



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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Events/Mailings

Employer Handbook Revisions

Two revisions to the employer handbook are being mailed to employers this spring. The first mailing was sent the week of March 25 and the second is scheduled for the end of April. The first revision is regarding the Deferred Compensation 457 Plan section and was only mailed to employer's that participate in this plan. The second revision will be mailed to all participating employers and contains changes in forms and instructions for all other plans administered by NDPERS. Upon receiving your new revisions, please be sure to replace the old pages with the revised pages as many of the forms and instructions have changed significantly.

NDPERS Pre-Retirement Education Program June 5th, 2002

Over the years, NDPERS has sponsored an annual Pre-Retirement Education Program (PREP) in Bismarck during the month of November. Staff has received requests to have the seminar in other cities. With that in mind, NDPERS will be trying something new. NDPERS will sponsor two PREPs' in 2002, one in June and one in October.

The first one will be Wednesday, June 5th in Dickinson. For information about this seminar, please refer to the Invitation/Registration form included in this newsletter. Please make a copy of the **Invitation/Registration Form** for each employee in your agency to notify him or her of the upcoming **NDPERS Pre-Retirement Education Program** being offered in Dickinson. The maximum attendance is 200, including spouses.

There will be additional information sent to you later in April.

Health Insurance Annual Enrollment

The month of May is the annual enrollment for the PERS group health plan. Employees who did not enroll in the group health plan during their initial 31 day eligibility period when hired or did not enroll within 31 days of a qualifying event may apply for coverage. Individuals being enrolled may be subject to a 12 month pre-existing condition clause.

Please use the following procedures:

- ⇒ A NDPERS Group Health Application must be completed. If the employee is joining the EPO program, an Employee Selection Form must be completed and mailed with the NDPERS Group Health Application.
- ⇒ Check the ANNUAL ENROLLMENT box at the bottom of the NDPERS Group Health Application.
- ⇒ The payroll/personnel manager must complete the shaded boxes on the NDPERS Group Health Application.
- ⇒ The NDPERS Group Health Application cannot be dated or submitted prior to May 1 and must be received in the payroll office no later than May 31.
- ⇒ The NDPERS office must receive the NDPERS Group Health Application and the Employee Selection Form from payroll, no later than June 5. Coverage will become effective July 1, 2002.
- ⇒ Payroll records must be changed for June's payroll paid July 1.

EPO Open Enrollment

This year's EPO open enrollment will begin on May 1 and go through June

15. Enrollment information will be mailed to NDPERS members within a 50 mile radius of an EPO network. NDPERS will not be conducting enrollment meetings this year. The benefit comparison information will be posted on the NDPERS website on May 1st.

Please use the following procedures:

- ⇒ An Employee Selection Form indicating the subscriber's EPO affiliation choice must be completed and returned to the payroll office. Payroll must forward the form to the NDPERS office.
- ⇒ An Out-of-Area Waiver Form must be completed by the contract holder for any child(ren) covered under the health policy that reside outside of the EPO provider area. Please read the Out-of-Area Waiver Form guidelines.

PreNatal Plus Program

NDPERS has developed a PreNatal Plus Program poster that will be sent to your attention in the near future. This mailing will only be sent to employers that participate in the NDPERS Group Health Insurance Plan. When you receive the poster, we ask that you post it in an area such as a break room, etc. If you need additional posters, please contact the NDPERS office.

Odds & Ends

When to File a Retirement Application

When members retire and apply for retirement and insurance benefits, timing is of the utmost importance.

To apply for retirement and insurance benefits, a member and the agency's authorized agent must complete an Application for Monthly Benefits & Insurance (SFN 2562) and send it to NDPERS at least 60 days prior to retirement. However, in accordance with laws governing the processing of retirement benefits, NDPERS must receive an Application for Monthly Benefits & Insurance (SFN 2562) and appropriate legal documentation a minimum of 30 days before retirement or before the distribution of the first retirement check. If documents are filed too late, a payment will be delayed.

Important Notice Regarding Health Coverage for New Retirees

Please keep in mind that when you complete Part B on the Application for Monthly Benefits & Insurance (SFN 2562), NDPERS can not provide health insurance coverage until we have an actual retirement benefit in place. Therefore, a retiree needs to remain on the agency's group insurance billing/plan for the month following the month of termination or the retiree will have a lapse in coverage resulting in a loss of group insurance coverage.

Example: If member is terminating February 20, the month the last insurance premium will be paid should be indicated on the application as March. The earliest a member can have the NDPERS coverage is April 1, which will coincide with their first benefit date.

Irregular Salary Reports/Letters

Once a month NDPERS sends a letter to the authorized agent of any participating agency that indicates employees whose reported salaries have doubled from one reporting month to the following reporting month. It is absolutely necessary that these letters be responded to on the Notice of Irregular Salary form that accompanies the letter that is sent to you. Even if the salary difference is legitimate, we need to be informed and have the response placed in the employee's member file. As most of you know, the employee monthly retirement benefit is based on the average of the highest 36 monthly wages recorded over the last ten years. If these salaries are not reported correctly, the employee may not receive the full amount he or she is entitled to, or in some cases the retirement plan could be over assessed.

