



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

Editor: Rebecca Fricke

January 2004
Volume 12, Issue 1

Inside this Issue

- 1 NDPERS Smoking Cessation Program
- 2 2003 Annual Report
- 3 Distribution of Summary Plan Descriptions
- 4 FlexComp Program Update
- 5 Update Your Contact Information
- 6 Remove Ineligible Dependents
- 7 New Deferral Opportunities in 457 Plan
- 8 AIG Valic Payroll Contact Update
- 9 Mandatory Participation Requirements for DB Plan
- 10 PT/Temp Employee Benefits Available
- 11 Wages & Salary Reporting
- 12 Contributions Required for Transferring Employees
- 13 Questions & Answers
- 14 Bar Codes on Forms
- 15 Return Envelopes
- 16 Change in Agency Information
- 17 Board Meeting Highlights

NDPERS
Telephone (701) 328-3900
www.discovernd.com/ndpers

Events & Mailings

NDPERS Smoking Cessation Program

The North Dakota Public Employees Retirement System recently received a grant to help state employees and their dependents age 18 and older quit smoking or chewing tobacco. The grant will help pay for participating in one of more than 20 approved smoking cessation programs. Most of these programs are available through public health departments across the state of North Dakota. The employee must contact the program provider nearest them to enroll (visit www.BCBSND.com/health/ndpersquit to view participating program providers). This project is administered by Blue Cross Blue Shield of North Dakota.

In order to make this program a success we need your help. NDPERS has provided each of you a supply of [posters](#). Please post the notices in a location where employees have access to the information. In the event you need additional [posters](#) you may print them from the NDPERS website.

Employees should have received a [brochure](#) introducing the NDPERS Smoking Cessation program at their home addresses. BCBSND mailed the brochures on Thursday, January 8, 2004. The [brochure](#) can also be viewed or printed from the NDPERS website. Please take a moment to review the [brochure](#) on line to become familiar with the program.

Thank you for your efforts.

2003 Comprehensive Annual Financial Report

NDPERS prepares a [Comprehensive Annual Financial Report](#) as of June 30 of each year. This report contains detailed financial, investment,

actuarial and statistical information for the plans administered by NDPERS. You can view, download or print the [report](#) from the NDPERS website. You may also request a copy of the report by sending an email to khumann@state.nd.us or by calling the PERS office. If you have any questions on the report, contact Sharon Schiermeister.

Distribution of Summary Plan Descriptions

Because the SPDs for the PERS benefit programs can be accessed on our web site, we will no longer be mailing these documents to our members. This includes the following programs:

- [NDPERS Retirement Plan](#)
- [Highway Patrol Retirement Plan](#)
- [Judge's Retirement Plan](#)
- [National Guard/Law Enforcement's Retirement Plan](#)
- [Deferred Compensation Plan](#)
- [Group Life Plan](#)
- [Group Dental Plan](#)
- [Group Vision Plan](#)
- [Long Term Care Plan](#)
- [FlexComp Plan](#)

Should you require a hard copy, it will be necessary to make your request to this office. BCBSND will still be mailing out the Certificate of Insurance SPD to all enrolled subscribers.

Important Updates

The FlexComp Program Administered by NDPERS – State Employees and Participating District Health Units (Excludes the University System)

The following are new procedures for enrolling employees hired within the Plan Year and employees who experience a change in status and

want to enroll or change their election amount.

New Hires

New employees hired within the Plan Year have 60 days from their hire date to enroll in the FlexComp Plan.

[Benefit information and forms](#) can be viewed or downloaded off the PERS website.

New employees should be instructed to return the completed [FlexComp Enrollment SFN 53851](#) to their agency's payroll department for review. The box indicating "New Election/Date of Hire" should be checked and the date of hire listed on the form. The box indicating "To participate in the Plan", should be filled in with the date the first payroll deduction will be taken. Payroll will enroll the employee based on the information on the form. Sign and date form. Keep a copy for your records and forward the original to NDPERS.

If an employee terminates employment and returns to state employment within 30 days in the same Plan Year, their election will be reinstated as it was immediately prior to the separation of service.

If an employee terminates employment and returns to state employment after 30 days in the same Plan Year, they may not participate in the program for the remainder of the Plan Year.

IRS Qualified Change in Status

[FlexComp Change in Status SFN 53511](#) must be completed and submitted to NDPERS along with the [FlexComp Enrollment SFN 53851](#) within 60 days of the change in status event.

If the change in status event is the birth or adoption of a child, and the employee is a participant in the Plan at the time of the birth or adoption, the effective date of coverage for the child is the date of birth or adoption. If the change in status event is for reasons other than the birth or adoption of a child and the employee is a participant in the Plan, the effective date of coverage for the dependent is the first appropriate pay period after the election is received.

If an employee is not enrolled in the Plan prior to the change in status event, the effective date of coverage is the date the first payroll contribution is received.

Payroll will keep a copy of the forms for their records and forward the originals to NDPERS. Upon review of the employee's request, a confirmation letter will be sent approving or denying the change. Payroll will set up the record upon receipt of the confirmation letter.

