

NDPERS DEFERRED COMPENSATION PLAN



BASIC INFORMATION TO
ASSIST YOU IN SERVING
NDPERS PARTICIPANTS



What is it?

- A program established under Section 457 of the Internal Revenue Code.
- It is a voluntary supplemental retirement plan for employees of eligible government agencies.
- The program is funded through pre-tax deductions from a participant's paycheck. Although Social Security tax is paid on deductions, state and federal tax is deferred until distribution of the funds.



Who is eligible to participate?

- An individual who is employed by a participating employer.
- Must be in a permanent, regularly funded position, be at least 18, work a minimum of 20 hrs per week, for 20 weeks per year.



How are Provider Companies selected?

- Any firm wishing to provide investment services under the plan:
 - Must agree to all provisions found in the Administrative Agreement approved by the NDPERS Board
 - Must abide by the North Dakota Administrative and Century Codes and
 - Must have 50 participants



How are investment products selected?

- Investments offered through the different provider companies are chosen by the companies themselves and have not been evaluated by the NDPERS Board with the exception of the Companion Plan option.
- Investment products are communicated to NDPERS through an authorized agent designated by the provider company.

Investments

- Summary of Investment Options
- <http://www.nd.gov/ndpers/providers-consultants/providers/investment-options>





Investments

- Investments are selected by individual participants, usually with your assistance.
- Participants may begin participation, suspend, increase or decrease monthly deferrals at any time.
- Timing of the implementation of the election will depend on when the election is made and payroll cycle



Investments cont'd

- Under the NDPERS plan, participants are allowed to transfer all or a portion of their deferred compensation assets to another eligible provider under this plan.
- Please be clear about any surrender charges or exit fees when you are signing a person up, as well as if you are assisting a person considering transferring from another provider.



Additional Flexibility Provided by EGTRRA

- NDPERS also allows rollovers to plans other than 457 plans, **provided the participant is terminated from eligible employment.**
- Rollovers will be allowed to 403(b), 401(k), IRA's and 401(a) qualified plans.

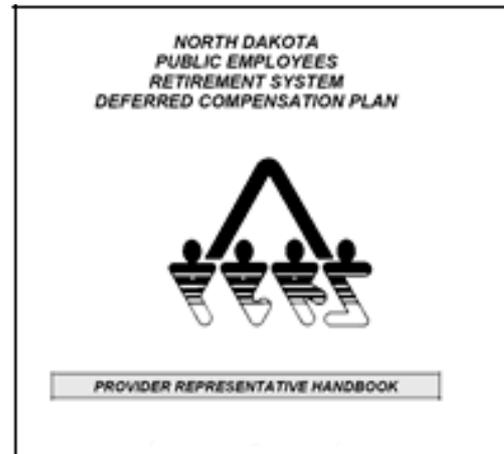


Investments cont'd

- In order to retain the tax deferred status of the invested funds, contributions and all attributable earnings are held for the sole benefit of the participant until funds are distributed. *These funds are not owned by the State, they are held in a custodial account by the provider company, with the exception of the Companion Plan, which is held in trust by the NDPERS Board.*

Enrollment / NDPERS Forms

- Provider Representative Handbook
- Instructions for all NDPERS forms
- <http://www.nd.gov/ndpers/providers-consultants/providers/provider-handbook.html>





Annual Deferral Limits

- Maximum is the lesser of
 - \$18,000 in 2015 or
 - 100% of includible compensation.
- Includible compensation is gross compensation minus any employee contributions to the participant's regular retirement plan which are paid by the employer under a 414(h) salary reduction arrangement.



Deferrals Continued

- NDPERS 457 participants are allowed to defer sick leave pay, vacation pay and back pay. No severance pay or buyouts though.
- Employers collect deferrals and route through NDPERS each pay period.
- When deferrals in excess of the annual maximum limit occur, the excess will be refunded upon discovery.



Catch-up Provision

- There are two different types of catch-up provisions.
 - Age 50 or older
 - Three Year Catch-up provision



Age 50 or Older Catch-up Provision

- Participants age 50 or older may contribute additional amounts in excess of the established deferral limits.
- May exercise this option annually.
- Must reflect this intention on the Participant Agreement (sfn 3803)
- Cannot be used with Standard Catch-up Provision.



