF counselor will help you determine whether or not you are on track for reaching your retirement goals and help you select the asset allocation mix and investment strategy that makes the most sense for you. In addition, the number of days of onsite counseling services has been increased from 21 days to 180 days a year.
- **Expanded brokerage services:** Beginning November 1, 2011, you can choose to open a new self-directed brokerage account. Through this brokerage account, you can invest among more than 3,500 mutual funds from some of the nation's leading fund families.

* Through Ibbotson Associates, Inc.

Your Next Steps

On November 1, 2011 your assets in and contributions to the NDPERS 401(a) and 457(b) retirement plans will be automatically redirected to an age-appropriate TIAA-CREF Lifecycle Mutual Fund. If you are satisfied with how your investments will be reallocated, there's no need for you to take any further action, although you  need to update your beneficiary information. If you would like to set up an asset allocation similar to the one you had with Fidelity you will need to take the actions noted in the following paragraphs. Also, page 7 includes a list of the funds on the current investment menu, as well as the comparable new fund to the existing fund.

To set up an asset allocation that's different than the age-appropriate mix that would be effective on November 1, you will need to take action between October 1 and October 31. In the section that follows, we provide a brief overview on how to make these changes.



Key Dates and Next Steps

As we transition to the new plan, here's what will happen and the steps you'll need to take

Before October 1

1. **A new retirement plan account will be opened for you at TIAA-CREF:** By September 30, 2011, a new account will be opened for you with TIAA-CREF.

Between October 1 through October 31

2. **You will receive a Welcome Kit introducing the new plan by October 5th:** We will send you a Welcome Kit from TIAA-CREF with additional details about the plan, as well as your account and login information.
3. **Review the new investment menu:** Review the new plan menu and reallocation instructions shown on page 6. If you are comfortable with how your current assets and future contributions will be reallocated, you do not need to take any action. If you decide to alter your allocations, please note that you must make these changes with TIAA-CREF BEFORE the October 31 payroll.
4. **Attend a seminar on the retirement plan changes:** NDPERS is offering several financial education seminars during which you can learn more about the investment option changes and how you can create an investment strategy tailored to your planning goals. See the enclosed insert for onsite and online seminar dates and times.
5. **Set up an individual counseling session:** Since we are introducing an array of new fund choices, we encourage you to set up a counseling session with a TIAA-CREF counselor to ensure your investment strategy is appropriate for your savings goals. To set up your session, please call TIAA-CREF at **800 732-8353**, Monday through Friday, 7 a.m. to 7 p.m. (CT).
6. **Make your investment account changes:** If you want to change your investment allocations, you can do so online at www.tiaa-cref.org/ndpers. Once you log on, select "Access My Account" and enter your user ID and password. Next, click the "Manage My Portfolio" tab and go to the "Take Action" section to make your changes. For help in making your allocation changes, call TIAA-CREF at **800 842-2252**, Monday through Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

7. **Be aware of the new brokerage account option:** If you're interested in investing in different fund choices besides those available from the core investment options selected by the NDPERS Board, you may want to consider opening a Self-Directed Brokerage Account. For more information about the brokerage account, call TIAA-CREF at **800 927-3049**. A counselor will provide you with additional details about the brokerage account and if the account may be suitable for your investment planning needs. You can also read more about this brokerage account option at www.tiaa-cref.org/brokerage.

8. Update Your Beneficiaries:

For Participants in the 401(a) Plan: NDPERS will continue to maintain your beneficiary designations, so no action is necessary at this time. If you wish to update your beneficiary now or in the future, you must file a new beneficiary form with NDPERS. You can obtain the form at www.nd.gov/ndpers.

For Participants in the 457(b) Plan: You must update your beneficiary information with TIAA-CREF. To update this information, go to www.tiaa-cref.org/ndpers and select "Access My Account," log into the secured site, choose "My Portfolio" and click on the "Beneficiaries" tab. If you do not update this information, your beneficiary designation will default to your Estate.

Important Information About the Blackout Period

As we transition your assets from Fidelity to TIAA-CREF, your current accounts will undergo what is known as a "Blackout Period." The Blackout Period will begin on October 28, 2011 and end by or before November 15, 2011. During this time, all of your money will remain fully invested. However, you will not be able to make any account transactions during this Blackout Period. Please see the enclosed notice for additional information.

On November 1

On November 1, your retirement account with the NDPERS Companion Plan or Defined Contribution Plan will be transferred to TIAA-CREF from Fidelity. If you requested an asset allocation change between October 1 and October 31, you will see your assets applied to your new account based on the allocation instructions you set. If you did not make any account changes between October 1 and October 31, your assets will be defaulted into the age-appropriate TIAA-CREF Lifecycle Mutual Fund.

How Can I Learn More About The Plan Changes?

For general questions about the retirement plan changes

- Call TIAA-CREF at **800 842-2252**
- TIAA-CREF counselors are on hand to answer your questions Monday through Friday, 7 a.m. to 9 p.m. and Saturday, 7 a.m. to 5 p.m. (CT).

Attend a seminar on the retirement plan changes

In October, TIAA-CREF counselors will be conducting financial education seminars about the investment option changes at specified on-site locations around the state. During these sessions, the counselors will answer questions about the changes and what they mean for you. See the enclosed insert for seminar dates and times.

Schedule an on-site, one-on-one investment planning session

To ensure your contributions and investment choices are in line with your retirement savings goals, schedule a one-on-one investment counseling session with a TIAA-CREF counselor. During the session, a counselor will help you create a personalized retirement portfolio tailored to your unique financial situation and goals.

To schedule your session, call TIAA-CREF at **800 732-8353**, Monday through Friday, 7 a.m. to 7 p.m. (CT). This service is available at *no additional cost* to you.

TIAA-CREF counselors will continue to be available for individual counseling sessions by appointment after the transition period.

View Plan Information Online at www.tiaa-cref.org/ndpers:

Manage your account, including updating your investment allocations and beneficiary designations. You can also access interactive retirement planning tools and calculators.

Remember to Update Your Beneficiary Information:

For Participants in the 401(a) Plan: NDPERS will continue to maintain your beneficiary designations, so no action is necessary at this time. If you wish to update your beneficiary now or in the future, you must file a new beneficiary form with NDPERS. You can obtain the form at www.nd.gov/ndpers.

For Participants in the 457(b) Plan: You must update your beneficiary information with TIAA-CREF. To update this information, go to www.tiaa-cref.org/ndpers and select "Access My Account," log into the secured site, choose "My Portfolio" and click on the "Beneficiaries" tab. If you do not update this information, your beneficiary designation will default to your Estate.

Your New Retirement Portfolio

NDPERS is now offering a four-tiered investment menu to all plan participants. Through these four tiers, you have access to a wide array of competitively performing investment options from TIAA-CREF and other leading investment managers. These four tiers include:

Tier 1:
Lifecycle
Mutual Funds

Tier 2:
Core Index Funds

Tier 3:
Core Active Funds

Tier 4:
Self-Directed
Brokerage Services

Tier 1: TIAA-CREF Lifecycle Mutual Funds

TIAA-CREF Lifecycle Mutual Funds are professionally managed mutual funds designed for investors who want a simple yet diversified approach to investing. With a Lifecycle Mutual Fund, you select the fund that's closest to your expected retirement date. The fund's managers then adjust the fund's underlying investments from more aggressive to more conservative as the target retirement date approaches. As with all mutual funds, the principal value of a lifecycle fund isn't guaranteed. Also, please note that the target date of the fund is an approximate date when investors may plan to begin withdrawing from the fund.

You may want to consider the Tier 1 option if you prefer a "hands-free" approach to investing and want to leave the portfolio allocation decisions to the fund's professional management team.

Tier 2: Core Index Funds

This tier includes several passively managed mutual funds, which are preselected mutual funds within several different asset classes that have performed consistently against their benchmarks and their peer group. Passively managed funds use a style in which the fund's portfolio mirrors a market index.

You may want to consider investing in Tier 2 options if you believe these funds offer good long-term growth opportunities for your portfolio.

Tier 3: Core Active Funds

This tier includes several actively managed mutual funds, which are preselected within several different asset classes that have performed consistently against their benchmarks and their peer group. Actively managed funds use a style in which the fund's manager(s) attempt to outperform a given market index through various investment strategies and buying/selling of the fund's securities.

You may want to consider investing in Tier 3 options if you believe these funds offer good long-term growth opportunities for your portfolio.

Tier 4: Self-Directed Brokerage Services

This tier consists solely of a self-directed brokerage window. With a self-directed brokerage account, you have the option of investing among thousands of mutual funds from hundreds of available fund families, including many of the existing funds currently offered through the Defined Contribution Retirement Plans. When you open a brokerage account, you take sole responsibility for overseeing and managing your investments in the account. Please note that some mutual funds offered through the self-directed brokerage account have no additional fees, some have transaction fees, and some have sales expenses.

You may want to consider investing in Tier 4 options if you seek to more broadly diversify your retirement account assets and believe you have the requisite knowledge to invest outside of the "core" menu of funds.

Your New Investment Menu

The new core investment menu consists of 33 funds, including TIAA-CREF Lifecycle Mutual Funds. In addition, you have a choice of several different fixed and variable investment options that may offer the opportunity for increased retirement income based on your investment decisions.

Tier	Fund	Ticker Symbol	Asset Class
Tier 1: Lifecycle Mutual Funds			
	TIAA-CREF Lifecycle Ret Inc	TLIRX	Retirement Income
	TIAA-CREF Lifecycle 2010	TCLEX	Target Date
	TIAA-CREF Lifecycle 2015	TCLIX	Target Date
	TIAA-CREF Lifecycle 2020	TCLTX	Target Date
	TIAA-CREF Lifecycle 2025	TCLFX	Target Date
	TIAA-CREF Lifecycle 2030	TCLNX	Target Date
	TIAA-CREF Lifecycle 2035	TCLRX	Target Date
	TIAA-CREF Lifecycle 2040	TCLOX	Target Date
	TIAA-CREF Lifecycle 2045	TFRX	Target Date
	TIAA-CREF Lifecycle 2050	TLFRX	Target Date
	TIAA-CREF Lifecycle 2055	TTRLX	Target Date
Tier 2: Core Index Funds			
	Columbia Mid Cap Index A	NTIAX	Mid-Cap Blend
	Vanguard 500 Index Signal	VIFSX	Large Blend
	Vanguard Total Intl Stock Index Inv	VGTSX	Foreign Large Blend
Tier 3: Core Active Funds			
	PIMCO Real Return Admin	PARRX	Inflation-Protected Bond
	PIMCO Total Return Admin	PTRAX	Intermediate-Term Bond
	Franklin Growth Adv	FCGAX	Large Growth
	T. Rowe Price Capital Appreciation Adv	PACLX	Moderate Allocation
	Prudential High-Yield Z	PHYZX	High Yield Bond
	Wells Fargo Advantage Growth Adm	SGRKX	Large Growth
	ASTON/Fairpointe Mid Cap I	ABMIX	Mid-Cap Blend
	Hartford Dividend & Growth R5	HDGTX	Large Value
	Nuveen Tradewinds Value Opportunities I	NVORX	Large Blend
	Prudential Jennison Mid Cap Growth Z	PEGZX	Mid-Cap Growth
	T. Rowe Price Equity Income	PRFDX	Large Value
	RidgeWorth Mid-Cap Value Equity I	SMVTX	Mid-Cap Value
	Brown Capital Mgmt Small Co Inv	BCSIX	Small Growth
	Cohen & Steers Realty Shares	CSRSX	Real Estate
	Mutual Global Discovery Z	MDISX	World Stock
	Oppenheimer Developing Markets Y	ODVYX	Diversified Emerging Mkts
	Parnassus Small-Cap	PARSX	Small Blend
	Allianz NFJ Small Cap Value Admin	PVADX	Small Value
	Templeton Global Bond Adv	TGBAX	World Bond
Tier 4: Self-Directed Brokerage Services			
	Mutual Fund Window	—	Mutual Fund Window

Optional Replacement Funds

If you prefer not to have your investments default-invested into the age-appropriate TIAA-CREF Lifecycle Mutual Fund, the chart on this page shows how you can allocate your investments to the funds that are closing to the corresponding replacement funds on the new plan menu. The closing funds are shown in the “Current Fund” column, and the replacement funds are shown in the “Replacement Fund” column.

As an example, say you’re currently allocated to the Fidelity Spartan 500 Index Fund that will be closing. If you still wish to invest in a fund that has similar investment characteristics to the Fidelity Spartan 500 Index Fund, you can invest in its replacement fund, the Vanguard 500 Index Signal Fund.

By using this chart, you can create a new portfolio using the replacement funds that will have similar investment characteristics to your previous portfolio.

If you want to change your investment allocations, you can do so online at www.tiaa-cref.org/ndpers. Once you log on, select “Access My Account” and enter your user ID and password. Next, click the “Manage My Portfolio.”

From Old Investment Menu		To New Investment Menu	
Current Fund	Ticker Symbol	Replacement Fund	Ticker Symbol
Managed Income Portfolio		Wells Fargo Stable Return Fund J	WFSJ#
PIMCO Total Return Admin	PTRAX	PIMCO Total Return Admin	PTRAX
Fidelity Puritan	FPURX	T. Rowe Price Capital Appreciation Adv	PACLX
Fidelity Equity-Income	FEQIX	T. Rowe Price Equity Income	PRFDX
Fidelity Spartan 500 Index Inv	FUSEX	Vanguard 500 Index Signal	VIFSX
Fidelity Dividend Growth	FDGFX	Nuveen Tradewinds Value Opportunities I	NVORX
Fidelity Growth Company	FDGRX	Wells Fargo Advantage Growth Adm	SGRXX
Fidelity Blue Chip Growth	FBGRX	Franklin Growth Adv	FCGAX
Mutual Shares A	TESIX	Hartford Dividend & Growth R5	HDGTX
Goldman Sachs Mid Cap Value A	GCMAX	RidgeWorth Mid-Cap Value Equity I	SMVTX
Dreyfus MidCap Index	PESPX	Columbia Mid Cap Index A	NTIAX
Fidelity Mid-Cap Stock	FMCSX	Prudential Jennison Mid Cap Growth Z	PEGZX
Fidelity Spartan Extended Mkt Index Inv	FSEMX	Columbia Mid Cap Index A	NTIAX
Dreyfus Small Cap Stock Index	DISSX	Parnassus Small-Cap	PARSX
Allianz NFJ Small Cap Value Admin	PVADX	Allianz NFJ Small Cap Value Admin	PVADX
Morgan Stanley Inst Small Co Gr P	MSSMX	Brown Capital Mgmt Small Co Inv	BCSIX
Fidelity Diversified International	FDIVX	Vanguard Total Intl Stock Index Inv	VGTSX
Fidelity Spartan International Index Inv	FSIIX	Vanguard Total Intl Stock Index Inv	VGTSX
Fidelity Freedom Income	FFFAX	TIAA-CREF Lifecycle Index Ret Inc Inst	TRILX
Fidelity Freedom 2000	FFFBX	TIAA-CREF Lifecycle Index Ret Inc Inst	TRILX
Fidelity Freedom 2005	FFFVX	TIAA-CREF Lifecycle Index 2010 Inst	TLTIX
Fidelity Freedom 2010	FFFCX	TIAA-CREF Lifecycle Index 2010 Inst	TLTIX
Fidelity Freedom 2015	FFVFX	TIAA-CREF Lifecycle Index 2015 Inst	TLFIX
Fidelity Freedom 2020	FFFDX	TIAA-CREF Lifecycle Index 2020 Inst	TLWIX
Fidelity Freedom 2025	FFTWX	TIAA-CREF Lifecycle Index 2025 Inst	TLQIX
Fidelity Freedom 2030	FFFEX	TIAA-CREF Lifecycle Index 2030 Inst	TLHIX
Fidelity Freedom 2035	FFTHX	TIAA-CREF Lifecycle Index 2035 Inst	TLYIX
Fidelity Freedom 2040	FFFFX	TIAA-CREF Lifecycle Index 2040 Inst	TLZIX
Fidelity Freedom 2045	FFFGX	TIAA-CREF Lifecycle Index 2045 Inst	TLXIX
Fidelity Freedom 2050	FFFHX	TIAA-CREF Lifecycle Index 2050 Inst	TLLIX

Frequently Asked Questions

These will be updated on the PERS website throughout the transition. You can find them at nd.gov/ndpers.

Why did NDPERS decide to change plan providers?

At NDPERS, we believe we have a responsibility to offer our employees the best possible retirement plan options for their long-term investment needs. To ensure we can provide such a high quality plan, we periodically issue a Request for Proposal (RFP) to retirement investment providers to compete for our 401(a) Defined Contribution and 457(b) Deferred Compensation Companion plan business. Eighteen companies were sent a copy of our RFP and we received eight proposals. TIAA-CREF was selected since they had the most competitive response and interview.

Who was involved in the decision to change plan providers?

The NDPERS Board and staff worked in conjunction with Segal Advisors to conduct a comprehensive review of the proposals submitted for our 401(a) Defined Contribution and 457(b) Deferred Compensation Companion plans.

Why did NDPERS choose TIAA-CREF?

The Board considered all eight proposals and narrowed the finalists to Fidelity, TIAA-CREF, The Hartford and VALIC.

After careful consideration, the PERS Board selected TIAA-CREF as our plan provider. The primary reasons for selecting TIAA-CREF are: lower administrative fees, an increase in days allotted to counseling services, greater range of counseling services for participants, and expanded brokerage services. The Board also noted that the consulting firm that reviewed the proposals ranked the investment offerings of TIAA-CREF higher than our existing fund mix.

I am investing with Fidelity and see that my current assets in and future contributions to the Fidelity funds will be directed to an "age-appropriate TIAA-CREF Lifecycle Mutual Fund." What does this mean?

An age-appropriate TIAA-CREF Lifecycle Fund is a lifecycle fund from TIAA-CREF with an end date that's close to your assumed retirement date (i.e., age 65). For example, if you will turn 65 in or around the year 2030, your

contributions will be designated to the TIAA-CREF Lifecycle 2030 Fund. Lifecycle funds are designed to provide varying degrees of long-term appreciation and capital preservation based on an investor's age or target retirement date through a mix of asset classes. The fund's asset mix changes over time to become less focused on growth and more focused on income.

When does this change take effect?

The change takes effect November 1, 2011.

Do I have to switch to TIAA-CREF?

Yes. This change in plan providers applies to all employees participating in the Defined Contribution and Deferred Compensation Companion Plans. As a result, you will be automatically enrolled with TIAA-CREF during the last week of September. Then, beginning October 29, 2011, all future NDPERS retirement plan contributions will be directed to your new TIAA-CREF account. The accounts you have now with Fidelity will be transferred to TIAA-CREF during the blackout period of October 28 through November 15. Your funds will be allocated to an age-appropriate TIAA-CREF Lifecycle Mutual Fund. You will also have an opportunity to meet with a TIAA-CREF counselor onsite to discuss your asset allocation and investment strategy, account beneficiary designation, and any other questions you have about your portfolio or the plan changes.

When can I begin investing in the new funds?

You can begin making allocation changes in your new TIAA-CREF account starting October 1, 2011. The new investment options are shown on page 6. NDPERS will begin sending contributions to TIAA-CREF on October 29, 2011. Your Fidelity assets will be transferred to your new TIAA-CREF account on November 1, 2011.

Do the plan changes affect me if I'm retired?

Yes. As with all other plan participants, your current assets for the investment options that are closing will be transferred to an age-appropriate TIAA-CREF Lifecycle Mutual Fund. If you are receiving recurring payments through Fidelity, it will be necessary for you to complete the

necessary paperwork with TIAA CREF to commence your recurring payments with the new provider, TIAA CREF. You will receive a separate mailing containing the details you will need to set things up. If you would like to change your allocations, please call TIAA-CREF at **800 842-2252**, Monday through Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

When will I be able to review the new investment menu online?

On October 1, 2011, we posted the new investment menu on the customized retirement plan website at www.tiaa-cref.org/ndpers. To view the new investment menu and learn more about the retirement plan options, simply log onto this site, then select the “Investment Choices” tab at the top of the screen.

What are the key dates during the transition to the new retirement plan?

Here is a quick rundown of the key dates:

- Your new TIAA-CREF account will be available to you on October 1, 2011. You can make allocation changes from October 1 through October 28 after which time you will not be permitted to make transactions until the Blackout Period is complete. The Blackout Period will end by or before November 15, 2011.

- Your assets at Fidelity will transfer to TIAA-CREF on November 1, 2011. Starting on this date, your future contributions will be allocated to the new investment menu.

Where can I learn more about the new investment menu?

You can view the new investment menu on page 6. For additional information about the new investment options, please visit the dedicated retirement plan website at www.tiaa-cref.org/ndpers and select the “Investment Choices” tab at the top of the screen. Starting September 30, 2011, you can access fact sheets for each of the investment options available to you.

Questions about Finding Additional Information

How can I learn more about the changes to the retirement plans?

TIAA-CREF will be holding seminars, online webinars and one-on-one counseling sessions designed to help you understand the plan changes and create a retirement portfolio tailored to your investment needs and preferences. In the enclosed package, we list the dates and times of the upcoming webinars. You can access the webinar 24/7 by visiting www.tiaa-cref.org/ndpers. All these services are provided at no additional cost to you.

To meet with a TIAA-CREF counselor for a one-on-one counseling session, call **800 842-2252** or visit www.tiaa-cref.org/ndpers. Once you’ve logged on, select the “Setting Up My Portfolio” tab and then “Advice and Planning Services.”

Can I bring my spouse or partner to a meeting?

Yes. You can bring your spouse/partner to the group meetings on campus and/or to an individual counseling session. The counselor will consider both you and your spouse’s/partner’s retirement assets when providing the objective investment advice service. This will ensure there is no overlap between your spouse’s/partner’s investment allocation and your own.

How can I get help choosing an appropriate retirement investment strategy?

TIAA-CREF counselors can offer you personalized investment planning and advice. This service is available to all retirement plan participants at no additional charge. During a one-on-one counseling session, a counselor will help you create a personalized retirement portfolio that’s tailored to your unique financial situation and goals.

Questions about Finding Additional Information (Continued)

To schedule your session, call TIAA-CREF at **800 732-8353**, Monday through Friday, 7 a.m. to 7 p.m. (CT). You can also speak with a counselor regarding your investments by calling **800 842-2252**, Monday through Friday, 7 a.m. to 9 p.m. or Saturday, 8 a.m. to 5 p.m.(CT).

What do I need to bring with me to a TIAA-CREF investment counseling session?

We suggest you bring any documentation you have concerning your investment accounts, even those outside of your retirement plan. You can obtain these online prior to your session. Your most recent Social Security statement can also be useful in helping the counselor gain a more complete picture of your current financial situation. However, please feel free to schedule a counseling session even if you do not have these documents.

