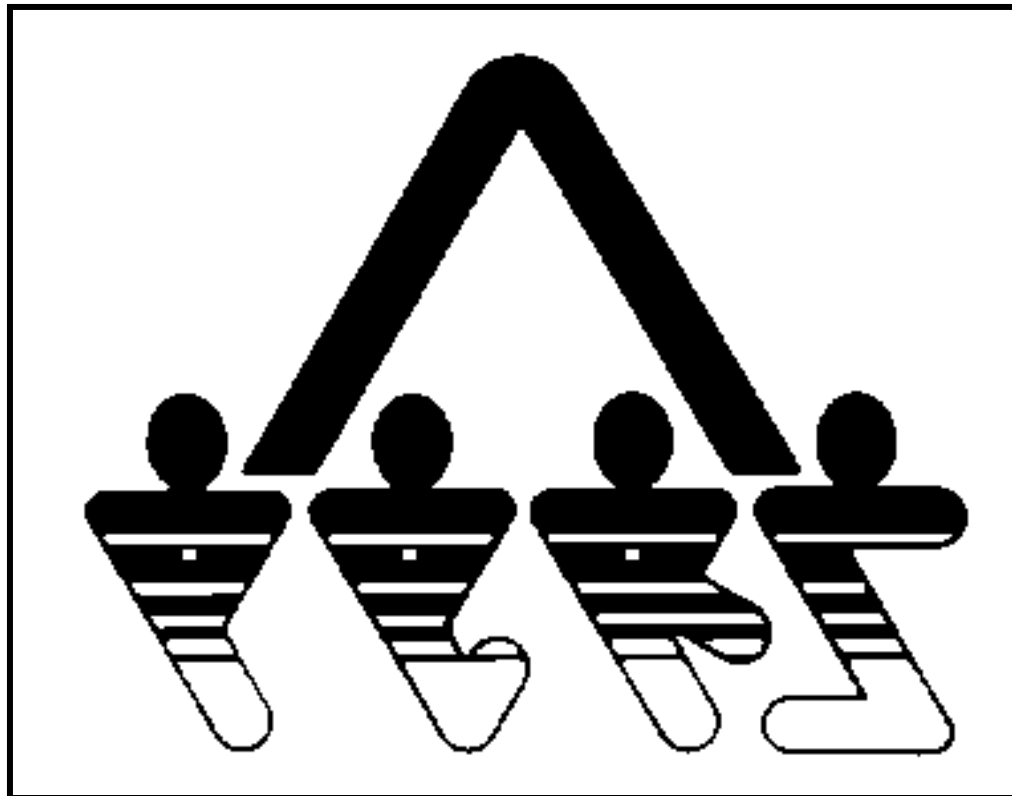


# North Dakota Public Employees Retirement System



# Eligibility



- ⌘ At least 18 years of age
- ⌘ Work at least 32 hours a week 20 or more weeks a year
- ⌘ Position is regularly funded & not of limited duration

# Additional Eligibility Requirements “Law Enforcement”



## ⌘ Peace Officers

- ☑ A public servant authorized by law or government agency or branch to enforce the law and to conduct or engage in investigations of violations of the law.

## ⌘ Correctional Officers

- ☑ A person who has completed a correctional officer course approved/certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in the North Dakota Century Code section 12-44.1.

# Enrollment



- ⌘ Eligible employees employed at the time the employer joins may waive participation
  - ☑ Must sign an irrevocable waiver of participation
    - ☑ May not have their pay increased as a result of that waiver
- ⌘ All eligible employees hired after the employer joins must participate

# Contribution Rates



## ⌘ Employee Contribution

☑ 4.00%

## ⌘ Employer Contribution

☑ Current Employer Groups

☒ 9.45%

- Based on Normal Cost to provide more favorable retirement provisions, plus past service credit liability

☑ New Employer Groups

☒ 7.57%

- Contribution based on Normal Cost to provide more favorable retirement provisions and no past service credit liability

# Payment of Employee Contribution



## ⌘ Employee Paid

- ☑ after tax deduction
- ☑ salary reduction (tax deferred)

