

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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Contribution Increases

Senate bill 2108 was passed by the 2011 legislature. The bill provides for both the employer and the employee contribution to be increased by 1% each for the Public Employees Retirement System, Judges Retirement System, Highway Patrol Retirement System, Law Enforcement Systems, and the Defined Contribution Retirement Plan effective January 2012 and again in January 2013.

For a summary of the financial challenge the PERS retirement plans faced due to the downturn in the financial markets, please refer to the PERS Ongoing Challenge article on page 3 of this edition. For a full review, refer to the PERS Retirement Plan Financial Update articles in the fall 2009, spring 2010 and fall 2010 PERSpectives newsletters on the PERS web site at <http://www.nd.gov/ndpers/forms-and-publications/perspectives-archive.html> or view the webcast at http://www.ndhealth.gov/webcasthtml/20111018_NDPERS/.

The following shows the contribution increase as it applies to both employer and employee for each retirement system:

If you are employed by a non-state governmental entity, your employer had the option to elect to have the employee contribution paid on a pretax basis. If no election was made, contributions will be paid on an after tax basis. State agencies were not required to make an election.

Plan	Employer Contribution	Employee Contribution
Highway Patrol	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
Main System	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
Main System— Temporary Employees		2% increase in 2012 2% increase in 2013
Judges	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
Law Enforcement – Political Subdivision	.5% increase in 2012 .5% increase in 2013	.5% increase in 2012 .5% increase in 2013
Law Enforcement – State Employees	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
Defined Contribution Plan	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
Defined Contribution Plan— Temporary Employees		2% increase in 2012 2% increase in 2013

457 DEFERRED COMP PLAN 2012 ANNUAL CONTRIBUTION LIMITS

The annual deferral limits established by the Internal Revenue Code for the NDPERS 457 deferred compensation plan will change for calendar year 2012.

On October 11, 2011, the Internal Revenue Service (IRS) announced the cost-of-living adjustments applicable to dollar limitations for 457(b) deferred compensation plans. The limits for 2012 are as follows:

- The annual maximum limit will increase from \$16,500 to \$17,000.
- The age 50 catch-up amount for participants aged 50 and above will remain at \$5,500, or an annual maximum of \$22,500.
- The annual limits for participants enrolled in the regular or "normal" 3-year catch up option will increase from \$33,000 to \$34,000.

If you wish to increase your monthly contribution amount, you must complete the 457 Deferred Compensation Plan Enrollment/Change form, SFN 3803, the month prior to the month in which the change in contribution is to occur.

If you will attain age 50 in 2012, you are eligible to participate in the 50+ catch-up beginning in January. To make this election, complete SFN 3803 and check the "Age 50 or older" box in Part C.

If you want to enroll for the "normal" 3-year catch-up you must submit the SFN 51501, Catch-Up Worksheet/Certification to PERS for verification of eligibility.

All forms may be obtained on the PERS web site at www.nd.gov/ndpers under Forms & Publications. Section 457 Deferred Compensation Plan

NDPERS Board Reviews Annual Actuarial Valuations

At its November meeting, the NDPERS Board reviewed the annual actuarial valuations as of June 30, 2011 with the systems' actuary, The Segal Company. Valuations were presented for the NDPERS Fund which includes the Main System, Judges, National Guard and Law Enforcement Systems. The actuary also reported on the status of the Highway Patrol and Job Service Systems and the Retiree Health Insurance Credit Program (RHIC). See chart for a review of the funds' assets both at market value and actuarial value; the market value return on assets; liabilities and the funded status.

active members for NDPERS and the Highway Patrol combined is 20,695 and the average age is 47.2 years.

- The number of pensions in force in the Main System is 6,990 and the average age of these pensioners is 72.2 years. The number of pensions in force for NDPERS and the Highway Patrol combined is 7,055 and the average age is 72.2 years.
- During fiscal year ended June 30, 2011, 552 new pensions were awarded. Since benefits became payable, a total of 9,985 retirement pensions have been paid of which 7,055 remained on the June 2011 rolls.

