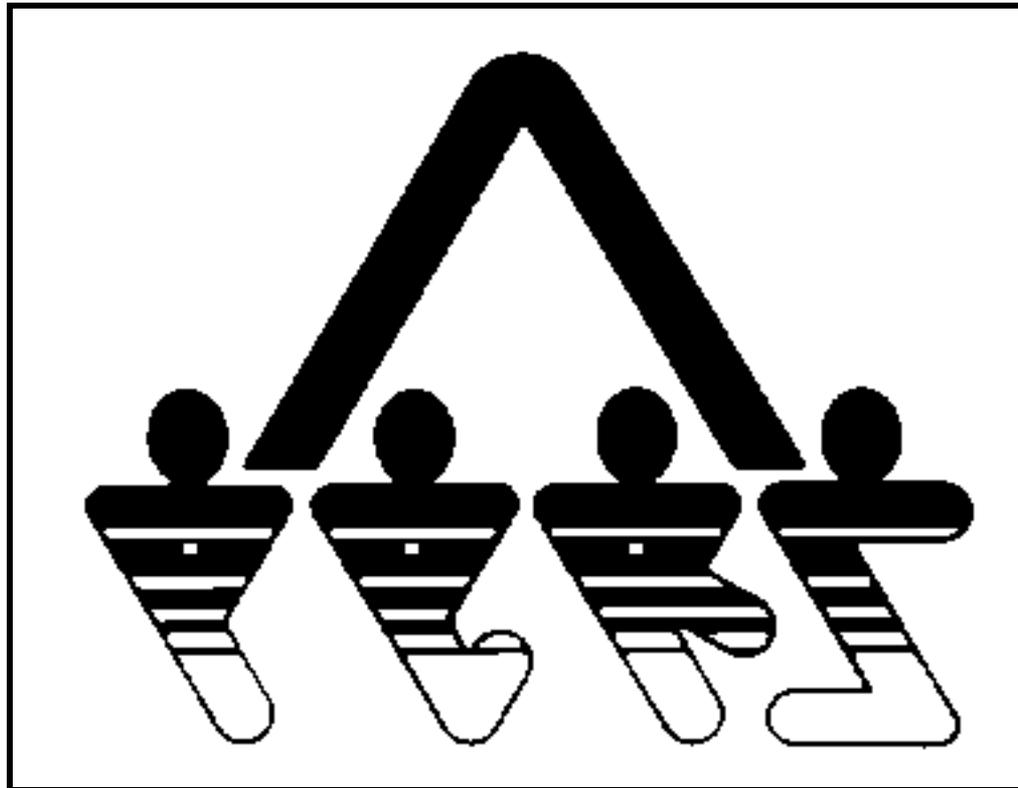


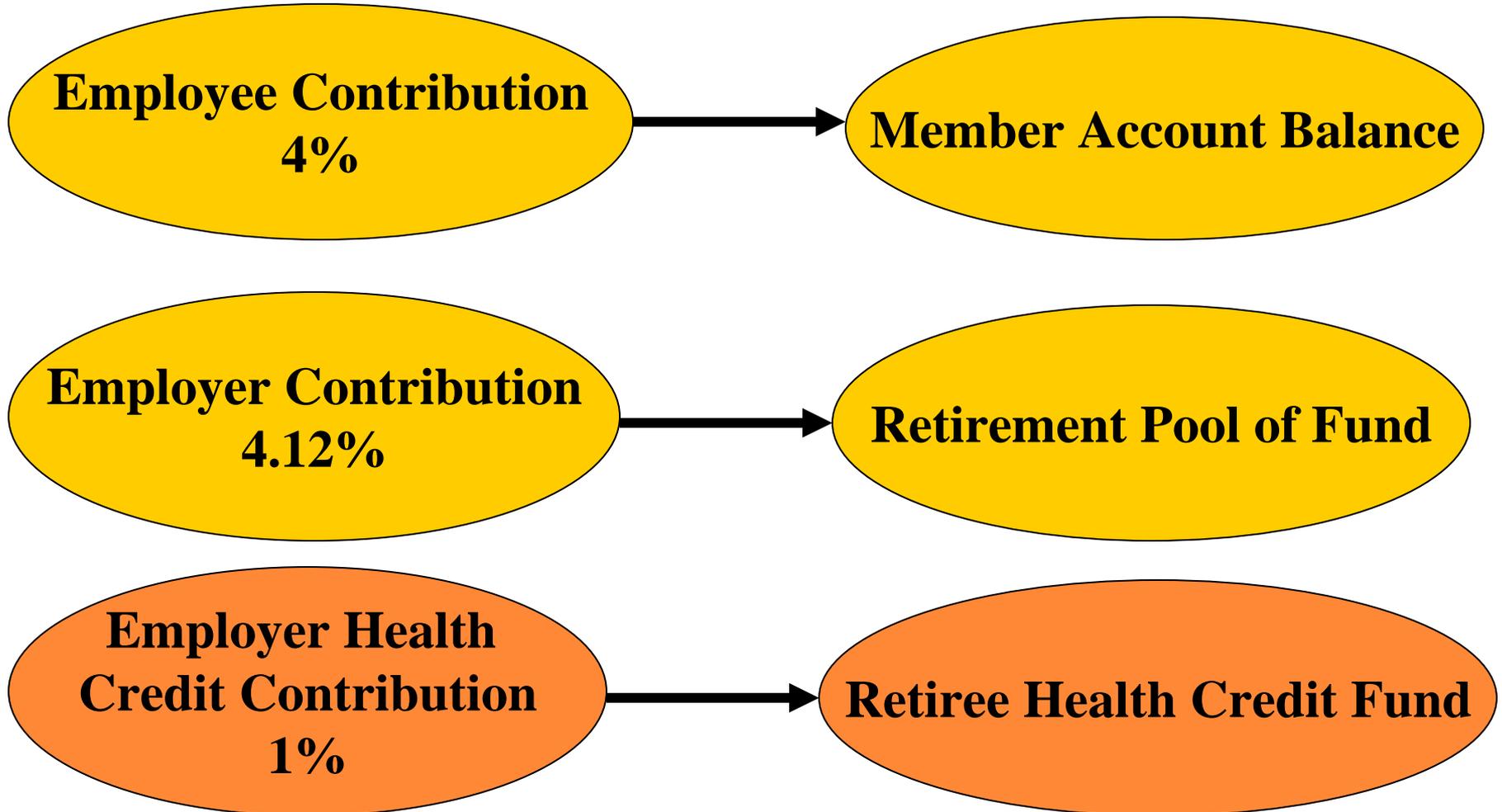
# NDPERS Defined Benefit Hybrid Plan



# Eligibility

- At least 18 years of age
- Work at least 20 hours a week
- 20 or more weeks a year
- Position is regularly funded & not of limited duration