Three Year Catch-up Provision

- Allows a participant to increase the normal maximum contribution to a maximum of \$36,000 for 2015.
- Regulations:
 - Applies to the three years prior to the person's declared normal retirement date. *(can be anytime after the participant is eligible for unreduced retirement benefits, but no later than age 70 1/2.)*



Three Year Catch-up provisions cont'd

- **The year of retirement may not be used as a catch-up year.**
- **Must be three consecutive years**
- **Limited to one time only**
- **May only be used for years in which the participant was eligible to participate.**
- **If retirement does not occur, the normal maximum deferral again applies**
- **Not using the age 50+ catch-up option**



Beneficiary Designations

- Beneficiary designations are the responsibility of the provider company and should be established when signing up a new participant.
- Designations may only name a person(s), a trust or estate.



Distributions

- **Funds become available for distribution at specific times:**
 - **Thirty-one days after leaving payroll of participating employer (including retirement, disability, separation from employment, death)**
 - **An approved unforeseeable financial hardship**
 - **Eligible for de minimus distribution**
 - **Upon Plan's receipt of an approved qualified domestic relations order.**



Qualified Domestic Relations Orders (QDROs)

- The NDPERS board has promulgated rules for processing QDROs.
- Model QDRO language is posted on the NDPERS website. Tell participants about it.
- The NDPERS Board will determine whether an order is qualified or not and notify the participant.
- No distribution should be made until NDPERS has notified you that a QDRO is in place.



Distributions cont'd

- Distributions are set at the discretion of the participant.
- Individuals already in distribution may change their distribution election subject to provider company requirements.



Distributions cont'd

- Participant must begin distribution not later than
 - April 1st of the calendar year following the year in which the employee attains age 70 ½ or
 - The calendar year in which the participant retires, if older than 70 ½.



Distributions cont'd

- Distributions from a deferred compensation account are reportable as income and a 1099R will be issued by the Provider company.
- Distributions are not included as income in determining an individual's maximum earnings limits for Social Security.



Financial Hardship Distributions

- This type of distribution is only allowed in the event the participant incurs a severe financial hardship resulting from a sudden or unexpected event beyond their control.
- Formal application must be made to the NDPERS Board and approved prior to a distribution.



Deminimus Distributions

- This type of distribution is only available to an actively employed participant who
 - has less than \$5,000 total in the deferred compensation program
 - has not made a deferral to the plan for the last 24 months
 - has not had any previous distributions of this nature



Additional Benefits Outside the NDPERS 457 Plan

- Savers Tax Credit for low income workers
- Service Purchase in the NDPERS Defined Benefit Plan with 457 funds.



Other Permissive Components of the NDPERS 457 Plans

- **457 funds may be used to purchase service in the 401(a) Defined Benefit Hybrid plan.**
 - **Rollover/Transfer Request for Service Credit Purchases (SFN 52059)**
 - **You will receive copy of completed, approved form**
 - **You must execute the form for participant with your company**
 - **90 day time period or process must be redone**



457 Provider Resources

- NDPERS has created a special page on the NDPERS website to assist 457 providers working with eligible employees. It is located at:

<http://www.nd.gov/ndpers/providers-consultants/providers/>



Quick Recap of Retirement Plan Features

Defined
Benefit Hybrid
Retirement
Plan

Defined
Contribution
Retirement
Plan



Differences Between the DBH & DC Plans

Defined Benefit Hybrid:

- No control over investment of funds
- Cliff vesting after 3 years
- Benefits are based on FAS.
- Benefit duration is based on the lifetime of the member.

Defined Contribution:

- Investment of funds is determined by employee
- Gradual vesting over 4 years
- Benefits not based on pre-retirement income
- Benefit duration is based on account balance and investment returns over time.



Differences Between the DBH & DC Plans

Defined Benefit

Hybrid:

- Rule of 85
- Fixed monthly benefit amount
- Fixed Disability benefit
- PEP available
- Option to vest in portion of employer contribution

