North Dakota Public Employees Retirement System **GROUP RETIREMENT PLAN**

NORTH DAKOTA
PUBLIC EMPLOYEES RETIREMENT SYSTEM

EFFECTIVE AUGUST 1, 2015 TO JULY 31, 2017

Table of Contents

INTRODUCTION 3
CONFIDENTIALITY LAW 4
WHEN CALLING THE NDPERS OFFICE 5
WHEN VISITING THE NDPERS OFFICE 5
WHEN WRITING TO THE NDPERS OFFICE 5
NDPERS WEBSITE 6
NDPERS E-MAIL ADDRESS 6
NDPERS PERSLINK MEMBER SELF SERVICE 6
GOVERNING AUTHORITY 7
YOUR RETIREMENT PLAN 8
- Eligibility 8
- Mandatory Participation Requirements 8
- Optional Participation Requirements 9
- Contributions 10

PORTABILITY ENHANCEMENT PROVISION (PEP) 11
SERVICE CREDIT 12
PURCHASE OF SERVICE CREDIT 12
- Additional Service Credit 12
- Leave of Absence 12
- Legislative Service 13
- Military Service 13
- USERRA 13
- Previous Public Employment 14
- Unused Sick Leave Conversion (Purchase) 14
- How to Apply For Purchase 15
- Cost of Purchase 15
- Cost of NDPERS Refunded Service 15
- Cost of Converting (Purchasing) Unused Sick Leave 15

PAYMENT PROVISIONS FOR PURCHASE 15
VESTING 18
DUAL MEMBERSHIP 18
BENEFITS AVAILABLE AT TERMINATION 19
Member Account Balance Options 19
Administrative Requirements for Refunds/Rollovers 20
DISABILITY RETIREMENT BENEFITS 22
BENEFITS AT RETIREMENT 25
Retirement Payment Options 29
Administrative Requirements for Monthly Benefits 32
Changing Retirement Benefit Option After Retirement 32
Benefits & Return To Work 33
Overpayment of Benefits 35
RETIREE HEALTH INSURANCE CREDIT PROGRAM 36
Combining Retiree Health Insurance Credits 36
Reduction Factors 37
Retiree Health Insurance Options 37
DEATH BENEFITS 38
Not Vested 38
Vested and Married 38
Vested and Single 39
Beneficiary Requirements 39
BENEFIT COUNSELING 40
PRE-RETIREMENT SEMINARS 40
QUALIFIED DOMESTIC RELATIONS ORDERS 40
DURABLE POWER OF ATTORNEY 41
REFUND/ROLLOVER CHECKLIST 43
DEFERRED RETIREMENT CHECKLIST 44
RETIREMENT CHECKLIST 45
RECORD OF IMPORTANT DOCUMENTS 46

INTRODUCTION

This retirement plan became effective July 1, 1966 following the passage of SB164 by the North Dakota Legislature in 1965. The plan was designed to provide retirement benefits in recognition of your service as a public employee.

Your retirement program provides you with benefits at retirement or upon disability or death. Because these benefits represent an important source of security to you and your family, please read this publication carefully to ensure you understand your rights and responsibilities in becoming eligible for benefits.

This publication is intended to provide general information and may not be considered to be a legal interpretation of retirement law. Statements contained in this handbook do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board.

Material in this publication is current as of the 2015 session of the North Dakota legislature. 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 (NDPERS).

The benefits described in this publication pertain to NDPERS Defined Benefit "Main" Retirement Plan only. Retirement plan eligibility requirements and benefits for the State Law Enforcement, the justices of the Supreme Court or judges of the District Courts, the Highway Patrol, and the NDPERS Defined Contribution plan are addressed in separate publications.

In compliance with the Americans with Disabilities Act, this document can be provided in alternate formats. To request an alternative format, please call the NDPERS ADA coordinator at (701)328-3918 or call toll-free at 1-800-803-7377 if you are outside the Bismarck local calling area.

All questions, comments and correspondence can be directed to the following address:

North Dakota Public Employees Retirement System

400 East Broadway Ave, Suite 505

P.O. Box 1657

Bismarck, North Dakota 58502-1657

(701) 328-3900—Telephone

(701) 328-3920 — Fax Number

1-800-803-7377 — Toll-Free Outside the Bismarck Calling Area

CONFIDENTIALITY LAW

All records of a member or beneficiary are confidential and not public records. Information and records may be disclosed under limited circumstances:

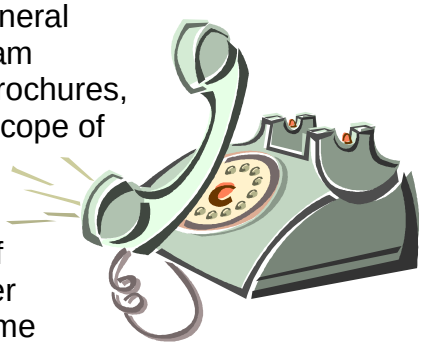
- A person to whom a member/beneficiary has given written consent.
- A person legally representing the member/beneficiary upon proper proof of representation, unless member/beneficiary withholds consent.
- A person authorized by court order.
- A member's spouse or former spouse, that individual's legal representative, and the judge presiding over the member's dissolution of marriage proceedings for the purpose of drafting a **Qualified Domestics Relations Order**.
- A member's participating employer's authorized agent, under limited circumstances.
- A member's designated beneficiaries after the member's death. Information relating to beneficiaries may be disclosed to other beneficiaries of the same member.
- The general public, but only after the board has been unable to locate the member for a period in excess of two years, and limited to the member's name and the fact that NDPERS has been unable to locate the member.
- Any person whom the NDPERS board determines disclosure is necessary for treatment, operational, or payment purposes, including the completion of necessary documents.

A penalty for disclosure of confidential information is a Class C felony, which includes a five-(5) year prison term and a $5,000 fine (N.D.C.C. 12.1-13-01).

When Calling the NDPERS Office

While NDPERS staff makes every effort to take your calls and answer your questions immediately, it is not always possible to do so. In an effort to serve you more efficiently, we have a voice mail system. If it is necessary for you to leave a voice mail message, please provide the following information: your name, NDPERS Member ID and your last four digits of your social security number, telephone number, and a brief explanation about your call. If NDPERS staff has this information at the outset, we are able to address your concerns more quickly and efficiently the first time!

We also have a Member Service Unit who can assist you with general questions about NDPERS programs, including updates on program changes. The representatives will also take requests for forms, brochures, and benefit books. If you require additional services outside the scope of Member Services, the representative will be happy to transfer you to the staff member best qualified to assist you.



Our busiest times are the day after a holiday and the first week of every month. Calls are placed in queue and answered in the order they are received. If you place a call to us during these high volume periods, please be patient. Your call is important to us.

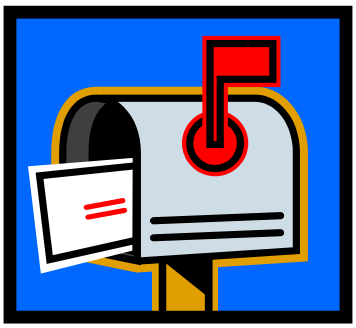
Remember all your benefit information is confidential. For your protection, staff cannot release benefit information to any party without first obtaining your written authorization or your Durable Power of Attorney, or upon being served with a subpoena. Although you may request information over the phone, only you may do so and only after you have provided the correct response to at least three of five criteria established by the NDPERS Board.

When Visiting The NDPERS Office

Please 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 you at the time you arrive. An appointment also allows staff to prepare appropriate benefit information for your individual needs.

When Writing To The NDPERS Office

Always include your name, NDPERS Member ID, and the last four digit of your social security number on your correspondence.



NDPERS Website

The address for the NDPERS Website is www.nd.gov/ndpers

NDPERS E-mail Address

The NDPERS e-mail address is ndpers-info@nd.gov

NDPERS PERSLink Member Self Service

You have the ability to access your individual account by logging into your NDPERS PERSLink Member Self Service.

GOVERNING AUTHORITY

The North Dakota Public Employees Retirement Board is the governing authority of the:

Public Employees Retirement System (N.D.C.C. Chapter 54-52)

Highway Patrol Retirement System (N.D.C.C. Chapter 39-03.1)

Defined Contribution Plan (N.D.C.C. Chapter 54-52.6)

Deferred Compensation Program (N.D.C.C. Chapter 54-52.2)

Retiree Health Insurance Credit Program (N.D.C.C. Chapter 54-52.1-03.2)

Uniform Group Insurance Program (N.D.C.C. Chapter 54-52.1)

Flex-Comp Program (N.D.C.C. Chapter 54-52.3)

Dental Plan (N.D.C.C. Chapter 54-52.1-04.7)

Vision Plan (N.D.C.C. Chapter 54-52.1-04.7)

Long-Term Care Plan (N.D.C.C. Chapter 54-52.1-04.8)

Employee Assistance Program (N.D.C.C. Chapter 54-52.1-04.9)

The Board generally meets monthly and is composed of nine voting members who serve staggered terms.