How long does a one-on-one counseling session last? What if I need more time?

A one-on-one counseling session with a TIAA-CREF counselor lasts approximately one hour. You may schedule as many appointments as you need to ensure you understand the retirement planning and enrollment processes.

How can I see my account and perform transactions online?

You can view your account information, change allocations, and make transfers by logging into your account at www.tiaa-cref.org/ndpers. You will need a user ID and password to use this portion of our site.

Is it true that we can make changes to our investment accounts in October?

Yes. Beginning October 1, you can select among the funds on the new investment menu. To do so, go to www.tiaa-cref.org/ndpers to make your selections. If you have questions about making the right investment choices for your needs, call a TIAA-CREF counselor at **800 842-2252**, Monday through Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

Questions About the New Brokerage Account Option

How does the new brokerage account work?

You can choose to open a TIAA-CREF self-directed brokerage account if you'd like access to additional investment options beyond those available on the NDPERS investment menu. Through this brokerage account, you can invest among thousands of mutual funds from some of the nation's best-known fund families.

A TIAA-CREF self-directed brokerage account enables you to further diversify your investments and select from a wide range of world-class investment company mutual funds. For more information about the brokerage account, please visit www.tiaa-cref.org/ndpers.

Are there any expenses associated with opening a brokerage account with TIAA-CREF?

To establish a self-directed brokerage account with TIAA-CREF, you need to make a minimum investment of \$500.00. Thereafter, the minimum additional investment amount is \$100.00. Because a brokerage

account is not appropriate for all investors, we encourage you to speak with a TIAA-CREF counselor to learn more about this type of account and if it's right for your investment needs.

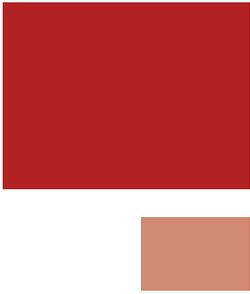
How can I learn more about the brokerage account option?

Call TIAA-CREF at **800 927-3059**. A counselor will provide you with additional details about the brokerage account. You can also read more about TIAA-CREF Brokerage Services a www.tiaa-cref.org/ndpers.

How do I speak to someone at TIAA-CREF?

You can call a TIAA-CREF counselor at **800 842-2252**, Monday through Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

About TIAA-CREF



With \$469 billion in combined assets under management,¹ TIAA-CREF is a full-service financial services organization that for more than 90 years has dedicated itself to serving those in the academic, government, medical, cultural and research fields. We do this through a full array of financial products and services that help our participants plan for — and live well in — retirement, while investing for life’s other goals along the way.

TIAA-CREF Offers the Following Advantages

- **Investment experience:** TIAA-CREF has more than 90 years of experience investing for its participants’ retirement and other financial goals.
- **Low costs:** TIAA-CREF’s investment fees are among the lowest in the variable annuity and mutual fund industries.² (Note that lower expenses do not mean higher returns.)
- **Broad array of investment choices:** In addition to our retirement savings options, TIAA-CREF offers a full range of other investment products and services, including mutual funds, brokerage services and education savings.
- **Honest, objective advice:** Through TIAA-CREF’s advice service, a TIAA-CREF counselor can help you determine which investments are right for your retirement portfolio and if you may be contributing enough to achieve your goals.

Get Personalized Help from TIAA-CREF

To schedule an appointment with a TIAA-CREF counselor, call **800 732-8353**, Monday to Friday, 8 a.m. to 8 p.m. (ET). For information about how to enroll or to discuss your account, call **800 842-2252**, Monday to Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

¹ Assets under management as of 6/30/10.

² Applies to mutual fund and variable annuity expense ratios. Morningstar Direct (June 2010), based on Morningstar expense comparisons by category.

Learn More About The North Dakota Public Employees Retirement System(NDPERS) Companion Plan and the optional Defined Contribution Plan for Non-Classified State Employees

During October, TIAA-CREF counselors will be conducting financial education seminars at NDPERS sites. During these sessions, the counselors will answer questions about the plan changes and what they mean for you.

Also, after the transition period, TIAA-CREF counselors will continue to be available for individual counseling sessions by appointment. During your session, your counselor will help you create a personalized retirement portfolio that's tailored to your unique financial situation and goals.



Here's how to get the planning help you need

For general questions about the retirement plan changes

- Call TIAA-CREF at **800 842-2252**
- Counselors are available Monday to Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

To schedule an on-site one-on-one session with a TIAA-CREF counselor

- Call TIAA-CREF at **800 732-8353**
- Appointments are available Monday to Friday, 7 a.m. to 7 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

For hearing – or speech-impaired participants using text telephones

- Call **800 842-2755** (TTY Direct Line)

To use the customized website for the NDPERS Retirement Plan, visit www.tiaa-cref.org/ndpers to:

- Access your account information, 24/7
- Transfer funds, change allocations, open a new account
- Use interactive retirement planning tools and calculators
- View financial education seminars on a variety of retirement and investment topics
- Follow market news and headlines
- Obtain online enrollment and Salary Deferral Agreements
- View a consolidated quarterly statement that provides an overview of all account activity for your NDPERS Retirement Plan.

Please read the prospectus and consider the investment objectives, risks, charges and expenses carefully before investing.



Please read the prospectus and consider the investment objectives, risks, charges and expenses carefully before investing.



TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

CUSTODIAL ACCOUNT AGREEMENT FOR A NON-TRUSTEED GOVERNMENTAL 401(a) PLAN WITH A TIAA-CREF BROKERAGE ACCOUNT

This Custodial Account Agreement (“Agreement”) between JPMorgan Chase Bank, N.A. (“Custodian”) and **North Dakota Public Employees Retirement System** (“Employer”) as Sponsor of the **North Dakota Defined Contribution Retirement Plan** (“Plan”), a plan designed to meet the requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended (“Code”).

WHEREAS, in accordance with Code Section 401(f), the Plan will be funded in part with annuity contracts issued by Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (“TIAA-CREF”); and

WHEREAS, in accordance with Code Section 401(f), the Plan will be funded in part with a custodial account designed to meet the requirements of Code section 401(f)(2) and the assets in such custodial account shall be invested solely in Mutual Fund Shares, as defined in Article II below, other funds chosen by the Employer as listed in Appendix A and in participant directed Brokerage Accounts as described in Section 5.1(b) below; and

WHEREAS, the Plan provides that the Plan’s participants (and beneficiaries of deceased participants) have the right to direct the Employer as to the investment of amounts credited to their individual accounts under the Plan by selecting from among the Mutual Fund Shares, other funds and a TIAA-CREF Brokerage Account made available to them under the Plan by the Employer; and

WHEREAS, the Employer has appointed Teachers Insurance and Annuity Association of America as record keeper for the Plan (“Record Keeper”) pursuant to which Record Keeper serves as Employer’s agent for purposes of keeping Plan records; and

WHEREAS, the Employer has requested that the Custodian provide certain custodial services for the portion of the Plan’s assets invested in Mutual Fund Shares, other funds and TIAA-CREF Brokerage Accounts described in Appendix A of this Agreement, which custodial services are required to satisfy the requirements of Code section 401(f) and the Custodian has agreed to provide such services as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed as follows:

ARTICLE I. EFFECTIVE DATE

- 1.1. The effective date of this Agreement will be **October 1, 2011**, or such later date as the Parties shall agree to by Notice. This agreement will remain in effect until terminated pursuant to Article X.

Task Type: PLNSETCA
Client ID:
Plan(s):

ARTICLE II. DEFINITIONS

- 2.1 “**APPLICABLE LAW**” means any statute, whether national, state or local, applicable in the United States or any other country, any other law, rule, regulation or interpretation of any governmental entity, any applicable common law, and any decree, injunction, judgment, order, ruling, or writ of any governmental entity.
- 2.2 “**BENEFICIARY**” means the beneficiary(ies) of a deceased participant and an alternate payee of a participant pursuant to a qualified domestic relations order (as defined in section 414(p) of the Code) (“Qualified Domestic Relations Order”).
- 2.3 “**CUSTODIAN INDEMNITEES**” means the Custodian, and its nominees, directors, officers, employees and agents.
- 2.4 “**INSTRUCTIONS**” means instructions which: (i) contain all necessary information required by the Custodian to enable the Custodian to carry out the Instructions; (ii) are received by the Custodian in writing or via the Custodian’s electronic instruction system, SWIFT, telephone, facsimile or such other methods as are for the time being agreed by the Record Keeper and the Custodian; and (iii) the Custodian believes in good faith have been given by the Record Keeper or are transmitted by the Record Keeper with proper testing or authentication pursuant to terms and conditions which the Custodian may specify.
- 2.5 “**MUTUAL FUND**” means an open-end investment company registered under the Investment Company Act of 1940, as amended.
- 2.6 “**MUTUAL FUND SHARES**” means securities issued by a Mutual Fund.

ARTICLE III. SERVICES TO BE PROVIDED BY CUSTODIAN

- 3.1 The Custodian shall receive such sums of money or Mutual Fund Shares [and shares of other funds](#) acceptable to the Custodian as shall from time to time be paid or delivered to the Custodian under this Agreement. The Custodian shall hold in Plan participant accounts all such assets, together with all the property purchased therewith and the proceeds thereof and the earnings and income thereon. The Custodian shall not be responsible for, or have any duty to enforce, the collection of any contributions or assets to be paid or transferred to it under the Plan or for verifying whether contributions or transfers to it are permissible under the Plan. The Custodian shall not be responsible for investment choices directed by the Employer or by Plan participants or Beneficiaries under the Plan.
- 3.2 The Custodian shall disburse Plan loan proceeds, hardship and other distributions as directed by the Record Keeper. The Custodian shall distribute Plan account balances in accordance with any Qualified Domestic Relations Order in accordance with the Instructions of the Record Keeper. No amounts may be paid or made available to any distributee before the time provided in the Plan. The Record Keeper



Financial Services

shall be responsible for determining that (a) each distribution satisfies the requirements of the Plan and Applicable Law; (b) the disbursement of loan proceeds has been authorized in accordance with the Plan and Applicable Law; and (c) distributions pursuant to a domestic relations order have been authorized in accordance with the Plan and Applicable Law.

- 3.3 To the extent permitted under Applicable Law, the Custodian shall be the payer (within the meaning of applicable United States Treasury Department regulations) of benefits in the custodial account under the Plan held pursuant to this Agreement. As payer, it shall perform any required withholding of federal and state income tax from distributions and withdrawals and deposit the same with the appropriate tax authorities as and when directed by the Record Keeper. The Record Keeper shall be responsible for preparing and filing all reports of withheld taxes with the participant or Beneficiary and all applicable federal and state tax authorities.
- 3.4 The Custodian agrees that all records maintained by it for the Plan shall be open to inspection and audit at reasonable times by agents or representatives of the Employer and that such records will be preserved and maintained in accordance with Applicable Law. The Custodian may charge, and the Employer shall agree to pay, the reasonable cost of any services and materials used by the Custodian in supplying assistance in connection with any such inspection.
- 3.5 The services to be performed by the Custodian under this Agreement may be performed on the Custodian's behalf wholly or in part through subsidiaries or affiliates of the Custodian or through vendors designated by the Custodian. The Custodian will continue to be liable for the performance of its duties hereunder.

ARTICLE IV. INSTRUCTIONS

- 4.1 (a) The Employer authorizes the Custodian to accept and act upon any Instructions received by the Custodian from Record Keeper without inquiry. The Record Keeper shall receive instructions from participants and Beneficiaries with respect to the investment of their Plan accounts. It shall aggregate such instructions and will provide Instructions to the Custodian to place net purchase and redemption orders with respect to each Mutual Fund investment option selected for the Plan as follows:
 - (b) Except as provided in Appendix A with respect to TIAA-CREF Brokerage Accounts, each participant and Beneficiary shall submit investment directions and changes in investment directions with respect to his or her Plan account to the Record Keeper, which shall aggregate such directions placed each day with respect to the various investment alternatives in accordance with its agreement with the Employer. The Custodian shall invest the assets of the Plan accounts only when, if and in the manner, directed by the Record Keeper and shall not be under any obligation to invest or otherwise manage any of such assets. It shall be the duty of the Custodian to act strictly in accordance with the Record Keeper's directions. In the event that the Custodian fails to receive a proper Instruction, the assets shall be invested in a money market Mutual Fund or in such other Mutual Fund investment option selected by the Employer or left uninvested, in any case as selected by the Employer, until the Custodian receives a proper Instruction from the Record Keeper. The Custodian shall, as directed by the Record Keeper, liquidate investments



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when necessary to: (i) comply with participants' and Beneficiaries' instructions or to change investments; (ii) make plan benefit payment distributions; (iii) disburse loan proceeds; (iv) reallocate forfeitures under the Plan; or (v) pay expenses, fees, or taxes. The Record Keeper shall be responsible for determining that such liquidation is permitted under the prospectuses for the Mutual Funds in the participant's or Beneficiary's Plan account.

(c) Unless otherwise expressly provided, all Instructions will continue in full force and effect until canceled or superseded.

(d) The Custodian may (in its sole discretion and without affecting any part of this Section 4.1) seek clarification or confirmation of an Instruction from the Record Keeper and may decline to act upon an Instruction if it does not receive clarification or confirmation satisfactory to it. The Record Keeper may (in its sole discretion and without affecting any part of this Section 4.1) seek clarification or confirmation of an Instruction from the Employer and may decline to act on an Instruction if it does not receive clarification or confirmation satisfactory to it. To the extent permitted by applicable North Dakota law the Custodian will not be liable for any loss arising from any delay while either it or the Record Keeper seeks such clarification or confirmation.

(e) In executing or paying a payment order the Custodian may rely upon the identifying number (e.g., Fedwire routing number or account) of any party as instructed in the payment order. The Record Keeper assumes full responsibility for any inconsistency between the name and identifying number of any party in payment orders issued to the Custodian in Employer's name.

4.2 Any Instructions delivered to the Custodian by telephone will promptly thereafter be confirmed in writing by the Record Keeper. Each confirmation is to be clearly marked "Confirmation". The Custodian will not be liable for having followed such Instructions notwithstanding the failure of the Record Keeper to send such confirmation in writing or the failure of such confirmation to conform to the telephone Instructions received. Either party may record any of their telephonic communications. The Record Keeper will comply with any security procedures reasonably required by the Custodian from time to time with respect to verification of Instructions. The Record Keeper will be responsible for safeguarding any test keys, identification codes or other security devices that the Custodian will make available to the Record Keeper.

4.3 The Custodian need not act upon Instructions which it reasonably believes to be contrary to law, regulation or market practice and the Custodian will be under no duty to investigate whether any Instructions comply with Applicable Law or market practice.

4.4 The Custodian has established cut-off times for receipt of Instructions, which will be made available to the Employer and the Record Keeper. If the Custodian receives an Instruction after its established cut-off time, the Custodian will attempt to act upon the Instruction on the day requested if the Custodian deems it practicable to do so or otherwise as soon as practicable on the next business day.

ARTICLE V. DUTIES OF THE EMPLOYER

5.1 The Employer shall be solely responsible for the following:

- (a) The tax and legal aspects of the Plan.
 - (b) To select and monitor the funding options for the Plan, it being understood that the Custodian has no authority or responsibility for choosing such funding options. The funding options shall consist of Mutual Funds, [other funds](#) and a TIAA-CREF Brokerage Account as described in Appendix A. The funding options chosen for the Plan are set forth in Appendix A to this Agreement. Such funding options may be changed from time to time by the parties attaching -a new Appendix A hereto.
 - (c) To evaluate the suitability of the Plan documents and maintain the Plan's conformance with applicable provisions of the Code and the regulations thereunder, including, if applicable, any filings required under Applicable Law.
 - (d) To represent and defend the Plan in an Internal Revenue Service audit or examination and any appeals or litigation relating thereto and any other examinations, audits or legal proceedings relating to the Plan.
 - (e) To provide the Custodian, in a timely manner, accurate data, as requested and in the form requested by Custodian, in order to establish and maintain the records necessary for the fulfillment of the Custodian's duties hereunder. [To the extent permitted by applicable North Dakota law, the Custodian shall not be responsible in the event that such information is inaccurate.](#) If the Custodian is required to repeat or reprocess any task as a result of incomplete or inaccurate information provided by the Employer, the Custodian may charge the Employer a reasonable reprocessing fee. In addition, if amounts are sent to the Custodian with incorrect Instructions, or in amounts that do not reconcile with the Instructions given, the Custodian may: (1) apply the amounts for which accurate Instructions are given and refund any excess amounts to the Employer; or (2) if amounts are less than the Instructions call for, refund the entire amount to the Employer.
- 5.2 The Employer shall review all reports and shall immediately notify the Record Keeper in writing of any claimed error with respect to any data or report. The Custodian assumes no responsibility for verification and any report not challenged in writing to the Record Keeper within sixty (60) days of receipt thereof shall be conclusively presumed accurate and complete. The Record Keeper shall promptly notify the Custodian of any claimed error by the Employer.

ARTICLE VI. THE POWERS OF CUSTODIAN AS CUSTODIAN

- 6.1 The Custodian, in its capacity as custodian, shall have the following powers, which shall not apply to assets held in any TIAA-CREF Brokerage Account:
- (a) To vote in person, or in proxy, or to refrain from voting in respect to any Mutual Fund shares [or other funds](#) held in a participant's or Beneficiary's Plan account, in accordance with Section 11.2 of this Agreement, and to enter into any voting trust or similar agreement in respect thereto;



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- (b) To exercise conversion and subscription rights pertaining to any property held in a Plan account;
 - (c) With respect to any investment, to consent or object to any action or non-action of any corporation, or of the directors, officers or stockholders of any corporation;
 - (d) To register securities in its name or in the name of any nominee with or without indication of the capacity in which the securities shall be held, or to hold securities in bearer form and to deposit any securities or other property in a depository or clearing corporation;
 - (e) To employ as many agents and counsel as are reasonably necessary for the purpose of properly performing its duties under this Agreement, and, as part of its expenses under this Agreement, to pay their reasonable expenses and compensation; and
 - (f) To make, execute and deliver, as custodian, any and all conveyances, waivers, releases or other instruments in writing necessary or desirable for the accomplishment of any of the powers listed in this Agreement.
- 6.2 The Custodian shall have no duties or responsibilities as custodian other than those specified in this Agreement or under Applicable Law and no implied covenant or obligation shall be read into this Agreement against the Custodian. Notwithstanding any reference herein to the Plan, or to the provisions thereof, it is expressly agreed that the Custodian is not a party to the Plan and shall have no responsibility to apply or administer the terms of the Plan.
- 6.3 The Custodian shall have no duty to advise any person of the investment, tax or other consequences resulting from that person's actions or inactions, or of its own actions in following the directions of such person, or its failing to act in the absence of such directions.

ARTICLE VII. STANDARD OF CARE; PROTECTION OF CUSTODIAN

- 7.1 The Custodian shall use due care in providing the services hereunder. Responsibility for due care is limited solely to correcting processing errors resulting from malfunction of the Custodian's equipment, error by its staff, or error by its programs. The Custodian shall make a good faith effort to correct any error caused by its performance subject to the limitations herein set forth; provided that the Employer notifies the Record Keeper in writing of such error and furnishes all data necessary to make such correction within sixty (60) days following the date in which the Employer is furnished with a report in which the claimed error is contained. The Record Keeper shall promptly notify the Custodian of such claimed error. ~~The Custodian shall have no liability for any loss, claim or expense (including reasonable attorneys' fees) that may be imposed on, incurred by or asserted against the Custodian in connection with or arising out of the Custodian's performance under this Agreement, provided the Custodian has not acted with negligence or engaged in fraud or willful misconduct in connection with the liabilities in question. Additionally, the Custodian shall have no liability for any loss, claim or expense (including reasonable attorneys' fees) arising by reason of any breach of any statutory or other duty owed to the Plan by the Employer or the Record Keeper, whether or not the Custodian may also be considered liable for the Employer's or Record Keeper's breach under the provision of Applicable Law.~~



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- 7.2 The Custodian will maintain and update from time to time business continuation and disaster recovery procedures with respect to its custody business that it determines from time to time meet reasonable commercial standards. -The Custodian shall not be held responsible for delay or default caused by fire, flood, riot, acts of God or war or terrorism if the event is beyond Custodian's reasonable control and Custodian gives notice to Employer immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

ARTICLE VIII. RESIGNATION AND REMOVAL OF CUSTODIAN

- 8.1 The Custodian may resign as custodian at any time upon sixty (60) days prior written notice to the Employer.
- 8.2 The Custodian may be removed as custodian at any time upon sixty (60) days prior written notice from the Employer.
- 8.3 Upon the resignation or removal of the Custodian, the Employer shall promptly appoint a successor, provided that in the event of resignation of the Custodian, the Custodian may appoint a successor in its notice of resignation. Any successor custodian appointed herein shall be a bank or other person eligible to serve as a custodian in accordance with Code Section 401(f)(2). Upon receipt by the Custodian of a written acceptance of such appointment by the successor, the Custodian shall promptly transfer and pay over to such successor the assets of the custodial account. The Custodian is authorized, however, to reserve from the assets to be transferred such sum of money or other property, as it may deem advisable, for the payment of all of its fees, compensation, costs and expenses under this Agreement as Custodian. To the extent permitted under applicable North Dakota Law the Custodian shall not be liable for the acts or omissions of the successor whether or not it appoints the successor.

ARTICLE IX. FEES

- 9.1 The Employer understands and agrees that the Custodian may be compensated for its services under this Agreement by payments made by providers of Mutual Funds, or their affiliates, used under the Plan. This shall include sharing, on a periodic basis, in the revenue derived by such Mutual Fund providers. The Employer acknowledges that the Record Keeper has provided information relating to such fees and may obtain further information upon request by the Employer to the Record Keeper.
- 9.2 The Employer directs the Custodian, on instructions from and on behalf of the Record Keeper, to collect the administrative fees set forth in the Record Keeping Agreement between the Record Keeper and Employer, as sponsor of the Plan, as such agreement may be amended from time to time. Such fees shall be paid from Plan assets and are subject to change upon advance written notice from the Record Keeper to the Employer as set forth in the Record Keeping Agreement.