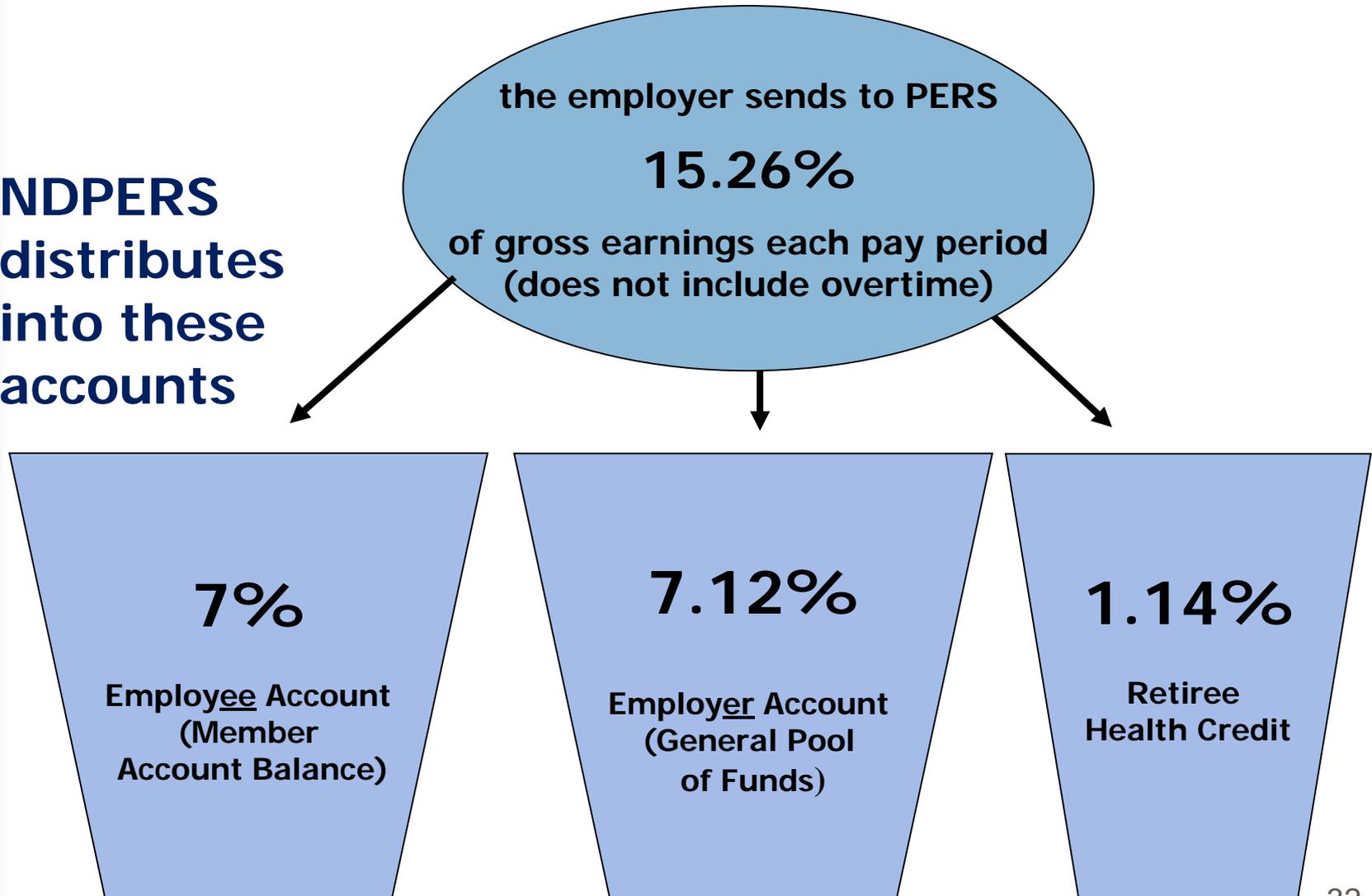
Defined Contribution:

- No Rule of 85
- Variable benefit amount and payment schedule
- Variable disability benefit.
- PEP not available
- Ability to vest in 100% of employer contribution

Defined Benefit Hybrid (DB) Plan

How Retirement Contributions are Allocated without PEP

**NDPERS
distributes
into these
accounts**





Portability Enhancement Provision (PEP)

PEP is an optional program that allows a member to vest in the employer contribution