RETIREMENT SYSTEMS	ASSETS		ACTUARIAL VALUE	LIABILITIES	FUNDED STATUS
	MARKET VALUE	%Return			
	\$\$\$		\$\$\$	\$\$\$\$	%
NDPERS Fund	1.7 billion	21.1	1.6 billion	2.3 billion	70.5
Highway Patrol	52.7 million	21.2	49.5 million	67.1 million	73.7
Job Service	85.7 million	15.8	74.2 million	68.2 million	108.7
Retiree Health	58.7 million	20.7	53.7 million	108.3 million	49.6

- The returns on investment for the NDPERS, Highway Patrol and RHIC funds exceeded the 8% assumed rate of return. The Job Service fund exceeded its assumed rate of return of 7.5%.
- The number of active members in NDPERS is 20,359 and the average age of these members is 47.3 years. The number of

- The average monthly pension benefit is \$959 and the average age is 72.2 years. More information about the performance and demographics of specific funds is available on our web site at www.nd.gov/ndpers under NDPERS News and select Actuarial Valuation.

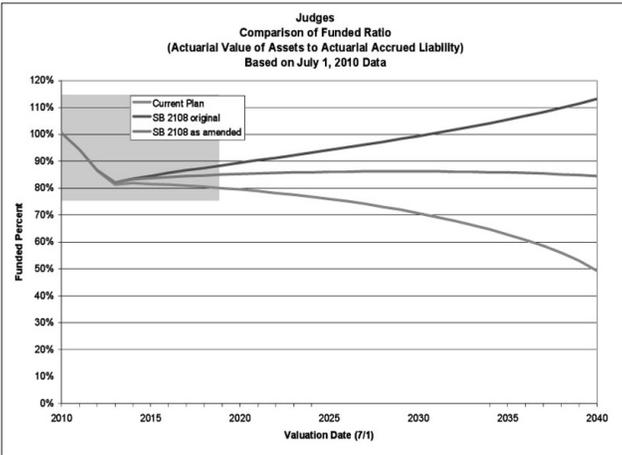
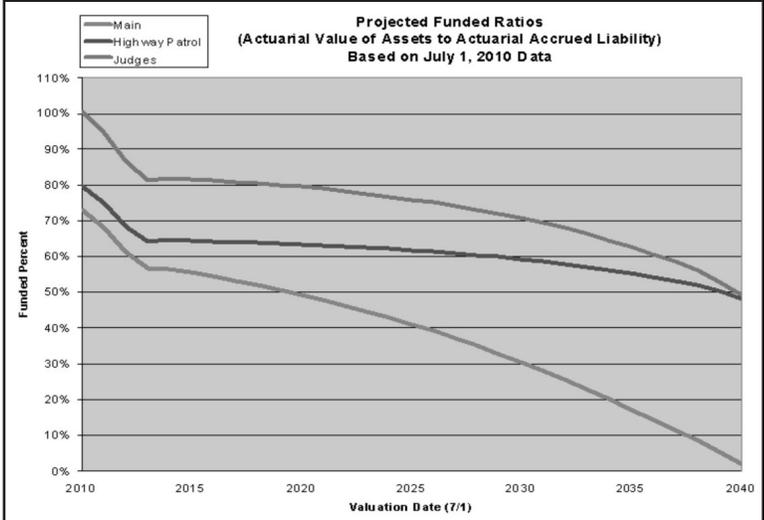
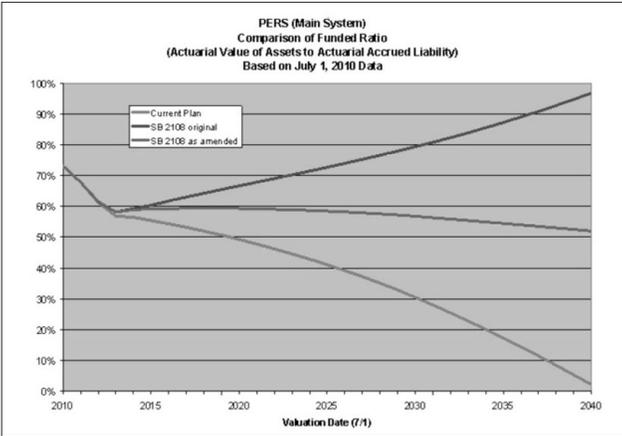
CIGNA Dental Plan Premiums

At its July meeting, the NDPERS Board approved the renewal proposal for the CIGNA Dental Plan. The proposal called for a 3.32% across the board increase in premiums.