ARTICLE X. AMENDMENT AND TERMINATION

- 10.1 The parties shall have the right at any time to amend or terminate this Agreement by an instrument in writing and no change in the scope of the services hereunder shall be permitted or undertaken unless agreed to by the parties in such a written amendment.
- 10.2 No amendment shall authorize any part of a Plan participant or Beneficiary's account to be used for, or diverted to, purposes other than for the exclusive benefit of the participant or his or her beneficiaries except to the extent such amendment is permitted under the Code.
- 10.3 Termination of a participant's Plan account shall be effected by a distribution of all assets in the account as directed by the Record Keeper.
- 10.4 The Custodian's rights, protections, and remedies under this Agreement shall survive the termination of this Agreement.
- 10.5 (a) Termination without cause. This contract may be terminated by mutual consent of both parties.
- (b) Termination for lack of funding or authority. The Employer by written notice of default to Custodian, may terminate this contract, under any of the following conditions:
- (1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
 - (2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.
 - (3) If any license, permit, or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended, or not renewed.

Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

- (c) Termination for cause. The Employer may terminate this contract effective upon delivery of written notice to Custodian, or any later date stated in the notice:
- (1) If Custodian fails to provide services required by this contract within the time specified or any extension agreed to by the Employer; or
 - (2) If Custodian fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.

The rights and remedies of the Employer provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.



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ARTICLE XI. MISCELLANEOUS PROVISIONS

- 11.1 (a) The Employer represents and warrants that (i) it has full authority and power, and has obtained all necessary authorizations and consents, to use the Custodian as its custodian in accordance with the terms of this Agreement; (ii) assuming execution and delivery of this Agreement by the Custodian, this Agreement is the Employer's legal, valid and binding obligation, enforceable in accordance with its terms and it has full power and authority to enter into and has taken all necessary corporate action to authorize the execution of this Agreement; (iii) it has not relied on any oral or written representation made by the Custodian or any person on its behalf, and acknowledges that this Agreement sets out to the fullest extent the duties of the Custodian; and (iv) it is a resident of the United States and shall notify the Custodian of any changes in residency.
- (b) The Custodian represents and warrants that (i) assuming execution and delivery of this Agreement by the Employer, this Agreement is the Custodian's legal, valid and binding obligation, enforceable in accordance with its terms; (ii) Custodian is a bank eligible to serve as custodian in accordance with Code section 401(f)(2); and (iii) it has full power and authority to enter into and has taken all necessary corporate action to authorize the execution of this Agreement.

The Custodian and Employer may rely upon the representations made in this Section 11.1. The Custodian and Employer shall be entitled to any remedies available at law or equity in respect of Employer's breach of any such representation.

- 11.2 At the time of mailing of notice of each annual or special stockholders' meeting of any Mutual Fund, the Record Keeper shall send a copy of the notice and all proxy solicitation materials to each participant or Beneficiary who has shares of such Mutual Funds credited to his or her individual account excluding Mutual Funds held in any TIAA-CREF Brokerage Account together with a voting direction form for return to the Custodian or its designee. These materials shall clearly explain to the participants and Beneficiaries that the Custodian will not vote shares for which it receives no voting directions. Each participant and Beneficiary shall have the right to send instructions to the Record Keeper directing the Custodian as to the manner in which the Custodian is to vote the shares credited to his or her accounts (both vested and unvested) excluding Mutual Funds held in any TIAA-CREF Brokerage Account. The Custodian shall vote the shares as directed by the Record Keeper. The Custodian shall not vote shares for which it has received no directions. With respect to all rights other than the right to vote, the Custodian shall follow the directions of the Record Keeper. The Custodian shall have no duty to solicit direction from participants and Beneficiaries.
- 11.3 The Plan accounts shall be held for the exclusive benefit of all persons who shall be entitled to receive payments under the Plan. It shall be prohibited at any time for any part of the accounts (other than such amounts as are required or permitted to be used to pay Plan expenses) to be used for, or diverted to, purposes other than the exclusive benefit of Plan participants and their beneficiaries except as otherwise permitted under the Code.



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- 11.4 The participant's or Beneficiary's benefits under the Plan held pursuant to this Custodial Agreement shall be provided solely from his or her Plan account, and neither the Employer nor the Custodian shall have any other liability therefore.
- 11.5 No right or interest of a Plan participant or Beneficiary in a Plan account under this Agreement shall be (a) assignable or transferable in any manner, (b) subject to any lien, or (c) liable for, or subject to any obligation or liability of any person except as otherwise permitted under the Code. The preceding sentence shall not apply to an assignment, transfer, or attachment pursuant to a Qualified Domestic Relations Order or to a lien or levy on behalf of the Internal Revenue Service or as otherwise permitted with respect to garnishments orders issued pursuant to the Federal Debt Collection Procedures Act of 1990.
- 11.6 Notices required to be given by the parties hereunder shall be sufficiently given if made in writing to such address as each party shall from time to time specify in writing to the other party. Such notices shall be effective when received.
- 11.7 This Agreement is intended to comply with Section 401(a) of the Code and its terms shall be interpreted accordingly. Otherwise, the laws of the State of North Dakota shall control the interpretation and performance of the terms of this Agreement. However, neither the Custodian, any of its subsidiaries or affiliates nor any mutual fund provider assumes any responsibility as to the efficacy or legal sufficiency of this Agreement under federal, state or local law. ~~The United States District Court will have the sole and exclusive jurisdiction over any lawsuit or other judicial proceeding relating to or arising from this Agreement.~~
- 11.8 If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.
- 11.9 This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.



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IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date specified in Article I.

FOR THE Employer

By: _____ Print Name: _____

Title: _____ Date: _____

JPMORGAN CHASE BANK, N. A.

By: _____ Print Name: _____

Title: _____ Date: _____

The undersigned shall be bound by the terms of the foregoing Agreement with respect to the duties of the Record Keeper. The undersigned shall notify the Custodian of any material change in its duties as Record Keeper under its agreement with the Employer.

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: _____ Print Name: _____

Title: _____ Date: _____



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APPENDIX A

Plan Funding Options

TIAA-CREF Mutual Funds

<u>FUND NAME</u>	<u>SHARES CLASS</u>	<u>TICKER</u>
TIAA-CREF Lifecycle Retirement Income Fund	Retirement Class	TLIRX
TIAA-CREF Lifecycle Funds ¹		
TIAA-CREF Lifecycle 2010 Fund	Retirement Class	TCLEX
TIAA-CREF Lifecycle 2015 Fund	Retirement Class	TCLIX
TIAA-CREF Lifecycle 2020 Fund	Retirement Class	TCLTX
TIAA-CREF Lifecycle 2025 Fund	Retirement Class	TCLFX
TIAA-CREF Lifecycle 2030 Fund	Retirement Class	TCLNX
TIAA-CREF Lifecycle 2035 Fund	Retirement Class	TCLRX
TIAA-CREF Lifecycle 2040 Fund	Retirement Class	TCLOX
TIAA-CREF Lifecycle 2045 Fund	Retirement Class	TTFRX
TIAA-CREF Lifecycle 2050 Fund	Retirement Class	TLFRX
TIAA-CREF Lifecycle 2055 Fund	Retirement Class	TTRLX

Non-Proprietary Mutual Funds

Allianz NFJ Small Cap Value Admin Fund	PVADX
Aston/Optimum Mid Cap Fund - Class I	ABMIX
Brown Capital Management Small Company Institutional	BCSIX
Cohen & Steers Realty Shares	CSRSX
Columbia Mid Cap Index Fund Class A	NTIAX
Franklin Growth Fund - Advisor Class Shares	FCGAX
Franklin Mutual Global Discovery Z	MDISX
Hartford Dividend & Growth R5	HDGTX
Nuveen Tradewinds Value Opps Inst	NVORX
Oppenheimer Developing Markets Fund - Class Y	ODVYX
Parnassus Small Cap Fund	PARSX
PIMCO Real Return Admin	PARRX
PIMCO Total Return Fund Admin Class	PTRAX
Prudential High-Yield Z	PHYZX
Prudential Jennison Mid-Cap Growth Fund Z	PEGZX
RidgeWorth Mid Cap Value Equity I	SMVTX
T. Rowe Price Capital Appreciation Fund Adv	PACLX
T. Rowe Price Equity Income Fund	PRFDX

¹ The actual Lifecycle Funds currently available as funding options under the Plan(s) are detailed in Schedule B of this Agreement. TIAA will send the Employer an updated Schedule B that can be attached to this Agreement when a new Lifecycle Fund becomes available and is subsequently approved by the Employer to be added as a funding option under the Plan(s). Any additional funds, that are not part of the Lifecycle family of funds, will need a signed and executed Amendment to the Record Keeping Agreement prior to being added as a funding option under the Plan.



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Templeton Global Bond Fund Advisor Class Shares	TGBAX
Vanguard 500 Index Fund Signal Shares	VIFSX
Vanguard Total International Stock Index Fund	VGTSX
Wells Fargo Advantage Growth Adm	SGRKX

Stable Value Fund

Wells Fargo Stable Return Fund J	WFSJ#
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TIAA-CREF Brokerage Account

Notwithstanding any other provision of the Agreement to which this Appendix is attached to the contrary, the following provisions shall apply to the TIAA-CREF Brokerage Account. If so directed by the Employer and subject to the Record Keeper's acceptance of a properly executed TIAA-CREF Retirement Plan Self-Directed Brokerage Application of a Plan participant or Beneficiary, the Custodian shall segregate all or a portion of the assets of the Plan accounts into individual TIAA-CREF Brokerage Accounts established for the benefit of Plan participants and Beneficiaries. Each participant or Beneficiary shall have the power to direct the investment and reinvestment of assets in the TIAA-CREF Brokerage Account established for his or her benefit, subject to such administrative rules and procedures as the Record Keeper and the Custodian may establish. Participants and Beneficiaries shall provide instructions regarding the investment of the TIAA-CREF Brokerage Account directly to the broker appointed for purposes of executing transactions under the account. That broker shall hold custody of property held in the TIAA-CREF Brokerage Account and the Custodian shall have no responsibility for the TIAA-CREF Brokerage Account whatsoever, including, but not limited to, the acts or omissions of any such broker or the broker's failure to follow any other investment restrictions imposed by the Employer under the terms of the Plan.



**North Dakota Public
Employees Retirement System**
400 East Broadway, Suite 505 • PO Box 1657
Bismarck, North Dakota 58502-1657

Sparb Collins
Executive Director
(701) 328-3900
1-800-803-7377

FAX: (701)328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

September 6, 2011

First Name Last Name
Address 1
Address 2
City, State ZIP

IMPORTANT NOTICE: Introducing Changes to the North Dakota Public Employees Retirement System Defined Contribution Plan and the Companion Plan, effective November 1, 2011

Dear **First Name**,

This letter is to notify you that after careful consideration, the NDPERS Board has selected TIAA-CREF as the new provider and recordkeeper for the 457(b) Deferred Compensation Companion Plan and the 401(a) Defined Contribution Plan. This decision was the result of a Request for Proposal (RFP) that was released earlier this year. Eighteen different firms were sent a copy of the RFP and eight responded.

The primary reasons for selecting TIAA-CREF are: lower administrative fees, an increase in days allotted to counseling services, greater range of counseling services for participants and expanded brokerage services. The Board also noted that the consulting firm that reviewed the proposals ranked the investment offerings of TIAA-CREF higher than our existing fund mix.

PERS staff is currently working with TIAA-CREF to transition to the new retirement plans effective November 1, 2011. More information on this transition will be communicated to plan participants in September.

The basic design of the defined contribution plan and the companion plan (i.e., eligibility, vesting, etc.) remains unchanged.

In summary:

- **TIAA-CREF becomes the plan provider and recordkeeper:** Starting November 1, 2011, TIAA-CREF will become the provider for both the NDPERS 401(a) Defined Contribution Plan and the 457(b) Companion Plan, which are presently with Fidelity. TIAA-CREF will be offering:
 - **A comprehensive investment menu of mutual funds:** These mutual funds include a diverse set of actively and passively managed funds that have performed consistently well against their benchmarks and other funds within their peer group.¹
 - **Lower administrative fees:** The \$8 annual fee for the Defined Contribution plan and the \$30 annual fee for the deferred compensation program will be eliminated.
 - **Expanded, third-party investment advice from TIAA-CREF² and more days of counseling services:** This investment advice service is available to all NDPERS employees at *no additional cost*. During an advice session, a TIAA-CREF consultant will determine whether

(Over)

or not you are on track for reaching your retirement goals and help you select the asset allocation mix and investment strategy that makes the most sense for you. In addition, the number of days of onsite counseling services has been increased from 21 days to 180 days a year.

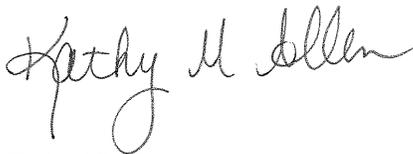
- **Expanded brokerage services:** Beginning November 1, 2011, you can choose to open a new self-directed brokerage account. Through this brokerage account, you can invest among more than 3,500 mutual funds from some of the nation's leading fund families.

Learn more about the plan changes...

- By mid-September, you will receive a customized Transition Guide at your home that contains detailed information about the plan changes and the steps you will need to take. Please read the Guide carefully to learn about the plan enhancements and the new investment choices and services available to you.
- We also have scheduled a series of group education seminars and webinars to ensure you have the opportunity to understand the plan changes and the action steps you may choose to take. In September, a schedule of the group meetings and locations both onsite and online will be posted online and included in the Transition Guide.
- In addition to these group meetings, TIAA-CREF counselors will be available onsite at various locations around the state to meet with you one on one. More information about these individual meeting opportunities will be provided in the communications that will be distributed in September.
- If you are unable to attend a seminar, we will post an online presentation that outlines the upcoming plan changes you can view at your convenience at any time, day or night.

We look forward to working with you on the upcoming transition! Be sure to watch your mail for additional information on the transition and upcoming meetings.

Sincerely,



Kathy Allen
Benefit Programs Manager

¹ Past performance cannot guarantee future results

² Through Ibbotson Associates, Inc.

Please read the prospectus and consider the investment objectives, risks, charges and expenses carefully before investing.



TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

RECORDKEEPING SERVICES AGREEMENT WITH A TIAA-CREF BROKERAGE ACCOUNT

THIS AGREEMENT (“Agreement”) is entered into as of **this 1st day of October, 2011**, or such later date as the Parties shall agree to by Notice, by and between Teachers Insurance and Annuity Association of America (“TIAA”), a corporation organized and existing under the laws of the State of New York, and **North Dakota Public Employees Retirement System** (“Employer”). TIAA and Employer are each a “Party” to this Agreement. There are no third party beneficiaries under this Agreement.

WITNESSETH:

WHEREAS, Employer sponsors and maintains the **North Dakota Defined Contribution Retirement Plan** and the **North Dakota State Deferred Compensation Plan** (the “Plans”), for the benefit of eligible employees and their beneficiaries (“Participants”); and

WHEREAS, assets of such Plans are allocated to and invested in certain mutual funds, TIAA-CREF Brokerage Account and Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (“TIAA-CREF”) annuity contracts selected by Employer and made available by Employer under the terms of the Plans for the benefit of Participants; and

WHEREAS, Employer and the administrators of the Plans appointed by Employer (the “Plan Administrators”) seek the provision of certain record keeping services in connection with the operation and administration of the Plans; and

WHEREAS, TIAA desires to provide such services to Employer and the Plan Administrators in connection with the operation and administration of the Plans as set forth in more particularity in this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants, representations and warranties set forth herein, TIAA and Employer agree, as follows:

1. APPOINTMENT; ACCEPTANCE; AUTHORITY TO DIRECT OTHERS

- 1.1 Employer hereby appoints TIAA as a record keeper for the Plans to provide the services listed in Schedule A of this Agreement. TIAA shall provide such services in accordance with the provisions of the Plans, but TIAA shall have no discretionary control over the Plans.



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1.2 TIAA hereby accepts the appointment as a record keeper for the Plans and agrees to provide the services listed in Schedule A. TIAA shall act in good faith and exercise reasonable care in performing the services under this Agreement. Responsibility for reasonable care is limited solely to correcting processing errors resulting from malfunction of TIAA equipment, error by its staff, or error by its programs. TIAA shall make a good faith effort to correct any error caused by its performance subject to the limitations herein set forth; provided that the Employer notifies TIAA in writing of such error and furnishes all data necessary to make such correction within sixty (60) days following the date in which the Employer is furnished with a report in which the claimed error is contained. Correcting an error includes restoring any losses caused by such error to the participant's or beneficiary's account. The foregoing notwithstanding, TIAA will, at the Plan Administrator's request, make a good faith effort to correct any error brought to its attention after such time period has expired. The services to be performed by TIAA under this Agreement may be performed on TIAA's behalf wholly or in part through subsidiaries or affiliates of TIAA or through vendors designated by TIAA. TIAA shall continue to be solely liable for the performance of any service performed by such subsidiary, affiliate, or vendor and shall be solely responsible for paying the fees such subsidiary, affiliate or vendor charges for such service. To the extent that services under this Agreement are to be performed by a broker-dealer as determined solely by TIAA, Employer agrees that such services may be performed by TIAA-CREF Individual & Institutional Services, LLC, a wholly owned subsidiary of TIAA, and/or SunGard Institutional Brokerage, Inc. ("SunGard"). ~~Other than as stated specifically herein, TIAA may not assign or otherwise transfer or delegate any right or duty without Employee's express written consent. However, TIAA may enter into subcontracts provided that any subcontract acknowledges the binding nature of this contract and incorporates this contract, including any attachments. TIAA does not have authority to contract for or incur obligations on behalf of Employer. TIAA will not subcontract any record keeping services set forth in Schedule A to an outside third party vendor without the prior written approval of the Employer.~~

2. NON- FIDUCIARY STATUS

Except with respect to its offering a Plan level service that delivers investment and savings advice to Plan participants as described in section 13 of Schedule A, herein, it is intended that the duties to be performed by TIAA under this Agreement be ministerial in nature and that nothing in this Agreement should be construed as granting any discretionary authority or discretionary responsibility to TIAA with respect to the Plans, the participants, or the investments under the Plans.

3. CHANGES TO ADMINISTRATIVE PROCEDURES

TIAA reserves the right to make changes to any administrative procedures in order to assure quality service; provided, that TIAA agrees to provide Employer with (i) reasonable advance notice of any changes, and (ii) the opportunity to have input into the manner in which any such changes are made and implemented.

4. DATA REQUIREMENTS; TRANSMITTAL OF DATA

TIAA and Employer shall work together to develop guidelines for data processing. Employer shall be responsible for the timely transmittal to TIAA of participant data that is materially correct and complete.

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SAMPLE



5. PERSONNEL AND RESOURCES

TIAA shall provide sufficient personnel and resources as may be necessary to perform the services contemplated under this Agreement in a thorough and professional manner. The personnel designated by TIAA to perform the services contemplated under this Agreement shall have the training and background necessary to perform such services.

6. ERRORS, OMISSIONS OR DELAYS

- 6.1 Each Party to this Agreement will be responsible to the other Party for their own respective errors, omissions or delays in the performance of services contemplated under this Agreement. Each Party shall notify the other Party (i) of any errors, omissions or interruptions in, or delay or unavailability of the services contemplated under this Agreement, or (ii) if it is unable to perform any of its obligations under this Agreement. Such notice shall be provided as promptly as possible but in no event later than the next business day following the occurrence of any events covered by (i) or (ii) of this paragraph. Notification under this provision shall be in such form as is required by Section 13 of this Agreement. Such notice shall not relieve the notifying Party of its obligations under this Agreement.
- 6.2 The Employer acknowledges that in performing the services contemplated under this Agreement, TIAA must rely exclusively on the data and information provided to TIAA by the Employer and participants, and that TIAA is not obligated to inquire into and is not responsible for the authenticity or accuracy of such data or information. If TIAA is required to repeat or reprocess any task as a result of incomplete or inaccurate information provided by a Plan, TIAA may charge a reasonable reprocessing fee. In addition, if amounts are sent with incorrect instructions, or in amounts that do not reconcile with the instructions given, TIAA may (1) apply the amounts for which accurate instructions are given and refund any excess amounts to the Employer; or (2) if amounts are less than the instructions call for, refund the entire amounts to the Employer.
- 6.3 A Plan Administrator of a Plan shall review all record keeping reports and shall immediately notify TIAA of any claimed error with respect to any data or report. TIAA assumes no responsibility for verification and any report not challenged in writing by a Plan Administrator within sixty (60) days of receipt thereof shall be conclusively presumed accurate and complete. The foregoing notwithstanding, TIAA will, at the Plan Administrator's request, make a good faith effort to correct any error brought to its attention after such time period has expired.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 7.1— Each Party represents that it is free to enter into this Agreement and that by doing so it will not breach or otherwise impair any other agreement or understanding with any other person, corporation or entity. TIAA further represents, warrants and covenants that:



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- a. It has full power and authority under applicable law, and has taken all action necessary, to enter into and perform this Agreement, and that the person executing this Agreement on its behalf is duly authorized and empowered to execute and deliver this Agreement;
- b. This Agreement, when executed and delivered, shall constitute the valid, legal and binding obligation of TIAA, enforceable in accordance with its terms;
- c. TIAA is a stock life insurance company duly organized, existing and in good standing under the laws of the State of New York; and

The Employer further represents, warrants and covenants that:

- d. It has full power and authority under applicable law, and has taken all action necessary, to enter into and perform this Agreement, and that the person executing this Agreement on its behalf is duly authorized and empowered to execute and deliver this Agreement; and
- e. This Agreement, when executed and delivered, shall constitute the valid, legal and binding obligation of the Employer, enforceable in accordance with its terms.

8. FEES

8.1 The Employer understands and accepts that TIAA may be compensated for its services under this Agreement by payments made by providers of mutual funds, or their affiliates, used as allocation options under the Plans and from fees under the TIAA-CREF annuity contracts. This shall include sharing, on a periodic basis, in the revenue derived by such mutual fund providers and TIAA-CREF.

8.2 ~~8.2~~ — The Employer understands and accepts that in addition to charges imposed by the funds themselves, TIAA may charge administrative fees in connection with certain non-proprietary mutual funds as set forth in Schedule B of this Agreement. TIAA shall be entitled to be paid all such fees from assets held in such mutual funds under this Agreement. The Employer authorizes TIAA, on its behalf, to instruct JPMorgan Chase Bank to debit the applicable participant's account under the Plan in the appropriate amount. In addition, the Employer understands that certain of these non-proprietary mutual funds may pay cost-sharing payments. The Employer agrees that the amount of such cost-sharing payments shall either be collected by TIAA to pay the costs of administering such non-proprietary fund on its platform or shall be used to offset the administrative fee to be charged in connection with the non-proprietary mutual fund that pays the cost-sharing payment. The current schedule of administrative fees and cost-sharing payments is listed in Schedule B. Such fees and payments are subject to change upon advance written notice from TIAA. In addition, the Employer understands and accepts that certain fees and commissions will apply to the TIAA-CREF Brokerage Accounts. Such fees and commissions shall be listed in the TIAA-CREF Self-Directed Brokerage Account Customer Agreement and, pursuant to the Agreement, such fees and commissions will be subject to change without prior notice. Certain minimum balance and minimum investment amounts may also be required pursuant to the terms of that Agreement. If such fees cannot be paid from the Self Directed Brokerage Account itself, they may be paid from the participant's or beneficiary's other Plan accounts pursuant to the terms of the Customer Agreement.