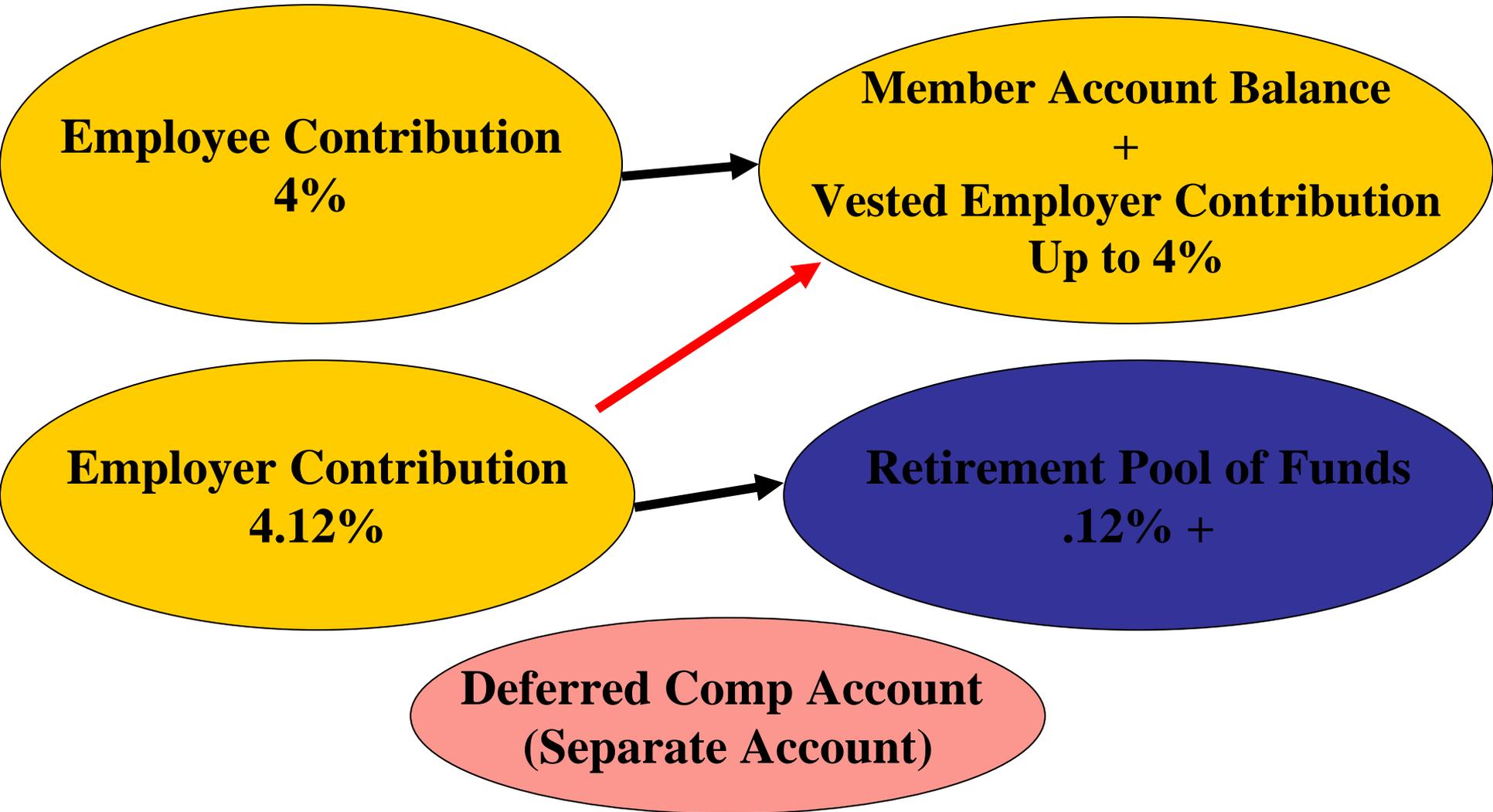
# Contribution Allocation



# Portability Enhancement Provision (PEP)

- PEP 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

# Contribution Allocation With PEP



# How PEP Works

For every dollar you put in a Deferred Comp Plan, NDPERS will add one dollar to your member account balance, subject to a vesting schedule.



# Employer Contribution Vesting Schedule (PEP)

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



# Let's See an Example

Member Account Balance without PEP	<u>\$5,221</u>
Member Account Balance with PEP	<u>\$8,932</u>
Difference=	\$3,711

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

# How To Activate PEP

- If you are already enrolled in a deferred compensation plan continue participation.
  - If you're not at the maximum consider increasing your contribution.
- If you are not enrolled & your employer offers a deferred compensation plan:
  - Contact a Deferred Comp provider representative to enroll.
- If your employer does not offer a deferred compensation:
  - Discuss the option with your employer. Plan is available to all eligible employers.

# Service Credit

- For each contribution, member will receive a month of service credit.



# Vesting

- Vested the earlier of:
  - Achieving 36 months (3 years) of service credit
  - or
  - Attaining 65 years of age



# Purchase of Service Credit

- Previous Employment:
  - Non-Covered ND Governmental Service
  - Out-of-State Governmental Service
  - Refunded NDPERS Service
- Federal Service
- Legislative Service
- Military Service
- Leave of Absence
- If Vested- Up to 5 Years Generic
- At Termination of Employment-Unused Sick Leave

# Purchase of Service Credit

- A member may not claim/purchase service credit under NDPERS if the same years claimed/purchased can also qualify for retirement benefits from another retirement system.
- There can not be an account balance with another retirement system.