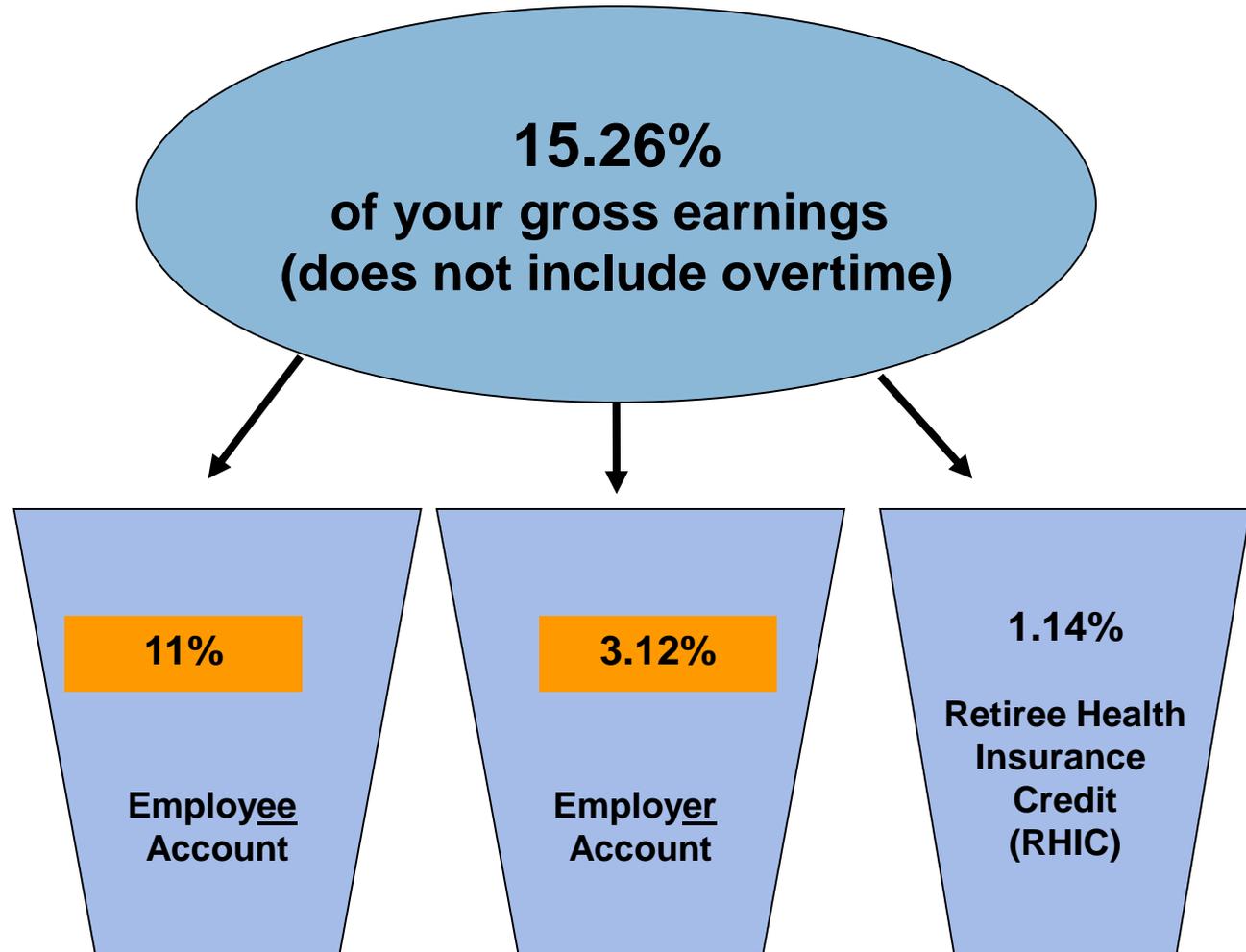
- *Requires participation in a Deferred Compensation Plan (457/403(b))*

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

The result is increased portability

How PEP Works . . .

Years of Service	Your Investment in Deferred Comp
0-12 months	1% of gross pay or minimum of \$25
13-24 months	2% or minimum of \$25
25-36 months	3% or minimum of \$25
37 + months	4% or minimum of \$25



NDPERS distributes into these accounts



Retiree Health Insurance Credit



Retiree Health Insurance Credit Program (RHIC)

- Provided by an employer paid contribution (1.14% of gross pay) for the purpose of prefunding a retiree health insurance credit.
 - Provides a monthly non-taxable benefit applied towards NDPERS Health Insurance premium.
 - Based on retirement service credit ($\$5 \times \text{YOS}^* =$ monthly benefit)
 - **Benefit forfeited** if assets are refunded or rolled out of the NDPERS Retirement Plans



Retiree Health Insurance Credit Program (RHIC)

Retirees and surviving spouses of DBH & DC
Plans are eligible for RHIC

Reduced for Early Retirement

Options for married members who select a
single life, 10 or 20 Year Term Certain benefit

