

# Perspectives

FOR ACTIVE  
MEMBERS  
OF THE  
NORTH DAKOTA  
PUBLIC  
EMPLOYEES  
RETIREMENT  
SYSTEM

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### Board Members:

Jon Strinden  
Chairman

Thomas Trenbeath

Attorney General Appointee

Arvy Smith

State Health Officer Designee

### Members Elected:

Mike Sandal, Joan Ehrhardt,  
Howard Sage,

Kim Riedlinger Wassim  
Sparb Collins

Executive Director

Kathy M. Allen  
Editor

## PERS Board Election

The term of North Dakota Public Employees Retirement System (NDPERS) Board member Joan Ehrhardt expires on June 30, 2014. NDPERS is required to give notification of the vacancy and the election process to all active employees. The Board acts as the administrating body to manage the Public Employees Retirement System, Judges Retirement System, Highway Patrol Retirement System, North Dakota National Guard System, Law Enforcement Retirement System, Job Service Retirement Plan, the Uniform Group Insurance Program, Section 457 Deferred Compensation Plan, Retiree Health Insurance Credit program, and the Section 125 FlexComp plan for public employees. In addition, three of the elected members are selected by the Board to serve on the State Investment Board.

The Board consists of seven members. The chairman is appointed by the governor. Three members are elected by the active membership, one member is elected by the retired membership, there is an attorney general appointee, and a state health department designee appointed by the State Health Officer. The Board meets once a month in Bismarck with the meetings generally lasting four to five hours. Board members are paid \$148.00 per meeting.

Any active participating member of the NDPERS Main System, members of the defined contribution retirement plan, the Highway Patrol retirement system and the Job Service retirement plan are eligible to

serve as an elected member of the Board and may become a candidate for election so long as that department or political subdivision is not currently represented on the Retirement Board by a Board member not up for election (NDCC 54-52-03). Currently, the Department of Transportation and the Office of Management and Budget have members that serve on the Board, so employees from those agencies are not eligible to become candidates in the upcoming election. The term is for five years beginning on July 1, 2014, and ending on June 30, 2019.

An eligible individual must obtain the signatures of 100 active NDPERS members to be nominated as a candidate for the vacancy. Nomination petitions are available from the NDPERS office at 400 East Broadway, Suite 505, Bismarck, ND. You may request this information in writing, by phone or through our e-mail address at [ndpers-info@nd.gov](mailto:ndpers-info@nd.gov). The information is also available on our website home page at [www.nd.gov/ndpers](http://www.nd.gov/ndpers). The deadline to submit petitions is 4 p.m. Friday, May 2, 2014. Election ballots will be mailed to active members by June 1, 2014, and must be returned no later than the close of business on Friday, June 13, 2014. Election returns will be tabulated on Monday, June 16, 2014.

If you have any questions about the election, please call the NDPERS office at 701-328-3900 or toll free at 1-800-803-7377 if you are outside the Bismarck-Mandan calling area.

*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.*

## Confidentiality Law

When you call NDPERS for personal information about your benefit accounts, you are subjected to a series of questions to verify that you are a member. Because NDPERS records are confidential and not public records, staff may only disclose information to the member or under the following 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 Domestic Relations Order (QDRO).
- 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.

Staff must be very diligent in protecting the confidentiality of our member records. 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).

## You are Never Too Young to Save

When you're in your 20s and just starting a career, contributing to your retirement savings plan at work might be the last thing on your mind. After all, retirement is probably 35 to 40 years away, and right now, you're focused on more immediate things like making payments on a student loan, car loan and credit cards, while putting food on the table, clothes on your back, and a roof over your head.

But a retirement savings plan is just too good to pass up. Saving for your retirement is easier than you think, and starting now is critical to your financial security and peace of mind. Let's clear up some of the most common misconceptions that people in the early stages of their careers tend to have about saving for retirement.

### 1. "It won't matter if I wait a few years to start saving."

If you start setting aside even a few dollars per paycheck now, rather than later, you'll give yourself more time to take advantage of the power of compounding, in which earnings create more earnings, fueling the growth of your savings.