A North Dakota citizen who is neither a state nor a school district employee is appointed by the Governor to serve as Chairman of the Board. A member of the Attorney General's legal staff and the State Health Officer are also appointed to serve on the Board. One member is elected by retired NDPERS members, three Board members are elected from active employees currently contributing to NDPERS, and the remaining two members are appointed members of the legislature.

YOUR RETIREMENT PLAN

All state agencies participate in the North Dakota Public Employees Retirement System (NDPERS) except those covered by other state sponsored pension plans (not including Social Security).

Employees of political subdivisions may participate in NDPERS if their governing boards elect to participate.

Eligibility

As an employee of a participating employer, you are eligible to participate in NDPERS either as a mandatory or an optional participant.

Mandatory Participation Requirements

If you work a minimum of 20 hours per week for twenty (20) or more weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, 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 permanent 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 for enrollment purposes.

Participation Requirements for State Elected and Appointed Officials

State elected or appointed officials taking office on or after December 31, 1999 who meet the mandatory participation requirements must be a participating member in the defined benefit plan. The elected or appointed official may make an election within the first six (6) months of taking office 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 six (6) months of their term. All other elected officials who meet the above mandatory participation requirements must be enrolled in the defined benefit plan within the first six (6) months of their term. An elected official can elect to participate in NDPERS upon re-election. **Failure to enroll in NDPERS will result in an irrevocable waiver of participation.**

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.

Optional Participation Requirements

If you are at least eighteen years old, and are not covered under the above provisions, you may elect to participate in NDPERS at your own cost within the first 180 days of employment or within 180 days of changing to part-time or temporary employment.

You can not participate in NDPERS if you are covered by another employer-sponsored plan. This applies to both private and public pension funds.

Contributions

NDPERS is funded by contributions from members, employers, and earnings from investments. The contribution rates for employees and employers are established in the North Dakota Century Code and are as follows:

Permanent/Full-Time Employees (Includes Mandatory Participants, Appointed Officials, and Elected Officials)

	Effective January 2014 - Current
Employee Retirement Contribution	7.00%
Employer Retirement Contribution	7.12%
Employer Health Insurance Credit Contribution	1.14%

	Effective January 2014 - Current
Part-Time/Temporary Employees (Optional Participants)	
Employee Retirement Contribution	14.12%
Employee Health Insurance Credit Contribution	1.14%

Contributions are calculated as a percentage of your gross pay. While it is possible for an employer to pay all or part of the employee contribution for permanent full-time employees, the law expressly prohibits the employer from paying any portion of an optional participant's contribution. The employer must treat all employees covered under NDPERS equally. Please refer to the glossary for a complete definition of "Wages and Salaries".

Employee contributions are automatically credited to individual member's accounts. Employer contributions are paid into the retirement fund and retiree health insurance credit fund. It is possible for you to vest in the employer contribution (PEP) for cash distribution purposes. However, this vesting is not automatic and requires you to participate in a deferred compensation program approved by the retirement board.

PORTABILITY ENHANCEMENT PROVISION (PEP)

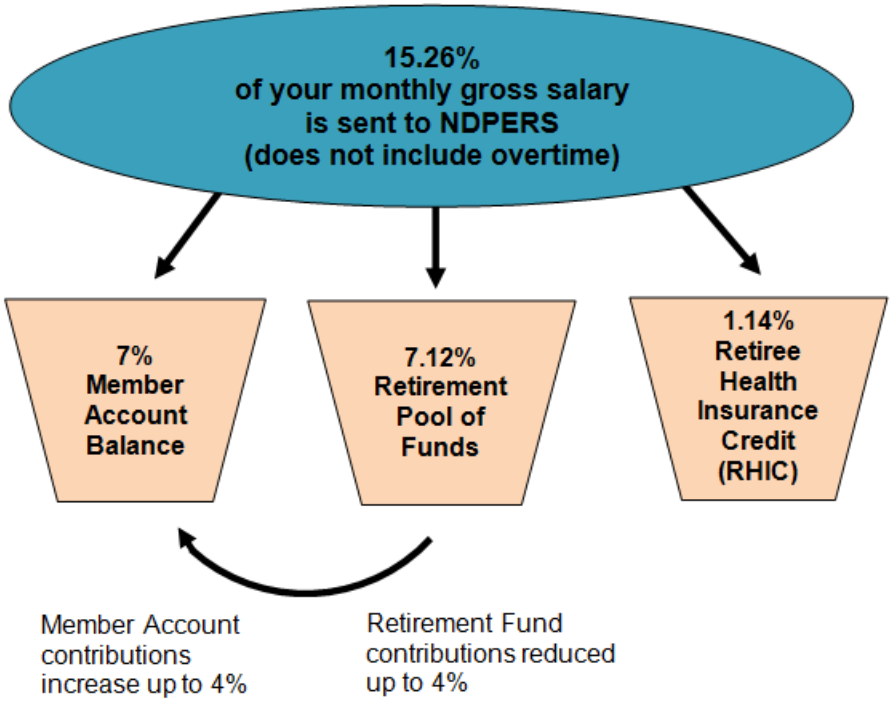
The Public Employees Retirement System is a “defined benefit” plan, which allows members to compute their future retirement benefits from a mathematical formula as set forth in N.D.C.C. 54-52-17(4). Under this program, the employer contribution is paid to you in the form of monthly benefit payments and is not available for lump sum distribution purposes. However, effective January 1, 2000, a new feature was added which is designed to add portability to your plan. The Portability Enhancement Provision or “PEP” allows you to “vest” in the employer contribution for cash distribution purposes. This means that if you decide to leave employment and do not elect to draw a pension from the system, you have the opportunity to take both the employee contribution and the corresponding PEP contribution out of the NDPERS system.

As an active member of the NDPERS program, you are able to vest in the employer contribution by participating in an approved Deferred Compensation Program.

The vesting schedule for “PEP” contributions is based upon your existing service credit in the retirement program and the amount you defer into an approved Deferred Compensation Program. See the following schedule for details:

How PEP Works with your monthly Defined Benefit Hybrid Plan Retirement Contributions

Vesting Schedule for PEP	
Years of Service	Your 457 Deferred Comp Plan Contribution
1st Year 0-12 months	1% of gross monthly salary or $25 min.
2nd Year 13-24 months	2% of gross monthly salary or $25 min.
3rd Year 25-36 months	3% of gross monthly salary or $25 min.
4th Year 37 + months	4% of gross monthly salary or $25 min.



If you participate in an approved Deferred Compensation Program through your employer, your member account balance will be automatically credited with the amount of employer contribution you have vested in each month. All contributions for each month are posted to the system the month following the month you earned them and are based upon information submitted to NDPERS by your payroll office. Interest on your member account balance is updated at the end of each month.

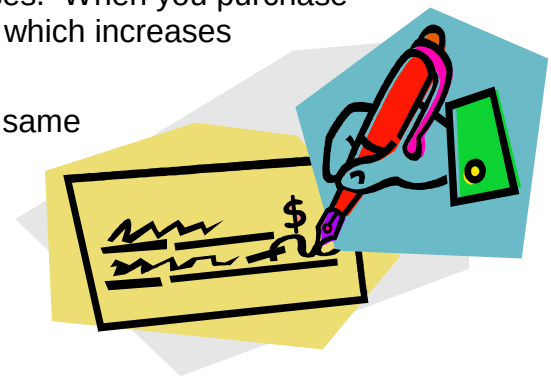
You are not required to participate in an approved deferred compensation program to vest in the defined benefit retirement program. However, if you do not participate, you will not be eligible for the PEP portion of your employers' contribution for lump sum distribution purposes. **For detailed information, read the "Portability Enhancement Provision" brochure.**

SERVICE CREDIT

Service credit is an important aspect of your records because each additional month of credit can increase your monthly retirement benefits. Presently, you receive one month of service credit for each month that contributions are received by NDPERS on your behalf.

PURCHASE OF SERVICE CREDIT

Eligible service credit may be purchased in specific cases. When you purchase service, you add to your total years of credited service, which increases the amount of your future monthly retirement benefit.



You may not claim service credit under NDPERS if the same years claimed can also qualify for retirement benefits from another retirement system.

You may elect to purchase all eligible months of service, or a portion thereof.

ADDITIONAL SERVICE CREDIT

If you are a vested, active employee of a participating employer, you may purchase up to 60 months of additional service credit for the purpose of increasing your retirement and retiree health insurance benefits.

LEAVE OF ABSENCE

If you are an active employee of a participating employer and are granted an employer approved leave of absence from your position, you will remain a member of NDPERS on inactive status. You will not receive service credit for any unpaid leave of absence because no contributions will be made during that time. However, you may purchase service credit for a leave of absence upon returning to work.