The following monthly premiums will be in effect from January 1, 2012 through December 31, 2012:

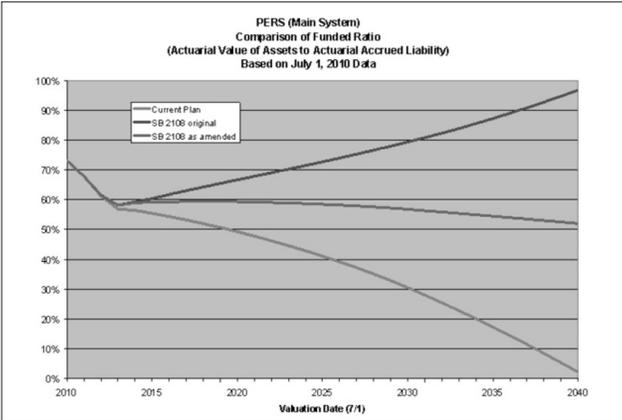
Individual Only	\$ 41.14
Individual & Spouse	\$ 79.42
Individual & Child(ren)	\$ 92.18
Family (employee, spouse, & child(ren))	\$ 131.26

Only employees of the State of North Dakota, the University System, District Health Units and Garrison Diversion Conservancy District are eligible to participate in this plan.



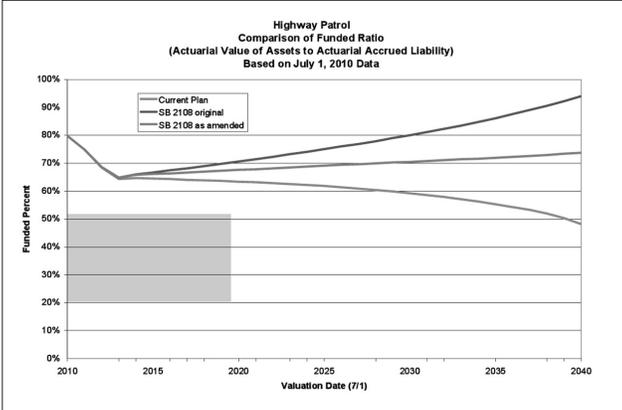
NDPERS Ongoing Challenge

In past newsletters, we have discussed the challenge the PERS retirement plans face as a result of the downturn in the financial markets. The graph above shows the challenge. The bottom line is the Main retirement plan, the middle line is the Highway Patrol plan, and the top line is the Judge’s plan. The chart shows the funding status of the plans along the side (from 0% to 110%) and along the bottom the years going out to 2040. As this chart shows, the long term challenge for our plans is the projected decline in their funded status.



In recognition of this challenge, three goals were set prior to 2011 legislative session. These goals were: 1) to stop the downward trend in the funded status, 2) to stabilize the plans, and 3) to put the plans on a positive trend to improved funding going into the future. In recognition of these goals, PERS submitted legislation to increase the contributions by 8%; 2% each year beginning in 2012 through 2015. The legislation proposed that employers would pay 4% and employees would pay 4%.

The Legislature approved, and the Governor signed, the increases for 2012 and 2013 for a total of 4%. The graphs to the left show the benefit of that action for the Main Plan, the Judges, and the Highway Patrol. On each graph, the bottom line is the challenge before the action of the Legislature and Governor, the top line is the 8% increase originally proposed, and the middle line is the 4% increase that was approved.



As the graphs indicate, the actions of the Legislature and the Governor in approving SB 2108 accomplished a lot in that two of the goals where met for the three systems represented; the downward trend has been mitigated and the plans have been stabilized.

Looking forward to the next session we will need to address the third goal – to put the plans on a positive trend to improve their funded status going into the future. Assisting with that goal is the good news for the year ending June 30, 2010 which was a 21% return on our investments. We are now in the process of updating the above projections to assist in determining what should be proposed for consideration by the 2013 session. PERS must have its proposed legislation submitted to the Legislative Employee Benefits Committee by the end of March 2012.