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9. MAINTENANCE OF RECORDS

TIAA agrees that the books, records, accounts, ledgers, documents, and other compilations of data (whether written, electronic, computer related or otherwise) collected and maintained by TIAA for Employer and/or the Plans under any provision or requirement of this Agreement (the “Records”) are the property of Employer. During the term of this Agreement, TIAA will at all times cooperate with and grant Employer or its designee reasonable access to the Records during normal business hours. If any litigation, claim, negotiation, audit, or other action involving the Records is commenced prior to the expiration of the applicable retention period, both TIAA and Employer shall retain all Records until completion of the action and resolution of all issues resulting therefrom, or until the end of the applicable retention period, whichever is later. Upon the expiration or termination of this Agreement, TIAA shall provide Records to Employer upon such schedule and in such form or format as Employer and TIAA agree is reasonable.

10. INDEMNIFICATION; INSURANCE

10.1 TIAA agrees to defend, indemnify, and hold harmless the Employer, its agencies, officers and employees-, from and against claims based on the vicarious liability of the Employer or its agents, but not against claims based on the Employer’s contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by TIAA to the Employer under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the Employer is necessary. TIAA also agrees to defend, indemnify, and hold the Employer harmless for all costs, expenses and attorneys’ fees incurred if the Employer prevails in an action against TIAA in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this agreement.

~~10.2~~

10.2 Notwithstanding anything to the contrary herein and in this Section 10, TIAA shall expressly indemnify, defend and hold harmless any of the Employer Parties from all, loss, damage, costs, charges, liability penalties, fines or expense, including without limitation, reasonable attorneys’ fees and accountants’ fees and disbursements that may be incurred by, imposed upon, or asserted against any of the Employer Parties, on account of any claim or action at law or in equity against any of the Employer Parties to the proportionate extent that it results from the negligence, errors, omissions or wrongdoing of the Custodian, its employees, agents, subcontractors and affiliates under that certain Custodial Account Agreement for a 401(a) Plan and that certain Custodial Account Agreement for a 457(b) Plan between the Employer and JPMorgan Chase Bank, N.A., entered into on or about the date of this Agreement.



10.3 If any third party threatens to commence or commences any action for which one Party (the “Indemnifying Party”) may be required to indemnify the other Party hereunder (the “Indemnified Party”), the Indemnified Party shall promptly give notice thereof to the Indemnifying Party. Without the prior written consent of the Indemnified Party, which consent shall not be withheld unreasonably, the Indemnifying Party may not settle or compromise the liability of the Indemnified Party in such action, or consent to or permit the entry of any judgment in respect thereof, unless in connection with such settlement, compromise or consent the Indemnified Party receives from such claimant an unconditional release from all liability in respect of such claim.

10.4 ~~The~~ The indemnities granted by the Parties in this Section shall survive the termination of this Agreement.

10.5 TIAA shall secure and keep in force during the term of this agreement the following insurance ~~coverages~~ coverage’s:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
- 4) Employer’s liability or “stop gap” insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.
- 5) Professional errors and omissions, with minimum liability limits of \$1,000,000 per occurrence and in the aggregate.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the TIAA
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated “A-” or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an “A-” rating must be approved by the State.
- 3) The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies.



- 5) The insurance required in this agreement, through a policy or endorsement, shall include:
 - (a) "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State;
 - (b) a provision that the policy and endorsements may not be canceled or modified without ten (10) days' prior written notice to the undersigned State representative;
 - (c) a provision that any attorney who represents the State under this policy must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54 12 08;
 - (d) a provision that TIAA's insurance coverage shall be primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the State and that any insurance, self-insurance or self-retention maintained by the State shall be in excess of TIAA's insurance and shall not contribute with it;
 - (e) The legal defense provided to the State under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary;
 - (f) The insolvency or bankruptcy of the insured Contractor shall not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured Contractor from meeting the retention limit under the policy.
- 6) TIAA shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements shall be provided as soon as practicable.
- 7) Failure to provide insurance as required in this agreement is a material breach of contract entitling the State to terminate this agreement immediately.

11. Confidentiality; ~~Employer Name~~CONFIDENTIALITY; EMPLOYER NAME;
COMPLIANCE WITH PUBLIC RECORDS LAW

11.1 TIAA shall not use or disclose any information it receives from Employer under this contract that Employer has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this contract or as authorized in advance by Employer. Employer shall not disclose any information it receives from TIAA that TIAA has previously identified as confidential and that Employer determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law. The duty of Employer and TIAA to maintain confidentiality of information under this section continues beyond the term of this contract.

11.2 All payroll, employee, and Participant information received by TIAA under this Agreement shall be treated as confidential information and shall be handled in accordance with all state and federal laws



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relating to such information, the terms of the Plan, and in accordance with the requirements of this Agreement.

- 11.3 Subject to the express written consent of the Employer, TIAA shall have the non-exclusive and non-transferable right to use the name of the Employer solely in connection with rendering services pursuant to this Agreement. Any material, including electronic, print, or other media, in which the Employer's name may be used shall be submitted to the Employer in hard copy for review and approval prior to use by TIAA. Upon termination of the Agreement, TIAA agrees to immediately discontinue use of the Employer name.
- 11.4 TIAA understands that, except for disclosures prohibited in this contract, the Employer must disclose to the public upon request any records it receives from TIAA. TIAA further understands that any records that are obtained or generated by TIAA under this contract, except for records that are confidential under this contract, may, under certain circumstances, be open to the public upon request under the North Dakota open records law. Each party agrees to contact the other party immediately upon receiving a request for information under the open records law and to comply with STATE'S instructions on how to respond to the request.

12. WAIVER

The failure of either TIAA or the Employer at any time to require performance of any provisions hereof will in no manner affect its right at a later time to enforce such provision and will not act as a waiver thereof.

13. NOTICE

Any notices that may be required under this Agreement shall be given in writing and delivered personally or mailed by certified mail or courier service to the other Party at the following address or such other address as each Party may give notice to the other.

If to TIAA, to:
 Client Agreement Team
 TIAA-CREF
 PO Box 1299
 Charlotte, NC 28262
 Attention: Product Program Director

With copies to:
 Paul Hovelsrud
 Managing Consultant, Institutional Services
 TIAA-CREF
 Normandale Lake Office Park
 8000 Norman Center Drive



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Suite 1100
Bloomington, MN 55437

Antoinette Block
Director, Institutional Services
TIAA-CREF
200 North LaSalle
Suite 1600
Chicago, IL 60601

If to the Employer, to:
Mr. Sparb J. Collins
Executive Director
North Dakota Public Employees Retirement System

400 E. Broadway
Suite 500
Bismarck, ND, 58502

With copies to:

14. EFFECTIVENESS; TERMINATION

This Agreement shall become effective as of the date set forth above.

- a. Termination without cause. This contract may be terminated by mutual consent of both parties.
- b. Termination for lack of funding or authority. Employer by written notice of default to TIAA, may terminate the whole or any part of this contract, under any of the following conditions:
 - (1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
 - (2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.
 - (3) If any license, permit, or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended, or not renewed.

Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

- c. Termination for cause. Employer may terminate this contract effective upon delivery of written notice to TIAA, or any later date stated in the notice:

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- (1) If TIAA fails to provide services required by this contract within the time specified or any extension agreed to by Employer; or
- (2) If TIAA fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.

The rights and remedies of Employer provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.

1615. COMPLETE AGREEMENT; MODIFICATIONS

This Agreement embodies the entire agreement between the Parties and supercedes all prior agreements relating to the subject matter of this Agreement. All amendments to this Agreement must be in writing and signed by both Parties.

1716. COUNTERPARTS

This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same Agreement.

1817. SEVERABILITY

If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

1918. SUCCESSORS AND ASSIGNS

This Agreement will be binding upon, insure to the benefit of, and be enforceable by the respective successors of the Parties. This Agreement will not be assignable by any Party hereto without the written consent of the other Party.

2019. NON-EXCLUSIVITY



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Each of the Parties acknowledges and agrees that this Agreement and the arrangements described herein are intended to be non-exclusive and that each of the Parties is free to enter into similar agreements and arrangements with other entities.

2420. INDEPENDENT ENTITY

TIAA is an independent entity under this contract and is not a STATE employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. TIAA retains sole and absolute discretion in the manner and means of carrying out TIAA'S activities and responsibilities under this contract, except to the extent specified in this contract.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the date first above written.

Teachers Insurance and Annuity Association of America

By: _____ Date: _____

Print Name:

Title:

Employer

By: _____ Date: _____

Print Name:

Title:



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SCHEDULE A

LIST OF SERVICES

1. TIAA will prepare Plan enrollment kits and shall otherwise aid in the enrollment of employees eligible to participate in a Plan.
2. TIAA shall maintain records of each Plan participant's and beneficiary's account balances including those amounts paid as premiums to and balances in TIAA-CREF annuity contracts. The records of each such account balance shall reflect amounts attributable to employer contributions, participant elective-deferral contributions, rollover contributions (when permitted by the applicable Plan) and transfers, and any after-tax contributions (when permitted by the applicable Plan). If a 403(b) or 401(k) plan accepts after-tax Roth Elective Deferral Contributions as permitted under Code section 402(A), TIAA shall keep records that separately account for such contributions. TIAA shall also maintain records of rollover Roth contributions, as permitted by the Employer's plan, which shall also be accounted for separately. The records maintained pursuant to this paragraph 2 shall be based solely on information provided to TIAA by the Plan.
3. TIAA shall arrange for contributions to and investments in a participant's account to be allocated to the mutual funds under a Plan, in TIAA-CREF annuity contracts available under a Plan, or in a TIAA-CREF Brokerage Account as described in Schedule B, as directed by the participant or the participant's beneficiary in the event of the participant's death. The mutual funds, TIAA-CREF annuity contracts, and TIAA-CREF Brokerage Account chosen for the Plans are as set forth in Schedule B. All contributions shall be allocated among such options in accordance with the most recent valid instructions. Transfers among plan funding options shall be made pursuant to the instructions of the participant or beneficiary in accordance with the terms of the Plans but subject to any restrictions in the applicable mutual fund, brokerage agreement, or TIAA-CREF annuity contract. TIAA shall provide to the participant or beneficiary all of the forms necessary to enable him or her to allocate contributions or transfer amounts among the Plan funding options. In the event that Schedule B is amended to eliminate a mutual fund or a TIAA-CREF Brokerage Account as a plan funding option under the Plans, TIAA shall follow the instructions of the Plan Administrators in transferring accumulations from the eliminated mutual fund or TIAA-CREF Brokerage Account to the plan funding option chosen by the Employer as replacement(s) and no future allocations will be made to the eliminated plan funding option. TIAA will work with the Plan Administrators to develop a plan for such transfers and in communicating with the Plans' participants and beneficiaries concerning the change in the Plans' funding options.
4. TIAA shall send periodic record keeping reports and communications to the Plan Administrators and each Plan participant and beneficiary, including but not limited to information regarding returns and investment performance under the mutual funds and TIAA-CREF annuity contracts used to fund the participant's account under a Plan.
5. TIAA shall send any communication that it is required to provide by mail to a participant or beneficiary to the address provided to TIAA by the Plan or by the participant or beneficiary.

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6. TIAA shall, as authorized under a Plan by a Plan Administrator and subject to applicable law, administer and account for plan loans available under the terms of a Plan and shall, as authorized under a Plan by a Plan administrator and subject to applicable law, administer and account for hardship distributions.
7. TIAA shall, as authorized under a Plan by a Plan Administrator and subject to applicable law, provide for the liquidation of amounts in and make plan benefit payment distributions permitted under, the TIAA-CREF annuity contracts in a participant's Plan account. In addition, TIAA shall, as authorized under a Plan by a Plan Administrator and subject to applicable law, provide instructions to JPMorgan Chase Bank for the liquidation of investments in and to make plan benefit payment distributions permitted under the mutual funds in a participant's Plan account. TIAA shall, as authorized by the Plan Administrator and subject to applicable law, administer the spousal consent requirements when applicable to a Plan and have distributed Plan account balances in accordance with any Qualified Domestic Relations Order (as defined in section 414(p) of the Code) received by it or forwarded to it by a Plan and in accordance with the instructions of the Plan Administrator.
8. TIAA shall maintain records of each participant's designated beneficiaries based on information provided by the participants or the Plan.
9. To the extent permitted under applicable law, TIAA shall see to the performance of any required withholding of income tax from distributions and withdrawals. The foregoing notwithstanding, TIAA shall not provide for the performance of withholding of income tax from distributions and withdrawals from any private tax-exempt Code section 457(b), any Code section 415(m) plan or any Code section 457(f) Plan covered under this Agreement unless appropriate arrangements are made in writing with TIAA. Prior to the distribution of each participant's benefits, TIAA shall provide the appropriate notice as required under section 402(f) of the Code, when applicable.
10. If the Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), TIAA shall provide the information necessary for filing the annual report (5500 Series) for the Plan with the Department of Labor ("DOL") and shall assist the Plan Administrator in completing the filing.
11. On each day the New York Stock Exchange (the "Exchange") is open for business (each a "Business Day"), TIAA may receive instructions from a Plan and/or Plan participant on behalf of JPMorgan Chase Bank for the purchase or redemption of shares of the mutual funds offered under the terms of the Plan ("Instructions"). Instructions which are received in "good order" (defined below) prior to the close of regular trading of the Exchange (generally 4:00 pm Eastern Time) (the "Close of Trading") on any given Business Day, will be executed by JPMorgan Chase Bank at the net asset value determined as of the Close of Trading on such Business Day. Instructions which are received in "good order" (defined below) on such day but after the Close of Trading, will be executed by JPMorgan Chase Bank at the net asset value determined as the Close of Trading on the next Business Day following the date of receipt of the Instruction. Instructions shall be considered received in "good order" when all necessary information and monies in connection with such Instructions balance and conform to all other operating procedures, including any restrictions or limits set forth in the applicable fund prospectus or as otherwise set forth by TIAA on behalf of JPMorgan Chase Bank. The date the Instructions are executed shall be referred to as the "Participation Date". Notwithstanding the foregoing, in the event that the Securities and Exchange Commission promulgates or amends rules under which the foregoing

procedures would be impermissible, this paragraph 11 shall be amended to provide a procedure that conforms to such rules.

12. TIAA shall deliver, or cause to be delivered to the Plan Administrator or at the direction of the Plan Administrator, directly to Plan participants and beneficiaries, all notices, prospectuses, financial statements, proxies and proxy soliciting materials received by TIAA relating to the TIAA-CREF annuity contracts or the mutual fund shares held in a participant's Plan accounts. Proxies shall be voted by, or in accordance with, the instructions of the participants or beneficiaries. If no instructions for voting proxies applicable to mutual fund shares are received, TIAA shall not exercise the voting rights for such shares and shall not be responsible for the failure to vote, or instruct the vote on such shares.
13. TIAA shall, as authorized by a Plan Administrator, offer a Plan level service that delivers investment and savings advice to Plan participants from an independent third party advice provider. The program follows the guidelines set forth in Department of Labor ("DOL") Advisory Opinion 2001-09A (known as the Sun America Opinion). Ibbotson Associates, Inc. is the independent financial expert under this participant advice program. The advice service will be delivered to participants over the phone, through the web, and by TIAA-CREF consultants in the field. TIAA accepts fiduciary responsibility for the provision of advice under this program.
14. TIAA shall, at such times as the Plan Administrators and TIAA shall agree, provide reports to the Plan Administrators concerning employee elective deferrals in order to aid in their compliance with the applicable limits on employee elective deferrals in sections 402(g), 457(e) and 414(v) of the Code, as applicable.
15. The TIAA-CREF Money Market Mutual Fund, Retirement Class (TIEXX) will be temporarily added to the Plans fund line-up to facilitate the transfer of assets from ~~_____Fidelity Investments~~ to the appropriate age based ~~Wells Fargo Advantage DJ Target Date~~ TIAA-CREF Lifecycle Retirement Funds at TIAA-CREF. The TIAA-CREF Money Market Mutual Fund (TIEXX) will be available only to those assets that are being transferred from ~~_____Fidelity Investments~~ on November 1, 2011. ~~_____Fidelity Investments~~ will wire assets to TIAA-CREF on November 1, 2011. Upon receipt of the Final Participant Data File, TIAA-CREF will map the transferred assets that are in the TIAA-CREF Money Market Mutual Fund (TIEXX) to the appropriate age based ~~Wells Fargo Advantage DJ Target~~ TIAA-CREF Lifecycle Retirement ~~FundFunds~~. Participants will not be allowed to direct new remittance contributions and may not reallocate the transferred assets to the TIAA-CREF Money Market Mutual Fund (TIEXX). Once the transfer is completed to the appropriate age based ~~Wells Fargo Advantage DJ Target~~ TIAA-CREF Lifecycle Retirement Funds, the TIAA-CREF Money Market Mutual Fund (TIEXX) will be removed from the Plans fund line-up.
16. Plan Expense Reimbursement Agreement: For the duration of the period (5 years), where the Plan maintains a balance in and makes active contributions to any of the mutual funds and other investment vehicles record kept by TIAA and/or the TIAA-CREF annuity contracts, TIAA will make available on behalf of the Plan any revenue generated from the Plan funding options due to contributions, rollovers and transfers, beginning and after the mutually agreed-upon implementation date that are in excess of TIAA's revenue requirement of 23 basis points. Based on assets under management and our financial projections, we expect to generate 30 basis points of revenue during the first year of the contract



period. TIAA shall make available for the payment of permissible Plan expenses, as described below, approximately 7 basis points which is equivalent to \$44,000. This amount will be made available quarterly (\$11,000) following contract signing. These amounts should be used in the timeframe for which they are provided and any unused amount is subject to forfeiture. If the plan sponsor cannot use the money in 2011, TIAA will permit the rollover of any unused 2011 amounts into 2012 as a one time exception. At the end of the first year, TIAA will reconcile the actual basis points generated against the estimated projection and adjust versus the estimate. These projections will be reconciled annually and adjusted as described below. TIAA shall make payments with respect to any revenue that exceeds the revenue requirement of 23 basis points or if less, for direct and necessary plan expenses. Such excess will be recalculated on an annual basis and a quarterly portion of the annual amount shall be paid in arrears for each quarter for direct and necessary plan expenses.

The -revenue generated to pay Plan expenses will not be a direct offset from plan participant accounts (i.e., an annual participant fee) nor a reduction in returns from those participant accounts. No payments shall be made directly to the Employer or the named Fiduciary of the Plan. Instead the Named Fiduciary of the Plan, TIAA and the Plan service provider shall enter into an agreement (“Plan Expense Reimbursement Agreement”) pursuant to which TIAA shall be billed for amounts to cover reasonable and necessary plan expenses that the Plan itself could pay. Such payments will be made directly to the Plan service provider under the terms of the Plan Expense Reimbursement Agreement. The invoices for such payments shall set forth the direct and necessary Plan expenses that are covered. No payment shall be made until thirty (30) days, and no later than sixty (60) days, after the date such an invoice and the Plan Expense Certification form, a form certifying that the expenses charged are reasonable and necessary plan expenses, is received at the following email address: “PLANEXPAGREEMENTS@tiaa-cref.org” with a duplicate also sent to “RMURRAY@tiaa-cref.org” or such other addresses as TIAA shall provide to the Employer. A copy of the invoice shall also be sent to the Named Fiduciary of the Plan if such invoice is provided directly to TIAA by the Plan service provider authorized to receive payment under the Plan Expense Reimbursement Agreement.



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SCHEDULE B

Plan Funding Options

TIAA-CREF Mutual Funds

<u>FUND NAME</u>	<u>SHARES CLASS</u>	<u>TICKER</u>
TIAA-CREF Lifecycle Retirement Income Fund	Retirement Class	TLIRX
TIAA-CREF Money Market Fund ¹	Retirement Class	TIEXX
TIAA-CREF Lifecycle Funds ²		
TIAA-CREF Lifecycle 2010 Fund	Retirement Class	TCLEX
TIAA-CREF Lifecycle 2015 Fund	Retirement Class	TCLIX
TIAA-CREF Lifecycle 2020 Fund	Retirement Class	TCLTX
TIAA-CREF Lifecycle 2025 Fund	Retirement Class	TCLFX
TIAA-CREF Lifecycle 2030 Fund	Retirement Class	TCLNX
TIAA-CREF Lifecycle 2035 Fund	Retirement Class	TCLRX
TIAA-CREF Lifecycle 2040 Fund	Retirement Class	TCLOX
TIAA-CREF Lifecycle 2045 Fund	Retirement Class	TTFRX
TIAA-CREF Lifecycle 2050 Fund	Retirement Class	TLFRX
TIAA-CREF Lifecycle 2055 Fund	Retirement Class	TTRLX

Non-Proprietary Mutual Funds, Administrative Fees and Cost Sharing Payments

Allianz NFJ Small Cap Value Admin Fund <i>The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.</i>	PVADX
Aston/Optimum Mid Cap Fund - Class I <i>The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 10 basis points.</i>	ABMIX
Brown Capital Management Small Company Institutional <i>The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 10 basis points.</i>	BCSIX
Cohen & Steers Realty Shares	CSRSX

¹ The TIAA-CREF Money Market Fund will be temporarily added to the plan funding options to facilitate the transfer of assets from the prior record keeper. Once the transfer of assets is complete, this mutual fund will be removed. For additional information regarding this fund and the transfer of assets, please see Schedule A, item 15.

² The actual Lifecycle Funds currently available as funding options under the Plan(s) are detailed in Schedule B of this Agreement. TIAA will send the Employer an updated Schedule B that can be attached to this Agreement when a new Lifecycle Fund becomes available and is subsequently approved by the Employer to be added as a funding option under the Plan(s). Any additional funds, that are not part of the Lifecycle family of funds, will need a signed and executed Amendment to the Record Keeping Agreement prior to being added as a funding option under the Plan.



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The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.

Columbia Mid Cap Index Fund Class A NTIAX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 30 basis points.

Franklin Growth Fund - Advisor Class Shares FCGAX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 20 basis points.

Franklin Mutual Global Discovery Z MDISX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 20 basis points.

Hartford Dividend & Growth R5 HDGTX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 20 basis points.

Nuveen Tradewinds Value Opps Inst NVORX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.

Oppenheimer Developing Markets Fund - Class Y ODVYX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 15 basis points.