Seasonal employees who work less than 12 months each year may purchase their time away upon returning to work.

LEGISLATIVE SERVICE

If you are an active employee of a participating employer and you served as a member of the Legislative Assembly while a member of NDPERS, you may be eligible to purchase legislative service credit. Service credit must be purchased within one year after the adjournment of the legislative session.

MILITARY SERVICE

If you are an active employee of a participating employer and served time in the military, you may be eligible to purchase up to 48 months of active duty service credit for retirement purposes.

USERRA

Special provisions under the Uniformed Services Employment and Re-employment Rights Act (USERRA) may apply if your covered employment under NDPERS was interrupted because you were drafted or you enlisted for active service in the Armed Forces of the United States.

Upon return from active duty, you may be entitled to have your credit while on active duty recognized by NDPERS for vesting in retirement benefits and benefit eligibility purposes (i.e. meeting the “Rule”). You may apply to NDPERS by submitting a written request for the above along with a photocopy of your DD214 form.

In addition, you have the option to purchase the service credit not accrued during the leave for the purpose of determining benefit calculation. Retirement credit may be granted for this purpose upon proper documentation and receipt of past contributions.

If application is made to your employer, then your employer is required to pay the employer portion of the retirement contributions in a lump sum on your behalf. Your employer is also required to pay any portion of the employee contribution in the same manner that it would have been paid had you not been activated. If your employer does not pay any or all of the employee contribution on behalf of its employees, then you are required to pay the employee contribution in order to receive the service credit.

The salary used in determining the cost to receive the credit must be based on the salary that would have accrued had you not been called into active duty rather than the salary you are earning at the time of inquiry. If the salary cannot be determined, then your average rate of compensation during the 12-month period immediately preceding your call to active duty should be used. The following applies to the payment of purchased credit:

The time frame that you have to pay any required employee contributions to the plan is 3 times the period of active duty or 5 years, whichever is less. If you do not apply and/or purchase during this timeframe, then USERRA no longer applies. You would have to pay an actuarial cost to receive the service credit.

If you choose to make installment payments to the plan to purchase the service, the plan cannot charge interest on the unpaid balance.

If you choose to purchase the service and begin payment, NDPERS will send a bill to your present employer for the required employer contributions. These contributions must be paid by the employer in a lump sum. As part of this billing, if any of the employee contributions are employer paid, they will be included.

Upon receipt of the **"Purchase Agreement for USERRA Covered Military Active Duty SFN 17758"**, NDPERS will compute the cost to receive the credit and will send written notification to you and/or your employer.

PREVIOUS PUBLIC EMPLOYMENT

If you have previous public employment as a permanent employee for which you are not receiving retirement credit, you may purchase this past service. The following are eligible types of previous public service that may be eligible:

- Service credit in NDPERS defined benefit system that was forfeited by taking a refund/rollover,
- Employment by political subdivision participating in NDPERS which your employer did not purchase upon joining NDPERS,
- Employment with a public employer either within or outside the state of North Dakota, or
- Employment with the Federal government.

UNUSED SICK LEAVE CONVERSION (PURCHASE)

At termination of eligible employment, you may convert all or part of your sick leave (as certified by your employer) into service credit. One month of service credit will be awarded for each 173.3 hours of unused accumulated sick leave. Hours of sick leave equal to a fraction of a month are deemed to be a full month.

Special provisions apply for members transferring from one participating employer to another without terminating eligible employment. NDPERS will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave.

The certification must include documentation from the previous employer detailing the number of hours of sick leave. See the **"Notice of Transfer Kit"**. NDPERS must receive the certification within sixty days after the member leaves employment with the former employer.

Conversion of sick leave is optional and does not affect any employer lump sum sick leave payment policies.

How to Apply For Purchase

Complete and submit a **"NDPERS Request for Purchase Information SFN 53718"** to the NDPERS office. You will be contacted if additional information or service documentation will be required. A written response containing the cost of purchase will be sent to you within 60 days of NDPERS receiving the request form. Any cost estimate provided expires 90 days from the date the response is generated.

Cost of Purchase

The cost to obtain all additional service credit, with the exception of unused sick leave conversion, will be determined through an actuarial cost calculation. The components used to determine the cost calculation are: 1) your date of birth, 2) your current final average salary, 3) the age when you are first eligible for unreduced retirement benefits, 4) number of months being purchased, 5) the plan's current benefit multiplier, and 6) current retiree health insurance credit.

Cost of NDPERS Refunded Service

You must pay an amount equal to the greater of the actuarial cost, or the amount you received as a refund, plus interest at the actuarial rate of return from the time you were issued the refund.

Cost of Converting (Purchasing) Unused Sick Leave

At termination, you may purchase all or part of your sick leave for retirement service credit. One month of service credit may be purchased for each 173.3 hours of unused sick leave.

The cost to purchase sick leave is determined by taking the required Employee & Employer Retirement & Health Insurance Credit Contributions Rates (See Page 8) of your Final Average Salary times the number of months being converted. The final payment amount will be calculated by NDPERS after your termination. Payment can be made either on an after-tax basis through personal check or pre-tax basis through direct rollover/transfer. To elect to convert your sick leave, the **"Conversion of Unused Sick Leave Application – Defined Benefit SFN 58358"** must be completed. Please review the terms on the conversion application carefully. The sick leave payment must be paid by the 15th of the month following the month of termination.

Payment Provisions for Purchase

Pre-Tax Payments

State of North Dakota employees have the option of making monthly payroll deductions towards the purchase contract on a pre-tax basis. Employees of participating Political Subdivisions have this option if their employer has elected to sign an Employer

Agreement making this available to their employees. If available, an **"Irrevocable Salary Reduction Agreement for Purchase of Service Credit SFN 54004"** must be completed by you and NDPERS prior to deductions being made on a pre-tax basis.

The IRS requires strict compliance in order to allow the Plan to accept purchase payments through pre-tax payroll deductions. The deduction must be made on a monthly basis for a specific dollar amount and for a specific time period (the length of the purchase contract). The amount of the deduction cannot be increased, decreased, or suspended at any time unless due to the employee's termination, retirement, disability, or death. Also, supplemental payments cannot be made towards the purchase contract and you will be required to make a lump sum payment for the retiree health insurance credit portion of the purchase prior to entering into the irrevocable salary reduction agreement.

By electing this option, an additional 8% simple interest will accrue annually on the unpaid balance. This interest will be taken into consideration when your **"Irrevocable Salary Reduction Agreement"** is prepared by NDPERS.

All payments must be received by NDPERS prior to the 15th of the month to ensure your account has been credited for that month.

After-Tax Payments

Unless you are eligible for a direct rollover/transfer contribution or have completed an **"Irrevocable Salary Reduction Agreement"**, purchase payments must be paid as an after-tax employee contribution. Payments can be made in a lump sum or on an installment basis. Payments may be made on a monthly, quarterly, semi-annual, or annual basis. However, the minimum monthly payment cannot be less than $50, must be large enough to pay the current interest plus a portion of principal, and be an amount necessary to complete the contract while employed within a 15 year time period. If you choose, you can make a down payment and make payments on the remaining balance. If the installment method is selected, an additional 8% simple interest will accrue annually on the unpaid balance. There is no penalty assessed if you choose to pay off your purchase contract early.

Some employers have the capability to set up an automatic after-tax payroll deduction. Please check with your payroll office to make these arrangements.

All payments must be received by NDPERS prior to the 15th of the month to ensure your account has been credited for that month. Payments 30 days late are considered delinquent and may result in the closing of your account.

Payment Provisions for Conversion (Purchase) of Unused Sick Leave

Payment for the conversion of unused sick leave will be calculated by NDPERS upon receiving proper verification from your payroll office after date of termination/retirement. Payment must be made by the 15th of the month following the month of termination and before you receive a retirement annuity. Payments can be made to NDPERS as an

after-tax payment through a personal check or as pre-tax payment through a direct rollover or trustee-to-trustee transfer of an eligible fund towards the retirement portion of the sick leave conversion.

Payment by Direct Rollover or Transfer of Eligible Funds

Under limited circumstances, you may apply to roll over an account from another eligible plan for the purpose of purchasing service credit. Pursuant to IRS requirements, your funds must be certified by the financial institution as **pre-tax dollars** and must come from a 401(a), 401(k), 403(b), 457, traditional IRA, Federal Employee Retirement System Thrift Savings Plan, or 401(c) Keogh plan whose deposits came only from a qualified 401(a) or (k). The amount rolled over to NDPERS may not exceed the cost to purchase the retirement benefit portion of the purchase and must be made in a lump sum. You must also make a personal payment in a lump sum for the retiree health credit portion of the purchase.

