

NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

GROUP RETIREMENT PLAN

RETIREMENT BENEFITS

Effective July 1, 2009 – June 30, 2011



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This pamphlet briefly explains NDPERS monthly Retirement Benefits and Insurance. When planning your retirement, please refer to the NDPERS “Retirement Kit SFN 53723”. You may obtain the “Retirement Kit SFN 53723” from our website or by calling the NDPERS office.

Statements in this pamphlet are superseded by changes to or interpretation of North Dakota law.

NDPERS ON-LINE BENEFIT SERVICES

You have ability to access to your individual retirement account. You may view your retirement account balance, annual statements, and access the tools needed to compute retirement and disability benefits. To access the on-line benefit services go to www.nd.gov/ndpers.

APPLICATION

You may apply by contacting your agency’s payroll office approximately 60 days before your last date of service. You and your employer must complete a “Retirement Kit SFN 53723” and file with NDPERS 30 days prior to actually leaving employment along with a photocopy of your birth certificate.

Your retirement effective date will be the first of the month following your last date of service or last date of pay, whichever is later.

You can expect to receive your first benefit check the month following your effective date.

BENEFIT AMOUNT

Your NDPERS retirement benefit amount is based upon the following calculation:

Final Average	X	Benefit X	Years of
Salary		Multiplier	Service
			Credit

FINAL AVERAGE SALARY is the average of your highest salaries in 36 of the last 120 months worked. Effective 08/01/2010, this will change to 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 and is currently 2.00%

SERVICE CREDIT is the amount of eligible service you have accumulated with NDPERS for retirement purposes.

RETIREMENT OPTIONS

There are different retirement options available to choose from when you retire. Keep in mind that each payment option will pay YOU the member for as long as you live. You cannot change your retirement option once you have cashed your first retirement payment.

SINGLE LIFE OPTION: This option provides the greatest benefit amount. There is no monthly income provision for your beneficiary. If you should die while receiving retirement benefits, your beneficiary will get a lump sum payment of the balance of your member account, if any balance remains.

50% JOINT & SURVIVOR OPTION: 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.

If this benefit option is selected, it will be necessary for you to submit a copy of your spouse's birth certificate and your marriage certificate with your retirement application.

100% JOINT & SURVIVOR OPTION: 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.

If this benefit option is selected, it will be necessary for you to submit a copy of your spouse's birth certificate and your marriage certificate with your retirement application.

TEN (10) YEAR TERM CERTAIN: This amount is reduced based upon actuarial factors. If you should die within the first ten years of your retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the ten year term. If you die after receiving benefits for ten years, there will be no further benefit payments made to your beneficiary.

TWENTY (20) YEAR TERM CERTAIN: This amount is reduced upon actuarial factors. If you should die within the first twenty years of your retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the twenty year term. If you die after receiving the benefit for twenty years, there will be no further benefit payments made to your beneficiary. **(This option is not available to member age 79 and over.)**

LEVEL SOCIAL SECURITY OPTION: This option is only available to those who retire before age 62 or no later than full retirement age as set by the Social Security Administration. This option does not provide monthly income to your beneficiary.

This option coordinates with your Social Security benefits to provide a level income, both before you are eligible to draw Social Security benefits and after you begin receiving benefits from Social Security. Under this option, you may choose to begin receiving Social Security benefits at an age no earlier than 62 and no later than full retirement age as specified by Social Security. Your NDPERS benefit will be reduced automatically at the age you selected to begin receiving

Social Security benefits. If you select this retirement option, it will be necessary for you to submit a benefit estimate from Social Security that is less than 6 months old with your retirement application.

PARTIAL LUMP SUM OPTION (PLSO): This option is only available to members who retire at or after full retirement age. This option is not available to members who select the Level Social Security Income option, members 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 rollover to an IRA or another eligible retirement 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.

CONVERTING 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 converted for each 173.3 hours of unused sick leave.

The cost to purchase sick leave is determined by taking 9.26% of your Final Average Salary times the number of months being converted. The payment amount will be calculated by NDPERS, after your termination. Payment must be made by the 15th of the month following the month of your termination date, and must be made before you receive a retirement benefit payment. If you are to begin receiving your retirement benefit payment the month following your final employment date or pay date, the sick leave payment will be requested 15 days after the last date of service pay.

FEDERAL LIMITATIONS

Certain types of purchase payments may be subject to limitations established in the Internal Revenue Code Section 415(c). Current law may limit after-tax employee contributions into the retirement plan. NDPERS will notify you if federal limits apply to your purchase payment(s).

RETIREE INSURANCE COVERAGE

The NDPERS Health, Dental, Vision, and Long-Term Care insurance plans are available to you even if your employer did not participate in these NDPERS Plans prior to your retirement.

You may enroll in the above insurance if you do so within 31 days of retirement or during the eligible qualifying events.

RETIREE HEALTH INSURANCE CREDIT

The Retiree Health Insurance Credit Program offers you a credit which reduces your health insurance premiums upon retirement. This credit can only be used if you choose to participate in the NDPERS Dakota Plan and are drawing a monthly NDPERS or NDHPRS benefit payment.

You receive \$4.50 for every year of retirement service credit, subject to REDUCTION FOR EARLY RETIREMENT. Your retiree health insurance credit will not be reduced if you are age 65, meet the rule of 85 or are receiving NDPERS Disability retirement benefits. Your credit will be applied automatically when you retire and participate in the Dakota Plan.

Under the **Standard Option**, upon your death, your retiree health insurance credit will be transferred to your surviving spouse if your surviving spouse receives a monthly payment from NDPERS and participates in the Dakota Plan. 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, or Level Social Security retirement option, you now have the opportunity to elect an alternate form of retiree health insurance credit. You

may now choose an actuarially reduced 50% or 100% Joint & Survivor retiree health credit option that applies only to the health credit portion of your retirement benefits.

The alternate option is actuarially reduced based upon your age and the age of your spouse. If you elect an alternate health credit option, upon your death, your surviving spouse will receive a health insurance credit amount, if covered by the NDPERS health insurance plan, for the spouse's lifetime.

Effective August 1, 2007, spouses who each have retiree health insurance credit may authorize NDPERS to combine their respective credits and apply to the required monthly premium.

TAX WITHHOLDING

You have the option of having federal and North Dakota state income taxes withheld from your monthly benefit payment.

Whether you should have taxes withheld depends upon your financial situation. Questions about the amount of taxes to withhold or the need for tax deduction should be directed to a professional tax consultant.

DIRECT DEPOSIT

After receiving your first check, it is NDPERS policy that you have your monthly payment sent directly to your checking or savings account through Direct Deposit. Deposits are electronically sent for deposit the first working day of each month. You will receive a QUARTERLY statement of the deposits made.

RETURN TO SERVICE AFTER 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. Upon termination of employment, you may resume retirement benefit. Your previous retirement account will be combined with your current service.

It is crucial that you notify NDPERS of your return to service prior to starting employment, as you will be liable to repay any overpayment of benefits.

- b) If you are eligible for normal retirement (Rule of 85 or age 65) and accept a retirement benefit and become reemployed with an 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 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.