Getting an early start on retirement savings can pay off in a big way. Let's look at Jen and Adam. Each saved \$30,000 over 20 years – \$1,000 annually for the first 10 years and \$2,000 annually for the second 10 years. Each returned an investment rate of 8% a year. Jen decided to save starting at age 25 and stop at age 44. Adam chose to start saving at a later date, beginning at age 45 and stopping at age 64. The chart below shows both Jen and Adam's retirement savings at age 65 (not accounting for taxes).

Although Jen and Adam each saved the same amount and each earned 8% on their investment, Jen ended up with over \$220,000 more in retirement savings than Adam. Why? Because her money enjoyed 40 years' worth of growth, whereas Adam's had only 20. Since Adam started saving later, he would need to save more than four times as much as Jen to end up with the same retirement savings at age 65. By putting away just \$42 from a bimonthly paycheck when she was 25, Jen put herself in a much stronger position when she was ready to retire.

### 2. "I'm not missing out on much by not being in the savings plan at work."

Actually, you're missing out on a lot, starting with two key benefits:

#### Tax advantages

When you save on a pre-tax basis to a plan like the one you have at work, your contributions reduce your current-year taxable income and, in turn, your tax liability for the year. For example, if you earn \$30,000 a year and contribute \$5,000 on a pre-tax basis to the plan, you'll pay income taxes on \$25,000 instead of \$30,000. You won't owe taxes on the money you contributed on a pre-tax basis until you withdraw money from your account, generally after you retire.

#### Matching contributions

In addition to the tax advantages outlined above, your employer may add to your savings by matching at least a portion of what you contribute. For example, your employer may contribute 50 cents for each dollar you put in up to a certain percentage of your pay (although matching contributions vary from plan to plan). If your salary is \$50,000 and your

Scenario	Amount Saved	Retirement Savings at age 65
Jen starts saving at age 25	\$30,000	\$280,800
Adam starts saving at age 45	\$30,000	\$60,250

employer matches 50 cents on each dollar you contribute from the first 6% of your pay, the numbers will look like this:

<b>YOUR ANNUAL CONTRIBUTION:</b>	
6% of \$50,000	= \$3,000
<b>EMPLOYER'S MATCHING CONTRIBUTION:</b>	
50% of \$3,000	= \$1,500
<b>TOTAL CONTRIBUTION=</b>	<b>\$4,500</b>

Matching contributions to your account, along with earnings on them, are tax-deferred until you withdraw them in retirement.

### 3. "I won't be working here long, so it doesn't make sense to start saving in the plan now."

The contributions you make to the plan yourself, plus any investment earnings on those contributions, will continue to belong to you even when you leave your employer. (You will need to check on your employer's plan vesting rules, if any, on matching contributions.)

When you do leave your employer, you'll have several options on what to do with your vested balance in the plan.

- **Leave your money in the old plan.** If your balance is more than \$5,000, your employer will be required by law to let you leave your money in the plan.

- **Do a rollover.** You can transfer your money to an IRA or a new employer's qualified plan, if that plan accepts rollover contributions. The transferred money can remain tax-deferred in the IRA or new plan, with no penalties.

- **Cash out.** When you leave your job, you'll be allowed to take a lump-sum distribution of your vested account balance. However, this is often a bad idea, because you will have to pay taxes on the payout and you might owe a penalty.

### 4. "I'm not disciplined enough to save on a regular basis."

Once you start saving in your plan, sticking with it will take little or no discipline. You just set up ongoing payroll contributions to the plan and then sit back and relax, because from that point on, you'll be saving on automatic pilot. At least once a year, or more often if you go through a life change like marriage, divorce, or bringing home a new child, you'll need to revisit your investment mix and decide if any changes are warranted. And as time goes by, you should periodically look into whether you can increase your contributions to get even more out of the plan.

### 5. "Saving will get easier when I get older."

Sure, you might make more money down the road, but your expenses will probably go up, too. Over the years, you'll be taking on bigger expenses, which might include a home purchase, a wedding, children, paying for their college education, and so on. That's just how life goes, and there's really no telling whether saving will become easier for you later than it is now. The world is full of people in their 30s, 40s, and 50s saying, "I wish I had started saving for retirement when I was in my 20s."