As a general rule, the Plan/Provider Company may take up to 30 days to process your request for a trustee-to-trustee transfer of funds. It is your responsibility to ensure the transfer of funds is accomplished within the 90 day cost quote time limit. **Therefore, you should follow-up with your plan/company as soon as possible and no later than 60 days from the date you receive the cost quote letter.** Please contact your Plan/Provider representative regarding possible exit fees and/or penalties and to determine the amount of funds available for rollover.

Federal Limitations

Your payments for service purchase or sick leave conversion may be subject to limitations established under Internal Revenue Code Section 415. This may limit the amount of service you are allowed to purchase or convert from sick leave. NDPERS will notify you if it has determined that federal limits apply to your purchase payment(s).

VESTING

To be vested in a defined benefit program means that you have become legally entitled to a monthly benefit from NDPERS when you reach retirement age and terminate employment.

Under NDPERS, you become vested at the earlier of:

- 36 months (3 years) of service credit
- attaining 65 years of age while employed with a participating employer

See “Portability Enhancement Provision (PEP)” section for additional information on vesting for cash distribution purposes.

DUAL MEMBERSHIP

Service credit you may have earned in five other North Dakota state sponsored retirement plans can be combined with your NDPERS credit for vesting purposes or achieving the “Rule”. These retirement plans are:

1. State Law Enforcement Retirement System (NDPERS)
2. Highway Patrol Retirement System (NDHPRS)
3. Judicial Retirement System (NDPERS)
4. Teachers Fund for Retirement (NDTFFR)
5. Teachers Insurance and Annuity Association — College Retirement Equities Fund (TIAA-CREF) (coverage through the North Dakota University System only)

Eligibility for retirement benefits will be based on the length of service in all plans in which you have an account. However, at retirement, dual members with NDPERS, NDTFFR, or NDHPRS will be given the option of receiving their retirement benefits from the retirement systems under one (1) of the following calculations:

1. Each retirement system will use its final average salary (FAS) formula and all the service credit earned in its system; or
2. The retirement systems’ will combine salaries to create the FAS. However, the service credit recognized cannot exceed one (1) year in any fiscal year. If overlapped service credit occurs, only one (1) of the retirement systems will recognize the credit.

If a dual member elects to receive retirement benefits from one plan while still contributing to another retirement system (if eligible), the FAS, service credit, and member's age used to calculate the benefit may not be adjusted after the benefit effective date.

BENEFITS AVAILABLE AT TERMINATION

To be eligible for the following benefits, you 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. Approved leave of absence does not constitute termination of employment. "Termination of participation" means termination of eligibility to participate in the retirement plan.

Member Account Balance Options

Your member account balance consists of the monthly employee contributions, the vested portion of your employer contributions, and interest. This interest is compounded monthly up to the time you receive a refund/rollover of your account or begin receiving a monthly benefit. The interest paid on your account is based on a rate established by the Board and is currently 7.5% annually and builds on a tax-deferred basis. If you take a refund or rollover, your retirement funds will not be available until you have been off covered payroll for approximately 60-90 days, subject to tax notification requirements.

Option 1

You can choose to have your Member Account Balance paid directly to you. If you choose this option, only 80 percent of the taxable amount of your Member Account Balance is payable to you because NDPERS is required to withhold 20 percent of the payment for federal tax purposes. In addition, if you are under age 59 1/2, you may be subject to an additional 10 percent penalty for early withdrawal. If you elect this option you will need to complete the **"Refund/Rollover Forms"**.

Option 2

Note: Be sure to check to see if the employer plan or IRA will accept a rollover from a 401(a) plan.

You can choose to have all or a portion of your Member Account Balance directly rolled over into a traditional IRA or an eligible employer plan. Any taxable amount not rolled over will automatically be mailed to you and subject to the taxes indicated in "Option 1". The rolled over portion would not be taxed until such a time when you take it out of the traditional IRA or eligible employer plan.

If you elect to have any non-taxable portion of your member account balance rolled over, it is a requirement that NDPERS receive a letter of acceptance from the traditional IRA or employer plan prior to the distribution being made. The letter of acceptance must indicate that the institution will accept the funds, including any after-tax contributions (non-taxable income), and will provide separate accounting for those amounts rolled over. If a letter of acceptance is not received within 6 (six) months of the rollover request, NDPERS will initiate a rollover of the taxable portion only to the institution. The remaining non-taxable income will be sent to you.

If no election is made regarding the amount to be rolled over, then NDPERS will automatically rollover the taxable portion only. Any remaining non-taxable income will be sent to you. If you elect this option, you will need to complete the **"Refund/Rollover Forms"**.

Option 3

Whether vested or not, you can leave your Member Account Balance intact with NDPERS and take a refund or rollover at a later date. If you elect this option, you will need to complete the "Deferred Retirement Forms".

If you are not vested, your account balance is less than $1,000, and you do not indicate you wish to leave your account intact, you will be issued a refund automatically upon termination.

*Option 4 [*This option is only available for vested members*]*

You can elect a Deferred Vested Benefit. Under this option, you leave your account with NDPERS and elect to receive a monthly benefit at a later date. The earliest age a member hired on or before December 31, 2015 can begin to receive a monthly benefit is age 55 or Rule of 85, whichever happens first. If a member is hired on or after January 1, 2016, the earliest age a member can begin to receive a monthly benefit is age 60 or Rule of 90, whichever happens first.

Under the Deferred Vested Benefit Option, monthly benefits should begin no later than age 65 or the "Rule", whichever happens first.

Interest continues to compound on your Member Account Balance until you begin receiving a monthly benefit. If you choose this option you will need to complete the **"Deferred Retirement Forms"**. Please refer to the "Benefits at Retirement" section for more information.

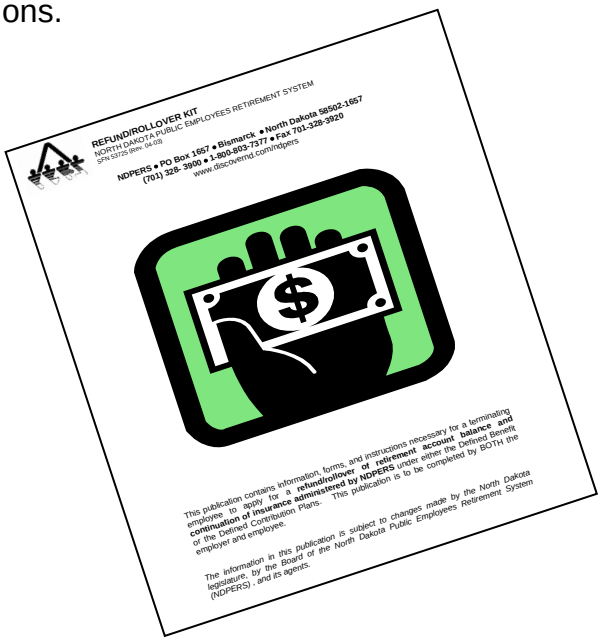
Administrative Requirements for Refunds/Rollovers

Upon termination of employment, you and your employer must complete and file the **"Refund/Rollover Forms"** with NDPERS. Refunds and direct rollovers will not be issued until you have been off your employer's payroll system for approximately 60 to 90 days, subject to tax notification requirements. By receiving a refund/rollover

distribution of your member account balance you forfeit all service credit to the date of the distribution, as well as:

- Retirement Benefits
- Disability Benefits
- Non-Vested Employer Contributions
- Retiree Health Credit
- Health Insurance Coverage
- Dental Insurance Coverage
- Vision Insurance Coverage
- Long-Term Care Insurance Coverage

Should you become re-employed with a participating employer before 31 days have passed, no refund or direct rollover will be issued and your retirement account will pick up where it left off with your previous employment. If you are transferring to another job where you will be covered by one of the other state sponsored retirement plans, see dual membership provisions.



REFUND/ROLLOVER KIT
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SFN 53705 (Rev. 04-08)

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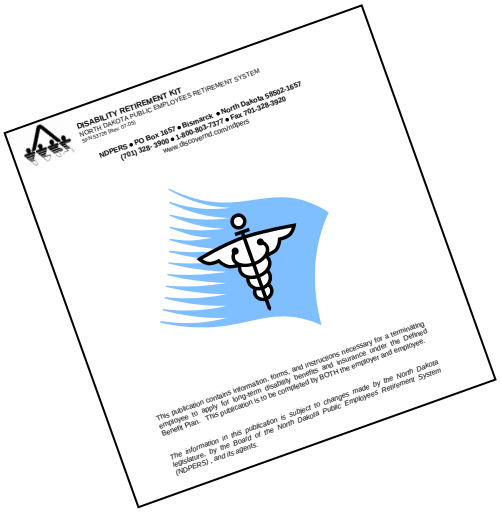
This publication contains information, forms, and instructions necessary for a terminating employee to apply for a **refund/rollover of retirement account balance and continuation of insurance administered by NDPERS** under either the Defined Benefit or the Defined Contribution Plans. This publication is to be completed by BOTH the employer and employee.