- ❖ 50% Joint & Survivor
- ❖ 100% Joint & Survivor



NDPERS Member Self Service through PERSlink

Mark Collins
Executive Director

General Information

- Home
- NDPERS News
- About NDPERS
- Contact NDPERS
- Forms & Publications

Member Services

- Active Members
- Temporary/Part-time Employees
- Retirees

Employer Services

- Program Administration
- Program Enrollment

Consultant/Provider Services

- Deferred Compensation Providers
- Request for Proposals

Online Services

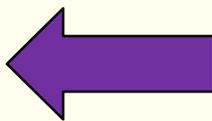
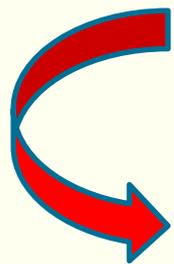
- PERSLink MEMBER Self Service
- PeopleSoft Portal
- Secure File Transfer

Other Information

- Links
- Search

Insurance Notices

- NDPERS Privacy Policy
- Prescription Drug



Welcome to the North Dakota Public Employees Retirement System (NDPERS)



**NDPERS
PERSLink
MEMBER
Self Service**



**NDPERS
Upcoming
Events**

Lt. Governor Drew Wrigley Presents



A series of wellness webinars available at www.NDPERSHealthyBlue.com.

Click below to view the introductory video. Watch your email for announcements as more Daily Dose of Wellness episodes become available.

Log into HealthyBlue today!

**Daily Dose of Wellness Topic 1:
Introduction**

For leaders of NDPERS member organizations:
Worksite Wellness Leadership Webinar
with Lt. Governor Drew Wrigley



**NDPERS
PERSLink
EMPLOYER
Self Service**

2014 Retirement Contribution Increase Notice

Defined Contribution Option for State Employees Hired on or after 10/01/2013



**NDPERS
Pre-Retirement
Education Program**

Bismarck
April 16, 2014



ADP
FlexComp
Information



**About the
Patient**
www.aboutthepatient.net

**Diabetes
Management
Program**

North Dakota Public Employees Retirement System

- Sparb Collins**
Executive Director
- General Information**
- Home
- NDPERS News
- About NDPERS
- Contact NDPERS
- Forms & Publications
- Member Services**
- Active Members
- Temporary/Part-Time Employees
- Retirees
- Employer Services**
- Program Administration
- Program Enrollment
- Consultant/Provider Services**
- Deferred Comp Providers
- Request for Proposals
- Online Services**
- PERSLINK MEMBER

We are pleased to welcome you to PERSLink Member Se

Already Registered? [Access PERSLink Member Self Service \(MSS\)](#)



Not Registered Yet? See below for instructions and other important information.

[Instructions for Logging in to PERSLink MSS](#)



Non-Retired Members

Following are a Member Self Service Guide and Video Tutorials to assist you:

[NDPERS Member Self Service Employee Guide](#)

Video Tutorials

- [Welcome to PERSLink Member Self Service Features](#)
- [Welcome to PERSLink Member Self Service Plan Enrollment](#)

(Windows Media Player® Required - [download](#))

Retired Members

Member Self Service Login

North Dakota
login

Already Registered - [Not Sure?](#)

North Dakota Login:

[Forgot Login](#)

Password:

[Forgot Password](#)

Login

[Update your account](#)

New to North Dakota Online Services?

Register Now!

Benefits of North Dakota Login

- One North Dakota Login and password to access multiple [ND Online Services](#)
- Register once for secure access to State services

Need help? Read through the [FAQ](#).

ND Public Employees Retirement System Member Self Service

Home Forms Contact Us Switch Member Logoff

Member ID : 107905 Welcome, **Employee Demo** Change Font Size: A A A

Alerts & Messages
You have 3 messages

Your Account(s)

- Home Page
- NDPERS Plans
- Member Account Balance
- Service Purchase Contract
- Benefit Estimates
- Annual Statements

Related Tasks

- Personal Profile

Welcome to the PERSLink Member Self Service (MSS). MSS is a secure website where you can view and update your NDPERS benefit plans and personal profile. If applicable, you can also perform retirement and service purchase benefit estimates.