## ⌘ Employer Paid

- ☑ All or a portion
- ☑ offset against future salary increase

## ⌘ Combination of salary reduction and salary increase offset

# Contribution Allocation



**Employee Contribution**  
4%

**Member Account Balance**

**Employer Contribution**  
8.31% or 6.43%

**Retirement Pool of Fund**

**Employer Health  
Credit Contribution**  
1.14%

**Retiree Health Credit Fund**

# Portability Enhancement Provision (PEP)



⌘ PEP allows a member to vest in the employer contribution

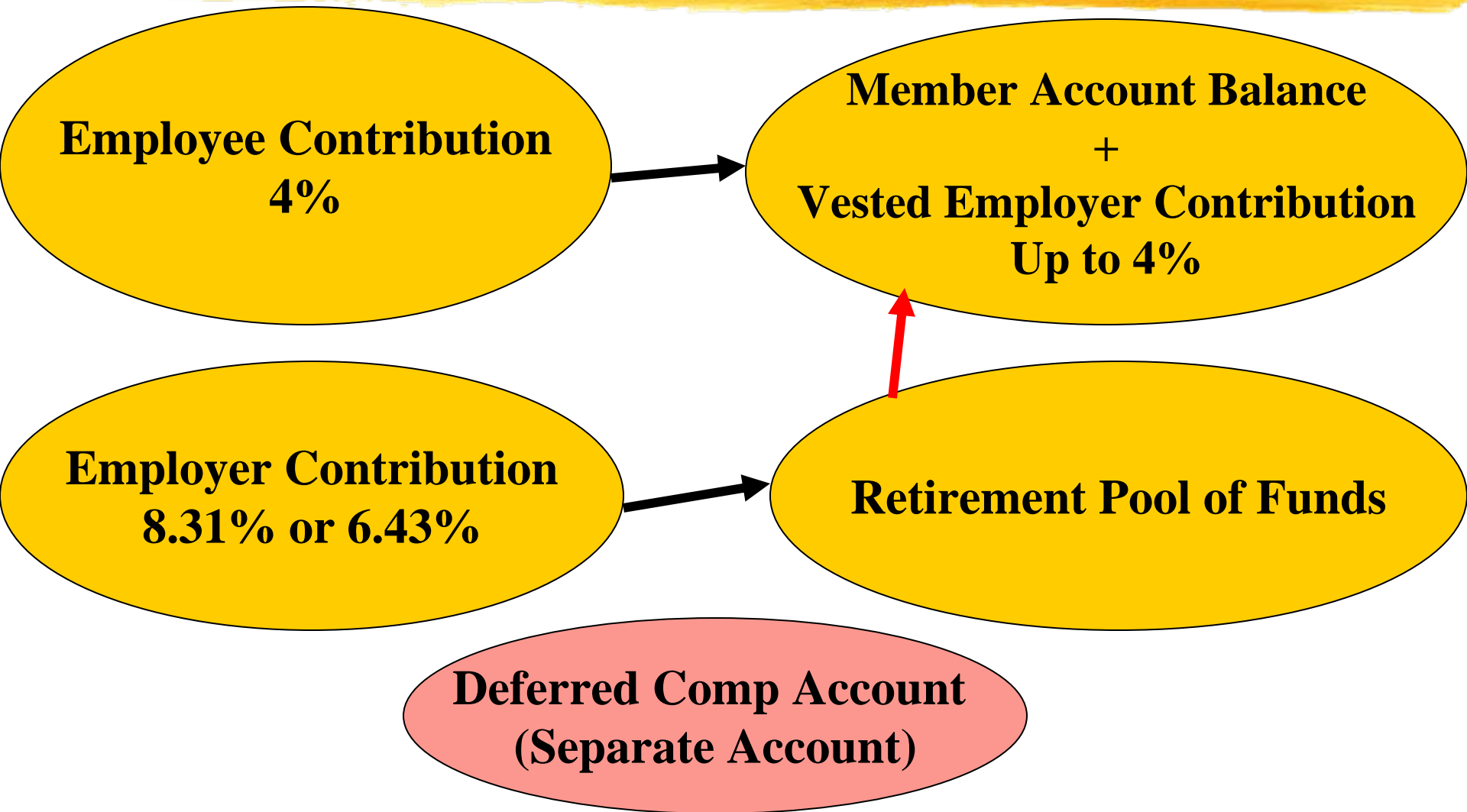
☑ *Requires participation in an eligible  
Deferred Compensation Plan*

- 457
- 403(b)

⌘ Vested employer contributions are added to the member's account balance

⌘ Result is accelerated accrual of member's account balance

# Contribution Allocation With PEP



# How PEP Works

For every dollar you put in a Deferred Comp Plan, NDPERS will add one dollar to your member account balance, subject to a vesting schedule.