Update Your Contact Information

Please update your contact information for the life and dental plans as follows:

Carol Kroger Iwaszko
ING Employee Benefits
Phone: (612) 342-3162
Email: carol.iwaszko@us.ing.com

New Year's Resolution – Remove Ineligible Dependents

Here's a New Year's Resolution I bet your employee's haven't thought of. Employees whose children no longer meet the eligibility guidelines as a dependent for coverage on their health, life, dental, or vision insurance plans must be removed. The most common oversight occurs with the life insurance plan. Once the member realizes they are still paying premiums, they assume NDPERS will refund their overpayment which may or may not be reimbursable. This is also true of the health, dental and vision insurance.

NDPERS does notify a health insurance contract holder when their dependent(s) is reaching age 23 or 26. But in the event the dependent is:

- ✓ no longer financial dependent
- ✓ drops out of school
- ✓ gets married
- ✓ becomes eligible for health insurance through their own employer

it is the responsibility of the employee to notify the carrier through an application requesting to remove the dependent coverage.

Deferred Compensation New Deferral Opportunities for Plan Participants

The Treasury Department and IRS issued final regulations relating to Section 457 deferred compensation plans. These final regulations, among other things, allow for the deferral of accumulated sick pay, annual leave, and back pay payments that were

previously not eligible for deferral under the plan.

At its September meeting, the NDPERS Retirement Board adopted these regulations for the State Deferred Compensation Plan. Therefore, effective January 1, 2004, employees who participate in the deferred compensation plan and who upon termination of employment will receive a lump sum payment for accumulated annual leave, sick leave, or back pay may defer these payments to the deferred comp plan.

These deferrals are treated as part of the participant's annual deferrals, and are subject to the annual limits in effect for the year in which the deferrals are made (\$13,000 in 2004). Employees must elect to defer sick, annual leave and back pay payments while actively employed and in the month prior to the month of termination by completing [PERS form SFN 3803](#). The regulations do not allow deferrals for severance pay or bonuses.

AIG Valic Payroll Contact Update

AIG VALIC continually strives to improve our services to plan sponsors and participants. They recently realigned all of the operational functions for payroll processing with the existing RSVP Payroll Processing Unit. Effective January 26, 2004 payroll will have a new contact for matters pertaining to the payroll processing, including payroll adjustments, negative contributions, and funding.

The new payroll contacts will be:

Sandra Escobedo
Primary Contact
(713) 831-1178

Maria Garza
Secondary Contact
(713) 831-3981

Please make note of the following fax, and email changes for payroll related information only:

Fax Number: (713) 831-2499

Emails: Vrsco_mail_db@valic.com

Electronic Files: The procedure and address for electronic file submission has not changed. The secure internet website remains the same www.aigvalic.com/vrs/contributions.

PLEASE NOTE THAT BANK AND WIRING INSTRUCTIONS WILL NOT CHANGE. Checks will continue to be sent to:

AIG VALIC
P.O. Box 8254
Boston, MA 02266-8254

Reminder on Mandatory Participation Requirements for NDPERS DB Retirement Plan

Occasionally NDPERS receives calls from employers asking for clarification about the Mandatory Participation Requirements for employees in the NDPERS Defined Benefit Retirement Plan. As a reminder, the following are the mandatory participation requirements:

Mandatory Participation Requirements

If you work a minimum of 20 hours per week for 20 weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, and are not a non-classified state employee, you must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS.

If you meet the above requirements and are a non-classified state employee, you must elect to participate in either the defined benefit plan or the defined contribution plan.

You should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

Participation Requirements for State Elected and Appointed Officials

State officials elected on or after December 31, 1999, who meet the mandatory participation requirements may enroll or waive participation in the defined benefit plan within the first 6 months of their term. If the state official elects to join NDPERS they must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

State appointed officials initially appointed on or after July 1, 1979 must be participating members of the defined benefit plan. The state appointed official must be a participating member of the defined benefit plan unless an election is made within six months to join the defined contribution plan.

Participation Requirements For Other [Non-State] Elected Officials

Elected officials of participating counties, at their individual option, may enroll or waive participation in the defined benefit plan within the first 6 months of their term. All other elected officials who meet the above mandatory participation requirements must be enrolled in defined benefit plan within the first 6 months of their term.

Participation Requirements For Other [Non-State] Appointed Officials

Officials of all other participating employers appointed on or after August 1, 1999, who meet the above mandatory participation requirements must be enrolled in the defined benefit plan effective with the first month of taking office.

Please be sure to periodically review your employee listing to make sure that they still meet these mandatory participation requirements.

Also, if you have newly elected, re-elected or appointed officials at your agency who have started a new term, please make sure you carefully review the above provisions to determine if participation is required or optional and review the requirements with these officials.

Part-time/Temporary Employees & Benefits Available

At this time, we want to provide a reminder about the ability for those who do not meet the mandatory requirements to participate in a few of the same NDPERS benefit plans that are offered to your permanent employees.