The information in this publication is subject to changes made by the North Dakota legislature, by the Board of the North Dakota Public Employees Retirement System (NDPERS), and its agents.

DISABILITY RETIREMENT BENEFITS

Disability Benefit Eligibility

After you have accumulated 6 (six) months of service credit in NDPERS, you are covered under the Plan's Disability Retirement program. To be eligible for NDPERS disability retirement benefits the following must apply:


DISABILITY RETIREMENT KIT
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
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(701) 328-3900 • 1-800-803-7377 • Fax 701-328-3920
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This publication contains information, forms, and instructions necessary for a terminating employee to apply for long-term disability benefits and insurance under the Defined Benefit Plan. This publication is to be completed by BOTH the employee and employer.

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- Your disability must have occurred during a period of eligible employment.
- You must be unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment expected to result in death or which will or has lasted for a continuous period of not less than 12 (twelve) months.
- You must submit the **"Disability Retirement Forms"** to the NDPERS office <u>within 12 (twelve) months of termination of employment due to disability</u>.
- You must be determined to be disabled by the NDPERS' medical advisor who is responsible for making disability eligibility determinations for the Board. In lieu of a review by the NDPERS' medical advisor, a member who qualifies for Social Security Disability benefits and submits the "Disability Retirement Forms" with a copy of the Social Security Notice of Award may be deemed eligible for NDPERS disability benefits without requiring a determination from the medical advisor. The Social Security Notice of Award must provide proof that the member's disability was determined during his/her period of eligible employment. Eligibility for disability benefits will be subject to ongoing recertification requirements as specified by the NDPERS' medical advisor.

Disability Benefit Payments

If you are deemed eligible for NDPERS disability benefits, you will receive 25 percent of your final average salary each month for as long as you are disabled under the Single Life payment option. This payment will not be reduced by any other benefits you may be receiving as a result of your disability. Payment will be retroactive to the first of the month following the later of your termination date or last pay date

<u>Example:</u> ***For an employee with a final average monthly salary of $3,000***
25% of $3,000 = $750 Monthly Single Life Disability Payment

Your disability benefit is funded by your employer's contributions. Payment of a disability benefit does not reduce your member account balance until you are age 65.

Disability Application Procedure

You must submit the **"Disability Retirement Forms"** to the NDPERS office **within 12 (twelve) months of termination due to disability**.

When applying for disability, individuals who are at least 55 years old and have a minimum of thirty-six (36) months of service credit should also apply for early retirement benefits. This will allow NDPERS to begin paying you under Early Retirement provisions of the plan while your disability application is being processed.

Applications for disability or early retirement benefits may be submitted to the NDPERS office up to four (4) months prior to your termination of employment.

If the medical advisor determines you are permanently and totally disabled according to this program, NDPERS may pay you the greater of either the Early Retirement benefit or the Disability benefit. Your disability status may also impact your retiree health credit.

Recertification of Disability Eligibility

A disabled annuitant's eligibility must be recertified within eighteen (18) months after the first check is issued and thereafter as specified by the medical consultant. NDPERS will send an **"Application for Recertification of Disability Benefits SFN 50149"** and a **"Statement of Annual Earnings for Disability Annuitants SFN 53157"** to the disabled annuitant to be completed and returned to NDPERS prior to the recertification date.

Disability Payment Options

Single Life

This amount is payable to you for as long as you are disabled. Under this option, there is no monthly income provision for your beneficiary. However, if you should die while receiving disability benefits, your beneficiary will get a lump sum payment of the amount in your member account balance, if any.

50% Joint and Survivor

This amount is payable to you for as long as you are disabled, but is actuarially reduced based upon your age and the age of your spouse. In the event of your death, your spouse will receive 50 percent of your monthly disability benefit amount for the rest of his/her life. In the event your spouse predeceases you, or in the event of a divorce, your benefit will be adjusted back to the Single Life disability option amount upon receipt of your spouse's Certificate of Death or a photocopy of the divorce decree.

100% Joint and Survivor

This amount is payable to you for as long as you are disabled, but is actuarially reduced based upon your age and the age of your spouse. In the event of your death, your spouse will receive 100 percent (the same amount as you were receiving prior to death) of your monthly disability benefit amount for the rest of his/her life. In the event your

spouse predeceases you, or in the event of a divorce, your benefit will be adjusted back to the Single Life disability option amount upon receipt of your spouse's Certificate of Death or a photocopy of the divorce decree.

Twenty (20) Year Term Certain
This amount is reduced based upon actuarial factors and is payable to you for as long as you are disabled. If you die within the first twenty years of your disability retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the twenty-year period. If you die after receiving benefits for twenty years, there will be no payments made to your beneficiary.

Ten (10) Year Term Certain
This amount is reduced based upon actuarial factors and is payable to you for as long as you are disabled. If you die within the first ten years of your disability retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the ten-year period. If you die after receiving benefits for ten years, there will be no payments made to your beneficiary.

Review Procedure
A member receiving a notice that his or her application for disability benefits or recertification of benefits is denied may request a review of the decision. A written request for review must be received in the NDPERS office within 60 days of the member receiving a denial notice.

Pre-Retirement Death Benefits
Death benefits for members who die prior to retiring are covered in the "Death Benefits" section. In the event a member who is applying for disability benefits passes away prior to receiving benefits, the provisions covered in the "Death Benefits" section will apply.

BENEFITS AT RETIREMENT

The Public Employees Retirement System is a “defined benefit” plan, which allows members to compute their future retirement benefits from a mathematical formula as set forth in N.D.C.C. 54-52-17(4).

Regardless of the earnings performance of the funds, you or your beneficiaries are guaranteed to receive no less than your member account balance. This amount is referred to as your minimum guarantee.

Your NDPERS defined benefit is based on the following calculation:

Final Average Salary

X

Benefit Multiplier (2.00%)

X

Years of Service Credit

=

Monthly Single Life Retirement Benefit

Final Average Salary is the average of your highest salaries in 36 of the last 180 months worked.

Benefit Multiplier is the rate established by the legislature, at which you earn benefits. The current benefit multiplier is 2.00%.

Service Credit is the amount of public service you have accumulated under NDPERS for retirement purposes. Your credited service is reported to you each August in your Annual Statement of Account.

As previously stated, your NDPERS service provides you with 2.00 percent of your final average salary for each year of service you have credit for in NDPERS. To determine what percentage of your Final Average Salary you will receive as a retirement benefit at normal retirement age, you can use the table on the next page.

Years of Service	Percent of Final Average Salary
3	6%
4	8%
5	10%
6	12%
7	14%
8	16%
9	18%
10	20%
11	22%
12	24%
13	26%
14	28%
15	30%
16	32%
17	34%
18	36%
19	38%
20	40%
21	42%
22	44%
23	46%
24	48%
25	50%
26	52%
27	54%
28	56%
29	58%
30	60%

For each additional year of service in excess of 30, add 2.00 percent.

Early Retirement

You are eligible to retire and draw benefits as early as age 55 (age 60 if hired on or after January 1, 2016) under early retirement provisions.

Members Hired before or on December 31, 2015

If you begin drawing retirement benefits before you are age 65 or meet the "Rule of 85", your retirement benefit will be reduced by one-half of one percent (.005) for each month in which you are less than age 65 or would have met the Rule of 85, whichever occurs first. This amounts to a reduction of 6 percent per year from your single life retirement benefit.

Members Hired on or after January 1, 2016

If you begin drawing retirement benefits before you are age 65 or meet the "Rule of 90", your retirement benefit will be reduced by two-thirds of one percent (.667) for each month in which you are less than age 65 or would have met the Rule of 90, whichever occurs first. This amounts to a reduction of 8 percent per year from your single life retirement benefit.

Normal Retirement

Pursuant to N.D.C.C. 54-52-17(3), normal retirement date is age 65 or when you reach the "Rule", whichever happens first. After you reach the normal retirement date, you can retire anytime with full benefits. Keep in mind, full benefits = Final Average Salary x 2.00% x Credited Service.

"RULE" FOR MEETING NORMAL RETIREMENT

Rule of 85

Members Hired before January 1, 2016

If your age plus your years of service credit added together equal 85 or more you can retire prior to age 65 without receiving any reductions in your monthly benefit. There is no minimum age requirement. If you meet the Rule of 85 before age 55, you are eligible to retire and begin your monthly payments. You may count years of service while participating in six other North Dakota state sponsored retirement plans towards years of service necessary to meet the Rule of 85. See the dual membership section.

Rule of 90

Members Hired on or after January 1, 2016

If your age plus your years of service credit added together equal 90 or more you can retire prior to age 65 without receiving any reductions in your monthly benefit. There is a minimum age of 60 requirement. If you meet the Rule of 90 before age 60, you are not eligible to retire and begin your monthly payments. You may count years of service while participating in six other North Dakota state sponsored retirement plans towards years of service necessary to meet the Rule of 90. See the dual membership section.