### 6. "Investing is too complicated."

It doesn't have to be complicated. A professional financial or investment advisor can help you get the most out of the investment options offered by your retirement savings plan. And even if you're more of a do-it-yourselfer, TIAA-CREF offers a wealth of financial and investing education resources.

One of the easiest investment options you can choose is a lifecycle fund. It offers a single, straightforward solution to investing based on your expected retirement age. Each fund's asset allocation automatically shifts from being more aggressive to less aggressive as you get closer to your retirement date.

### Securing your future

As you can see, these six myths are simply myths. You should not let them hold you back from saving for your future. Contact your benefits department to learn how you can take advantage of your plan's rewards. Once you become an active participant in the plan, you might wonder what took you so long to get in on the action.

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You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161, or go to [www.tiaa-cref.org](http://www.tiaa-cref.org) for a current prospectus that contains this and other information. Please read the prospectus carefully before investing. TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products.

Please note; the target date for lifecycle funds is the approximate date when investors plan to start withdrawing their money. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

## Join Healthy Blue

Each member and spouse, 18 and older covered under NDPERS health plan, can earn rewards for using the HealthyBlue online wellness tool. HealthyBlue creates a confidential, personalized wellness plan, tailored to each employee's lifestyle and wellness goals. Based on each individual's preferences, HealthyBlue will provide resources to execute a plan and track success. Members also receive bi-weekly health topic of the month newsletters, access to a variety of health workshops, and quarterly wellness related trend presentations. To get started:

Go to [www.ndpersHealthyBlue.com](http://www.ndpersHealthyBlue.com)

1. Click on "Not registered? Sign Up Now"
2. Register and record your username and password
3. Complete the Health Assessment

Watch HealthyBlue for a physical activity challenge coming at the end of March.

## 2013 Comprehensive Annual Financial Report

NDPERS prepares a Comprehensive Annual Financial Report as of June 30 of each year. This report contains detailed financial, investment, actuarial and statistical information for the plans administered by NDPERS. You can view, download or print the report from the NDPERS website at [www.nd.gov/ndpers](http://www.nd.gov/ndpers) under Forms and Publications.

## Contact at BCBSND for Health Coverage Questions

If you as a member have specific Health Benefit Questions, please contact your Member Service Representative at the number on the back of your BCBSND ID card or locally at (701) 282-1400 or 1-800-223-1704. If you would like someone to visit your Employer group to review Health Insurance Benefits and Programs offered to you by BCBSND, please contact Onalee Sellheim at 701-282-1180.

## Formal Fund Review: NDPERS 457 Companion and Defined Contribution Plans

Due to poor performance relative to its benchmark and peer funds, the NDPERS Board has placed the Parnassus Small Cap fund (Ticker Symbol: PARSX) on Formal Fund Review.

When a fund has been placed under formal review, it indicates the board will be monitoring the fund, its operations, and its performance. The outcome of this monitoring may be to:

1. Remove the fund from the "Formal Fund Review."
2. To close the fund to all new contributions.
3. To remove the fund from the PERS investment options, select a new fund and move existing accounts to the new fund.

NDPERS will post any future actions relating to this fund to its website at [www.nd.gov/ndpers](http://www.nd.gov/ndpers).

The Parnassus Small Cap fund is a Small Cap Blend fund. The NDPERS core investment lineup currently also has the Allianz Small Cap Value (Ticker Symbol: PVADX) and Brown Capital Small Company Growth (Ticker Symbol: BCSIX) as Small Cap investment options.

## Plan to Participate in the National Walk@Lunch Day

Many employees would like to control weight, reduce stress or increase their energy levels. Taking part in the National Walk@Lunch Day on Wednesday, April 30, is a great way to get started.

A regular routine of brisk-paced walking daily can help you lose weight, lower cholesterol, strengthen your heart and reduce the likelihood of serious health problems down the road. And with America spending more than ever on preventable health problems like heart disease, osteoporosis, type 2 diabetes, and conditions associated with obesity such as arthritis, every step counts. Created to improve personal health and decrease the costs of health care for employers and employees, National Walk@Lunch Day is the start of your new daily walking routine, helping you to improve your health step by step.

