PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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January 2011
Volume 19, Issue 1

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Events & Mailings

2010 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 at www.nd.gov/ndpers under Forms and Publications. If you have any questions on the report, contact Sharon Schiermeister.

2011 Pre-Retirement Program (PREP) Schedule

NDPERS has tentatively scheduled the following PREP sessions for 2010:

- Bismarck, May 18, 2011 at the Civic Center
- Fargo, September 22, 2011 at the Kelly Inn

Additional information will be sent via email and this newsletter as it becomes available. We will also post information on our website as the scheduled dates get closer.

457 PLAN INVESTMENT OPTIONS & PLAN REPRESENTATIVES

NDPERS offers employees information on the 457 Deferred Compensation Plan Provider Companies, investment funds, fund rate of return, fees and Provider Representatives online.

Each year, participating NDPERS 457 Provider Companies, in good standing, provide NDPERS with information on the investment funds offered by each individual provider. This information is then compiled into a booklet entitled "The Summary of Investment Options 2010-2011."

The second half of the Summary booklet provides the name, business address and business telephone number of the individual representatives. The representatives are listed under each Provider Company name and are listed by North Dakota city of residence.

PLAN YEAR 2011 ANNUAL CONTRIBUTION LIMITS 457 DEFERRED COMPENSATION PLAN

The annual deferral limits established by the Internal Revenue Code for the NDPERS 457 deferred compensation plan will remain the same for calendar year 2011.

The Internal Revenue Service (IRS) dollar limits for qualified plans are determined using consumer price index (CPI) data released on October 15, 2010. Because the CPI did not increase from the third quarter of 2009 to the third quarter of 2010, the IRS dollar limits will not change in 2011.

The 457 Deferred Compensation Plan under-age-50 contribution limit for calendar year 2011 is $16,500.00. The contribution limit for participants age 50 or older can be an additional $5,500 or an annual maximum amount of $22,000. Any employee who attains age 50 in 2011 is eligible to begin the 50+ additional catch-up amount in January. There is no special 50+ form to complete. The form SFN3803 has a 50+ box in Part C to be marked to indicate the higher limit eligibility.

The annual limits for participants enrolled in the deferred compensation plan regular or "normal" 3 year catch-up option will remain at $33,000. Employees who wish to enroll in the "normal" 3 year catch-up must submit

the 457 Catch-Up Worksheet to PERS certification of eligibility.

Employees who wish to increase their deferred compensation plan monthly contribution amount must complete the 457 Deferred Compensation Plan Enrollment/Change form, SFN 3803, the month prior to the month in which the change in contribution is to occur.

All forms may be obtained on the PERS web site at www.nd.gov/ndpers.

Important Updates

PERSLink Employer Self-Service-Update

Training session held on January 12, 2011, NDPERS held a training session on PERSLink ESS. Although the training was only offered to PeopleSoft employers, the first half of the training covers information that is applicable to all employers. The training session was recorded and can be accessed on the NDPERS homepage by clicking on the NDPERS Employer Training icon. Topics covered in the training included: Using the Dashboard, Security, Setting Up New Employees, Employee Maintenance (job classification, employment type, LOA, terminations, transfers), interfaces between PeopleSoft and PERSLink, and Payroll Reporting. Known issues and future enhancements were also identified.

Using the Employment Status Change Wizard Notice of Status or Employment Change: The PERSLink Employment Status Change wizard replaces the "Notice of Status or Employment Change SFN 53611". NDPERS will no longer accept paper forms. If a Notice of Status or Employment Change SFN 53611 is received at NDPERS and the authorized agent for the organization has signed the form, NDPERS will contact the employer and instruct them that the paper forms are no longer accepted and to use Employer Self-Service.

Transfers: If an employee is transferring, the employer needs to use the "Notice of Transfer SFN 53706" which can be found on PERSLink under the ESS Form listing. Employers should not use the termination of employment wizard if they know the employee is transferring employment to another employer who participates in NDPERS. Follow the guidelines in the Employer Guide for all member transfers. The notice of transfer can be initiated by either employer.

Reference guides for Employer Reporting Information on uploading and processing retirement and deferred comp payroll headers and processing insurance reports is available on the NDPERS Website under Employer Services, by clicking on Program Administration, then clicking on the PERSLink icon. We are in the process of developing similar guides for PeopleSoft employers and will let you know when they are available.