Taxation of Benefits

Annuity benefits are subject to federal and state income tax. Taxes will be withheld monthly pursuant to current tax withholding tables, unless you elect otherwise. The taxable portion of your benefit is calculated using the simplified general rule (IRS Publication 575 “Pension and Annuity Income”).

Payment of Benefits

Eligibility for benefits will be effective on the first day of the month following your last date of service or last date of pay, whichever is later. The first benefit payment will be made on the first working day of the month following the eligibility date. However, if you deferred your benefits, your benefit effective date is the first day of the month following the month your application process has been completed. See the “Administrative Requirements for Monthly Benefits” section.

Retirement Payment Options

There are several different payment options to choose from when you elect to start receiving monthly benefits. Keep in mind each of the payment options available will pay you, the member, for as long as you live. These payment options only differ in how they pay your beneficiary in the event of your death and in the actuarial reduction necessary to provide these benefits to your beneficiary.

All payment options, with the exception of the Partial Lump Sum Option, Graduated Benefit, and Deferred Normal Retirement Option, are available at both early and normal retirement ages. It is possible you may receive much more than your minimum guarantee in monthly retirement benefits depending on your life span and the retirement option you choose. Your member account balance is reduced by each monthly benefit payment you receive.

Single Life

This amount is payable to you for as long as you live. There is no monthly income provision for your beneficiary under this option. However, if you should die while receiving retirement benefits, your beneficiary will get a lump sum payment of the remaining amount in your member account, if any.

50% Joint and Survivor

This amount is payable to you for as long as you live, but is actuarially reduced based upon your age and the age of your spouse. In the event of your death, your spouse will receive 50 percent of your monthly retirement benefit amount for the rest of his/her life. In the event your spouse predeceases you, or in the event of a divorce, your benefit will be adjusted back to the Single life option amount upon receipt of your spouse's Certificate of Death or a photocopy of the divorce decree.

100% Joint and Survivor

This amount is payable to you for as long as you live, but is actuarially reduced based upon your age and the age of your spouse. In the event of your death, your spouse will receive 100 percent (the same amount as you were receiving prior to death) of your monthly retirement benefit amount for the rest of his/her life. In the event your spouse predeceases you, or in the event of a divorce, your benefit will be adjusted back to the Single life option amount upon receipt of your spouse's Certificate of Death or a photocopy of the divorce decree.

Twenty (20) Year Term Certain

This amount is reduced based upon actuarial factors and is payable to you for as long as you live. If you die within the first twenty (20) years of your retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the twenty (20) year period. If you die after receiving benefits for twenty (20) years, there will be no payments made to your beneficiary. **(This option is not available to members age 79 and over.)**

Ten (10) Year Term Certain

This amount is also reduced based upon actuarial factors and is payable to you for as long as you live. If you die within the first ten (10) years of your retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the ten (10) year period. If you die after receiving benefits for ten (10) years, there would be no payments made to your beneficiary.

You also may elect as to receive **one** of the following retirement benefit modifications:

Partial Lump Sum Option (PLSO)

This option is only available to members who retire at or after their full retirement date. This option is not available to members who receiving disability benefits, or to beneficiaries of deceased members. This option allows you to take a partial lump sum distribution equal to 12 monthly payment of the Single Life option and is payable at the same time as your first monthly retirement benefit. You will still be eligible to select a Joint and Survivor or Term Certain option as your ongoing retirement benefit. The ongoing retirement benefit will be actuarially reduced in exchange for the partial lump sum payment.

The lump sum payment will be eligible to roll over to a traditional IRA or another eligible employer plan. If not rolled over, the lump sum is taxed as ordinary income and subject to automatic 20 percent federal withholding. If you are under age 59½, you may be subject to a 10% penalty tax for early withdrawal.

Graduated Benefit Option:

This option allows members to select the graduated benefit at a one percent or two percent annual benefit increase. If they make this election, the member's monthly annuity would be actuarially reduced. Members would still be permitted to choose one of the optional forms of payment for their annuity benefit (e.g. the reduced annuity would be paid as a joint and survivor or term certain option). The amount of the reduction will depend on the retiree's age.

Deferred Normal Retirement Option (DNRO)

This option will only be available to members who retire after reaching normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is in lieu of a lump sum equal to the amount of missed payments, without interest, retroactive to the member's normal retirement date. Members would still be permitted to choose one of the optional forms of payment for their annuity benefit (e.g. the reduced annuity would be paid as a joint and survivor or term certain option). The ongoing benefits will be actuarially increased to reflect the lump sum.

Below are the limitations of who can elect the option and exclusion for benefit modifications:

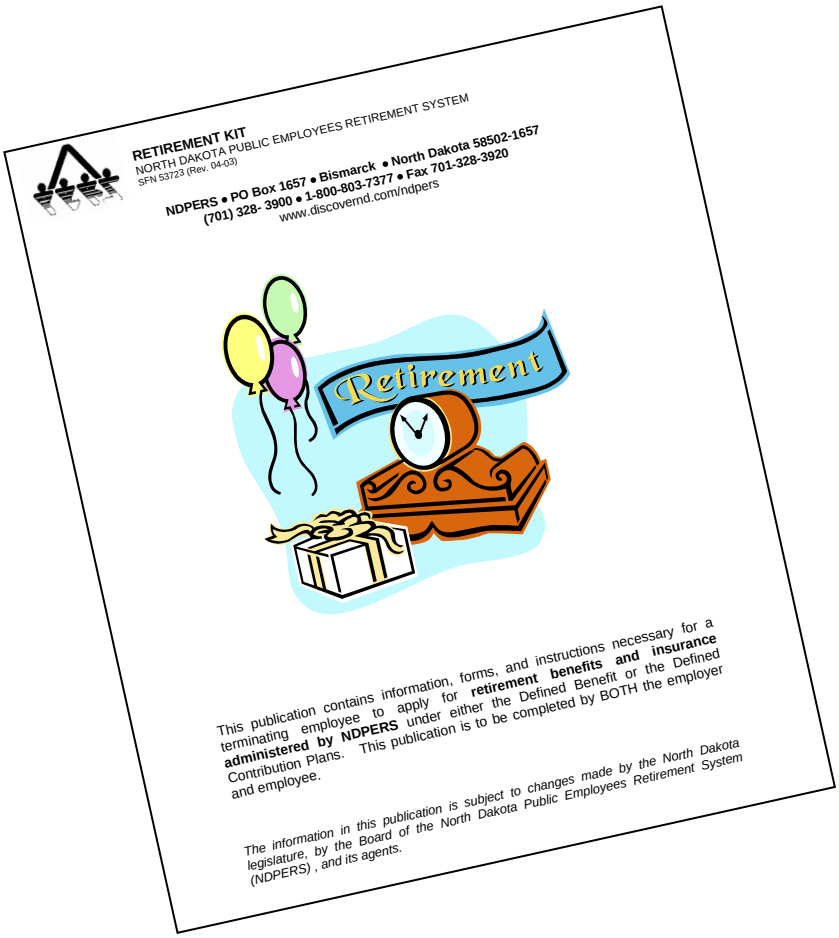
1. Limits the option to members retiring on or after their Normal Retirement Date as set by statute,
2. Excludes disability and early retirees, beneficiaries of deceased members,
3. Requires that the option be a one-time, irrevocable election that is made at the time of the member's retirement, and
4. Excludes the benefit in combination with a PLSO, Graduated, or DNRO benefit option.

Administrative Requirements for Monthly Benefits

You must complete the **"Retirement Kit Forms"** and send them to NDPERS within 30-60 days prior to retirement. In accordance with laws governing processing retirement benefits, NDPERS must receive an **"Application for Retirement Benefits SFN 2562"** and appropriate legal documentation at least 31 days before retirement or before the distribution of the first retirement check. If documents are ***filed*** too late, the payment will be delayed.

Changing Retirement Benefit Option After Retirement

Once you elect your benefit option and start drawing a pension, the election becomes irrevocable. The only exception is if you are drawing benefits under a Joint & Survivor benefit option and your spouse predeceases you or in the event of a divorce. Upon receipt of appropriate documentation of the death or divorce, NDPERS will change the Joint & Survivor benefit option to a Single Life option.



RETIREMENT KIT
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SFN 53723 (Rev. 04-03)

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Retirement

This publication contains information, forms, and instructions necessary for a terminating employee to apply for **retirement benefits and insurance administered by NDPERS** under either the Defined Benefit or the Defined Contribution Plans. This publication is to be completed by BOTH the employer and employee.

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Benefits & Return To Work

To be eligible for benefits, you 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.

Refunds/Rollovers

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

If you are transferring to another job where you will be covered by one of the other state sponsored retirement plans, see dual membership provisions.

If you are transferring to another job, you are not eligible to apply for a refund/rollover distribution.