Participation is fun and easy. On Wednesday, April 30, local Blue Cross and Blue Shield companies, businesses large and small and state legislatures across the nation will encourage employees to wear comfortable shoes and take a walk at lunch.

BCBSND and NDPERS will host a walk at the Bismarck Capitol from 11:30 a.m. to 1 p.m., starting at Memorial Hall. Lt. Governor Drew Wrigley has been invited to attend the event. We encourage you to join us if you are in the area, or plan to host a walk at your own worksite. If you're unable to participate in the walk at the capitol, you can use Google maps or MapMyRun to plot out a route near your workplace.

# PERSLink Member Self Service

NDPERS is pleased to provide the following tools and features through your PERSLink Member Self Service:

<b>Personal Profile</b>	View your personal information on record at NDPERS Update your Name/Marital Status Update your Address, Telephone numbers, and Email
<b>NDPERS Plans</b>	Displays all the NDPERS benefit plans you are enrolled in or are eligible to enroll in View Plan Details Document View Plan Highlights Video Provides link to the individual plans: Plan Enrolled In: View details of the plan as well as Update to Plan Enrollment Plans Eligible to Enroll In: On-line Enrollment Application
<b>Member Account Balance</b>	Provides a direct link to Retirement Plan member account balance details
<b>Benefits Estimates</b>	Request an official retirement benefit estimate from NDPERS Calculate a Benefit Estimate on-line View Benefit Estimate you performed
<b>Service Credit Purchase</b>	Request an official Service Purchase Cost from NDPERS Calculate a Service Purchase Cost Estimate on-line View any Service Purchase Contracts you have. Not available if you completed a service purchase prior to 10/1/2010

## Tobacco Cessation Program

If you are a smoker or a chewer, please see the Tobacco Cessation Program offered by NDPERS and BCBSND to all state employees 18 years of age and older. Please contact your Member Service number on the back of your BCBSND ID card for program details and enrollment into the Program.

The program pays up to \$700 in expenses, including up to \$200 for your office visit and co-pays and up to \$500 every six months for the following FDA-approved medications:

- Over the Counter: nicotine gum, nicotine patch, nicotine lozenge.
- Prescription: Chantix, Bupropion, nicotine nasal spray and nicotine inhaler.

All Over the Counter and prescription will require payment up front and receipts will need to be sent to BCBSND. Payment will be made to the member within 3-5 business days upon receiving receipts from the member. Please send receipts to: P.O. Box 5597, Fargo ND 58105-5597.

## NDPERS Members Complete Sochi Fitness Challenge

More than 1,000 NDPERS members participated in the 'Walk to Sochi' fitness challenge through HealthyBlue. They logged approximately 71,400 miles, which is enough to walk to Sochi, Russia, and back to North Dakota – six times!

The challenge ran from January 20 through February 10 and was open to NDPERS members registered in HealthyBlue. Participants who registered and logged steps earned 300 HealthyBlue points.

“Congratulations to all the participants who helped us walk to Sochi and back to North Dakota,” said NDPERS Wellness Consultant Stacy Duncan. “This challenge was a huge success. Keep up the great work and continue down that path of a healthy lifestyle.”

The next challenge is scheduled for April.

## LIFE INSURANCE COVERAGE Definition of Dependent Update

The NDPERS board has approved an amendment to the group life plan with regard to the definition of a child dependent for purposes of coverage. Effective January 1, 2014, the definition will be “a child from birth to age 26.” As a reminder, if a participant does not have dependent supplemental coverage at the time of birth of a child, they will have 31 days from the qualifying event in which to apply for the additional coverage.



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Don't be late for a  
very important date!



FlexComp Plan Participants have until **April 30, 2014** to submit claims for the 2013 plan year. Make sure you submit EOBs or detailed itemized receipts with your claims and that all debit card purchases have been substantiated. If you have questions, please call ADP customer service at 1-800-336-1881.

**Please Note:** Watch for additional communications regarding upcoming webinars about your FlexComp Plan.