Parnassus Small Cap Fund PARSX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 35 basis points.

PIMCO Real Return Admin PARRX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.

PIMCO Total Return Fund Admin Class PTRAX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.

Prudential High-Yield Z PHYZX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.

Prudential Jennison Mid-Cap Growth Fund Z PEGZX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 25 basis points.

RidgeWorth Mid Cap Value Equity I SMVTX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 35 basis points.

T. Rowe Price Capital Appreciation Fund Adv PACLX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 40 basis points.

T. Rowe Price Equity Income Fund PRFDX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 15 basis points.

Templeton Global Bond Fund Advisor Class Shares TGBAX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 20 basis points.

Vanguard 500 Index Fund Signal Shares VIFSX
The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 0 basis points.

Vanguard Total International Stock Index Fund VGTSX

Task Type: PLNSETRKA

Client:

Plan(s):



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The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 0 basis points.

Wells Fargo Advantage Growth Adm

SGRKX

The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 35 basis points.

Stable Value Fund

Wells Fargo Stable Return Fund J

WFSJ#

The annual 12b-1 and revenue sharing TIAA shall receive for services rendered is 50 basis points.

TIAA-CREF Brokerage Account

Notwithstanding any other provision of the Agreement to which this Schedule is attached to the contrary, the following provisions shall apply to the TIAA-CREF Brokerage Account. If so directed by the Employer and subject to TIAA's acceptance of a properly executed TIAA-CREF Retirement Plan Self-Directed Brokerage Account Application of a Plan participant or Beneficiary, all or a portion of the assets of the accounts of a Plan shall be segregated into individual TIAA-CREF Brokerage Accounts established for the benefit of Plan participants and Beneficiaries. Pursuant to the terms of the applicable Plan, each participant or Beneficiary shall have the power to direct the investment and reinvestment of assets in the TIAA-CREF Brokerage Account established for his or her benefit, subject to such administrative rules and procedures as TIAA may establish. Pursuant to the terms of the applicable Plan, participants and Beneficiaries shall provide instructions regarding the investment of the TIAA-CREF Brokerage Account directly to the broker appointed for purposes of executing transactions under the account. For 403(b) Plans, investments in the TIAA-CREF Brokerage Account shall be limited to mutual funds in accordance with Internal Revenue Code Section 403(b)(7).



TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

CUSTODIAL ACCOUNT AGREEMENT FOR A NON-TRUSTEED GOVERNMENTAL 457(b) PLAN WITH A TIAA-CREF BROKERAGE ACCOUNT

This Custodial Account Agreement (“Agreement”) between JPMorgan Chase Bank, N.A. (“Custodian”) and **North Dakota Public Employees Retirement System** (“Employer”) as Sponsor of the **North Dakota State Deferred Compensation Plan** (“Plan”), a plan designed to meet the requirements of Section 457(b) of the Internal Revenue Code of 1986, as amended (“Code”) as applicable to governmental sponsors (as defined in Code Section 457(g)(1)).

WHEREAS, in accordance with Code Section 457(g)(3), the Plan will be funded in part with annuity contracts issued by Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (“TIAA-CREF”); and

WHEREAS, in accordance with Code Section 457(g)(3), the Plan will be funded in part with a custodial account designed to meet the requirements of Code sections 401(f)(2) and the assets in such custodial account shall be invested solely in Mutual Fund Shares, as defined in Article II below, [other funds chosen by the Employer as listed in Appendix A](#) and in a participant directed Brokerage Account as described in Section 5.1(b) below; and

WHEREAS, the Plan provides that the Plan’s participants (and beneficiaries of deceased participants) have the right to direct the Employer as to the investment of amounts credited to their individual accounts under the Plan by selecting from among the Mutual Fund Shares, [other funds](#) and TIAA-CREF Brokerage Account made available to them under the Plan by the Employer;

WHEREAS, the Employer has appointed Teachers Insurance and Annuity Association of America as record keeper for the Plan (“Record Keeper”) pursuant to which Record Keeper serves as Employer’s agent for purposes of keeping Plan records; and

WHEREAS, the Employer has requested that the Custodian provide certain custodial services for the portion of the Plan’s assets invested in Mutual Fund Shares, [other funds](#) and TIAA-CREF Brokerage Accounts described in Appendix A of this Agreement, which custodial services are required to satisfy the requirements of Code sections 401(f)(2) and 457(b) and the Custodian has agreed to provide such services as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed as follows:

ARTICLE I. EFFECTIVE DATE

- 1.1 The effective date of this Agreement will be **October 1, 2011**, or such later date as the Parties shall agree to by Notice. This agreement will remain in effect until terminated pursuant to Article X.



ARTICLE II. DEFINITIONS

- 2.1 “**APPLICABLE LAW**” means any statute, whether national, state or local, applicable in the United States or any other country, any other law, rule, regulation or interpretation of any governmental entity, any applicable common law, and any decree, injunction, judgment, order, ruling, or writ of any governmental entity.
- 2.2 “**BENEFICIARY**” means the beneficiary(ies) of a deceased participant and an alternate payee of a participant pursuant to a qualified domestic relations order (as defined in section 414(p) of the Code) (“Qualified Domestic Relations Order”).
- 2.3 “**CUSTODIAN INDEMNITEES**” means the Custodian, and its nominees, directors, officers, employees and agents.
- 2.4 “**INSTRUCTIONS**” means instructions which: (i) contain all necessary information required by the Custodian to enable the Custodian to carry out the Instructions; (ii) are received by the Custodian in writing or via the Custodian’s electronic instruction system, SWIFT, telephone, facsimile or such other methods as are for the time being agreed by the Record Keeper and the Custodian; and (iii) the Custodian believes in good faith have been given by the Record Keeper or are transmitted by the Record Keeper with proper testing or authentication pursuant to terms and conditions which the Custodian may specify.
- 2.5 “**MUTUAL FUND**” means an open-end investment company registered under the Investment Company Act of 1940, as amended.
- 2.6 “**MUTUAL FUND SHARES**” means securities issued by a Mutual Fund.

ARTICLE III. SERVICES TO BE PROVIDED BY CUSTODIAN

- 3.1 The Custodian shall receive such sums of money or Mutual Fund Shares and shares of other funds acceptable to the Custodian as shall from time to time be paid or delivered to the Custodian under this Agreement. The Custodian shall hold in Plan participant accounts all such assets, together with all the property purchased therewith and the proceeds thereof and the earnings and income thereon. The Custodian shall not be responsible for, or have any duty to enforce, the collection of any contributions or assets to be paid or transferred to it under the Plan or for verifying whether contributions or transfers to it are permissible under the Plan. The Custodian shall not be responsible for investment choices directed by the Employer or by Plan participants or Beneficiaries under the Plan.
- 3.2 The Custodian shall disburse Plan loan proceeds, distributions on account of unforeseeable emergency and other distributions as directed by the Record Keeper. The Custodian shall distribute Plan account balances in accordance with any Qualified Domestic Relations Order in accordance with the Instructions of the Record Keeper. No amounts may be paid or made available to any distributee before the time provided in Code section 457(d). The Record Keeper shall be responsible for determining that



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- (a) each distribution satisfies the requirements of the Plan and Applicable Law, including Code section 457(d); (b) the disbursement of loan proceeds has been authorized in accordance with the Plan and Applicable Law; and (c) distributions pursuant to a domestic relations order have been authorized in accordance with the Plan and Applicable Law.
- 3.3 To the extent permitted under Applicable Law, the Custodian shall be the payer (within the meaning of applicable United States Treasury Department regulations) of benefits in the custodial account under the Plan held pursuant to this Agreement. As payer, it shall perform any required withholding of federal and state income tax from distributions and withdrawals and deposit the same with the appropriate tax authorities as and when directed by the Record Keeper. The Record Keeper shall be responsible for preparing and filing all reports of withheld taxes with the participant or Beneficiary and all applicable federal and state tax authorities.
- 3.4 The Custodian agrees that all records maintained by it for the Plan shall be open to inspection and audit at reasonable times by agents or representatives of the Employer and that such records will be preserved and maintained in accordance with Applicable Law. The Custodian may charge, and the Employer shall agree to pay, the reasonable cost of any services and materials used by the Custodian in supplying assistance in connection with any such inspection.
- 3.5 The services to be performed by the Custodian under this Agreement may be performed on the Custodian's behalf wholly or in part through subsidiaries or affiliates of the Custodian or through vendors designated by the Custodian. The Custodian will continue to be liable for the performance of its duties hereunder.

ARTICLE IV. INSTRUCTIONS

- 4.1 (a) The Employer authorizes the Custodian to accept and act upon any Instructions received by the Custodian from the Record Keeper without inquiry. The Record Keeper shall receive instructions from participants and Beneficiaries with respect to the investment of their Plan accounts. It shall aggregate such instructions and will provide Instructions to the Custodian to place net purchase and redemption orders with respect to each Mutual Fund investment option selected for the Plan as follows:
- (b) Except as provided in Appendix A with respect to TIAA-CREF Brokerage Accounts, each participant and Beneficiary shall submit investment directions and changes in investment directions with respect to his or her Plan account to the Record Keeper, which shall aggregate such directions placed each day with respect to the various investment alternatives in accordance with its agreement with the Employer. The Custodian shall invest the assets of the Plan accounts only when, if and in the manner directed by the Record Keeper and shall not be under any obligation to invest or otherwise manage any of such assets. It shall be the duty of the Custodian to act strictly in accordance with the Record Keeper's directions. In the event that the Custodian fails to receive a proper Instruction, the assets shall be invested in a money market Mutual Fund or in such other Mutual Fund investment option selected by the Employer or left uninvested, in any case as selected

by the Employer, until the Custodian receives a proper Instruction from the Record Keeper. The Custodian shall, as directed by the Record Keeper, liquidate investments when necessary to: (i) comply with participants' and Beneficiaries' instructions or to change investments; (ii) make plan benefit payment distributions; (iii) disburse loan proceeds; (iv) make distributions on account of unforeseeable emergencies; (v) reallocate forfeitures under the Plan; or (vi) pay expenses, fees, or taxes. The Record Keeper shall be responsible for determining that such liquidation is permitted under the prospectuses for the Mutual Funds in the participant's or Beneficiary's Plan account.

- (c) Unless otherwise expressly provided, all Instructions will continue in full force and effect until canceled or superseded.
 - (d) The Custodian may (in its sole discretion and without affecting any part of this Section 4.1) seek clarification or confirmation of an Instruction from the Record Keeper and may decline to act upon an Instruction if it does not receive clarification or confirmation satisfactory to it. The Record Keeper may (in its sole discretion and without affecting any part of this Section 4.1) seek clarification or confirmation of an Instruction from the Employer and may decline to act on an Instruction if it does not receive clarification or confirmation satisfactory to it. [To the extent permitted by applicable North Dakota law the Custodian will not be liable for any loss arising from any delay while either it or the Record Keeper seeks such clarification or confirmation.](#)
 - (e) In executing or paying a payment order the Custodian may rely upon the identifying number (e.g., Fedwire routing number or account) of any party as instructed in the payment order. The Record Keeper assumes full responsibility for any inconsistency between the name and identifying number of any party in payment orders issued to the Custodian in Employer's name.
- 4.2 Any Instructions delivered to the Custodian by telephone will promptly thereafter be confirmed in writing by the Record Keeper. Each confirmation is to be clearly marked "Confirmation". The Custodian will not be liable for having followed such Instructions notwithstanding the failure of the Record Keeper to send such confirmation in writing or the failure of such confirmation to conform to the telephone Instructions received. Either party may record any of their telephonic communications. The Record Keeper will comply with any security procedures reasonably required by the Custodian from time to time with respect to verification of Instructions. The Record Keeper will be responsible for safeguarding any test keys, identification codes or other security devices that the Custodian will make available to the Record Keeper.
- 4.3 The Custodian need not act upon Instructions which it reasonably believes to be contrary to law, regulation or market practice and the Custodian will be under no duty to investigate whether any Instructions comply with Applicable Law or market practice.
- 4.4 The Custodian has established cut-off times for receipt of Instructions, which will be made available to the Employer and the Record Keeper. If the Custodian receives an Instruction after its established cut-off time, the Custodian will attempt to act upon the Instruction on the day requested if the Custodian deems it practicable to do so or otherwise as soon as practicable on the next business day.



ARTICLE V. DUTIES OF THE EMPLOYER

- 5.1 The Employer shall be solely responsible for the following:
- (a) The tax and legal aspects of the Plan.
 - (b) To select and monitor the funding options for the Plan, it being understood that the Custodian has no authority or responsibility for choosing such funding options. The funding options shall consist of Mutual Funds and a TIAA-CREF Brokerage Account as described in Appendix A. The funding options chosen for the Plan are set forth in Appendix A to this Agreement. Such funding options may be changed from time to time by the parties attaching a new Appendix A hereto.
 - (c) To evaluate the suitability of the Plan documents and maintain the Plan's conformance with applicable provisions of the Code and the regulations thereunder, including, if applicable, any filings required under Applicable Law.
 - (d) To represent and defend the Plan in an Internal Revenue Service audit or examination and any appeals or litigation relating thereto and any other examinations, audits or legal proceedings relating to the Plan.
 - (e) To provide the Custodian, in a timely manner, accurate data, as requested and in the form requested by Custodian, in order to establish and maintain the records necessary for the fulfillment of the Custodian's duties hereunder. To the extent permitted by applicable North Dakota law the Custodian shall not be responsible in the event that such information is inaccurate. If the Custodian is required to repeat or reprocess any task as a result of incomplete or inaccurate information provided by the Employer, the Custodian may charge the Employer a reasonable reprocessing fee. In addition, if amounts are sent to the Custodian with incorrect Instructions, or in amounts that do not reconcile with the Instructions given, the Custodian may: (1) apply the amounts for which accurate Instructions are given and refund any excess amounts to the Employer; or (2) if amounts are less than the Instructions call for, refund the entire amount to the Employer.
- 5.2 The Employer shall review all reports and shall immediately notify the Record Keeper in writing of any claimed error with respect to any data or report. The Custodian assumes no responsibility for verification and any report not challenged in writing to the Record Keeper within sixty (60) days of receipt thereof shall be conclusively presumed accurate and complete. The Record Keeper shall promptly notify the Custodian of any claimed error by the Employer.

ARTICLE VI. THE POWERS OF CUSTODIAN AS CUSTODIAN

- 6.1 The Custodian, in its capacity as custodian, shall have the following powers, which shall not apply to assets held in any TIAA-CREF Brokerage Account:



- (a) To vote in person, or in proxy, or to refrain from voting in respect to any Mutual Fund shares or other funds held in a participant's or Beneficiary's Plan account, in accordance with Section 11.2 of this Agreement, and to enter into any voting trust or similar agreement in respect thereto;
- (b) To exercise conversion and subscription rights pertaining to any property held in a Plan account;
- (c) With respect to any investment, to consent or object to any action or non-action of any corporation, or of the directors, officers or stockholders of any corporation;
- (d) To register securities in its name or in the name of any nominee with or without indication of the capacity in which the securities shall be held, or to hold securities in bearer form and to deposit any securities or other property in a depository or clearing corporation;
- (e) To employ as many agents and counsel as are reasonably necessary for the purpose of properly performing its duties under this Agreement, and, as part of its expenses under this Agreement, to pay their reasonable expenses and compensation; and
- (f) To make, execute and deliver, as custodian, any and all conveyances, waivers, releases or other instruments in writing necessary or desirable for the accomplishment of any of the powers listed in this Agreement.

- 6.2 The Custodian shall have no duties or responsibilities as custodian other than those specified in this Agreement or under Applicable Law and no implied covenant or obligation shall be read into this Agreement against the Custodian. Notwithstanding any reference herein to the Plan, or to the provisions thereof, it is expressly agreed that the Custodian is not a party to the Plan and shall have no responsibility to apply or administer the terms of the Plan.
- 6.3 The Custodian shall have no duty to advise any person of the investment, tax or other consequences resulting from that person's actions or inactions, or of its own actions in following the directions of such person, or its failing to act in the absence of such directions.

ARTICLE VII. STANDARD OF CARE; PROTECTION OF CUSTODIAN

- 7.1 The Custodian shall use due care in providing the services hereunder. Responsibility for due care is limited solely to correcting processing errors resulting from malfunction of the Custodian's equipment, error by its staff, or error by its programs. The Custodian shall make a good faith effort to correct any error caused by its performance subject to the limitations herein set forth; provided that the Employer notifies the Record Keeper in writing of such error and furnishes all data necessary to make such correction within sixty (60) days following the date in which the Employer is furnished with a report in which the claimed error is contained. The Record Keeper shall promptly notify the Custodian of such claimed error. ~~The Custodian shall have no liability for any loss, claim or expense (including reasonable attorneys' fees) that may be imposed on, incurred by or asserted against the Custodian in~~



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~~connection with or arising out of the Custodian's performance under this Agreement, provided the Custodian has not acted with negligence or engaged in fraud or willful misconduct in connection with the liabilities in question. Additionally, the Custodian shall have no liability for any loss, claim or expense (including reasonable attorneys' fees) arising by reason of any breach of any statutory or other duty owed to the Plan by the Employer or the Record Keeper, whether or not the Custodian may also be considered liable for the Employer's or Record Keeper's breach under the provision of Applicable Law.~~

- 7.2 The Custodian will maintain and update from time to time business continuation and disaster recovery procedures with respect to its custody business that it determines from time to time meet reasonable commercial standards. The Custodian shall not be held responsible for delay or default caused by fire, flood, riot, acts of God or war or terrorism if the event is beyond the Custodian's reasonable control and Custodian gives notice to Employer immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

ARTICLE VIII. RESIGNATION AND REMOVAL OF CUSTODIAN

- 8.1 The Custodian may resign as custodian at any time upon sixty (60) days prior written notice to the Employer.
- 8.2 The Custodian may be removed as custodian at any time upon sixty (60) days prior written notice from the Employer.
- 8.3 Upon the resignation or removal of the Custodian, the Employer shall promptly appoint a successor, provided that in the event of resignation of the Custodian, the Custodian may appoint a successor in its notice of resignation. Any successor custodian appointed herein shall be a bank or other person eligible to serve as a custodian in accordance with Code Section 401(f)(2). Upon receipt by the Custodian of a written acceptance of such appointment by the successor, the Custodian shall promptly transfer and pay over to such successor the assets of the custodial account. The Custodian is authorized, however, to reserve from the assets to be transferred such sum of money or other property, as it may deem advisable, for the payment of all of its fees, compensation, costs and expenses under this Agreement as Custodian. To the extent permitted by applicable North Dakota Law the Custodian shall not be liable for the acts or omissions of the successor whether or not it appoints the successor.

ARTICLE IX. FEES

- 9.1 The Employer understands and agrees that the Custodian may be compensated for its services under this Agreement by payments made by providers of Mutual Funds, or their affiliates, used under the Plan. This shall include sharing, on a periodic basis, in the revenue derived by such Mutual Fund providers. The Employer acknowledges that the Record Keeper has provided information relating to such fees and may obtain further information upon request by the Employer to the Record Keeper.

- 9.2 The Employer directs the Custodian, on instructions from and on behalf of the Record Keeper, to collect the administrative fees set forth in the Record Keeping Agreement between the Record Keeper and Employer, as sponsor of the Plan, as such agreement may be amended from time to time. Such fees shall be paid from Plan assets and are subject to change upon advance written notice from the Record Keeper to the Employer as set forth in the Record Keeping Agreement.

ARTICLE X. AMENDMENT AND TERMINATION

- 10.1 The parties shall have the right at any time to amend or terminate this Agreement by an instrument in writing and no change in the scope of the services hereunder shall be permitted or undertaken unless agreed to by the parties in such a written amendment.
- 10.2 No amendment shall authorize any part of a Plan participant or Beneficiary's account to be used for, or diverted to, purposes other than for the exclusive benefit of the participant or his or her beneficiaries except to the extent such amendment is permitted under the Code.
- 10.3 Termination of a participant's Plan account shall be effected by a distribution of all assets in the account as directed by the Record Keeper.
- 10.4 The Custodian's rights, protections, and remedies under this Agreement shall survive the termination of this Agreement.
- 10.5 (a) Termination without cause. This contract may be terminated by mutual consent of both parties.
- _____ (b) Termination for lack of funding or authority. The Employer by written notice of default to CUSTODIAN, may terminate this contract, under any of the following conditions:
- _____ (1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
- _____ (2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this contract or are no longer eligible for the funding proposed for payments authorized by this contract.
- _____ (3) If any license, permit, or certificate required by law or rule, or by the terms of this contract, is for any reason denied, revoked, suspended, or not renewed.
- _____ Termination of this contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.
- _____ (c) Termination for cause. The Employer may terminate this contract effective upon delivery of written notice to CUSTODIAN, or any later date stated in the notice:
- _____ (1) If CUSTODIAN fails to provide services required by this contract within the time specified or any extension agreed to by the Employer; or



(2) If CUSTODIAN fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms.

The rights and remedies of the Employer provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this contract.

ARTICLE XI. MISCELLANEOUS PROVISIONS

- 11.1 (a) The Employer represents and warrants that (i) it has full authority and power, and has obtained all necessary authorizations and consents, to use the Custodian as its custodian in accordance with the terms of this Agreement; (ii) assuming execution and delivery of this Agreement by the Custodian, this Agreement is the Employer's legal, valid and binding obligation, enforceable in accordance with its terms and it has full power and authority to enter into and has taken all necessary corporate action to authorize the execution of this Agreement; (iii) it has not relied on any oral or written representation made by the Custodian or any person on its behalf, and acknowledges that this Agreement sets out to the fullest extent the duties of the Custodian; and (iv) it is a resident of the United States and shall notify the Custodian of any changes in residency.
- (b) The Custodian represents and warrants that (i) assuming execution and delivery of this Agreement by the Employer, this Agreement is the Custodian's legal, valid and binding obligation, enforceable in accordance with its terms; (ii) Custodian is a bank eligible to serve as custodian in accordance with Code section 401(f)(2); and (iii) it has full power and authority to enter into and has taken all necessary corporate action to authorize the execution of this Agreement.

The Custodian and Employer may rely upon the representations made in this Section 11.1. The Custodian and Employer shall be entitled to any remedies available at law or equity in respect of Employer's or Custodian's breach of any such representation.

