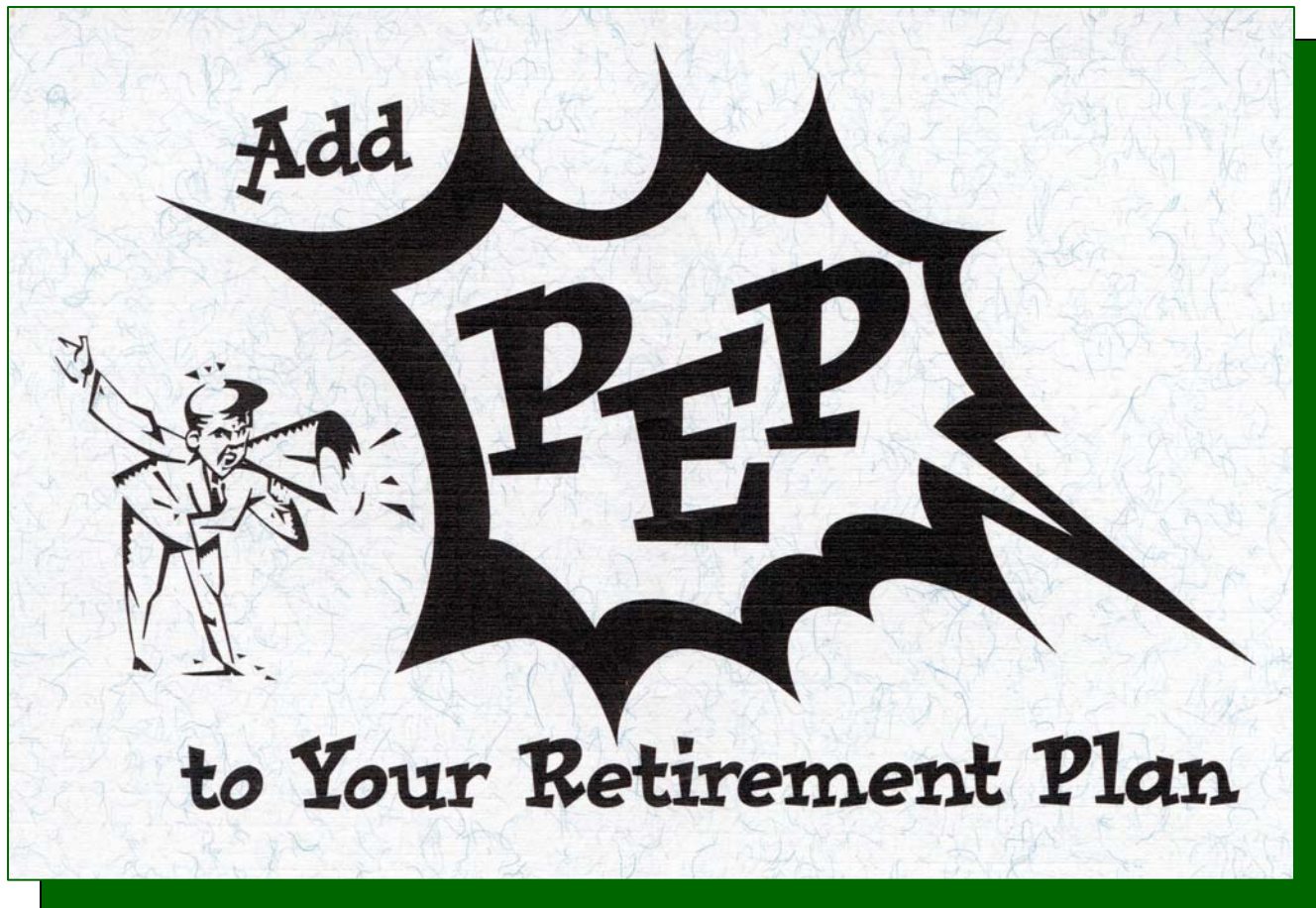


NDPERS



What is PEP

- PEP stands for Portability Enhancement Provision to the NDPERS Defined Benefit Hybrid Retirement Plan
- Legislative action - effective January 1, 2000