# Employer Contribution Vesting Schedule (PEP)

<b>Service Credit</b>	<b>Minimum</b>	<b>Maximum</b>
<b>0-12 Months</b>	<b>\$25</b>	<b>1%</b>
<b>13-24 Months</b>	<b>\$25</b>	<b>2%</b>
<b>25-36 Months</b>	<b>\$25</b>	<b>3%</b>
<b>37+ Months</b>	<b>\$25</b>	<b>4%</b>



# Let's See an Example

Member Account Balance without PEP	<u>\$5,221</u>
Member Account Balance with PEP	<u>\$8,932</u>
Difference=	\$3,711

Assumes 5 year participation  
5% salary increase after 1st year  
3% salary increase each following year  
7.5% annual interest, compounded  
monthly

# How To Activate PEP



- ⌘ If you are already enrolled in a deferred compensation plan continue participation.
  - ☑ If you're not at the maximum consider increasing your contribution.
- ⌘ If you are not enrolled & your employer offers a deferred compensation plan:
  - ☑ Contact a Deferred Comp provider representative to enroll.
- ⌘ If your employer does not offer a deferred compensation:
  - ☑ Discuss the option with your employer. Plan is available to all eligible employers.

# Service Credit & Vesting

- ⌘ A member will receive a month of service credit for each contribution
- ⌘ A member is vested when achieving 36 consecutive months of service credit
  - ☑ To be vested means that a member has become legally entitled to a monthly benefit from NDPERS



# Purchase of Service Credit



## ⌘ Previous Employment:

- ⊞ Non-Covered ND Governmental Service
- ⊞ Out-of-State Governmental Service
- ⊞ Refunded NDPERS Service

## ⌘ Federal Service

## ⌘ Legislative Service

## ⌘ Military Service

## ⌘ Leave of Absence

## ⌘ If Vested- Up to 5 Years Generic

## ⌘ At Termination of Employment-Unused Sick Leave

# Purchase Provisions



## ⌘ Cost of Purchase

- ☑ Actuarial Calculation

## ⌘ Download from Website ([nd.gov/ndpers](http://nd.gov/ndpers))

- ☑ Benefit Estimate Calculator

- ☑ Purchase of Service Calculator

# Purchase Provisions Cont.



## ⌘ Payment Methods

### ☒ Direct Rollover or Transfer of Pre-Tax Dollars from:

- 401(a)
- 401(k)
- 403(b)
- 457
- Traditional IRA
- Federal Employee Retirement System Thrift Savings Plan
- 401(c) Keogh Plan (deposits from 401(a) or (k))

### ☒ Pre-Tax Payroll Deductions

### ☒ After-Tax Payroll Deductions

### ☒ Personal Payments

# Sick Leave Conversion

Final Average Salary (FAS)

X

Employee + Employer Contributions

X

Number of Months  
(hours divided by 173.3)

=

\$Cost

# Benefits at Termination

## Member Account Balance Options:

⌘ Lump Sum Refund

⌘ Direct Rollover

⌘ Combination rollover/refund

⌘ Leave Money Intact /Deferred Benefit



# Disability Benefits

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## ⌘ Disability Retirement

- ☑ Vested after 6 Months

## ⌘ 25% of Final Average Salary (FAS)

- ☑ \$100 per month minimum

## ⌘ Eligibility will be recertified



# Surviving Spouse Benefits



**Assumption: Member is Active Prior to Death**

⌘ Lump Sum Payment

⌘ Lifetime Payments

# Early Retirement



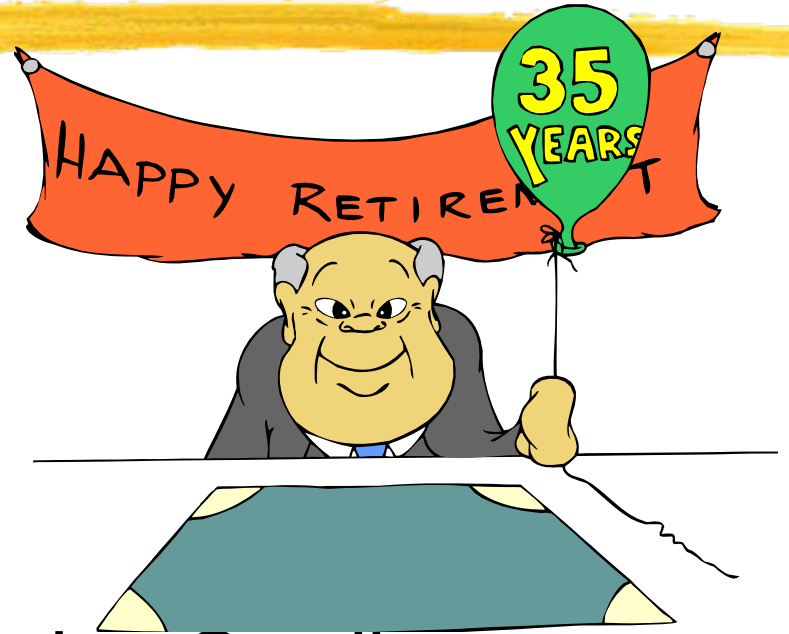
- ⌘ Age 50 with 36 Months of Consecutive Service Credit