Alerts & Messages
You have 3 messages

Personal Profile
View or Edit Your Personal Profile

NDPERS Plans
Enroll, Update or View Plans

Member Account Balance
View Member Account Balance

Benefit Estimates
Perform, Request or View Benefit Estimates

Service Credit Purchase
Perform, Request or View Service Purchase

Annual Statements
View Your Annual Statements

Benefit Estimates

Step 1

Your Account(s)

- Home Page
- NDPERS Plans
- Member Account
- Service Purchase
- Benefit Estimates

Related Tasks

- Personal Profile
- Spouse/Designat
- Upcoming Semini

You have 1 messages

Personal Profile

[View or Edit Your Personal Profile](#)

Benefit Estimates

[Perform, Request or View Benefit Estimates](#)

NDPERS Plans

[Enroll, Update or View Plans](#)

Service Credit Purchase

[Perform, Request or View Service Purchase](#)

Step 2

Your Benefit Estimate

What would you like to do?

Step 3: Enter Retirement Date

Plan : Main Retirement

Benefit Account Type : Retirement

Last Date of Employment : 04/20/2034

Retirement Date : May 2034

Spouse Date of Birth :



If you do not indicate a Termination Date and Retirement Date, the benefit estimate will project continued employment until you reach your Normal Retirement Date.

Would you like to factor annual salary increases into your Final Average Salary? If yes, please enter

Monthly Salary Percent Increase : 3

Month Salary Increase Effective : July

Enter the typical salary percent increase you receive annually. Example: If you receive 4%, enter a 4

Step 4: Add Service Purchases

Member Details

Plan : Main Retirement

Benefit Account type : Retirement

Termination Date : 04/20/2034

Retirement Date : 05/01/2034

Monthly Salary Percent Increase : 3

Month Salary Increase Effective : July

Spouse Date of Birth :

Service Credit Change : Unused Sick Leave Purchase Additional Service Months



Step 5: Benefit Estimate Results

Benefit Calculation ID : 46137

Plan : Main Retirement

Benefit Type : Retirement

Employment Termination Date : 04/20/2034

Retirement Date : 05/01/2034

Spouse Date of Birth :

Normal Retirement Date : 05/01/2034

Service Credit Details

Credited Service on File :	100.000000	Unused Sick Leave Converted (Months) :	0.00
Unused Sick Leave Conversion Cost :	\$0.00		
Service Months Purchased :		Service Months Purchase Cost :	\$0.00
Estimated Credited Service (months) :	335.0000		
Estimated Credited Service (years) :	27 Years 11.0000 Months		
Age at Retirement :	+ <u>57 Years 2 Months</u>		
Service Age :	85 Years 1.0004 Months		

Benefit Calculation and Options

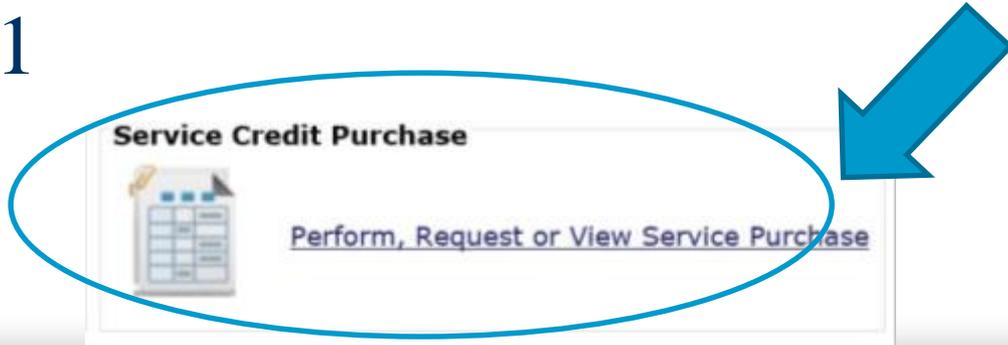
Final Average Salary	Benefit Multiplier %	Years of Service Credit				
\$5,666.02	2.0000	27.9167				
Payee	Benefit Option	Gross Benefit Amount	Monthly Non Taxable Amount	Monthly Taxable Amount	Benefit Amount After Deductions	Total Deductions
Member	Single Life	\$3,163.53	\$0.00	\$3,163.53	\$3,163.53	<u>\$0.00</u>
Member	20 Year Term Certain	\$2,969.61	\$0.00	\$2,969.61	\$2,969.61	<u>\$0.00</u>
Member	10 Year Term Certain	\$3,106.27	\$0.00	\$3,106.27	\$3,106.27	<u>\$0.00</u>