High Deductible Health Plan for State Employees

House Bill 1364 was passed during the last legislative session and requires the NDPERS Board to develop and implement a high deductible health plan (HDHP) with a health savings account (HSA). This plan will be offered in conjunction with the Dakota PPO/Basic plan, and participation in the HDHP/HSA plan is optional. The plan must be made available to state employees by January 1, 2012.

As the name implies, an HDHP has higher deductibles and larger upfront costs for medical treatment; however, the higher initial out-of-pocket expenses are offset by lower monthly premiums. These plans have a cap on how much you pay out-of-pocket and offer many fully-covered preventive services.

The advantage of enrolling in an HDHP is that a participant is then eligible to open a health savings account. Your employer may contribute to your account and you may also contribute on a pretax or after-tax basis. HSA funds can pay for expenses before you meet your deductible as well as help pay for services not covered by your health plan, medical expenses after retirement and long-term care expenses. You own your account and decide whether to use the funds to pay for out-of-pocket medical expenses or save it for future use. Another feature is that you don't lose HSA funds at the end of the year. Unspent balances remain in your account earning interest until you spend them on medical care. In addition, if you change jobs, your account goes with you, even if you move out of state. Regardless of where you get your health insurance plan, whether on your own or through your employer, your HSA funds are yours.

Following is the HDHP Basic/PPO plan design:

	HDHP Basic Plan	HDHP PPO Plan
Under this Benefit Plan the Deductible Amounts are:		
Single Coverage	\$1,500 per Benefit Period	\$1,500 per Benefit Period
Family Coverage	\$3,000 per Benefit Period	\$3,000 per Benefit Period
Under this Benefit Plan the Coinsurance Maximum Amounts are:		
Single Coverage	\$2,000 per Benefit Period	\$1,500 per Benefit Period
Family Coverage	\$4,000 per Benefit Period	\$3,000 per Benefit Period
Under this Benefit Plan the Out-of-Pocket Maximum Amounts are:		
Single Coverage	\$3,500 per Benefit Period	\$3,000 per Benefit Period
Family Coverage	\$7,000 per Benefit Period	\$6,000 per Benefit Period

The estimated annual employer contribution to the HSA for a single is \$658.08, and for a family plan \$1,592.88. The HDHP/HSA was rolled out for state employees in conjunction with this year's annual enrollment season.

NDPERS Offers State Employees Help with Quitting Tobacco

If you are a state employee who uses tobacco and is interested in quitting, you can get help from the North Dakota Public Employees Retirement System (NDPERS) Tobacco Cessation Program. Administered by Blue Cross Blue Shield of North Dakota (BCBSND), the program is available to help state employees, along with any of their dependents 18 and older, to quit using tobacco.

To get started you can call the North Dakota Tobacco Quitline at 1-800-QUIT-NOW (800.784.8669) or call BCBSND at 800.223.1704.

Participants can utilize one of the cessation programs across the state or can call the Quitline for help with quitting. Once you enroll in a program, an initial assessment will be performed to determine how ready you are to quit, what your smoking or chewing triggers are and what type of nicotine replacement therapy, such as patches or gum, and/or prescription medication you may need. If prescription medication is recommended, you will also need to visit a doctor.

The program will cover your co-pay if you have an office visit. Prescription and over-the-counter medication will be reimbursed up to \$500. If you choose to use the Quitline, you will be reimbursed for your office visit and your prescription and over-the-counter medications. Individuals are eligible to enroll in the program once every six months.

The program will end April 30, 2013.

Taking Your Meds for the Long Haul

Taking medications isn't always easy. Side effects, high costs and uncertainty about whether a drug is working are some reasons people quit taking their medications. Blue Cross Blue Shield of North Dakota (BCBSND) wants to help members stay on track with their medications.

For the medications to be effective, patients must stick to the prescribed regimen. That's true whether you're finishing a course of antibiotics or taking a maintenance medication daily for high blood pressure.