- ⌘ Reduction in Benefits from Age 55 or attaining Rule of 85, whichever occurs first

  - ⏏ 6% for each year

    - ⏏ .005 for each month

# Normal Retirement



⌘ Attain Age 55

⌘ Achieve the Rule of 85

☑ Member's Age + Service Credit

# Retirement Benefit Formula

## ⌘ Final average salary (FAS)

☑ The average of your highest 36 salaries during the last 120 months worked

## ⌘ Benefit multiplier

☑ 2.00%

## ⌘ Credited service

☑ One month of service for each contribution

**(FAS x 2.00% x Service Credit)**

# Retirement & Disability Benefit Options

- ⌘ Single Life
- ⌘ 50% Joint & Survivor
- ⌘ 100% Joint & Survivor
- ⌘ 20 Year Term Certain
- ⌘ 10 Year Term Certain
- ⌘ Level Social Security Option\*



⊗ \*Not an option for Disability Benefits or PLSO

# Partial Lump Sum Option (PLSO)



- ⌘ Only for retiring members at or past Normal Retirement Date
  - ☑ Excludes Disability Retirees and Surviving Spouses
- ⌘ Lump sum equal to 12 months of Single Life
- ⌘ Permanently reduces ongoing benefit
  - ☑ Approximately 10%

# Early Retirement Benefit Example

**Disclaimer: This example may not be interpreted as a personal calculation**

**Assumptions: Member is Age 52 with a Spouse Age 54**

**Retirement Benefit Formula:**

$\$3240.19 \text{ (FAS)} \times 2.00\% \times 25 \text{ Years} =$  **\$1,620.10**

*(Early Retirement Reduction 18%)* **- 291.62**

*(Early Single Life Monthly Benefit)* **\$1,328.48**

**Single Life Benefit = \$1,328.48**

**50% Joint & Survivor Benefit = \$1,282.51 Spouse Benefit = \$641.25**

**100% Joint & Survivor Benefit = \$1,239.60 Spouse Benefit = \$1,239.60**

**20 Yr Term Certain = \$1,279.33 Beneficiary Benefit (If any) = \$1,279.33**

**10 Yr Term Certain = \$1,313.87 Beneficiary Benefit (If any) = \$1,313.87**

# Normal Retirement Benefit Example

**Disclaimer: This example may not be interpreted as a personal calculation**

**Assumptions: Member is Age 55 with a Spouse Age 57**

## **Retirement Benefit Formula:**

**\$3,644.76 (FAS) x 2.00% x 25 Years = \$1,822.38**

**Single Life Benefit = \$1,822.38**

**50% Joint & Survivor Benefit = \$1,749.67 Spouse Benefit = \$874.84**

**100% Joint & Survivor Benefit = \$1,682.60 Spouse Benefit = \$1,682.60**

**20 Yr Term Certain = \$1,731.44 Beneficiary Benefit (If any) = \$1,731.44**

**10 Yr Term Certain = \$1,759.59 Beneficiary Benefit (If any) = \$1,759.59**

# Retirement Benefit Example with PLSO Option

**Disclaimer: This example may not be interpreted as a personal calculation**

**Assumptions: Member is Age 60 with a Spouse Age 56**

**Retirement Benefit Formula:**

**\$2,351 (FAS) x 2.00% x 25 Years = \$1,175.50**

**PLSO = \$14,106.00**

**Single Life Benefit = \$942.75**

**50% Joint & Survivor Benefit = \$880.34 Spouse Benefit = \$440.17**

**100% Joint & Survivor Benefit = \$825.75 Spouse Benefit = \$825.75**

**20 Yr Term Certain = \$863.56 Beneficiary Benefit (If any) = \$863.56**

**10 Yr Term Certain = \$918.40 Beneficiary Benefit (If any) = \$918.40**

# Retiree Health Credit



- \$5.00 For Every Year of Service Credit  
*Example: 20 Years x \$5.00 = \$100.00*
- Reduced for Early Retirement
- Applies only to the NDPERS Group Health Plan only

# Retiree Insurance Coverage



⌘ Members drawing a NDPERS monthly retirement benefit maybe eligible to join the following NDPERS sponsored insurance plans:

- Health
- Dental
- Vision
- Long-Term Care

# On-Line Services



⌘ One-time Registration [nd.gov/ndpers](https://nd.gov/ndpers)

⌘ Compute

☑ Retirement Benefit Estimates

☑ Disability Benefit Estimates

⌘ View

☑ Member Account Balance

☑ Current Annual Statement

# Other Website Features



⌘ You have access to:

☑ Plan Handbooks

☑ Newsletters

☑ News Flashes

☑ Forms

☑ Kits

☑ Contact Information