11.2 At the time of mailing of notice of each annual or special stockholders' meeting of any Mutual Fund, the Record Keeper shall send a copy of the notice and all proxy solicitation materials to each participant or Beneficiary who has shares of such Mutual Funds credited to his or her individual account excluding Mutual Funds held in any TIAA-CREF Brokerage Account together with a voting direction form for return to the Custodian or its designee. These materials shall clearly explain to the participants and Beneficiaries that the Custodian will not vote shares for which it receives no voting directions. Each participant and Beneficiary shall have the right to send instructions to the Record Keeper directing the Custodian as to the manner in which the Custodian is to vote the shares credited to his or her accounts (both vested and unvested) excluding Mutual Funds held in any TIAA-CREF Brokerage Account. The Custodian shall vote the shares as directed by the Record Keeper. The Custodian shall not vote shares for which it has received no directions. With respect to all rights other than the right to vote, the Custodian shall follow the directions of the Record Keeper. The Custodian shall have no duty to solicit direction from participants and Beneficiaries.

11.3 The Plan accounts shall be held for the exclusive benefit of all persons who shall be entitled to receive payments under the Plan. It shall be prohibited at any time for any part of the accounts (other than such

amounts as are required or permitted to be used to pay Plan expenses) to be used for, or diverted to, purposes other than the exclusive benefit of Plan participants and their beneficiaries except as otherwise permitted under the Code.

- 11.4 The participant's or Beneficiary's benefits under the Plan held pursuant to this Custodial Agreement shall be provided solely from his or her Plan account, and neither the Employer nor the Custodian shall have any other liability therefore.
- 11.5 No right or interest of a Plan participant or Beneficiary in a Plan account under this Agreement shall be (a) assignable or transferable in any manner, (b) subject to any lien, or (c) liable for, or subject to any obligation or liability of any person except as otherwise permitted under the Code. The preceding sentence shall not apply to an assignment, transfer, or attachment pursuant to a Qualified Domestic Relations Order or to a lien or levy on behalf of the Internal Revenue Service or as otherwise permitted with respect to garnishment orders issued pursuant to the Federal Debt Collection Procedures Act of 1990.
- 11.6 Notices required to be given by the parties hereunder shall be sufficiently given if made in writing to such address as each party shall from time to time specify in writing to the other party. Such notices shall be effective when received.
- 11.7 This Agreement is intended to comply with Section 457(b) of the Code and its terms shall be interpreted accordingly. Otherwise, the laws of the State of North Dakota shall control the interpretation and performance of the terms of this Agreement. However, neither the Custodian, any of its subsidiaries or affiliates nor any mutual fund provider assumes any responsibility as to the efficacy or legal sufficiency of this Agreement under federal, state or local law. ~~The United States District Court will have the sole and exclusive jurisdiction over any lawsuit or other judicial proceeding relating to or arising from this Agreement.~~
- 11.8 If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.
- 11.9 This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.



IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date specified in Article I.

FOR THE Employer

By: _____ Print Name: _____

Title: _____ Date: _____

JPMORGAN CHASE BANK, N. A.

By: _____ Print Name: _____

Title: _____ Date: _____

The undersigned shall be bound by the terms of the foregoing Agreement with respect to the duties of the Record Keeper. The undersigned shall notify the Custodian of any material change in its duties as Record Keeper under its agreement with the Employer.

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: _____ Print Name: _____

Title: _____ Date: _____



APPENDIX A

Plan Funding Options

TIAA-CREF Mutual Funds

<u>FUND NAME</u>	<u>SHARES CLASS</u>	<u>TICKER</u>
TIAA-CREF Lifecycle Retirement Income Fund	Retirement Class	TLIRX
TIAA-CREF Lifecycle Funds ¹		
TIAA-CREF Lifecycle 2010 Fund	Retirement Class	TCLEX
TIAA-CREF Lifecycle 2015 Fund	Retirement Class	TCLIX
TIAA-CREF Lifecycle 2020 Fund	Retirement Class	TCLTX
TIAA-CREF Lifecycle 2025 Fund	Retirement Class	TCLFX
TIAA-CREF Lifecycle 2030 Fund	Retirement Class	TCLNX
TIAA-CREF Lifecycle 2035 Fund	Retirement Class	TCLRX
TIAA-CREF Lifecycle 2040 Fund	Retirement Class	TCLOX
TIAA-CREF Lifecycle 2045 Fund	Retirement Class	TTFRX
TIAA-CREF Lifecycle 2050 Fund	Retirement Class	TLFRX
TIAA-CREF Lifecycle 2055 Fund	Retirement Class	TTRLX

Non-Proprietary Mutual Funds

Allianz NFJ Small Cap Value Admin Fund	PVADX
Aston/Optimum Mid Cap Fund - Class I	ABMIX
Brown Capital Management Small Company Institutional	BCSIX
Cohen & Steers Realty Shares	CSRSX
Columbia Mid Cap Index Fund Class A	NTIAX
Franklin Growth Fund - Advisor Class Shares	FCGAX
Franklin Mutual Global Discovery Z	MDISX
Hartford Dividend & Growth R5	HDGTX
Nuveen Tradewinds Value Opps Inst	NVORX
Oppenheimer Developing Markets Fund - Class Y	ODVYX
Parnassus Small Cap Fund	PARSX
PIMCO Real Return Admin	PARRX
PIMCO Total Return Fund Admin Class	PTRAX
Prudential High-Yield Z	PHYZX
Prudential Jennison Mid-Cap Growth Fund Z	PEGZX

¹ The actual Lifecycle Funds available as funding options under the Plan are detailed in Appendix A of this Agreement. TIAA will send the Employer an updated Appendix A that can be attached to this Agreement when a new Lifecycle Fund becomes available and is subsequently approved by the Employer to be added as a funding option under the Plan. Any additional funds, that are not part of the Lifecycle family of funds, will need a signed and executed Amendment to the Record Keeping Agreement prior to being added as a funding option under the Plan.



RidgeWorth Mid Cap Value Equity I	SMVTX
T. Rowe Price Capital Appreciation Fund Adv	PACLX
T. Rowe Price Equity Income Fund	PRFDX
Templeton Global Bond Fund Advisor Class Shares	TGBAX
Vanguard 500 Index Fund Signal Shares	VIFSX
Vanguard Total International Stock Index Fund	VGTSX
Wells Fargo Advantage Growth Adm	SGRKX

Stable Value Fund

Wells Fargo Stable Return Fund J WFSJ#

TIAA-CREF Brokerage Account

Notwithstanding any other provision of the Agreement to which this Appendix is attached to the contrary, the following provisions shall apply to the TIAA-CREF Brokerage Account. If so directed by the Employer and subject to the Record Keeper's acceptance of a properly executed TIAA-CREF Retirement Plan Self-Directed Brokerage Application of a Plan participant or Beneficiary, the Custodian shall segregate all or a portion of the assets of the Plan accounts into individual TIAA-CREF Brokerage Accounts established for the benefit of Plan participants and Beneficiaries. Each participant or Beneficiary shall have the power to direct the investment and reinvestment of assets in the TIAA-CREF Brokerage Account established for his or her benefit, subject to such administrative rules and procedures as the Record Keeper and the Custodian may establish. Participants and Beneficiaries shall provide instructions regarding the investment of the TIAA-CREF Brokerage Account directly to the broker appointed for purposes of executing transactions under the account. That broker shall hold custody of property held in the TIAA-CREF Brokerage Account and the Custodian shall have no responsibility for the TIAA-CREF Brokerage Account whatsoever, including, but not limited to, the acts or omissions of any such broker or the broker's failure to follow any other investment restrictions imposed by the Employer under the terms of the Plan.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: September 16, 2011
SUBJECT: Asset Allocation

The PERS Investment Committee met on August 31 to work on the Asset Liability Study. The Committee will be continuing its work in the weeks to come. However, one of the first steps in the process is for us to transition to our new asset categories. Last December the Board reviewed the categories (see Attachment 1) and the following is the minutes from that meeting and the action taken:

Asset/Liability Study

Mr. Collins reported that Callan Associates will be conducting an asset allocation and liability study for the Public Employees Retirement System. Representatives from Callan reviewed with the Board a proposed asset allocation framework. The current asset class categorization for TFFR and PERS includes several broad asset classes: domestic equity, international equity, domestic fixed income, international fixed income, real estate, alternatives, and cash equivalents. Callan recommends changing the framework into five broad groups: global equity, global fixed income, global real assets, global alternatives, and cash equivalents. This broad approach is used by large public funds around the country, and allows for flexibility in the implementation of the investment program. The Board had questions and comments relating to these asset classes.

MR. SANDAL MOVED TO APPROVE THE PROPOSED ASSET ALLOCATION FRAMEWORK FOR CALLAN TO CONDUCT THE ASSET ALLOCATION AND LIABILITY STUDY FOR EACH NDPERS PLAN. THE MOTION WAS APPROVED BY MR. SAGE.

Ayes: Mr. Sage, Mr. Erdmann, Ms. Smith, Mr. Sandal, Mr. Trenbeath, and Chairman Strinden

Nays: None

Absent: Ms. Ehrhardt

Based upon the above considerations, the Investment Committee is recommending that we formally transition our existing asset allocation to the new categories at this time and inform the state investment board. Based upon the information presented at the last Investment Committee meeting this transition would be as follows:

	PERS Target	PERS Effective Exposures
Global Equity	60%	59%
Domestic - broad	40%	38%
International - broad	15%	15%
Developed	10%	9%
Emerging	5%	5%
Frontier		
Private equity	5%	6%
Global Fixed Income	34%	21%
Domestic Fixed Income	29%	16%
Investment Grade	24%	9%
Below Investment Grade	5%	7%
International Fixed Income	5%	5%
Developed market investment grade	5%	5%
Emerging markets - local currency		
Global Real Assets	5%	17%
Global Real Estate	5%	5%
Infrastructure		4%
Timber		8%
Commodities		
Inflation-linked bonds		
Other inflation sensitive strategies (tbd)		
Global Alternatives	0%	2%
Cash Equivalents	1%	2%
Total	100%	100%

Note: the proposal is to transition to the above major categories/allocation at this time which are Global Equity, Global Fixed Income, Global Real Assets, Global Alternatives and Cash Equivalents

Once the existing effective allocation is adopted the Investment Committee will continue its work to determine if the allocation should be adjusted.

Board Action Requested

Approve transitioning our existing asset allocation the effective categories/allocation listed above (Global Equity, Global Fixed Income, Global Real Assets, Global Alternatives and Cash Equivalents)



North Dakota Public Employees' Retirement System Asset Allocation Framework

December 2010

Paul Erlendson
Senior Vice President
Denver Consulting Office

Jay Kloepfer
Executive Vice President
Director of Capital Markets Research



Suggested Asset Allocation Framework

Refine Asset Class Definitions and Strategies

- Implementation framework flows from asset allocation: broad asset classes with clearly defined components.
 - **Global Equity**
 - Domestic – Large, mid, small cap
 - International – developed - large, mid, small cap; emerging, frontier markets
 - Private equity
 - **Global Fixed Income**
 - Domestic investment grade
 - International developed markets
 - Emerging markets
 - High Yield
 - Private Debt
 - **Global Real Assets**
 - Global Real Estate
 - Domestic – core, value added
 - International
 - Publicly traded (REITs)
 - Infrastructure
 - Timber
 - Commodities
 - Inflation-Linked Bonds – domestic, international
 - **Global Alternatives**
 - Hedge funds
 - Opportunistic – to be determined as opportunities arise
 - **Cash Equivalents**
- Framework allows for flexibility in the implementation of the investment program.
- Definition of asset classes specific enough to enable clear accounting of market exposures, yet open to the inclusion of new strategies as they arise.
- Exposure to particular factors can also influence the shaping of the framework
 - **Inflation, deflation, growth, stagnation.**



Asset Allocation Framework

Expanded Global Alternatives

- **Current portfolio exposures rearranged to match underlying market exposures.**
- **New framework allow for investments to be housed under more appropriate market categories:**
 - Timber
 - Infrastructure
 - Private equity
 - Distressed debt/opportunistic fixed income
- **Exposures to market categories more clearly articulated.**
- **Global Real Asset category includes real estate, infrastructure, timber, commodities and inflation-linked bonds.**
- **Global Alternatives includes hedge funds and a slot for opportunistic strategies to be considered as they arise.**
- **Slots for opportunistic strategies can also be included within equity, fixed income and real estate. The target is zero until an opportunity is identified, and can be a range up to a limit of 5%, as an example. The allocation is funded from the asset class with the closest expected similarity in market characteristics.**



Asset Allocation Framework – PERS

Effective Exposures in the Current Portfolios

	PERS Target	PERS Reported @ 9/30/2010	PERS Effective Exposures
Global Equity	60%	58.2%	59.0%
Domestic - broad	40%	38.7%	38.3%
Large	30%	30.0%	30.4%
Mid			
Small	10%	8.7%	7.9%
International - broad	15%	15.7%	14.7%
Developed	10%	9.2%	9.3%
Large			7.1%
Mid			
Small			2.2%
Emerging	5%	6.5%	5.4%
Frontier			
Private equity	5%	3.9%	6.0%
Equity			6.0%
Distressed/mezzanine debt			
Global Fixed Income	34%	35.2%	21.0%
Domestic - broad investment grade	24%	24.9%	8.7%
International - developed market investment grade	5%	5.2%	5.2%
Emerging markets - local currency			
Private debt			
High Yield	5%	5.2%	7.1%
Global Real Assets	5%	5.0%	16.8%
Global Real Estate	5%	5.0%	5.0%
Domestic - core, value-added	5%	5.0%	4.5%
International			0.5%
Publicly traded (REITs)			
Infrastructure			3.5%
Timber			8.3%
Commodities			
Inflation-linked bonds			
Global Alternatives	0%	0.0%	1.7%
Hedge funds			
Opportunistic (TBD)/Other			1.7%
Cash Equivalents	1%	1.5%	1.5%
Total	100%	100%	100%
Expected Return	7.8%	7.7%	8.4%
Expected Risk	12.5%	12.1%	15.0%

- “Reported” exposures reflect actual portfolio at 9/30/2010, using existing categorization of asset classes.
- “Effective Exposures” re-assigns investment mandates based on their “true” underlying market exposures. Current implementation differs substantially from targets.
- Portable alpha strategies in large cap equity are not reassigned; TALF and European credit mandates effectively create 4.24% leverage on the total portfolio (plan has 104.24% effective exposure to the capital markets).
- TALF and European credit exposures could be considered an additional 4.24% exposure in fixed income; leverage is the overlay exposure to the S&P 500. WG Trading could be considered an additional 2.7% leverage.



Asset Allocation Framework Pros & Cons

- **Adjusted portfolio characterization highlights meaningful existing exposures to alternative strategies. However, framework still identifies potential strategies to left explore or existing strategies to potentially expand within the broad asset class allocations.**
- **Pros:**
 - Improved transparency:
 - Investments housed under appropriate market categories.
 - Exposures to market categories more clearly articulated.
 - Definition of asset classes more specific and clear.
 - Allows flexibility in the implementation of investments by better identifying the full opportunity set.
 - Note that all strategies do not have to be pursued.
 - Structure open to the inclusion of new strategies as they arise.
 - Identifies exposures to real assets spread across the total portfolio.
 - Divides the portfolio into three basic categories, defined in part by their reactions to specific capital market influences: equity (capital appreciation), fixed income (income, low risk, flight to quality, deflation) and real assets (inflation, income, diversification).
 - New paradigm gaining acceptance among large public funds: an improved lens for viewing asset allocation and managing risk.
- **Cons:**
 - Requires careful articulation of asset classes to avoid limiting opportunities inadvertently.
 - More complex.
 - Asset class exposures may end up substantially different from those of the underlying target asset allocation, as defined by broad market benchmarks.
 - Investment performance can deviate substantially from expectations.
 - Can alter the intended role of an asset class in the policy portfolio.
 - Investments considered part of real assets can offer total portfolio benefits beyond inflation hedging, such as income generation, diversification, and alpha. Must be careful not to limit allocations for the wrong reasons.



Asset Allocation Framework

Potential Implementation Targets and Ranges

	Target	Potential Range
Global Equity	X%	XX%-YY%
Domestic - broad		xx%-yy%
Large		xx%-yy%
Small		xx%-yy%
International - broad		xx%-yy%
Developed		xx%-yy%
Emerging		xx%-yy%
Frontier		xx%-yy%
Private equity		xx%-yy%
Global Fixed Income	X%	XX%-YY%
Domestic Fixed Income		xx%-yy%
Investment grade		xx%-yy%
Below investment grade		xx%-yy%
International Fixed Income		xx%-yy%
Developed market investment grade		xx%-yy%
Emerging markets - local currency		xx%-yy%
Global Real Assets	X%	XX%-YY%
Global Real Estate		xx%-yy%
Infrastructure		xx%-yy%
Timber		xx%-yy%
Commodities		xx%-yy%
Inflation-linked bonds		xx%-yy%
Global Alternatives	X%	XX%-YY%
Cash Equivalents	X%	XX%-YY%
Total	100%	

- Targets are set at the broad asset class level, with ranges around each target for rebalancing and risk control.
- Implementation of the details within each broad category is guided by ranges, which both set implied targets and control risk exposures.



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: September 13, 2011

SUBJECT: FlexComp Vendors – Voluntary Products

At the July meeting, the Board approved the staff recommendation to conduct a review of our vendors for the voluntary insurance products approved for pretax premiums under our Section 125 FlexComp Plan. Pursuant to that approval staff sent all current vendors a request to identify the products they wished to offer, provide a brief description and confirm whether it is eligible to be a pretax product. All current vendors responded by the stated deadline of September 9th. Following is a list of those respondents:

Total Dental Administrators	Colonial Life
Central United	Conseco
AFLAC	

In addition to the above, a new vendor, Noridian Insurance Services, has requested approval to participate and have its products allowed in the FlexComp Plan. Included for your information is a grid for each vendor that outlines the products available for payroll deduction, a summary description, and certification by the vendor that it is or is not eligible to be pretaxed. AFLAC and Colonial Life, and Noridian requested authorization to offer some additional products which are identified with a **New** designation in the “Product Name” column. Also on the grid is staff’s recommendation relating to offering these products on a pretax basis to employees. Those with a “yes” indicates these products be allowed as pretax products. Those with a “no” should not be allowed as pretax products. Staff determinations are based upon the Board’s policy when setting up the program which was to allow outside vendors to offer voluntary products on a pretax basis that do not conflict with the programs that NDPERS is authorized to administer through legislative action. Therefore, the following designations were developed to provide you with the rationale for staff’s recommendations:

- 1 Retain product as eligible to be pretaxed; product available since program implemented in 1989 or approved post implementation.
- 2 Requires tax reporting; PERS cannot undertake the administration of this requirement.
- 3 Not identified as eligible for pre-taxing or conflicts with another PERS program.
- 4 Product is eligible to be pretaxed and does not conflict with another PERS program.

Board Action Requested

Determine what products are eligible to be pretaxed for the FlexComp 2012 plan year.

State Of North Dakota FlexComp Program

Proposed Products for Participation

COMPANY RESPONSE			PERS REVIEW
Product Name	Product Description	Pretax Eligibility Vendor Response	Staff Recommendation
Accident 1.0	Composite rated, guaranteed renewable accident product w/choice of plan levels and optional riders. It provides indemnity benefits for on and off the job accidents. Accident 1.0 is HSA compliant.	Y	Yes ^①
Cancer 1000	Composite rated, guaranteed renewable specified disease product with choice of plan levels and optional riders. Provides benefits for expenses related to cancer and is HSA compliant.	Y	Yes ^①
Disability 1000	Age banded, guaranteed renewable short-term disability income product. Monthly benefits range from \$400-the lesser of \$5,0000 Or 66-2/3% of income with your job definition of total disability.	Y	Yes ^①
Critical Illness 1.0 <i>NEW</i>	Specified disease product with a lump sum benefit upon diagnosis of a covered specified disease. Choice of plan options for reoccurrence, cancer, face amounts and optional riders. HSA compliant.	N	No ^③
Medical Bridge 3000 <i>NEW</i>	Age banded, guaranteed renewable hospital confinement indemnity product. Choice of plans, levels. Includes confinement, rehab unit, surgical and diagnostic procedures. HSA available.	Y	Yes ^④
Universal Life 1000	Individual flexible premium, adjustable death benefit policy. Optional riders for LTC that advances the plan's death benefit in monthly indemnity payments to help pay for the LTC.	N	No ^③
Term Life 1000	Individual term life insurance plan that offers three term periods, level death benefits and guaranteed premiums, and is guaranteed renewable to age 95, convertible to age 75 and portable.	N	No ^③
Whole Life 1000	Whole life insurance plan that offers a guaranteed level premium, guaranteed cash value and guaranteed death benefit. Coverage remains in force during insured's entire lifetime.	N	No ^③
Educator DI 1.0 <i>NEW</i>	Individual short-term disability income product for Educator work place. Additional benefits included; accident benefits for AD&D, medical fees and fracture/dislocations for employee. Accident/sickness benefits for hospital confinement.	Y	?

State Of North Dakota FlexComp Program

COMPANY RESPONSE			PERS REVIEW
Product Name	Product Description	Pretax Eligibility Vendor Response	Staff Recommendation
Accident Elite - <i>NEW</i>	Employees can get 24/7 to help prevent financial hardship due to medical/travel expenses caused from an accident. Payments direct to employee.	Y	Yes④
Cancer Care Elite <i>NEW</i>	Payments direct to employee for new and experimental treatment, travel, lodging out of pocket medical costs –deductibles, copays.	Y	Yes④
Hospital Confinement Plan <i>NEW</i>	Payment direct to employee for costs related to intensive care, hospitalization, birth of a child, accidents.	Y	Yes④



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: September 13, 2011

SUBJECT: FlexComp Premium Conversion Election Process

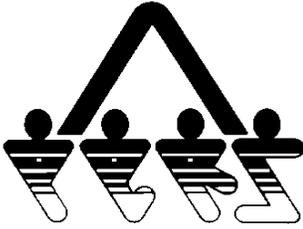
Based on a recent review, staff is proposing a change to our current enrollment procedures. Currently, employees make an affirmative election each annual enrollment season to pretax their premium(s) for the NDPERS administered and other eligible voluntary insurance products. Staff is proposing that we change to a passive election process wherein the pretax election made for the 2012 plan year would rollover and remain in effect for subsequent plan years. An employee would be allowed the opportunity to amend their premium election each year during annual enrollment; however, if they wish to retain their election for subsequent years they would not be required to make a new election. Unless an amended agreement is submitted during open enrollment, they could opt to take no action and the benefit election on file from the previous year would remain in effect for the following plan year.

Staff requested guidance from The Segal Company regarding the implementation of a passive election option. Segal indicated that it is not uncommon practice for a plan administrator to have a passive enrollment process for their pre-tax benefits. However, it was recommended that each annual enrollment period our communication materials be very specific regarding the passive election process and that employees be required to confirm their understanding by a signed acknowledgement that their election will rollover if no change is submitted. Segal also indicated that it would not be necessary to amend our plan document to implement this administrative change.