Retiree Health Insurance Credit

RHIC Option	Member RHIC Amount
Standard Health Credit	\$139.58

Service Purchases

Step 1



Step 2

What would you like to do? **Calculate a service purchase cost estimate**

Step 3: Enter number of months

Purchase Type	From Date	To Date	Additional Service Credits
Additional Service Credit			<input type="text" value="60"/>
Leave of Absence	<input type="text"/>	<input type="text"/>	
Military Service	<input type="text"/>	<input type="text"/>	
Previous Public Employment	<input type="text"/>	<input type="text"/>	
Previous NDPERS Employment	<input type="text"/>	<input type="text"/>	

Step 4: Results

Service Months Purchased : 60
Service Months Purchase Cost : \$40,230.12

*Cost varies for each individual based upon actuarial components:

Date of Birth, Final Average Salary, Age eligible for unreduced retirement benefits, Number months purchased

Step 5: Submit to NDPERS

Service Purchase Payment Schedule

Your purchase payment election amount must be higher to complete your purchase within 180 Months, please enter in a higher amount.

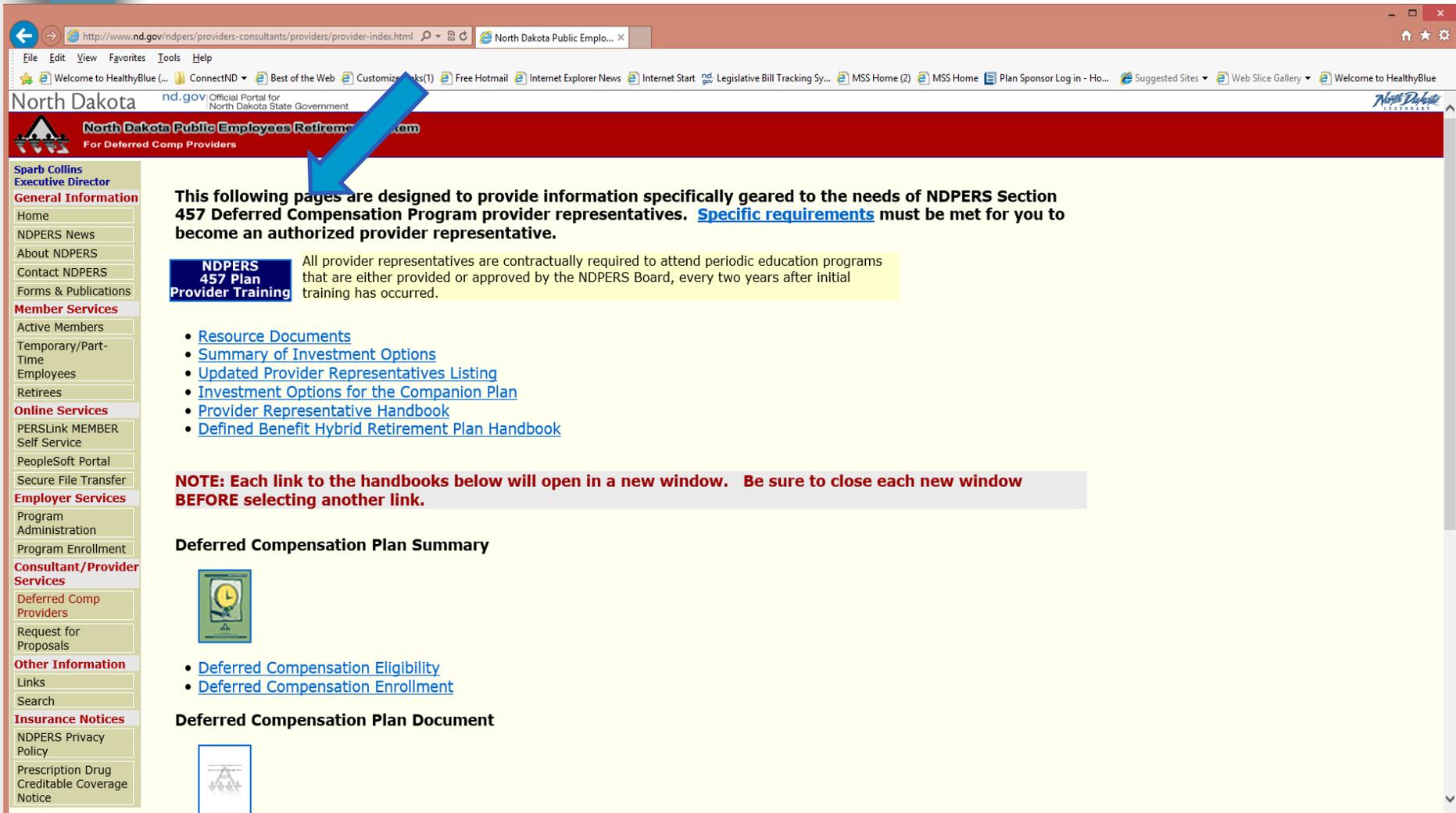
Please read the [Provisions for the Purchase of Service Credit & Conversion of Unused Sick Leave](#).