Retirement

a) If you return to permanent employment with a NDPERS participating employer, your hours of employment must be restricted if you wish to continue receiving your pension payment. Your employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. You may work more than 20 hours per week if employed less than 20 weeks per year.

   If you are employed for 20 or more hours a week for 20 or more weeks per year then your retirement benefit will be suspended. You are not eligible to receive a retirement benefit payment while permanently employed with a NDPERS participating employer. (See “**Overpayment of Benefits**” section). Upon termination of employment, you may resume retirement benefits. Your previous retirement account will be combined with your current service.

b) Under NDCC 54-52-05 (1), if you are eligible for normal retirement (meet “Rule” or age 65), accept a retirement benefit, and become reemployed with a NDPERS participating employer other than the employer with which you were employed at the time you retired, you may, before reenrolling in the retirement plan, elect to permanently waive future participation in the Defined Benefit retirement plan and the Retiree Health Insurance Credit program.

If you make this election, you are not required to make any future employee contributions to NDPERS nor is your employer required to make any further contributions on your behalf.

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.

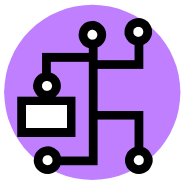
The following retired members may be eligible for this provision:

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

Disability

If you return to work in a permanent full-time position and are eligible to participate in NDPERS, your disability benefits must be suspended. You are not eligible to receive a disability retirement benefit while permanently employed with a NDPERS participating employer. (See “**Overpayment of Benefits**” section). If you are 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, you may resume disability.

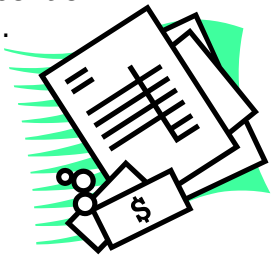
If you return to substantial gainful activity in employment not covered under NDPERS, your disability benefit may continue for up to nine (9) consecutive months. If you are not able to continue employment for at least nine (9) months as a result of the disability and continue to meet the eligibility requirements under the plan, you may continue disability status.



Overpayment of Benefits

The laws governing NDPERS state that a person who receives an overpayment is liable to refund those payments upon receiving an explanation and a written request for the amount to be returned. Pursuant to that section, a member may be charged six (6) percent interest on the unpaid balance until the balance is paid in full. NDPERS executive director must approve any proposal made.

RETIREE HEALTH INSURANCE CREDIT PROGRAM



Pursuant to N.D.C.C. 54-52.1-03.2, your employer contributes 1.14 percent of your gross monthly salary to the retiree health insurance credit program. The Retiree Health Insurance Credit Program offers you a credit to receive reimbursement of premiums you pay for upon retirement. This credit can only be used if you are drawing a monthly NDPERS benefit payment**. Your RHIC may be used for <u>any</u> health and/or prescription drug coverage, as well as for the NDPERS dental, vision, and long term care coverage.**

Defined Contribution Plan members must be at least 55 years of age or meet the "Rule" and must also be receiving a periodic distribution from the trustee company at least annually to be eligible for the RHIC benefit. Your RHIC is only reimbursed for eligible insurance premiums as long as you are receiving a periodic distribution.

RHIC is calculated as $5.00 for every year of retirement service credit, subject to reduction for early retirement (see table on next page for age reduction factors). Your retiree insurance credit will not be reduced if you are age 65, meet the "Rule" or are receiving NDPERS Disability retirement benefits.

For instance, if you are 60 years old at retirement and have 25 years of service, you may be reimbursed up to $125 RHIC towards eligible health insurance premiums because you meet the "Rule". However, if you are 60 and have 24 years of service, your RHIC will be $87.60 (24 x $5.00, reduced by 73 percent age reduction).

If you are enrolled in NDPERS sponsored insurance coverage, NDPERS will bill you for the full premium amount or deduct the full premium amount from your bank account or pension check each month. Then, NDPERS will substantiate your monthly premium amounts and the third party administrator will reimburse you up to your eligible monthly RHIC amount.

If you are enrolled in non-NDPERS sponsored health or prescription drug coverage, you will need to provide documentation of eligible insurance premiums and proof of payment to the third party administrator.

Combining Retiree Health Insurance Credits

Effective August 1, 2007, spouses who each have RHIC may authorize NDPERS to combine their respective credits only when enrolled in the NDPERS sponsored family health plan.

A **"Request to Combine Retiree Health Insurance Credits SFN 58591"** must be completed and submitted to NDPERS prior to the 15th of the month to be effective for the following month.

Reduction Factors

Age at Retirement	Reduction Factor
64 to 65	3%
63 to 64	9%
62 to 63	15%
61 to 62	21%
60 to 61	27%
59 to 60	33%
58 to 59	39%
57 to 58	45%
56 to 57	51%
55 to 56	57%

Retiree Health Insurance Options

If you chose the **Standard Option**, upon your death, your retiree health insurance credit will be transferred to your surviving spouse ONLY if your surviving spouse receives a monthly payment from NDPERS. He or she can use the health insurance credit for as long as the benefit payments continue.

Under the **Alternate Health Credit Option**, if you are married and choose a Single Life, Ten or Twenty Year Term Certain Option, you have the opportunity to elect an alternate form of retiree health insurance credit. You may choose an actuarially reduced 50% or 100% Joint & Survivor retiree insurance credit option that applies only to the insurance credit portion of your retirement benefits. The alternate option is actuarially reduced based upon your age and the age of your spouse. With this option, upon your death, your surviving spouse will receive the RHIC amount for life.

DEATH BENEFITS

The Public Employees Retirement System provides a death benefit for members who die before they terminate employment.

Not Vested

If you are not “vested” in the defined benefit plan at the time of your death, your member account balance will be paid in a single lump sum payment to the beneficiaries you have indicated. Your designated beneficiary can elect to have your member account balance paid directly to them or have the funds rolled over directly into an IRA or eligible employer plan.

Vested and Married

If you are vested in the defined benefit plan, are married, and you have designated your surviving spouse as your primary beneficiary, your spouse will be able to choose from one of the following payment options:

- A single lump sum payment (refund/rollover) of your member account balance,
- Monthly payments of one-half of your Single Life Retirement Benefit for your spouse’s lifetime, or
- Monthly payments in an amount equal to your accrued 100% Joint and Survivor retirement benefit (available only if you have reached your normal retirement date prior to your date of death).

If your surviving spouse elects to receive a monthly retirement benefit, he or she may make use of the retiree health insurance credit you earned as an active member. This credit is only available:

- if applied to NDPERS Dakota Plan health insurance premiums,
- to surviving spouses, and
- as long as the surviving spouse receives a monthly retirement benefit from NDPERS.

If your surviving spouse elects to receive a monthly retirement benefit, he or she may be eligible to participate in the NDPERS group vision, dental, and long-term care insurance plans.

Vested and Single

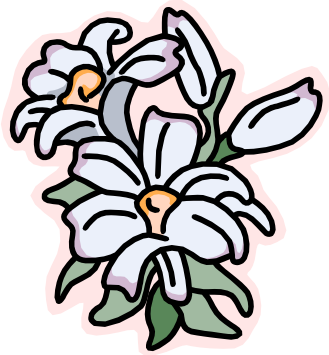
If you are vested at the time of your death but are single or your spouse has consented in writing to waive any right to a death benefit, your member account balance will be refunded in a single lump sum payment to your beneficiary or beneficiaries on record. Your designated beneficiary may have the option to elect to have your member account balance paid directly to them or have the funds rolled over directly into an IRA or eligible employer plan.

If you die and have no beneficiary on record, your member account balance will be paid to your estate.

Beneficiary Requirements

If you are vested, married, and have listed someone other than or in addition to your spouse as your primary beneficiary, your spouse's written consent is required. Please be advised, that if your primary beneficiary election is someone in addition to or in lieu of your spouse, there is no monthly pre-retirement death benefit provision.

Always keep your beneficiary designation current. To update or change your designation of beneficiary, you must complete a **"Designation of Beneficiary for the Group Retirement Plan SFN 2560"**.



BENEFIT COUNSELING

Individual benefit counseling is available at the NDPERS office. If you would like a counseling appointment, please make an appointment before coming to the NDPERS office.

PRE-RETIREMENT SEMINARS

This service is available through NDPERS for employees and their spouses. The program not only addresses crucial issues to be considered in planning, but also provides an informational base from which to work. Topics include financial planning, NDPERS benefits, Social Security benefits, and Legal Aspects of Retiring. The seminars must be sponsored by an employer for a minimum of 20 participants, with a suggested maximum of 40 NDPERS members, plus spouses. Coordinating the program is the responsibility of the employers, although employers may co-sponsor a seminar. The cost of the program materials is split between the employer and NDPERS. Seminars are approximately eight hours in duration and can be scheduled Tuesday through Thursday during normal business hours. Your payroll/personnel office has received more detailed information on this program.