NDPERS Member Record Data

For each new permanent and temporary employee, the authorized agent must complete the online NDPERS Member Record Data. The employee's demographic and employment details are required to establish an employee record on PERSLink.

For permanent and temporary employees the following data is required:

1. Name, Marital Status, Date of Birth, Social Security and Address
   a. Name is Case Sensitive
   b. Address is validated on PERSLink with US Postal Service
2. Contact information
   a. If employee is married, the employee's spouse data is required to be entered into the Member Contacts Details
3. Employment Data
   a. Member's Employment Classification is either Permanent or Temporary based on the NDPERS mandatory participation requirements
   b. Member's Job Classification determines the retirement plan that the employee is eligible to participate in.

For temporary employees the following exception will be made:

NDPERS has adopted two Memorandums of Understanding that an employer may file with NDPERS. This is to provide that if a temporary employee is waiving their rights to enroll in the retirement plan, health and life insurance plans, then the employer will not need to complete the NDPERS Member Record Data.

The two Memorandums of Understanding are located on the NDPERS website under Program Administration, Forms. There is one for the retirement plan and one for the group insurance plans. Print, complete the employer name in the body of the memorandum, obtain the signature of the Executive Personnel/Contracting Authority, retain a copy, and submit to NDPERS.

Agency Meetings

If you are interested in hosting meeting at your agency you must complete the Meeting Request and Registration Form (SFN 53176). We encourage you to complete the SFN 53176 sixty (60) days in advance. This allows NDPERS time to staff your meeting request.

Employer Based Wellness Program Plan Year Update

The Employer Based Wellness Program Discount Application SFN 58436 is available for employers to complete and submit to notify NDPERS of their activities for the new plan year July 1, 2011 to June 30, 2012. Coordinators need to submit this application to NDPERS for review by **February 28, 2011**. NDPERS will notify coordinators in April if their application is approved for the premium discount effective July 1, 2011. Employers requesting funding will be notified if their funding request was approved in June.

Employers that participate in the NDPERS group health insurance plan who do not have an approved wellness discount application will be billed for the full premium (without the 1% discount) effective July 1, 2011.

The Employer Based Wellness Program Year-End Program/Activity Confirmation SFN 58437 should be completed to report back to NDPERS regarding your wellness activities upon completion of all activities. The current wellness plan year is from July 1, 2010 to June 30, 2011.

Coordinators should submit this form for the current year by **May 31, 2011**. If you have any questions on the application process, please call

Rebecca at (701) 328-3978 or email rfricke@nd.gov.

Completed PERS Forms

When an employee completes any PERS forms for your agency, whether they are a new hire, current employee or a terminating employee, please be sure to instruct the employee to return all completed forms to their payroll contact. The only exception would be for a change of address. Employees can update their address by using Notice of Change (For Name & Address) SFN 10766. All other PERS forms need to be processed by the agency's payroll department prior to being forwarded to our office.

Reminder on Mandatory Participation Requirements for NDPERS Defined Benefit 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.

(Mandatory Participation Requirements for the Law Enforcement Retirement Plan is a minimum of 32 hours per week for 20 weeks of the year.)

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

This is a reminder regarding the benefit options available to part-time/temporary employees.

Defined Benefit Plan:
Employees that are at least eighteen years old, and not covered under the mandatory participation requirements, may elect to participate in the NDPERS Defined Benefit Retirement 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 must work a minimum of 20 hours a week 20 weeks a year to be eligible to participate in the group health insurance plan. The premium rate for part-time/temporary employees of state agencies is the established rate for part-time/temporary/LOA. The premium rates for part-time/temporary employees of political subdivisions are the same rates that apply to permanent employees. Premiums may be paid be either the employee or the employer. If the employer elects to pay for a temporary/part-time employee's health insurance premium, the minimum contribution must be no less than 50% of the Single Rate.

Enrollment must occur within 31 days of employment as a part-time/temporary employee. Otherwise, they can apply during the annual open enrollment; however, waiting periods may apply.

Group Life Insurance:
Part-time/temporary employee can elect to participate in the NDPERS Group Life Insurance Plan. Participation is at their expense and all applications for coverage must be medically underwritten. Application must occur within 31 days of employment. Otherwise, they can apply during the annual enrollment. The effective date of coverage is the first of the month following the date of approval by the insurance carrier.

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.

Benefits & Return to Work

To be eligible for (1.) refund/rollover, (2.) retirement, or (3.) disability benefits, a member must terminate employment or terminate membership. "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). This period is determined by counting 31 days from your final regular payroll payment to the date you begin actual employment (first day of work) with a new NDPERS participating employer.