# Purchase Provisions

- Cost of Purchase
  - Actuarial Calculation
- Obtain Cost Estimate
  - Download from website
    - Benefit Estimate Calculator

# Purchase Provisions Cont.

- Payment Methods
  - Direct Rollover or Transfer of Pre-Tax Dollars
    - 401(a)
    - 401(k)
    - 403(b)
    - 457
    - Traditional IRA
    - Federal Employee Retirement System Thrift Savings Plan
    - 401(c) Keogh Plan (deposits from 401(a) or (k))
  - Pre-Tax Payroll Deductions
  - After-Tax Payroll Deductions
  - Personal Payments

# Sick Leave Conversion

Final Average Salary (FAS)

X

9.12%

X

Number of Months  
(hours divided by 173.3)

=

\$Cost

# Benefits at Termination

## Member Account Balance Options:

- Lump Sum Refund
- Direct Rollover
- Combination rollover/refund
- Leave Money Intact /Deferred Benefit



# Disability Benefits

- Disability Retirement
  - Vested after 6 Months
- 25% of Final Average Salary (FAS)
  - \$100 per month minimum
- Eligibility will be recertified



# Surviving Spouse Benefits

## **Assumption: Member is Active Prior to Death**

- Lump Sum Payment
- 60 Monthly Payments
- Lifetime Payments

# “Early” Retirement

- Age 55
- Reduction of Benefits Under Age 65 or Attaining Rule of 85, whichever occurs first
  - 6% for each year
    - .005 for each month

# “Normal” Retirement

- Attain Age 65
- Achieve the Rule of 85
  - Member’s Age + Service Credit



# Retirement Benefit Formula

- Final average salary (FAS)
  - The average of your highest 36 salaries during the last 120 months worked
- Benefit multiplier
  - 2.00%
- Credited service
  - One month of service for each contribution

$$\text{(FAS x 2.00\% x Service Credit)}$$

# Retirement & Disability Benefit Options

- Single Life
- 50% Joint & Survivor
- 100% Joint & Survivor
- 20 Year Term Certain
- 10 Year Term Certain
- Partial Lump Sum Option (PLSO)
- Level Social Security Option\*
  - \*Not an option for Disability Benefits & PLSO



# Retirement Benefit Example

**Assumptions: Member is Age 60 with a Spouse Age 56**

## **Basic Retirement Benefit Calculation:**

**\$2,351 (FAS) x 2.00% x 24 Years = \$1,128.48**

*(Early Retirement Reduction 6%)* **- 67.71**

*(Early Single Life Monthly Benefit)* **\$1,060.77**

**Single Life Benefit = \$1,060.77**

**50% Joint & Survivor Benefit = \$990.55 Spouse Benefit = \$495.28**

**100% Joint & Survivor Benefit = \$929.13 Spouse Benefit = \$929.13**

**20 Yr Term Certain = \$971.67 Beneficiary Benefit (If any) = \$971.67**

**10 Yr Term Certain = \$1,033.83 Beneficiary Benefit (If any) = \$1,033.83**

# Retirement Benefit Example

**Assumptions: Member is Age 60 with a Spouse Age 56**

**Rule of 85 Applies**

**Basic Retirement Benefit Calculation:**

**\$2,351 (FAS) x 2.00% x 25 Years = \$1,175.50**

**Single Life Benefit = \$1,175.50**

**50% Joint & Survivor Benefit = \$1,097.68 Spouse Benefit = \$548.84**

**100% Joint & Survivor Benefit = \$1,029.62 Spouse Benefit = \$1,029.62**

**20 Yr Term Certain = \$1,076.75 Beneficiary Benefit (If any) = \$1,076.75**

**10 Yr Term Certain = \$1,146.64 Beneficiary Benefit (If any) = \$1,146.46**

# Retiree Health Credit

- \$4.50 For Every Year of Service Credit
  - Reduced for Early Retirement
- Applies only to the NDPERS Group Health Insurance Plan
  - Options for married members
    - ❖ 50% Joint & Survivor
    - ❖ 100% Joint & Survivor

# On-Line Services

- One-time Registration
- Compute
  - Retirement Benefit Estimates
  - Disability Benefit Estimates
- View
  - Member Account Balance
  - Current Annual Statement