QUALIFIED DOMESTIC RELATIONS ORDERS

If certain requirements are met, the NDPERS Board may approve the equitable distribution of a member's retirement benefits due to a divorce. If applicable, your attorney should contact the NDPERS office to obtain a copy of the latest requirements prior to beginning or constructing a domestic relations order (a copy can be obtained on the NDPERS website). After a domestic relations order is deemed to be qualified, retirement benefits must be paid in accordance with any Qualified Domestic Relations Order (QDRO) issued in compliance with North Dakota Century Code Chapter 54-52-17.6, and North Dakota Administrative Code Chapter 71-02-10.

Benefits are payable at the earlier of the member's date of termination or when the member reaches early retirement age. Although domestic relations orders may be entered and approved prior to a member's retirement or termination, no monies can be paid out until the member's account is in pay status or the member is eligible for early retirement.

If you contact NDPERS regarding information about your account in relation to a divorce, please alert NDPERS staff so your information request can be provided in the proper format.

DURABLE POWER OF ATTORNEY

Everyone, regardless of age, faces the possibility of being incapacitated. Planning for this possibility is very important to you and your family should you become unable to handle your own affairs.

A good step in planning is to have a current Durable Power of Attorney on file with NDPERS since the laws regarding Power of Attorney change from time to time. It should contain a durable clause that allows the attorney-in-fact to work on retirement system matters on the member's behalf in the event the member becomes incapacitated, disabled, or is unavailable.

A Power of Attorney that does not have a durable clause terminates upon a member's incapacity and, because of that termination, it may be necessary for NDPERS to withhold the member's NDPERS benefits until a conservator is appointed by the courts.

While it is preferred that members use Durable Power of Attorney, because it contains a durable clause, NDPERS will also accept a General Power of Attorney without a durable clause. A General Power of Attorney or Durable Power of Attorney may be used for address changes, withholding tax elections, setting up direct deposit, or requesting information regarding benefit payments. However, NDPERS will only accept beneficiary designations or retirement option elections from representatives authorized to act under a Durable Power of Attorney.

In conclusion, having a Durable Power of Attorney on file at NDPERS assures that NDPERS will be able to handle your retirement benefits without interruption and in accordance with your wishes should you become unable to handle your own affairs.

INDEX OF FORMS YOU MAY REQUEST FROM YOUR PERSONNEL/PAYROLL OFFICER OR OBTAIN ON-LINE

IF YOU ARE TRYING TO	OBTAIN THIS FORM
Change your address	**PERSLink Member Self Service (MSS) or Notice of Change SFN 10766**
Change your name	**PERSLink Member Self Service (MSS) or Notice of Change SFN 10766**
Change your marital status	**PERSLink Member Self Service (MSS) or Notice of Change SFN 10766**
Change your beneficiary for retirement benefits	**Designation of Beneficiary SFN 2560**
Notify NDPERS of your retirement and election to receive a monthly benefit	**Retirement Kit**
Notify NDPERS of your termination of employment and application for disability benefits	**Disability Retirement Kit**
Notify NDPERS of your termination of employment and election to withdraw retirement money	**Refund/Rollover Kit**
Notify NDPERS of your termination of employment and election to directly rollover your retirement funds	**Refund/Rollover Kit**
Notify NDPERS of your termination of employment and election to defer distribution of your retirement account to a later date	**Deferred Retirement Kit**

REFUND/ROLLOVER CHECKLIST

Suggested procedure for terminating employees who wish to cash out of NDPERS

- Before leaving employment, see your payroll officer or the NDPERS website for the **Refund/Rollover Kit and Forms**.

- Be sure to read all the information contained in the **Refund/Rollover Kit** very carefully before completing any forms.

- Be sure all the applicable **Refund/Rollover Forms** are fully and accurately completed. Incomplete or incorrectly completed forms may cause a delay in issuing funds from NDPERS.

- If you wish to have your payment directly deposited into your checking or savings account, you and your financial institution must complete the **"Direct Deposit Authorization SFN 18379"**. You must return the **"Direct Deposit Authorization SFN 18379"** by the 10th of the month prior to the month in which the payment will be made. **"Direct Deposit Authorization SFN 18379**" received after the 10th may be delayed and payment may be sent one month later.

- If you are having your NDPERS retirement account directly rolled over into an IRA or eligible employer plan, be certain the other Plan/Financial Institution will accept a direct rollover of your NDPERS retirement account before submitting your forms to NDPERS.

- If you wish, call the NDPERS office for a statement of your member account balance (Please allow at least a week after your inquiry for a written statement). <u>You may view your monthly account balance through the NDPERS on-line services</u>.

- Before leaving employment, check with your payroll officer to make sure your completed **Refund/Rollover Forms** have been sent to the NDPERS office.

- Be sure your address is correct with the NDPERS office. NDPERS staff must send all benefit information to your last recorded address and cannot make address changes over the telephone. *Please submit any address changes in writing or complete a "**Notice of Change SFN 10766**".*

DEFERRED RETIREMENT CHECKLIST

Suggested procedure for terminating employees who wish to defer their retirement benefits to a later date

Whether vested or not, you can leave your Member Account Balance intact with NDPERS and take a refund or rollover at a later date. If you are vested, you can elect to receive a monthly benefit at a later date.

If you are not vested your account balance is less than $1,000, and you do not indicate you wish to leave your account intact, you will be issued a refund automatically upon termination.

Interest continues to compound on your Member Account Balance until you begin receiving a monthly benefit or take refund or rollover.

- Before leaving employment, see your payroll officer or the NDPERS website for a **Deferred Retirement Kit and forms**.
- Be sure to read all the information contained in the **Deferred Retirement Kit** very carefully before completing any forms.
- Indicate whether or not you will be purchasing sick leave for service credit on your retirement application.
- Be sure all the applicable **Deferred Retirement Forms** are fully and accurately completed.
- If you wish, call the NDPERS office for a retirement benefit estimate or a statement of your member account balance (Please allow at least a week after your inquiry for a written statement). <u>You may view your retirement benefits and monthly account balance through the NDPERS on-line services</u>.
- Before leaving employment, check with your payroll officer to make sure your completed **Deferred Retirement Forms** have been sent to the NDPERS office.
- Be sure your address is correct with the NDPERS office. NDPERS staff must send all benefit information to your last recorded address and cannot make address changes over the telephone. *Please submit any address changes in writing or complete a "**Notice of Change SFN 10766**".*

RETIREMENT CHECKLIST

Suggested procedures for retiring employees who wish to draw monthly benefits from NDPERS.

<u>At least six (6) months prior to retirement:</u>

* Request a benefit estimate from the NDPERS office. Complete and submit a "**NDPERS Request for Benefit Information SFN 53603**" or view through NDPERS on-line services

* Review:
    - retirement and health credit options and amount of benefits
    - date pension payment begins
    - direct deposit policy of pension check
    - taxes on pension benefit

* Review completion of:
    - any service credit purchases
    - unused sick leave purchases

* Review participation in NDPERS:
    - health insurance plan/retiree health insurance
    - dental insurance
    - vision insurance
    - long-term care plan

* Review continuation of term life insurance (if applicable)

* Review return to work provisions

* Have realistic plans for day-to-day living in retirement

* Review what your financial needs will be after retirement. Be sure to consider your long-range financial requirements

<u>Three (3) months prior to retirement, register with your Social Security office (if you are 62 or older)</u>

<u>Sixty (60) days prior to retirement date:</u>

- submit the completed "**Retirement Forms**"
- indicate whether or not you will be purchasing sick leave for service credit on your retirement application
- submit photocopy of birth record with application (if married, submit copy of spouse's birth record and marriage certificate)
- check with your payroll office on accrued vacation and sick leave pay available

RECORD OF IMPORTANT DOCUMENTS

Name _____ **Date**_____

Personal

Indicate the location of each document.

Birth Certificate	_____
Marriage Certificate	_____
Deed/Title to Property	_____
Automobile Title	_____
Passport	_____
Social Security Card	_____
Divorce Papers	_____
Military Service Record	_____
Designation of Beneficiary Forms	_____

Financial

Indicate the bank name, address, and account number for each account.

Bank Account (Primary)

_____
_____
_____

Bank Account (Other)

_____
_____
_____

Mortgage

_____
_____
_____

Safe Deposit Box/Box Number/Keys

_____
_____
_____

Retirement Sources

Indicate the company name, address, and account number for each plan.

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

{Continued}

Insurance

Indicate the insurance company name, address, and policy number for each policy.

Life Insurance	Health Insurance
_____	_____
_____	_____
_____	_____

Automobile Insurance	Property Insurance
_____	_____
_____	_____
_____	_____

Legal

Indicate the location of each document and, if applicable, an authorized individual.

Will	Trust	Power of Attorney
_____	_____	_____
_____	_____	_____
_____	_____	_____

Other

Keys and Combinations

_____	_____
_____	_____
_____	_____