Participation in a medical flexible spending or dependent care reimbursement account will remain an affirmative election each plan year. Also, the premium for the first \$50,000 of employee supplemental life insurance will remain a negative election and will automatically be set up as a pre-tax deduction unless the employee declines this action.

Board Action Requested

Approve or reject staff's proposal to change the enrollment process for pretaxed premiums to be a passive election.



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Memorandum

TO: PERS Board
FROM: Deb & Sparb
DATE: September 22, 2011
SUBJECT: Administrative Rules

Attached are the proposed administrative rules developed by staff for your final review. The proposed rules resulted in response to legislation that was passed since the last time the rules were promulgated as well as to reflect Board policy, and clarify or update existing language as noted in the attached summary. Jan Murtha has advised us that NDPERS does not need to complete a Regulatory Analysis or a Takings Assessment. However, we did conduct a Small Entity Regulatory Analysis which is attached for your review. Please note that the Highway Patrol is exempt from the above analysis requirements, so was not included in the review.

Please review these rules and provide direction to staff regarding your approval and authorization to continue with the promulgation process. Subject to your approval, notice of the hearing will be placed in the newspapers and the rules will be sent to the Legislative Council.

Please contact me if you have questions or concerns. Staff will also be available at the Board meeting to address any questions.

Section 71-01-02-02 is amended as follows:

71-01-02-02. Eligible voters.

1. All active employees, eligible to serve as elected members of the board in accordance with subsection 4 of North Dakota Century Code section 54-52-03, are eligible to cast one vote for each active member vacancy on the retirement board.
2. All persons receiving retirement benefits ~~or who are eligible to receive deferred vested retirement benefits~~ are eligible to cast one vote for a retiree member vacancy on the retirement board.
3. Persons participating in the ~~health~~ uniform group insurance program, the deferred compensation plan for public employees, or the pretax benefits program but not in the retirement system are ineligible to cast votes in retirement board elections.

History: Effective April 1, 1992; amended effective July 1, 1994; April 1, 2008; _____, 2012.

General Authority: NDCC 54-52-04, 54-52-17(5)

Law Implemented: NDCC 54-52-03

Section 71-01-02-03 is amended as follows:

71-01-02-03. Candidate eligibility.

1. Any active participating member, members of the defined contribution retirement plan, the highway patrol retirement system, and the job service retirement plan are eligible to serve as an elected member of the board in accordance with subsection 4 of North Dakota Century Code section 54-52-03, may become a candidate for election to the board. A department or political subdivision may not be represented by more than one elected member. Employees who have terminated their employment for whatever reason are not eligible to serve as an active elected member of the board.
2. Any person, as of April fifteenth of the election year, who has accepted a retirement allowance ~~or who is eligible to receive deferred vested retirement benefits~~, may become a candidate for the retiree member to the board.

History: Effective April 1, 1992; amended effective July 1, 1994; July 1, 2000; April 1, 2008; July 1, 2010; _____, 2012 .

General Authority: NDCC 54-52-04, 54-52-17(5)

Law Implemented: NDCC 54-52-03

Subsection 1 of Section 71-01-02-05 is amended as follows:

71-01-02-05. Petition format.

1. The nomination petition for an active member on the board must include the signatures of at least one hundred active eligible voters. The nomination petition for the retiree member on the board must include the ~~signature~~ signatures of at least twenty-five persons receiving a retirement allowance ~~or who are eligible to receive a deferred vested retirement allowance.~~

History: Effective April 1, 1992; amended effective May 1, 2004; April 1, 2008; _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-03

Section 71-02-04-04 is amended as follows:

71-02-04-04. Optional benefits. A member may elect, as provided in section 71-02-04-02, to receive one of the following optional benefits in lieu of the regular single life, or normal for judges, retirement benefit.

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life or normal amount. Payment of the single life or normal amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.
2. **Fifty percent joint and survivor benefit.** A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime.

The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life or normal amount. Payment of the single life or normal amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.

...

History: Amended effective September 1, 1982; November 1, 1990; July 1, 1994; May 1, 2004; July 1, 2006; April 1, 2008; July 1, 2010; _____, 2012.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

Section 71-02-04-09.1 is amended as follows:

71-02-04-09.1. Dual membership limitations. The following limitations apply when a member elects an option under subsection 1 of section 71-02-04-09.

1. Eligible service credit may be used for vesting purposes and determining when the dual member may begin drawing normal retirement benefits. A member may begin drawing retirement benefits from one fund and use the same years, and any additional years, for reaching retirement from the alternate fund if the service credit is earned at different times.
2. If a dual member elects to receive retirement benefits as provided in ~~subdivision a or b~~ of subsection 1 of section 71-02-04-09, the final salary, service credit, and member's age used to calculate the benefit that is applicable at the time retirement benefits begin may not be adjusted after the benefit effective date.
3. The salary used in calculating the retirement benefit must be certified in writing by the alternate retirement system. Months not employed are excluded for the purpose of computing the final average salary. If a dual member works less than thirty-six months at retirement, the final average salary is the average salary for total months of employment.

History: Effective June 1, 1996; amended effective May 1, 2004; _____, 2012.
General Authority: NDCC 54-52-04, 54-52-17, 54-52-17.2
Law Implemented: NDCC 54-52-17, 54-52-17.2

Section 71-02-05-07 is amended as follows:

71-02-05-07. Optional benefits. For the main system and national guard or law enforcement retirement plans, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. ~~Under no circumstances is an option available if the calculation of the optional benefit to which the member is entitled results in an amount which is less than one hundred dollars.~~

...

History: Effective January 1, 1992; amended effective July 1, 1994; May 1, 2004; July 1, 2006; April 1, 2008; _____, 2012.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

Section 71-02-05-07.1 is amended as follows:

71-02-05-07.1. Judges' retirement plan optional benefits. For the judges' retirement plan, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. ~~Under no circumstances is an option available if the calculation of the optional benefit to which the member is entitled results in an amount which is less than one hundred dollars.~~

...

History: Effective May 1, 2004; amended effective July 1, 2006; April 1, 2008; July 1, 2010; _____, 2012.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

CHAPTER 71-02-06 CONTRIBUTIONS

Section

71-02-06-01	Conditions for Return
71-02-06-02	Effect of Return
71-02-06-03	Inapplicability of Return of Contribution Guarantee [Repealed]
71-02-06-04	Adjustment for Bonuses, Profit Sharing, and Contributions Paid in a Month Other Than Month Earned
71-02-06-05	Basis for Calculating Contribution - Salary Reduction – Salary Deferral Arrangements

71-02-06-06	Employer Payment of Employee Contributions
71-02-06-07	Employer Contribution - National Guard/Law Enforcement
71-02-06-08	Retirement Contributions for Individuals Working Less Than a Forty-Hour Workweek
71-02-06-09	Individual Employee Incentive Payments
<u>71-02-06-10</u>	<u>Transfer of funds</u>
<u>71-02-06-11</u>	<u>Transfer date</u>

Section 71-02-06-10 is created as follows:

71-02-06-10. Transfer of funds. Pursuant to subdivision a of subsection 4 of North Dakota Century Code section 15-10-17, funds may be transferred on behalf of those persons who are eligible through their employment with the state board of higher education. The following requirements apply:

1. Applicant must file a completed application for the teachers insurance and annuity association-college retirement equities fund.
2. Notice of termination and verification of teachers insurance and annuity association-college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.
3. Interest at the rate of seven percent must be used in calculating interest on the non vested employer contribution, beginning from the date of first contribution through the date of transfer to the teachers' insurance and annuity association of America-college retirement equities fund.

History: Effective _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 15-10-17

Section 71-02-06-11 is created as follows:

71-02-06-11. Transfer date. Transfer of funds will be sent to the teachers insurance and annuity association-college retirement equities fund program within six months of receiving the application package. Any application received prior to the applicant's eligibility to participate in the alternate retirement program will be considered ineffective and the applicant shall reapply upon achieving eligible status.

History: Effective, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 15-10-17

**CHAPTER 71-02-08
PARTICIPATION BY GOVERNMENTAL UNITS**

Section

71-02-08-01 Participation

71-02-08-02 Withdrawal

71-02-08-03 Transfer of Funds [Repealed]

71-02-08-04 Transfer Date [Repealed]

71-02-08-05 Merger of Eligible Employer Groups

Section 71-02-08-01 is amended as follows:

71-02-08-01. Participation. Any governmental unit not participating in the retirement system on July 1, 1977, may choose to participate in the retirement system. ~~Prior and may elect to purchase past service in accordance with North Dakota Century Code section 54-52-02.1.~~ If the governmental unit elects to purchase past service and prior to the governmental unit's governing authority contracting with the retirement board, the governmental unit must furnish the board with information concerning the permanent employees of the governmental unit. This information should contain, but is not limited to (1) name; (2) social security number; (3) date of birth; (4) date of employment; (5) current monthly salary; and (6) any previous public employment.

After receipt of this data, the retirement office will calculate the cost to the governmental unit to participate in the retirement plan as offered in North Dakota Century Code section 54-52-17. The governmental unit's governing authority will then decide whether or not to participate in the plan and whether or not to provide service credit for employment prior to the date of participation.

History: Amended effective September 1, 1982; _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-02.1

Section 71-02-08-03 is repealed:

~~**71-02-08-03. Transfer of funds.** Pursuant to paragraph 4 of subdivision a of subsection 4 of North Dakota Century Code section 15-10-17, funds may be transferred on behalf of those persons who are eligible through their employment with the state board of higher education. The following requirements apply:~~

- ~~1. Applicant must file a completed application for the teachers insurance and annuity association college retirement equities fund.~~
- ~~2. Notice of termination and verification of teachers insurance and annuity association college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.~~

3. ~~Interest at the rate of seven percent must be used in calculating interest on the employer contribution, beginning from the date of first contribution through the date of transfer to the teachers' insurance and annuity association of America college retirement equities fund. Repealed effective _____, 2012.~~

History: ~~Effective November 1, 1990; amended effective June 1, 1996; April 1, 2002.~~

General Authority: ~~NDCC 54-52-04~~

Law Implemented: ~~NDCC 15-10-17~~

Section 71-02-08-04 is repealed:

71-02-08-04. Transfer date. ~~Transfer of funds will be sent to the teachers insurance and annuity association college retirement equities fund program within six months of receiving the application package. Any application received prior to the applicant's eligibility to participate in the alternate retirement program will be considered ineffective and the applicant shall reapply upon achieving eligible status. Repealed effective _____, 2012.~~

History: ~~Effective November 1, 1990.~~

General Authority: ~~NDCC 54-52-04~~

Law Implemented: ~~NDCC 15-10-17~~

Section 71-02-09-01 is amended as follows:

71-02-09-01. Review procedure. A member who has received notice that the member's ~~application for benefits~~ has been denied in whole or in part may within thirty days of receipt of such notice secure review by written request addressed to the board in care of the executive director of the public employees retirement system. The applicant has the right to all relevant information available to the board and may submit arguments or comments in writing. The board must render a decision within one hundred twenty days after the request for a review is timely filed. The decision by the board must be submitted to the applicant in writing and include the specific reason or reasons for the decision and the specific references to the provisions of the plan on which the decision is based.

History: Amended effective June 1, 1996; _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-04

Section 71-02-10-02 is amended as follows:

71-02-10-02. Qualified domestic relations orders procedures.

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall send an initial notice to each person named therein, including the member and the alternate payee named in the order, together with an explanation of the procedures followed by the fund.
2. ~~Upon receipt of a domestic relations order, the executive director shall, if the account is in pay status or begins pay status during the review, order funds segregated in a separate account of the fund or in an escrow account which the alternate payee would be entitled to by direction of the order, if ascertainable from the proposed order~~ If a member who is not in pay status at the time the proposed domestic relations order was received makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the NDPERS office or until the end of the eighteen-month review period, whichever occurs first.
3. Upon receipt of a domestic relations order, the public employees retirement system shall review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
4. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
5. If the order becomes qualified, the executive director shall:
 - a. Send notice to all persons named in the order and any representatives designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
 - b. Comply with the terms of the order.
 - c. ~~If a segregated account or an escrow account has been established for an alternate payee, distribute the amounts, plus interest, as provided under subdivision d of subsection 1 of section 71-02-01-01 to the alternate payee.~~
6. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not

qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.

- a. ~~If a segregated account or an escrow account has been established for an alternate payee, the executive director shall distribute the amounts in the segregated account or escrow account, plus interest at a rate determined by the board, to the person or persons who would be entitled to receive such amount in the absence of an order member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.~~
- b. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

History: Effective November 1, 1990; amended effective July 1, 1994; July 1, 2006; _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17.6

Subsection 1 of Section 71-02-11-02 is amended as follows:

71-02-11-02. Award of service credit.

1. ~~An individual~~ A veteran with eligible time may receive up to sixty months' credit upon proper application. A veteran eligible to receive service credit for military time must apply for and, if required to pay any portion of the employee contribution, purchase that time within the lesser of three times the length of active duty or five years from the date of the veteran's return to covered employment. Service credit will not be awarded until all required documentation is received by the North Dakota public employees retirement system, ~~and payment of both the employer and the employee contributions is made in full.~~ If payment of required employer and employee contributions is made, the service will be recognized for both benefit eligibility and benefit calculation purposes. If payment of required employer and employee contributions is not made, then the veteran's application for service will be recognized and credit will be used for benefit eligibility purposes only.

History: Effective September 1, 1991; amended effective May 1, 2004; July 1, 2006; _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17.4(5), 54-52-17.14; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

Section 71-02-11-04 is amended as follows:

71-02-11-04. Payment. The cost for purchase of eligible military service in the North Dakota public employees retirement system and the North Dakota highway patrolmen's retirement system is as follows:

1. The cost for any required employee contributions to be paid by the member may be paid in a lump sum or in installments pursuant to the rules established for purchase or repurchase payment under subsection 1, 2, or 3 of section 71-02-03-02.2. If no payments have been made, no credit will be awarded for benefit calculation purposes. To prevent any delay in issuing the employee's first retirement check, purchase must be completed at least thirty days prior to retirement date.

...

History: Effective September 1, 1991; amended effective May 1, 2004; July 1, 2006; July 1, 2010; _____, 2012.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-17.4(5), 54-52-17.14; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

CHAPTER 71-03-01 BID PROCESS

Section

71-03-01-01 Bid Contracts

71-03-01-02 Bid Specifications

71-03-01-03 Bid Deadlines [Repealed]

71-03-01-04 Bid Letting [Repealed]

Section 71-03-01-02 is amended as follows:

71-03-01-02. Bid specifications. Bid solicitations ~~will~~ may be for:

1. Life insurance.
2. Hospital and medical coverages for active or retired members or both - fully insured contract.
3. ~~Individual and aggregate stop-loss insurance~~ Self insured coverage for active or retired member or both.

4. ~~Administrative services only.~~
5. ~~Third party administrators~~
6. ~~Dental insurance.~~
- 7.5. ~~Vision insurance.~~
- 8.6. ~~Long-term care insurance.~~
9. ~~Retired medicare eligible employee group prescription drug coverage~~
7. Prescription drug coverage for active or retired members or both.

History: Effective October 1, 1986; amended effective May 1, 2004; April 1, 2008; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-02, 54-52.1-04

Section 71-03-01-03 is repealed:

71-03-01-03. Bid deadlines. ~~Bid solicitations will be sent to prospective bidders, licensed to do business in North Dakota, on or before December first of the year preceding the end of a biennium.~~

~~All bids must be postmarked no later than midnight, December thirty-first, of the year preceding the end of a biennium. Bids postmarked after the deadline will be invalid. Bids must be in a sealed envelope, clearly marked with "BID - GROUP MEDICAL AND LIFE PROGRAMS". Repealed effective _____, 2012.~~

History: ~~Effective October 1, 1986.~~

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-04.2

Section 71-03-01-04 is repealed:

71-03-01-04. Bid letting. ~~Bids that are incomplete or otherwise not following the bid specifications will be invalid.~~

~~Bids will be opened at a public meeting of the board in January of the year in which the biennium ends.~~

~~Contracts will be awarded to the successful bidders prior to March first of the year in which the biennium ends. Repealed effective _____, 2012.~~

~~History: Effective October 1, 1986.~~

~~General Authority: NDCC 54-52.1-08~~

~~Law Implemented: NDCC 54-52.1-04.2~~

CHAPTER 71-03-03 EMPLOYEE RESPONSIBILITIES

Section

- 71-03-03-01 Enrollment
- 71-03-03-02 Late Enrollment
- 71-03-03-03 Early Enrollment [Repealed]
- 71-03-03-04 Open Enrollment [Repealed]
- 71-03-03-05 Special Enrollment for Certain Qualifying Events
- 71-03-03-06 Continuation of Hospital and Medical Health, Dental, Vision or Prescription Drug Coverage After Termination
- 71-03-03-07 Continuation of Health, Dental, Vision, or Prescription Drug Benefits Coverage for Dependents
- 71-03-03-08 Continuation of Life Insurance After Retirement
- 71-03-03-09 Leave Without Pay
- 71-03-03-10 Employee Contribution

Section 71-03-03-01 is amended as follows:

71-03-03-01. Enrollment. An eligible employee is entitled to coverage the first of the month following the month of employment, if the employee submits an application for coverage within the first thirty-one days of employment or eligibility for one of the following special enrollment periods:

1. Loss of coverage under any other health, dental, vision, or prescription drug insurance plan.

...

History: Effective October 1, 1986; amended effective July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2010; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-02, 54-52.1-03

Section 71-03-03-05 is amended as follows:

71-03-03-05. Special enrollment for certain qualifying events. An eligible employee, retiree, or surviving spouse who elects to take a periodic distribution from the

defined contribution retirement plan or a monthly retirement benefit from the North Dakota public employees retirement system, North Dakota highway patrolmen's retirement system, the retirement system established by job service North Dakota, the teachers' fund for retirement, or teachers' insurance and annuity association of America-college retirement equities fund, or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan and provide verification of distribution are eligible for coverage with the group health, dental, vision, or prescription drug insurance program.

1. The employee, retiree, or surviving spouse must submit application for coverage within thirty-one days from one of the following qualifying events:
 - a. The month in which the eligible employee or retiree turns age sixty-five or becomes eligible for medicare.
 - b. The month in which the eligible employee's or retiree's spouse turns age sixty-five or becomes eligible for medicare.
 - c. The month in which the eligible employee terminates employment.
 - d. The month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems outlined above.
 - e. The month in which an eligible employee or retiree who is covered through a spouse's plan becomes ineligible for the spouse's plan due to divorce, death, loss of employment, reduction in hours or other events which may cause loss of coverage as determined by the board.
 - f. The month in which the eligible employee or retiree is no longer eligible for employer-sponsored insurance, including coverage provided under the Consolidated Omnibus Budget Reconciliation Act.
2. Coverage will become effective on the first day of the month following the month in which the qualifying event occurred. If an application is not submitted within thirty-one days of a qualifying event, the eligible individual must be considered to have waived coverage and may not be enrolled unless the individual meets the criteria of another qualifying event. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.
3. Other individuals eligible for the health, dental, vision, or prescription drug insurance plan include a surviving spouse who is not receiving a qualified monthly retirement benefit from one of the eligible retirement systems outlined above, but who was a covered dependent on the eligible retiree's

group health, dental, vision, or prescription drug insurance plan at the time of the eligible retiree's death, if there is no lapse in coverage.

4. Individuals not eligible for the group health, dental, vision, or prescription drug insurance plan include:
 - a. A former employee who received a refund of the employee's retirement account, including individuals in the defined contribution plan who take a cash withdrawal of the employee's account, roll their account into another qualified plan, or use the moneys in their account to purchase an annuity.
 - b. A nonspouse beneficiary (eligible for Consolidated Omnibus Budget Reconciliation Act).
 - c. A deferred retiree or surviving spouse between the time in which the retiree or surviving spouse's eligibility for the Consolidated Omnibus Budget Reconciliation Act (if eligible) ends and the month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems.
 - d. A formerly deferred retiree who received a refund of the retiree's retirement account.
 - e. A surviving spouse of a nonvested employee eligible for the Consolidated Omnibus Budget Reconciliation Act.
 - f. A surviving spouse of a former employee who received a refund of the employee's retirement account.
 - g. A former participating member of the defined contribution retirement program who would not qualify for one of the retirement dates set forth in subsection 3 of North Dakota Century Code section 54-52-17 if that employee was a member of the defined benefit retirement plan, unless eligible under the Consolidated Omnibus Budget Reconciliation Act, and then only for the required duration of eligibility under the Act.

History: Effective October 1, 1986; amended effective November 1, 1990; July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

Section 71-03-03-06 is amended as follows:

71-03-03-06. Continuation of ~~hospital and medical~~ health, dental, vision, or prescription coverage after termination. An employee who terminates employment and is not receiving a monthly retirement benefit from one of the eligible retirement systems, and applies for continued ~~hospital and medical~~ coverage with the ~~group~~ health, dental, vision, or prescription drug plan may continue such coverage for a maximum of eighteen months by remitting timely payments to the board. The employee desiring coverage shall notify the board within sixty days of the termination. Coverage will become effective on the first day of the month following the last day of coverage by the employing agency, if an application is submitted within sixty days. An individual who fails to timely notify the board is not eligible for coverage.

History: Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-02; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

Section 71-03-03-07 is amended as follows:

71-03-03-07. Continuation of health, dental, vision, or prescription drug ~~benefits~~ coverage for dependents. Dependents of employees with family coverage may continue coverage with the group after their eligibility would ordinarily cease. This provision includes divorced or widowed spouses and children when they are no longer dependent on the employee. Coverage is contingent on the prompt payment of the premium, and in no case will coverage continue for more than thirty-six months. Dependents desiring coverage shall notify the board within sixty days of the qualifying event and must submit an application in a timely manner. An individual who fails to notify the board within the sixty days, and who desires subsequent coverage, will not be eligible for coverage.

History: Effective October 1, 1986; amended effective November 1, 1990; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-02; Pub. L. 99-272; 100 Stat. 232; 42 USC 300 et seq.