The main problem we have in this area is the reporting of types of wages and salary that are not eligible for retirement contributions. Please refer to the following article about what should be reported as wages and salary for more information. If an erroneous salary goes undetected or if not responded to, it will result in an inaccurate salary history for that particular employee. So please respond to these letters because they are important. If you have any questions, please call Raleigh Moore at (701) 328-3914.

Reminder on Wages & Salaries Reporting to NDPERS

NDPERS is often asked what should be reported as wages & salaries for retirement contribution purposes. As a reminder, wages and salaries means earnings in eligible employment which were reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferrals amounts under a IRC Section 125, 401(k), 403(b), 414(h), or 457 Plan.

Salary does not include fringe benefits such as payments for overtime, unused sick leave, personal leave, vacation leave paid in a lump sum, transportation expenses, severance pay, early retirement incentive pay, medical insurance, worker's compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of a previously employer-provided fringe benefit under an agreement between the member and the participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the NDPERS board.

If you have questions about what should be reported as salary to NDPERS, please contact Raleigh Moore at (701) 328-3914 or Rebecca Fricke at (701) 328-3911.

Revised Special Tax Notice Regarding Plan Payments

In January 2002, the IRS published a revised Special Tax Notice due to the implementation of the Economic Growth and Tax Reconciliation Act (EGTRRA). This notice is attached to the NDPERS Notice of Termination form (SFN 17032) and is distributed to NDPERS defined benefit retirement plan members who have recently terminated their employment or deferred members who would like to receive a lump sum distribution. The following are revisions to the notice that affect the retirement plan:

- Allows rollovers out of the NDPERS plan to be made to additional eligible employer plans. An eligible employer plan now includes a plan qualified under 401(a) of the IRC, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a 403(b) tax-sheltered

annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

- Modifies payments eligible to be rolled out of the NDPERS plan to include after-tax contributions made to the Plan. Eligible after-tax contributions may be rolled over into either a traditional IRA or to certain employer plans that accept rollovers of after-tax contributions. Please note that the IRA/Employer Plan must be able to keep track of the after-tax employee contributions and the earnings thereof.

The terminated NDPERS member is responsible for checking with the IRA or employer plan to determine if they will be able to accept the funds and provide the necessary record-keeping. If any portion of the member's account balance contains after-tax employee contributions, then NDPERS requires a letter of acceptance from the financial institution before the request for a direct rollover will be processed.

The Notice of Termination Form (SFN 17032) has recently been revised to reflect the new changes. The new form and instructions will be included in the Employer Handbook revisions scheduled to be sent later this month. Please destroy any old supply of this form and order new forms as soon as possible. If you have questions about the changes, please contact Rebecca Fricke at (701) 328-3911.

Deferred Compensation Plan Update

The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) became effective January 1, 2002. It offers some new and improved benefits for participants in the State's Section 457 Deferred Compensation Plan. Some of these improved benefits include an increase in the contribution limit and a new catch-up provision for members who are at least 50 years of age or older. The following is a summary of these two new provisions:

Contribution Limit Increases

The annual contribution limit for the deferred compensation plan was increased from \$8,500 to \$11,000 for 2002. The limit will increase by \$1,000 a year beginning in 2003 through 2006 until it reaches \$15,000 and will be indexed for inflation in \$500 increments thereafter. In

addition, the contribution percentage has changed from the lesser of 25% of taxable income or the annual contribution limit to the lesser of 100% of includable compensation or the annual limit. Includable compensation is your gross compensation minus any employee contributions to your retirement plan which are paid by your employer under a 414(h) salary reduction arrangement.

The coordination of 457 deferrals with 401(k) or 403(b) deferrals is eliminated. If you participate in the deferred compensation plan and a 403(b) plan you may contribute \$11,000 to each plan provided your includable compensation allows you to maximize contributions under both plans.

Catch-up Provision

If you are 50 or older you are eligible for a special catch-up provision. This new provision allows you to contribute an additional \$1,000, or a total of \$12,000 in 2002 to your deferred compensation account. This catch-up amount will increase in \$1,000 increments until 2006 and will be indexed thereafter. For purposes of this provision, you are deemed to be 50 on January 1st of the year you will turn 50 regardless of whether or not you terminate employment prior to your birth date. You cannot use the age 50 or older catch-up at the same time as the regular catch-up that applies in the three calendar years prior to normal retirement.

Employee Assistance Program (EAP) Leave of Absence Policy

The PERS Board is reviewing a policy for unpaid leave of absence relating to the employee assistance program and is seeking your input on the following proposal:

An employee may continue the EAP at their own expense. The agency is responsible for collecting the premium from the employee and submitting it with the monthly agency billing.

