

Perspectives

FOR RETIRED
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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Creditable Coverage Notice About Your Prescription Drug Coverage and Medicare

The following information is for Medicare eligible members and concerns your current prescription drug coverage with NDPERS under Medicare Part D.

Because it has been determined that your existing coverage is on average at least as good as the standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare coverage.

Individuals with Medicare have the option to enroll in a Medicare prescription drug plan. However, because you have existing prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later without paying late enrollment penalties. In addition, your current coverage pays for other health expenses, in addition to prescription drugs, and you will not be eligible to receive all of your current health and prescription drug benefits if you choose to

enroll in a Medicare prescription drug plan. Before making your decision, please examine all your options to be sure you understand the plan coverages.

If you do decide to enroll in a Medicare Prescription drug plan you must drop your NDPERS coverage. Be aware that you may not be able to get this coverage back.

If you drop your current coverage, you will only be able to re-enroll if you apply for coverage within 31 days from any one of the following "qualifying events":

1. Date of retirement, defined as either:
The last day of active employment if member does not defer his/her retirement benefit or take a lump-sum refund of his/her retirement account, or

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Premium Increase and Plan Enhancement

The following information applies only to those Medicare eligible members currently enrolled in the Dakota Retiree Plan. This information DOES NOT apply to you if you are not enrolled in the NDPERS health plan.

Your NDPERS Dakota Retiree Plan includes coverage for both health and prescription drug benefits. The NDPERS Dakota Retiree Plan is a "Carve-Out" plan that pays secondary to Medicare. While it is not a supplemental plan, it does provide coverage on unpaid claims by Medicare Part A and Part B and provides prescription drug coverage under Medicare Part D.

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FYI

- Annuitant 2006 1099-R tax statements will be mailed out by January 31, 2007. If you do not receive your tax statement by February 15, 2007, please contact NDPERS at (701) 328-3900 or toll free at 1-800-803-7377 if calling outside the Bismarck/Mandan calling area. Please allow 5-7 business days for a copy to be generated.
- Retiree annual statements will be mailed at the end of December 2006.

How to Read Your 1099-R Tax Document

Box 1

This amount represents the total benefits paid to you for the year.

Box 2a

This amount represents the portion of benefits reported in Box 1 that are TAXABLE income.

Box 4

This amount is the total amount of Federal income tax withheld for the year.

Box 5

This amount represents the portion of benefits reported in Box 1 that are NON-TAXABLE income. This amount is NOT insurance premiums paid.*

** If you need the total amount of health insurance premiums withheld from your monthly benefit checks for the year, please use the amount listed either on your December 1, 2006 check stub or your quarterly statement dated November 2006.*

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Creditable Coverage

- Date of first retirement check if member deferred his/her retirement benefit.
2. Member's 65th birthday or eligibility for Medicare;
 3. Member's spouse or eligible dependent's 65th birthday or eligibility for Medicare;
 4. The loss of coverage in a health plan sponsored or provided by member's employer or member's spouse's employer, if covered through spouse's employer group plan. This includes loss of coverage due to the death of, or divorce from a spouse as well as completion of COBRA continuation coverage.
 5. Marriage
 6. Birth, adoption, or appointment of children for legal guardianship.

NOTE: If you choose to continue NDPERS coverage, you are not allowed to enroll in a separate Medicare Part D drug plan.

You can get more information about Medicare prescription drug plans from the following resources:

- Visit www.medicare.gov for personalized help,
- Call Senior Health Insurance Counseling (SHIC), a program of the North Dakota Insurance Department, at 1-800-247-0560, or
- Call 1-800-MEDICARE (1-800-325-4227). TTY users should call 1-877-486-2048.

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Premium Increase

Effective January 1, 2006 NDPERS implemented a new Prescription Drug Program (PDP) in conjunction with your health coverage in order to satisfy Medicare Part D requirements. The drug coverage remained very similar to your drug coverage prior to January 1, 2006 with the exception of some mandated drug coverage guidelines. With this change NDPERS received a subsidy from the Federal government which is used to offset the actual premium amount. A subsidy is allowed for each person on the policy who is enrolled in Medicare. Due to an adjustment to the annual Medicare subsidy, you will have a premium increase effective January 1, 2007.

You will be glad to hear that there have been some enhancements to your prescription drug coverage. We have added a

Supplemental Benefit which is an add-on drug list in order to cover drugs that were formerly excluded by Medicare. This will include coverage for benzodiazepines (e.g. Valium, Xanax, Ativan, etc.), barbiturates, and drugs used for coughs and colds. The benefit payment level for these supplemental drugs is 25% coinsurance with no copayment.