If you would like to request an official service credit purchase estimate from NDPERS, submit your [Request for a Service Purchase Estimate](#)

Step 6: Notification

- You will receive a letter verifying request, along with required forms
- Specified amount eligible for rollover
- Partial amount must be paid after-tax
- Estimate valid for 90 days

NDPERS Website Page for Provider Representatives



http://www.nd.gov/ndpers/providers-consultants/providers/provider-index.html

North Dakota Public Employees Retirement System
For Deferred Comp Providers

Sparb Collins
Executive Director

General Information

- Home
- NDPERS News
- About NDPERS
- Contact NDPERS
- Forms & Publications

Member Services

- Active Members
- Temporary/Part-Time Employees
- Retirees

Online Services

- PERSLink MEMBER Self Service
- PeopleSoft Portal
- Secure File Transfer

Employer Services

- Program Administration
- Program Enrollment

Consultant/Provider Services

- Deferred Comp Providers
- Request for Proposals

Other Information

- Links
- Search

Insurance Notices

- NDPERS Privacy Policy
- Prescription Drug Creditable Coverage Notice

This following pages are designed to provide information specifically geared to the needs of NDPERS Section 457 Deferred Compensation Program provider representatives. [Specific requirements](#) must be met for you to become an authorized provider representative.

NDPERS 457 Plan Provider Training All provider representatives are contractually required to attend periodic education programs that are either provided or approved by the NDPERS Board, every two years after initial training has occurred.

- [Resource Documents](#)
- [Summary of Investment Options](#)
- [Updated Provider Representatives Listing](#)
- [Investment Options for the Companion Plan](#)
- [Provider Representative Handbook](#)
- [Defined Benefit Hybrid Retirement Plan Handbook](#)

NOTE: Each link to the handbooks below will open in a new window. Be sure to close each new window BEFORE selecting another link.

Deferred Compensation Plan Summary



- [Deferred Compensation Eligibility](#)
- [Deferred Compensation Enrollment](#)

Deferred Compensation Plan Document





North Dakota Public Employees Retirement System

For Deferred Comp Providers

Sparb Collins

Executive Director

General Information

- Home
- NDPERS News
- About NDPERS
- Contact NDPERS
- Forms & Publications

Member Services

- Active Members
- Temporary/Part-Time Employees
- Retirees

Online Services

- PERSLink MEMBER Self Service
- PeopleSoft Portal
- Secure File Transfer

Employer Services

- Program Administration
- Program Enrollment

Consultant/Provider Services

- Deferred Comp Providers
- Request for Proposals

Other Information

- Links
- Search

Insurance Notices

- NDPERS Privacy Policy
- Prescription Drug Creditable Coverage Notice

Provider Training

To assist in fulfilling this requirement, NDPERS staff will conduct 457 Deferred Compensation Provider/Agent training sessions. In addition to satisfying contractual requirements, participants may receive continuing education credits, depending on the course offered.

2014 Agent Training

- [Invitation & Training Schedule](#)
- [NDPERS Mandatory 457 Provider Training 2014 \(training slides\)](#)
- [GoToWebinar Troubleshooting Guide](#)
- [Recertification Form](#)
- [Evaluation Form](#)

[[Home](#)] [[News](#)] [[About NDPERS](#)] [[Contact Us](#)] [[Temporary/Part-Time Employees](#)] [[Active Members](#)] [[Retirees](#)] [[Employers](#)]
 [[Deferred Comp Providers](#)] [[RFP](#)] [[Links](#)] [[Forms & Publications](#)] [[Search](#)] [[Secure File Transfer](#)]
 [[Disclaimer](#)] [[Site Map](#)]

© 2003 North Dakota Public Employees Retirement System. All rights reserved.



Questions?

A decorative horizontal bar consisting of various colored segments in shades of blue, teal, yellow, and black, positioned below the main heading.

**PLEASE SUBMIT QUESTIONS TO
NDPERS-INFO@ND.GOV**