Section 71-03-03-09 is amended as follows:

71-03-03-09. Leave without pay. An employee on an approved leave without pay may elect to continue coverage for the periods specified in the plans for life insurance, ~~hospital and medical~~ health, dental, vision, or prescription drug coverages by paying the full premium to the agency. An eligible employee electing not to continue coverage during a leave of absence is entitled to renew coverage for the first of the

month following the month that the employee has returned to work if the employee submits an application for coverage within the first thirty-one days of returning to work. An eligible employee failing to submit an application for coverage within the first thirty-one days of returning to work or eligibility for a special enrollment period, may enroll during the annual open enrollment and may be subject to a six-month waiting period for preexisting conditions. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

History: Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; September 1, 1997; July 1, 1998; May 1, 2004; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-02, 54-52.1-03

CHAPTER 71-03-05 BOARD RESPONSIBILITIES

Section

71-03-05-01	Premium Billing
71-03-05-02	Retiree Billing
71-03-05-03	Late Premium for Retirees [Repealed]
71-03-05-04	Late Premium for Terminated Employees [<u>Repealed</u>]
71-03-05-05	Appeal Process
71-03-05-06	Recovery of Benefit Payments
71-03-05-07	Erroneous Payment of Premiums - Overpayments
71-03-05-08	Erroneous Payment of Premiums - Underpayments
71-03-05-09	Erroneous Payment of Premiums - Appeals
71-03-05-10	Determining Amount of Premium Overpayments and Underpayments
71-03-05-11	Failure to Provide Notification and Errors

Section 71-03-05-04 is repealed:

71-03-05-04. Late premium for terminated employees. ~~If the premium due for a terminated employee with continued coverage is not received by the due date, coverage will be canceled retroactively to the last day of the period for which payment was received following a thirty-day grace period. Repealed effective _____, 2012.~~

~~**History:** Effective October 1, 1986; amended effective May 1, 2004.~~

~~**General Authority:** NDCC 54-52.1-08~~

~~**Law Implemented:** NDCC 26.1-36-23~~

Section 71-03-05-05 is amended as follows:

71-03-05-05. Appeal process. If an employee's application for a member's benefits has have been denied in whole or in part by the board or its agent, the

~~employee member~~ will be notified in writing of the denial and the reasons. Within sixty days of the date shown on the denial notice, the ~~employee member~~ may file a petition for review. The petition must be in writing, the reasons stated for disputing the denial and be accompanied by any documentation. Should the ~~employee member~~ filing a petition for review, or should the board or its agent desire information which cannot be presented satisfactorily by correspondence, the board or its designated appeals committee may schedule a hearing. The ~~person member~~ filing the appeal will be notified in writing at least fifteen days prior to hearing of the time, date, and place.

The board or its agent will render a decision as soon as possible, but not later than one hundred twenty days after the receipt of the petition for review. The decision will be in writing.

History: Effective October 1, 1986; amended effective November 1, 1990; July 1, 2010; _____, 2012.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-08

Section 71-05-02-04 is amended as follows:

71-05-02-04. Optional benefits. An individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. ~~These options are not available if the calculation of the optional benefit to which the member is entitled would result in an amount that is less than one hundred dollars.~~

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision d of subsection 3 of North Dakota Century Code section 39-03.1-11 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary supplies a marriage certificate and death certificate and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs. If the designated beneficiary predeceases the member or, in the event of divorce, the member's benefit must be returned to the normal retirement amount. Payment of the normal retirement amount must commence on the first day of the month following the spouse's death if written notification of death, provided a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree. ~~Should the member remarry and wish to change such designation, a new actuarial retirement benefit will be calculated.~~

...

History: Effective July 1, 1998; amended effective May 1, 2004; July 1, 2006; April 1, 2008; _____, 2012.

General Authority: NDCC 39-03.1-06, 39-03.1-11

Law Implemented: NDCC 39-03.1-11.4(d)

Section 71-05-05-04 is amended as follows:

71-05-05-04. Optional benefits. A member may elect, as provided in section 71-05-05-02, to receive one of the following optional benefits in lieu of the regular early or normal retirement benefit.

1. **One hundred percent joint and survivor benefit.** A member may receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. In the event the member's spouse predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the normal retirement amount. Payment of the normal retirement amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree. ~~Should the member remarry and wish to change such designation, a new actuarial retirement benefit will be calculated.~~

Payments of benefits to a member's surviving spouse must be made on the first day of each month, commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate, death certificate, birth certificate verifying age, and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs.

...

History: Effective October 1, 1991; amended effective July 1, 2006; April 1, 2008; July 1, 2010; _____, 2012.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-11

Section 71-05-08-02 is amended as follows:

71-05-08-02. Qualified domestic relations orders procedures.

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall send an initial notice to each person named

therein, including the member and the alternate payee named in the order, together with an explanation of the procedures followed by the fund.

2. ~~Upon receipt of a domestic relations order, the executive director shall, if the account is in pay status or begins pay status during the review, order funds segregated in a separate account of the fund or in an escrow account which the alternate payee would be entitled to by direction of the order, if ascertainable from the proposed order. If a member who is not in pay status at the time the proposed domestic relations order was received makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the NDPERS office or until the end of the eighteen-month review period, whichever occurs first.~~
3. Upon receipt of a domestic relations order, the public employees retirement system shall review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
4. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
5. If the order becomes qualified, the executive director shall:
 - a. Send notice to all persons named in the order and any representatives designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
 - b. Comply with the terms of the order.
 - c. ~~If a segregated account or an escrow account has been established for an alternate payee, distribute the amount, plus interest, as provided under subdivision d of subsection 1 of section 71-02-01-01 to the alternate payee.~~
6.
 - a. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.

- b. ~~If a segregated account or an escrow account has been established for an alternate payee, the executive director shall distribute the amounts in the segregated account or escrow account, plus interest at a rate determined by the board, to the person or persons who would be entitled to receive such amount in the absence of an order member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of eligible employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.~~

...

History: Effective October 1, 1991; amended effective July 1, 1994; July 1, 2006; _____, 2012.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1-14.2

Section 71-06-01-03 is amended as follows:

71-06-01-03. For retirees receiving more than one benefit entitled to retiree health insurance credit.

1. ~~If a retiree is receiving more than one benefit from the public employees retirement system, or other participating system; one as a surviving spouse, and the other based upon the retiree's own service credit, the retiree may make application with the public employees retirement system to combine retiree health insurance credits credit for each benefit will be combined with an effective date based on eligibility in accordance with the North Dakota Century Code section 54-52.1-03.3.~~
2. If a retiree is receiving a public employees retirement system retirement benefit as a surviving spouse and is also an active contributor to either the public employees retirement system, the highway patrol retirement system, the judges retirement system, or the job service retirement program, the individual will not be eligible for retiree health insurance credit until one of the following events occurs:
 - a. The active contributor terminates employment, at which time the active contributor may receive the retiree health insurance credit as any other surviving spouse.
 - b. The active contributor retires and begins receiving a benefit through an eligible retirement system, ~~at which time the active contributor may make application with the public employees retirement system to combine retiree health insurance credits.~~

3. If the retiree was employed by a political subdivision which does not participate in the public employees retirement system health plan, and is drawing a retirement benefit or a surviving spouse benefit, the individual may receive the retiree health insurance credit as any other ~~annuitant~~ retiree based upon a retiree premium.
4. If a husband and wife are both ~~participants of a retirement system that provides the retiree health insurance credit, and are both receiving a benefit from a retirement system that provides the retiree health insurance credit,~~ the retiree health insurance credit will be applied as follows:
 - a. If each retiree takes a single health insurance plan under the uniform group health insurance program, each will have their respective retiree health insurance credit applied to their respective premiums.
 - b. If only one retiree takes a family health plan under the uniform group health insurance program, they may make application with the public employees retirement system to combine retiree health insurance credits.

Retirees are responsible for making application with the public employees retirement system to combine and discontinue combining retiree health insurance credits.

5. ~~Persons~~ Retirees with service credit in more than one of the participating ~~retirement systems may combine that credit for retiree health insurance purposes, using the credit earned from the system the member contributed to most recently as primary~~ will have their respective retiree health insurance credit for each benefit combined with an effective date based on eligibility in accordance with North Dakota Century Code section 54-52.1-03.3.
6. ~~Retirees are responsible for making application with the public employees retirement system to combine and discontinue combining retiree health insurance credits.~~ Surviving spouses receiving multiple benefits from retirement systems that provide the retiree health insurance credit will have their respective retiree health insurance credit for each benefit combined with an effective date based on eligibility in accordance with North Dakota Code section 54-52.1-03.3.

History: Effective April 1, 1992; amended effective June 1, 1996; July 1, 1998; April 1, 2008; _____, 2012.

General Authority: NDCC 54-52.1-03.2(b)

Law Implemented: NDCC 54-52.1-03.3

**CHAPTER 71-08-01
ELECTION AND TRANSFER**

Section

71-08-01-01	Ability to Elect to Transfer Into the Defined Contribution Retirement Plan
71-08-01-02	Vesting in Transferred Accumulated Fund Balance
71-08-01-03	Spousal Signature Requirements
71-08-01-04	Transfer of Members With Qualified Domestic Relations Orders on Their Accounts
71-08-01-05	Transfer Amount of Persons Transferring Into Eligible Employment After December 31, 1999
71-08-01-06	Public Employees Retirement System Retirees Not Eligible to Transfer Upon Return to Work
71-08-01-07	Late Election Opportunity
<u>71-08-01-08</u>	<u>Transfer of Funds</u>

Section 71-08-01-08 is created as follows:

71-08-01-08. Transfer of funds. Pursuant to subdivision a of subsection 4 of North Dakota Century Code section 15-10-17, funds may be transferred on behalf of those person who are eligible through their employment with the state board of higher education. The following requirements apply:

1. Applicant must file a completed application for the teachers insurance and annuity association-college retirement equities fund.
2. Notice of termination and verification of teachers insurance and annuity association-college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.
3. A participating member is eligible to transfer that person's accumulated balance in the plan upon becoming a former participating member.

History: Effective

General Authority: NDCC 15-10-17

Law Implemented: NDCC 15-10-17

Section 71-08-04-02 is amended as follows:

71-08-04-02. Qualified domestic relations orders procedures.

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall:

- a. Send an initial notice to each person named therein, including the member and the alternate payee named in the order, with an explanation of the procedures followed by the fund.
 - b. ~~Order the funds to which the alternate payee would be entitled by direction of the order segregated into the available stable value account of the fund, if those funds are ascertainable from the proposed order.~~ If a member who is not in pay status at the time the proposed domestic relations order was received makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the NDPERS office or until the end of the eighteen-month review period, whichever occurs first.
 - c. Review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
2. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
 3. If the order becomes qualified, the executive director shall:
 - a. Send notice to all persons named in the order and any representative designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
 - b. Comply with the terms of the order.
 - c. Allow the alternate payee to choose the appropriate investment options for the alternate payee's account.
 - d. Allow the alternate payee to choose the same payout options allowed for the member.
 4. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.

- a. ~~If a segregated account has been established for an alternate payee, the executive director shall distribute the amounts in the segregated account in the manner required in the absence of an order member who was not in pay status a the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.~~
- b. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

History: Effective July 1, 2000; amended effective July 1, 2006; _____, 2012.

General Authority: NDCC 28-32-02(1)

Law Implemented: NDCC 54-52.6-12

Section 71-08-06-02 is amended as follows:

71-08-06-02. Award of service credit. ~~An individual~~ A veteran with eligible time may receive up to sixty months' credit upon proper application. A veteran eligible to receive service credit for military time must apply for and, if required to pay any portion of the employee contribution, purchase that time within the lesser of three times the length of active duty or five years from the date of that person's return to covered employment after an honorable discharge. Service credit will not be awarded until all required documentation is received by the North Dakota public employees retirement system and ~~payment of both the employer and the employee contributions is made in full.~~ payment of required employer and employee contributions is made, the service will be recognized for both benefit eligibility and benefit calculation purposes. If payment of required employer and employee contributions is not made, then the veteran's application for service will be recognized and credit will be used for benefit eligibility purposes only.

History: Effective May 1, 2004; amended effective July 1, 2006; _____, 2012.

General Authority: NDCC 54-52.6-04, 54-52-04

Law Implemented: ~~NDCC 54-52.6-09.3, 54-52.6-09.4;~~ 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

Subsection 1 of Section 71-08-06-04 is amended as follows:

71-08-06-04. Cost. The cost for purchase of eligible military service in the defined contribution plan may be paid as follows:

1. The cost for any required employee contributions to be paid by the member may be paid in a lump sum or in installments pursuant to the rules established for purchase or repurchase payment under subsection 3, 4, or 5 of section 71-02-03-02.2. If no payments have been made, no credit will be awarded for benefit calculation purposes.

History: Effective May 1, 2004; amended effective July 1, 2006; July 1, 2010; _____, 2012.

General Authority: NDCC 54-52-04, 54-52.6-04

Law Implemented: NDCC ~~54-52.6-09.3~~, 54-52.6-09.4; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

Summary of Proposed Rule Changes

Section	Description	Reason
71-01-02-02	Eligible Voters. Amended language to incorporate all group insurance programs and added deferred compensation and pre-tax benefits programs. Also deleted reference to deferred vested participants being able to vote.	Administrative revision & SB2109 Section 6
71-01-02-03(2)	Candidate eligibility. Removes language regarding deferred vested participants.	Authorized in SB 2109, Section 6
71-01-02-05	Petition Format. Removes reference to deferred vested retirement allowance.	Authorized in SB 2109, Section 6
71-02-04-04	Optional Benefits. Added Judge's Normal benefit reference to the Joint and Survivor "popup" provision.	Administrative revision
71-02-04-09.1(2)	Dual Membership limitations. Removal of reference to an obsolete subsection.	Administrative revision
71-02-05-07	Optional benefits. Removal of the \$100 benefit limitation.	Administrative revision
71-02-05-07.1	Judges retirement plan optional benefits. Removal of the \$100 benefit limitation	Administrative revision
71-02-06-10	Transfer of funds. Repealed section 71-02-08-03 is relocated to this section.	Administrative revision
71-02-06-11	Transfer date. Repealed section 71-02-08-04 is relocated to this section.	Administrative revision
71-02-08-01	Participation. Clarification of new governmental units purchasing past service credit.	Administrative revision & to comply with SB2109, Section 5
71-02-08-03	Transfer of Funds. Relocating 71-02-08-03 to 71-02-06-10.	Administrative revision
71-02-08-04	Transfer date. Relocating 71-02-08-04 to 71-02-06-11.	Administrative revision
71-02-09-01	Review procedure. Clarification of review procedures is not just on application for benefits.	Administrative revision
71-02-10-02	Qualified domestic relations orders procedures. Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer an application for lump sum distribution received while proposed order is under review.	Administrative revision
71-02-11-02	Award of service credit. Additional language added to address the granting of service credit for benefit eligibility purposes (vesting and Rule) due to federal USERRA law.	Administrative revision reflecting federal regulation.

Section	Description	Reason
71-02-11-04	Payment. Clarifies that for service credit to be recognized for benefit calculation purposes, required contributions must be submitted.	Administrative revision reflecting federal regulation.
71-03-01-02	Bid Specifications. Modified bid specification language to allow for greater flexibility in bidding out group insurance programs.	To Comply with provisions of SB2110, Section 2.
71-03-01-03	Bid Deadlines. Repealed.	Administrative revision.
71-03-01-04	Bid letting. Repealed	Administrative revision
71-03-03-01	Enrollment. Adds reference to the dental, vision and prescription drug plans	To Comply with provisions of SB2110, Section 1
71-03-03-05	Special enrollment for Certain Qualifying Events. Adds reference to the dental, vision and prescription drug plans	To Comply with provisions of SB2110, Section 1
71-03-03-06	Continuation of Hospital and Medical Coverage after termination. Adds reference to the dental, vision and prescription drug plans	To Comply with provisions of SB2110, Section 1
71-03-03-07	Continuation of health benefits for dependents. Adds reference to the dental and vision plans dental, vision and prescription drug plans	To Comply with provisions of SB2110, Section 1
71-03-03-09	Leave without Pay. Adds reference to the dental, vision and prescription drug plans	To Comply with provisions of SB2110, Section 1
71-03-05-04	Late premium for terminated employees. Repealed outdated language.	Administrative revision
71-03-05-05	Appeal process. Clarifies review procedures and changes terminology to "members" from "employees".	Administrative revision
71-05-02-04	Optional benefits. Removal of language requiring a \$100 minimum benefit and remarriage option to make plans consistent.	Administrative revision
71-05-05-04	Optional Benefits. Removal of remarriage option that has never been utilized.	Administrative revision
71-05-08-02	Qualified domestic relations orders procedures.	Administrative revision
71-06-01-03	For retirees receiving more than one benefit entitled to retiree health insurance credit. Removing outdated requirement to make application to combine RHIC in certain situations.	Administrative revision
71-08-01-08	Transfer of Funds. New section for Defined Contribution plan transfer of funds to TIAA-CREF identical to main system administration.	To comply with provisions of SB2109, Section 1
71-08-04-02	Qualified domestic relations orders procedures. Removal of language regarding establishment of an escrow account during	Administrative revision

Section	Description	Reason
	proposed domestic relations order review and adding language detailing how NDPERS will administer if application for lump sum is received while proposed order is under review.	
71-08-06-02	Award of service credit. Additional language added to address the granting of credit for benefit eligibility purposes (vesting in employer contribution schedule and RHIC Rule of 85 calculations) due to federal USERRA law. Clarifies that for credit to be recognized for benefit calculation purposes, required contributions must be submitted.	Administrative revision
71-08-06-04	Cost. Clarifies that for credit to be recognized for benefit calculation purposes (RHIC Rule of 85), required contributions must be submitted.	Administrative revision

Deb,

You have requested that I confirm that NDPERS need not complete a Regulatory Analysis, Small Entity Economic Impact Statement, or Takings Assessment in conjunction with the attached proposed administrative rule changes. Based on the information you have provided me, I agree that NDPERS need not perform the aforementioned evaluations.

Pursuant to NDCC 28-32-08 a regulatory analysis only needs to be completed if: within 20 days after the last published notice of the proposed rule hearing, a written request for an analysis is filed by the Governor or a member of the Legislative Assembly; or if the proposed rule is expected to have an impact on the regulated community in excess of \$50,000. You have represented to me that no written request has been made nor are any of the proposed rules expected to have an impact on the regulated community in excess of \$50,000. Therefore, based upon your representations and the requirements of NDCC 28-32-08 it does not appear that a regulatory analysis is required for these proposed rules.

Pursuant to NDCC 28-32-08.1(3) a Small Entity Economic Impact Statement must be completed if the proposed rule may have an adverse economic impact on small entities. It is my understanding that in the course of preparing a small entity regulatory analysis pursuant to NDCC 28-32-08.1(2) NDPERS determined that none of these proposed rules appeared to have an adverse economic impact on small entities. Therefore, based upon your representations and the requirements of NDCC 28-32-08.1 it does not appear that a small entity economic impact statement is required for these proposed rules.

NDCC 28-32-09 states that an agency must prepare a takings assessment if the proposed rule may limit the use of private real property. It does not appear that any of the proposed rules will limit the use of private real property. Therefore, based upon the requirements of NDCC 28-32-09 it does not appear that a takings assessment is required for these proposed rules.

Attached please find the most current copy of the proposed rules and rule summary. I have reviewed the rule summary only to confirm that all of the proposed rules are reflected in the summary. It is my understanding that this document will be further modified by NDPERS to include any additional necessary details.

Please let me know if I can be of further assistance in this matter. Thank you. Jan

SMALL ENTITY REGULATORY ANALYSIS

1. Was establishment of less stringent compliance or reporting requirements for small entities considered? *There were no new reporting requirements established for small entities. To what result?* N/A

2. Was establishment of less stringent schedules or deadlines for compliance or reporting requirements considered for small entities? *As discussed above, no new reporting requirements were established. To what result?* N/A

3. Was consolidation or simplification of compliance or reporting requirements for small entities considered? *Please see responses above. To what result?*

4. Were performance standards established for small entities for replacement design or operational standards required in the proposed rule? *Our proposed rules do not provide for performance standards or replacement design for either large or small employer entities. To what result?* N/A

5. Was exemption of small entities from all or any part of the requirements in the proposed rule considered? *No, again no new reporting requirements were established. To what result?* N/A

Completed by NDPERS staff & Jan Murtha 8/10/2011



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MEMORANDUM

TO: NDPERS Board
FROM: Jamie Kinsella *Jamie*
DATE: August 17, 2011
SUBJECT: February 23, 2011 PERS Audit Committee Minutes

Attached are the approved minutes from the February 23, 2011 meeting. Those who attended the meeting are available to answer any questions you may have.

The minutes may also be viewed on the NDPERS web site at www.nd.gov/ndpers.

The next audit committee meeting is tentatively scheduled for November 23, 2011 10:00 a.m., in the NDPERS Conference Room.

Attachment

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- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |



MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: August 23, 2011

SUBJECT: February 23, 2011 Audit Committee Meeting

In Attendance:

Jon Strinden, via conference call
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Sharon Schiermeister

The meeting was called to order at 10:08 a.m.

I. November 17, 2010 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Quarterly Report

- A. Quarterly Audit Plan Status Report – There is no report provided this time as there were no changes to report. Staff is spending the bulk of their time working with the PERSLink project team assisting with projects they need help with. Since October 4, staff has continued to support staff with various projects that are considered high priority.
- B. Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. A report was not provided this time as there is no change from the previous meeting.
- C. Internal Audit Report for 2010 – Included in the audit committee minutes was a copy of the annual Internal Audit Report for 2010 for your review. The final copy will be signed by Mr. Strinden and Ms. Kinsella. This copy will be available to anyone who would like to have a copy.

- D. Audit Committee Charter Activity Review – The audit committee charter states that it will “17. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee’s composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.” To meet this requirement a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. Included with the audit committee materials was a copy of this matrix for review. Ms. Schiermeister brought attention to a change on page 9. This change will be made prior to sending it to the Board for their information.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting will be rescheduled for the first part of June due to scheduling conflicts.
- B. Confidential Meeting Between Internal Audit and Audit Committee – The meeting between the audit committee and the internal audit division took place.

IV. Miscellaneous

- A. Legislative Updates – Included with the audit committee materials were copies of what has been provided to the NDPERS Board. Mr. Collins provided an update to the bills affecting NDPERS.
- B. Travel Expenditures – There were no travel expenditures of the Board and Executive Director for out-of-state travel through January 31, 2011.
- C. Risk Management Report – At a previous audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time it was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Included with the audit committee materials was a copy of the approved meeting minutes from the September 9, 2010 meeting and the agenda for the December 8, 2010 meeting.
- D. PERSLink Quarterly Report – Ms. Schiermeister provided an overview of PERSLink past, present and future activities.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.” Staff was unable to give a report since the accounting staff did not provide a report to the Board at the end of the last quarter due to the time involved with implementation of the new PERSLink system.
- F. Continuing Professional Education – Ms. Kinsella indicated last November she

attended a seminar sponsored by the local chapter of Institute of Internal Auditors, Central NoDak Chapter. This seminar was titled: Fraud: The Psychology Behind Unethical Behavior and White Collar Criminals, and provided 13 hours of continuing education credits.

The meeting adjourned at 11:08 a.m.