The Board will again review the above proposed policy at its June meeting and welcomes your comments. Please send or e-mail your comments to Kathy Allen at ndpers@state.nd.us.

When Visiting The NDPERS Office

Please advise your staff to make an appointment before stopping by the NDPERS office. Although staff will accommodate walk-ins when possible, an appointment will ensure that someone is available to assist a member at the time he or she arrives. An appointment also allows staff to prepare appropriate benefit information for individual needs.

Questions & Answers

How do participants change their deferred compensation beneficiary?

Deferred comp participants must contact their Provider Company/Representative to update or change beneficiary information for their deferred comp plan account(s).

How long does the payroll office hold a participant's deferred compensation monthly salary deduction before forwarding the funds to the Provider for investment?

Under Chapter 71-04-05-02 of the Administrative Rules, the employer is required to remit the payroll deductions to the Provider prior to the tenth of each month.

Will the old deferred comp Participant Agreement form be accepted by NDPERS?

Participant Agreement forms with a revision date prior to April 1, 2002 will be accepted until July 1, 2002. Forms submitted after July 1 with a date other than the revised April 1, 2002 date will be returned to the participant by NDPERS.

Board Meeting Highlights

The NDPERS Board reviewed and/or took action on the following items:

December 20, 2001

- Discussed the NDPERS future goals and objectives for all NDPERS Group Retirement Plans.
- Reviewed ongoing eligibility definition for retirees on the health insurance plan.
- Discussed the status of contract renewals with the 457 Deferred

Compensation Plan providers companies.

January 17, 2002

- Were provided with a list of proposed legislative administrative changes needed for the NDPERS statutes for the next legislative session.
- Were provided with information about the special window election period for enrollment by non-classified state employees into the Defined Contribution Plan. This window was available due to the passing of HB 1216.
- Discussed the possibility to establishing minimum participation requirements for the NDPERS Group Health Plan due to the adverse selection that can occur when new groups elect to join the plan. Requested that staff send a memo to employers indicating that the Board is considering putting a requirement on the plan.
- Reviewed the Flex Comp enrollment information for the 2002 Plan year.

February 21, 2002

- Discussed future legislation to support NDPERS being designated the Administrator of the Retirement Plan for the Employees of Job Service of ND.
- Reviewed proposed legislation regarding purchasing service credit and transferring funds from eligible plans to pay for the purchase.
- Discussed the administration of the "family of 3 or more" premium for retirees.
- Were presented with information regarding the 457 Deferred Compensation Plan Provider Training being conducted around the state.

Complete meeting minutes are available under the News section of the NDPERS website.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

DON'T FORGET!
***File this issue behind the
PERSONnel Newsletter Updates tab
in your INSIDE NDPERS Handbook.***



NDPERS ANNUAL

PRE - RETIREMENT EDUCATION PROGRAM

June 5, 2002

7:15 A.M. – 5:00 PM

Travelodge Hotel & Convention Center, Dickinson
532 15th Street West

Topics Covered Include:

- ✓ Financial Planning
- ✓ Social Security & Medicare Benefits
- ✓ NDPERS Insurance Benefits
- ✓ NDPERS Retirement Benefits / PEP
- ✓ Deferred Compensation
- ✓ Legal Planning

This program is designed to assist you in planning for a successful retirement.

You MUST Preregister To Attend.

Your registration form is on the reverse side.



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.

REGISTRATION FORM

REGISTRATION FORM

REGISTRATION FEE: \$15.00; No charge for accompanying spouse.

NAME: _____

SSN: _____

(In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number will be used as an identification number.)

ADDRESS: _____

PHONE: (work) _____ E-mail Address: _____

NAME OF EMPLOYER: _____

My spouse will be attending. Name: _____

NDPERS BENEFIT ESTIMATE INFORMATION

Retirement Projection (LIMITED to 2 projections; this includes Unused Sick Leave):

Age 55 Age 62 Age 65 Earliest Rule of 85 Other-Specify Date: _____

Unused Sick Leave Purchase:

(Leave blank if unused sick leave purchase is not desired)

_____ Number of hours of accumulated sick leave

***** RETURN NO LATER THAN MAY 8, 2002*****

TO: NDPERS
 Denise Curfman
 PO BOX 1657
 Bismarck ND 58502-1657

IF PAYING BY CHECK, THE REGISTRATION FEE OF \$15 MUST BE INCLUDED WITH A COMPLETED REGISTRATION FORM. Make check payable to "NDPERS". NO REFUNDS GRANTED FOR CANCELLATIONS RECEIVED AFTER MAY 15, 2002.

Cash will NOT be accepted! Registrations will NOT be taken over the phone!
Registration forms received after May 15, 2002, will NOT BE ACCEPTED!

If you have any questions please give Denise Curfman a call at 701-328-3903.