You will receive a notice at your address of record in late November notifying you of your new rate effective January 1, 2007. If you are residing at a different address during the winter months, be sure to update your mailing address or your forwarding order. Address changes must be in writing and include your social security number, signature and effective date of the change.

NDPERS On-Line Services

NDPERS
Online
Services



www.nd.gov/ndpers

SCOPE OF SERVICES

NDPERS is excited to announce that you now have the ability to view and print your "Retiree Annual Statement of Accounts" for the current calendar year.

ACCESSING YOUR ACCOUNT

Prior to accessing NDPERS On-line Services, you must have a North Dakota Logon ID. The North Dakota Logon ID will allow you to access various services. Registration is a ONE-TIME PROCESS to ensure the security and privacy of NDPERS member information.

To Register:

Go to www.nd.gov/ndpers and select "Register for Logon "ID" under ONLINE SERVICES. If you need assistance, contact NDPERS at ndpers-info@nd.gov.

Already Registered:

If you already have registered and obtained your North Dakota Logon ID, you do not need to register again. To access your individual retirement account, please go to www.nd.gov/ndpers and select "Log On" under ONLINE SERVICES.

If you have forgotten your Logon ID or password, just follow the on-screen instructions.

OTHER WEBSITE FEATURES

You also have access to plan information on all NDPERS benefits, Perspectives Newsletters, News Flashes, Forms and Publications, and Contact Information.

Designation of Beneficiary

At the time you retired, NDPERS staff requested that you update your designation of beneficiary. Please be sure to keep your designation up-to-date. It is very important that you keep your beneficiary information current; upon your death NDPERS relies on the information to contact your beneficiaries. If the information on your designation of beneficiary is not current or missing, NDPERS is unable to locate and issue payment, if any, to your beneficiary (ies).

To update or change your retirement designation of beneficiary, you must complete a "Designation of Beneficiary for the Group Retirement Plan SFN 2560". To update or change your life insurance designation of beneficiary, you must complete a "Life Insurance Designation of Beneficiary Change SFN 53855." To request a form, call the NDPERS office at (701) 328-3900 or 1-800-803-7377 if calling outside the Bismarck/Mandan calling area. You may also obtain forms on our website at www.nd.gov/ndpers.



What's On the Web? www.nd.gov/ndpers

There are many items at your fingertips. Forms, announcements, handbooks, newsletters, and more! This will be a feature article in future editions of this newsletter. Each article will focus on a certain aspect of our home page.

In this edition, we will focus on the retirement tools available to you on the NDPERS website. If you are drawing a NDPERS retirement benefit, you have access to your plan handbook, forms, tax tables, and mailing schedules. You may access these items through the menu option labeled *Retiree* located under Member Services on the left side of our website home page.

When you enter the above menu option, the first menu item is titled *Defined Benefit Hybrid Retirement Plan*.

Through this option you have access to the **Plan Handbook Table of Contents** that includes topics such as:

- Confidentiality Law
- Contacting NDPERS
- On-Line Services
- Monthly Benefit Option
- Disability Retirement Benefits
- Post-Retirement Benefit Increases
- Payment of Monthly Benefit
- Monthly Benefit Deductions
- Income Taxes
- Change of Address
- Notification of Death
- Designation of Beneficiary
- Benefit and Return to Work
- Overpayment of Benefits
- Retiree Health Insurance Credits
- Durable Power of Attorney
- Record of Important Documents

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What's On the Web?

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Other Plan Information

- Federal Tax Tables (Pages 50-53)
- QDRO/Divorce
- Benefit Payments Mailing Schedule
- How to Read Your 1099

Forms

- Authorization for Direct Deposit for Annuity Payment (SFN 18379)
- Designation of Beneficiary Form (SFN 2560)
- Form W-4P (Substitute) Tax Withholding Certificate (SFN 51506)
- Authorization for Withholding Federal Income Tax (SFN 17628)
- Authorization for Withholding North Dakota State Income Tax (SFN 17629)
- Notice of Change (SFN 10766)

2007 Mailing Schedule

The following is the 2007 schedule when annuitant checks will be MAILED from the NDPERS office:

January 2	February 1	March 1
April 2	May 1	June 1
July 2	August 1	September 4
October 1	November 1	December 3

In the event you do not receive your annuity check by the 10th of the month, please report the missing check to the NDPERS Accountant by calling (701) 328-3900 or 1-800-803-7377 if calling outside the Bismarck/Mandan calling area. A "Stop Payment" will be placed on your check and a new one will be issued after the 10th. If the original check should arrive at your residence after a "Stop Payment" has been order, DO NOT cash the check. Return it to the NDPERS office.

The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.

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