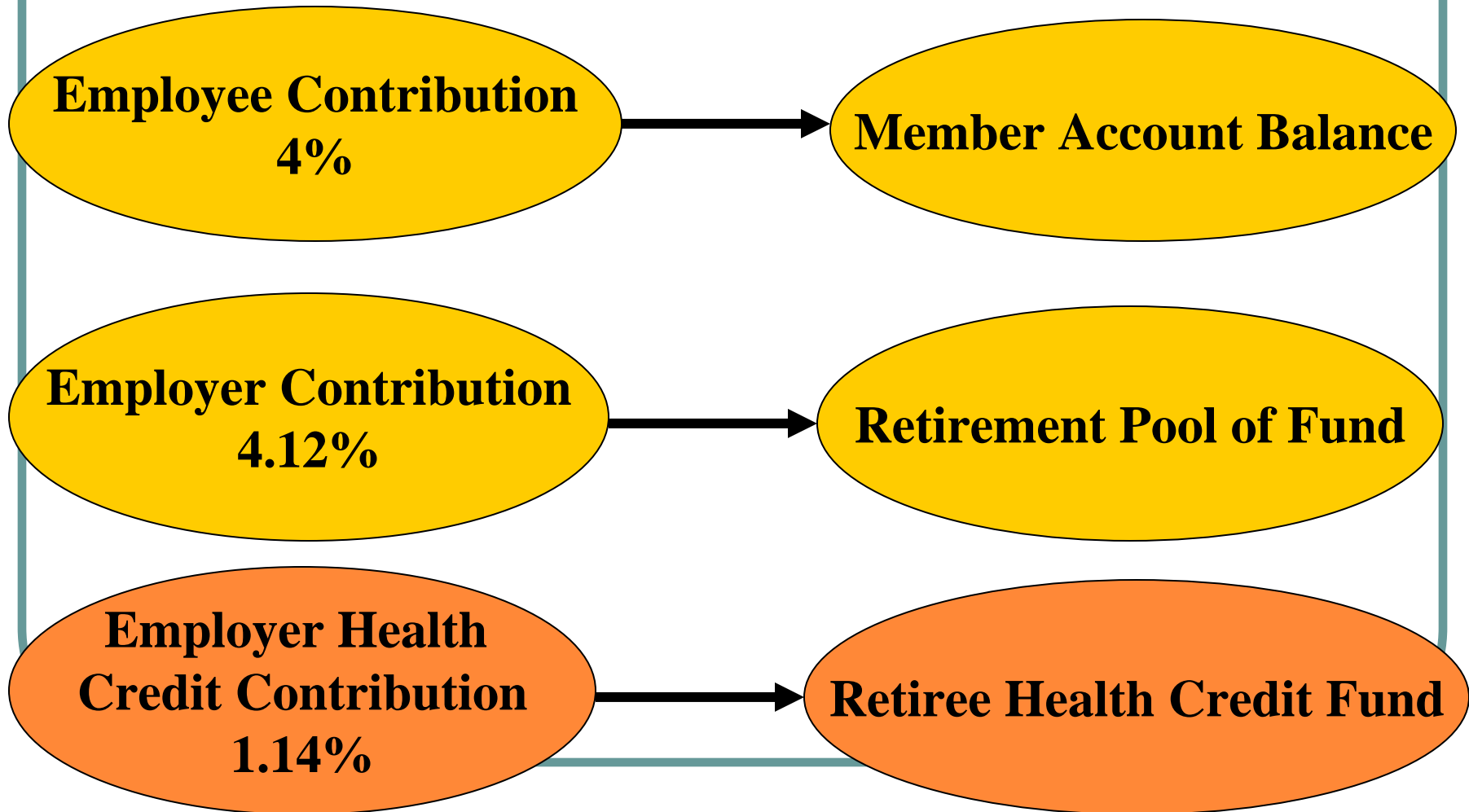
How PEP Works

- PEP allows you to “earn” or vest in the Employer Contribution to the Defined Benefit Retirement Plan
- This vested contribution is added to your member account balance for purposes of cash distribution upon termination of employment.

The PEP Connection

- PEP enhances the Defined Benefit Hybrid Retirement Plan
 - Provides for portability of benefits
 - Allows you to add cash value to your PERS member account balance
 - Increases the estate value of your member account balance

How the PERS Retirement Contribution is Allocated



PERS Retirement Account

Salary	Employee Contribution	Account Balance
\$20,000	\$800	\$ 833
\$21,000	\$840	\$1,773
\$21,630	\$865	\$2,812
\$22,279	\$891	\$3,958
\$22,947	\$918	\$5,221

*These examples assume the following:

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

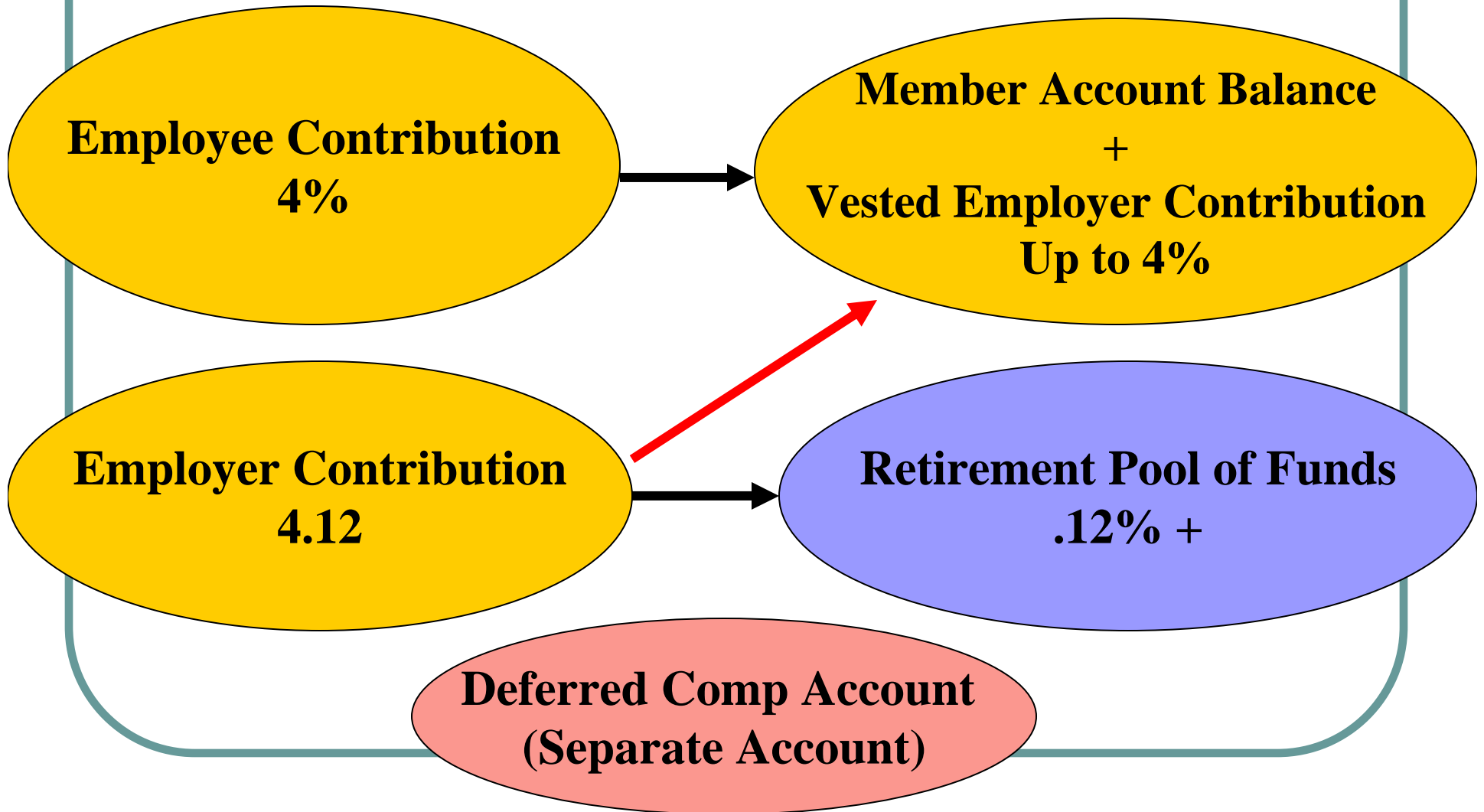
How PERS Will Work With PEP

- For Every Dollar You Put In A Deferred Compensation Plan PERS Will Add One Dollar To Your PERS Defined Benefit Plan Account Balance
- According To The Vesting Schedule
- Maximum of 4%

Employer Contribution Vesting Schedule (PEP)

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

Contribution Allocation With PEP



How PERS Will Work With PEP

Salary	Employee Contribution	Account Balance Without PEP	457/403(b) Contribution	Account Balance With PEP
\$20,000	\$800	\$833	\$300	\$1,146
\$21,000	\$840	\$1,773	\$420	\$2,547
\$21,630	\$865	\$2,812	\$649	\$4,4097
\$22,279	\$891	\$3,958	\$891	\$6,271
\$22,947	\$918	\$5,221	\$918	\$8,670

*These examples assume the following:

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

How PERS Works

- There Are Two Basic Options A Member Has At Termination Of Employment
 - A Member Can Withdraw Their Account Balance
 - A Vested Member Can Elect To Draw A Monthly Retirement Benefit for Life

What is the Member Account Balance

- The Account Balance Is The Employee Contribution Of 4%
- Plus Interest At 7.5%



Advantages Of PEP



- Makes The Employer Contribution Portable
- Increases The Cash Value Of Your Retirement Account Balance
- Increases The Estate Value Of Your Retirement Plan For Your Beneficiaries
- Promotes Supplemental Savings

Disadvantages Of PEP

NONE
NONE

How To Start PEP

- Enroll In An Approved Deferred Comp Plan
- If You Are Already Enrolled Continue And If You're Not At The Maximum Consider Increasing Your Contribution



Plan For The Future!

Add Pep To Your
Retirement
And Feel Good
Knowing You Are
Planning For Your
Financial Future

NDPERS