Approved leave of absence does not constitute termination of employment. "Termination of participation" means termination of eligibility to participate in the retirement plan.

1. Refunds/Rollovers

If a member applies for a refund/rollover distribution of his/her member account balance and becomes re-employed with a participating employer before 31 days have passed, no refund/direct rollover will be issued and his/her retirement account will pick up where it left off with his/her previous employment.

If a member is transferring to another job where he/she will be covered by NDPERS or another state sponsored retirement plan, he/she is not eligible to apply for a refund/rollover distribution.

2. Retirement

a) If a member returns to *permanent* employment with a NDPERS participating employer, the hours of employment must be restricted if the member wishes to continue receiving his/her pension payment unless the member qualifies under item (b) below. The member's employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. A member may work more than 20 hours per week if employed less than 20 weeks per year.

   If a member is employed for 20 or more hours a week for 20 or more weeks per year then his/her retirement benefit will be suspended. Upon termination of employment, the member may resume retirement benefit.

b) If a member is eligible for normal retirement (Rule of 85 or age 65) and accepts a retirement benefit and is reemployed with a NDPERS participating employer other than the employer with which he/she was employed at the time of retirement, the member may elect to permanently waive future participation in the Defined Benefit/Defined Contribution plan and the Retiree Health Insurance Credit program.

   Under N.D.C.C. 54-52-01(8), a "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision thereof. Therefore, North Dakota state agencies are considered one employer group and any member retiring with one state agency and becoming reemployed with another state agency ***would not be eligible*** for this return to work provision.

The following retired members may be eligible for this provision:

Past Employer	New Employer
State	Political Subdivision
Political Subdivision	State
Political Subdivision	Political Subdivision

RULES, POLICIES, AND RESTRICTIONS FOR 2b MAY BE ACCESSED THROUGH YOUR "EMPLOYER GUIDE".

3. Disability

If a member returns to work in a permanent full-time position and is eligible to participate in NDPERS, his/her disability benefits must be suspended. If the member is not able to continue employment for a consecutive period of time resulting in nine (9) months of service credit as a result of the disability and continue to meet the eligibility requirements under the plan, he/she may resume disability.

If a member returns to substantial gainful activity in employment not covered under NDPERS, he/she disability benefit may continue for up to nine (9) consecutive months. If a member is not able to continue employment for at least nine (9) months as a result of the disability and continues to meet the eligibility requirements under the plan, he/she may continue disability status.

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 an 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.

Bonuses for services performed and profit-sharing are considered reportable salary and retirement contributions must be made on that money. Recruitment and retention bonuses are not eligible for consideration as salary and no contributions associated with those types of bonuses should be submitted.

Bonuses or profit-sharing amounts paid must be prorated equally over the term of the intended bonus or profit-sharing period. When remitting retirement contributions on bonuses and profit-sharing amounts, complete the Notice of Irregular Salary or No Deposit SFN 53707.

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

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.

When Preparing W-2 Forms

If the employee is participating in the NDPERS Retirement Plan, check the "Retirement Plan" box in box 13 on the W-2 form. The NDPERS Retirement Plan is a qualified plan as described in section 401(a).

If the employee is participating in the NDPERS 457 Deferred Compensation Plan, use "Code G" in box 12 on the W-2 form.

If you have questions, call Jim at (701) 328-3945.

Revised Materials

In conjunction with the PERSLink business system we have revised and updated all forms associated with the administration of the NDPERS administered group benefit programs.

Board Meeting Highlights

Complete meeting minutes are available.

September 8, 2010

- Reviewed Vision Bid with providers who submitted bids.
- Reviewed Health Bid received from BCBS.

September 16, 2010

- Update given on the Defined Contribution analysis and legislation for the next session.
- Updates given on the Wellness program, the Diabetes Project, the Life Insurance Plan, and the Health Plan.
- Presentation given by Superior Vision.

September 28, 2010

- Reviewed and discussed the Health Care Reform (Grandfather Provision).

October 21, 2010

- Update on PERSLink presented.
- Reviewed Actuarial Valuations.
- Update given on transition to Superior Vision Plan.

November 18, 2010

- Update given on legislation for next session.
- Reviewed PBM Audit.
- Discussed Request for Proposal for 401(a) and 457 Plans.

Look forward to receiving via email your next edition of the PERSonnel Updates @ April 15, 2011.

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.