Defined Benefit Plan:

If an employee is at least eighteen years old, and is not covered under the mandatory participation requirements, he/she may elect to participate in the NDPERS Defined Benefit Plan within the first 180 days of employment, or within 180 days of changing to part-time or temporary employment. The employee is required to contribute the entire 9.12% of salary to the plan. The law expressly prohibits the employer from paying any portion of an optional participant's contribution. A member may not participate as both a permanent and a part-time/temporary member. Permanent employment takes precedence.

Group Health Insurance:

Part-time/Temporary employees are eligible to participate in the NDPERS Group Health Insurance Plan at their own expense. Enrollment must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual open enrollment; however, applicable pre-existing condition waiting periods may apply.

Group Life Insurance:

A part-time/temporary employee can also elect to participate at their own expense in the NDPERS Group Life Insurance Plan. However, all requests for coverage must be medically underwritten. Application must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual enrollment. The effective date of coverage is the first of the month following the date of approval for the coverage requested.

As the employer, please make sure that you review these benefit options with any employee that is newly hired or who has recently changed to part-time/ temporary employment. If you have questions, please contact the NDPERS office.

Reminder on Wages & Salary 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.

Retirement Contributions Required for Employees Transferring Between Participating Employers

As a reminder, if you have an employee who is transferring into or out of your agency during the month, it is required that you make a contribution for the partial month. Therefore, NDPERS will receive contributions from both employers during the month that the transfer occurs.

Questions & Answers

Question: If an employee or their eligible dependent is released from active duty on January 19th and they elected not to continue TriCare, what is their effective date of coverage to reenroll in the NDPERS health plan?

Answer: If coverage is cancelled during the leave, the member may reapply for coverage within 31 days from the date of release from active duty. A copy of the discharge papers must accompany the Group Health Application. The effective date in this example could be as early as January 1 since the individual elected not to continue with TriCare. TriCare would have ended with their discharge date, therefore in order to avoid a lapse in coverage the effective date would be January 1. Or, if the member or their dependent would have continued on TriCare for the month of January, cancelled the TriCare coverage effective January 31st, then the NDPERS coverage would be effective February 1.

If an application is not submitted within the 31-day period from date of discharge, the member may enroll during the annual enrollment and coverage will be effective January 1. However, waiting periods for preexisting conditions may apply.

Odds & Ends

Bar Codes on NDPERS Forms

There are various NDPERS forms that have a bar code printed on them. These bar codes are scanned by NDPERS staff to enable them to process the form in an efficient

manner. When completing one of these forms, please do not write or stamp on or near the bar code. Once the bar code is marked over, it will not scan, which can delay processing time.

NDPERS Return Envelopes

Due to internal procedure changes, NDPERS will no longer supply return envelopes.

Had a Change in Your Agency Email Address, Mailing Address, Phone Number or Fax Number?

If you are the contact person for your agency regarding PERS benefits, please be sure to send notice to PERS if your email address, mailing address, phone or fax number changes. The notice can be sent to the attention of Rebecca Fricke. Payroll/Personnel contact information is maintained on a database and is used by PERS staff to contact you. If you have any questions, please call Rebecca at (701) 328-3911.

Board Meeting Highlights

Complete [meeting minutes](#) are available.

August 28, 2003

- Were presented with an educational session on actuarial considerations relating to retirement plan funding in a down market.
- Approved reviewing different methodologies for the EPO Plan.
- Approved dental renewal rates for 2004.
- Approved minimum employer contribution requirements on a prospective basis for the Group Health Plan.

September 18, 2003

- Were presented with overviews on the Defined Contribution Plan by Fidelity and the 457 Companion Plan by American General.
- Approved staff to begin work effort to implement Smoking Cessation plan approved for state agencies in SB 2297.
- Were informed about administrative changes that will occur for the 2004 Flex Comp Plan year.

October 16, 2003

- Were provided with an update regarding the FICA tax issue relating to the employer pick ups of employee retirement contributions.
- Were provided with an update on purchase activity within the Defined Benefit Plan since the implementation of new legislation on August 1, 2003.
- Approved staff recommendation to have employers submit deferred compensation contributions to NDPERS instead of each provider company effective August 1, 2004.
- Approved amendments to the Employer Participation Agreements for health, life, FlexComp and deferred compensation plans.
- Were provided an overview of the 2003 actuarial reports for the various defined benefit retirement plans.

November 20, 2003

- Approved the Defined Contribution & 457 Companion Plan RFPs which will be going out for bid.
- Approved the Retirement Plan RFP which will also be going out for bid.
- Approved an amendment to the National Guard/Law Enforcement Employer Participation Agreement.
- Moved to put Janus Balanced Fund on formal fund review and notify membership in the Defined Contribution and 457 Companion Plan of investigations that are occurring.
- Approved researching the feasibility and possible benefits for the state by purchasing drugs from Canada.

Look forward to receiving via email your next edition of the PERSONnel Updates @ April 15, 2004.

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.