Take as Directed

Doctors usually assume their patients are taking their medications as prescribed. Because doctors are seen as the authority figure, patients can be reluctant to tell their physicians they are not taking their medication. Studies have shown older people cut back on their prescriptions to save money.

"Only your doctor should change the dosage or frequency of your meds," said Brent Solseng, Pharm.D., pharmacist educator at BCBSND. "Skipping doses may prevent the medication from helping you at all."

Rx Vital Sign

Pharmacy claims history helps insurers such as BCBSND track how well members keep up with their medications. One tracking method is known as the medication possession ratio (MPR). If you take your medication nine days out of 10, you have a 90 percent MPR. While a 90 percent MPR is good, it could indicate problems. For example, a 90 percent MPR throughout a year means you have missed nearly 40 days of taking a medication. Missing your meds for four 10-day stretches or for 40 straight days is much more serious than missing your meds three days out of each month during a year.

Calculating the maximum days gap (MDG) will indicate if you have long periods of not taking your meds. The MDG tracks the number of doses you received and the number of days between prescription refills.

In the future, these tools could help your physician monitor your health. "The MPR gives your doctor something to assess like a vital sign," Solseng said. "Combined with the MDG, it may identify preventable reasons for not taking your meds such as high cost or side effects. You might want to switch to a different medication, or if the current medication is working, perhaps the pharmacy could send refill reminders."

Talk with Your Doctor

If you can't afford your medication, talk to your doctor. High out-of-pocket costs are a leading reason for poor medication adherence. Fortunately, drugs to treat high cholesterol, depression and high blood pressure now have several less expensive generic alternatives available.

If a drug gives you unwanted side effects, ask if you can have a lower dosage or switch to another medication. Frustrated with the number of medications you take? Ask your doctor to simplify your dosage. Several drugs commonly used together come in combined dosage forms, allowing you to reduce the number of pills you take. Also, some extended release medications allow for once daily doses instead of several doses throughout the day.

The Long Haul

Remember, some medications require your patience. Antidepressants require four to six weeks to affect the neurotransmitters they target. Many people don't realize that and end up giving up on the drugs too soon.

People who take medications for migraines and pain are most likely to take their medications because they often find relief. The same goes for antibiotics. But those who have chronic conditions without symptoms, such as high cholesterol, high blood pressure, osteoporosis or diabetes, are much more likely to quit taking their medications. However, not taking meds today may cause serious health problems later.

– Information Provided by BCBS of North Dakota

Transition to New Companion Plan Provider

Effective November 1, 2011, the new investment menu for the NDPERS Companion Plan is now available to you through the new plan provider, TIAA CREF. If you were already participating in the Companion Plan when Fidelity was the provider, but did not select a new allocation for your portfolio, you were default-invested in a TIAA-CREF age-appropriate Lifecycle Fund.

While a Lifecycle Fund may be a good investment option for you, be sure to review the plan's wide array of

enhanced fund choices and determine what is the best fit for your savings goals. If you are not currently participating in the 457 supplemental retirement plan companion plan option and wish to, you may do so at any time. Whether you are an existing participant or a new one, a TIAA-CREF consultant can help you make the right investment choices for your needs. If you have questions about the plan changes asset allocations, etc., please call TIAA-CREF at 800-842-2252, Monday through Friday, 7 a.m. to 9 p.m. and Saturday, 8 a.m. to 5 p.m. (CT).

2011-2012

Investment Options

A SUMMARY FOR THE
NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM
DEFERRED
COMPENSATION PLAN



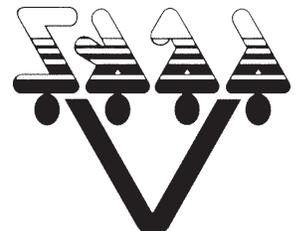
Investment Options Summary

The updated Investment Options Summary for the NDPERS 457 Deferred Compensation Plan is now available. The booklet contains information on all the providers and investment options available in the plan. Inside you will find a description of the investments options available and the contact information for all the active providers. For each provider, all the investments are listed along with their investment objective, associated expenses and historical performance. The investment options summary is located on the NDPERS web site at: <http://www.nd.gov/ndpers/forms-and-publications/publications/investment-options.pdf>.

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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