

Frequently Asked Questions

Election Process

What paperwork will be required to make a valid election? The NDPERS election form and TIAA-CREF Direct Transfer form will be required. If you have previously rolled over funds into your Defined Contribution Plan, additional paperwork will be required to liquidate rollover funds from your account.

Can I contact TIAA-CREF directly to process the transfer and submit paperwork? No, all transfer paperwork must be sent directly to NDPERS for processing and approval prior to the transfer of funds. NDPERS will verify all retirement contributions have posted to your account prior to forwarding the required paperwork to TIAA-CREF for processing. If proper documentation is not received and sent through the NDPERS office, as requested, transfer delays may occur.

When is the final day my election form can be received by NDPERS? For the election to be valid, forms must be postmarked on or before January 31, 2016. Election forms that are delivered to the NDPERS office will be date stamped and must be delivered during normal business hours on or before 5:00 p.m. Friday, January 29, 2016.

Funds Transfer

How will funds from the Defined Contribution Plan be allocated in the Defined Benefit Hybrid plan? Funds will be recorded as employee and employer contributions in the same manner as how the defined contribution provider has each of these funds recorded.

When will my funds transfer back into the Defined Benefit Hybrid plan? NDPERS must verify that the contributions for the month in which you make your election are received and posted to your account prior to initiating the transfer. Depending on your employer payroll reporting, your employer may take up to the 20th of the following month to post contributions. After NDPERS confirms your last contribution in the Defined Contribution Plan has posted, the transfer will occur. Your enrollment in the Defined Benefit Hybrid plan will occur retroactively back to the first of the month following your election. **Please Note:** You must be actively employed with an NDPERS participating employer on the date the funds transfer for your election to be final.

Member Account Balance

How do the employee and employer accounts differ if I transfer back to the defined benefit plan? The Defined Benefit Hybrid plan has funds that are partially portable based upon employee contributions and up to 4% vested employer contributions in the PEP program on a prospective basis. You also receive 7.5% interest on your account balance compounded monthly. In the Defined Contribution plan you vest in the employer funds over a 4 year period and can fully vest in all of the employer contributions, so your entire account balance may be portable.

Will I lose portability of my Defined Contribution account if I transfer to the Defined Benefit Plan? Yes, the employer contributions and associated earnings on these funds will not be transferred to your member account balance in the Defined Benefit Plan. In the Defined Contribution Plan, 100% of your vested employer funds are portable if you separate from employment, become deceased, or choose to take a refund or rollover of your account balance.

What happens if I become deceased before I retire? In the Defined Benefit Hybrid plan your estate value is your employee contributions, vested PEP funds, and interest. In the Defined Contribution plan the estate value is all employee contributions and all vested employer contributions plus earnings.

How can I estimate on my own what is employee contributions and employer contributions? Your TIAA-CREF account statement will show employee contributions and employer contributions in the Defined Contribution plan. Only employee contributions will be transferred back into your account balance in the Defined Benefit Hybrid plan, if you elect back into this plan.

Contributions

Why will the employee contributions increase 2% for those transferring back to the Defined Benefit Hybrid plan? In the main plan, 16.12% is the actuarially neutral contribution rate that was recommended for all employees to bring the plan back to 100% funded status.

Will future contributions always be 2% higher, if I choose to transfer back to the Defined Benefit Hybrid plan? Yes, you will continue to pay the higher contribution rate of an additional 2% of your gross earnings.

What happens to the additional 2% of my gross earnings that I contribute, if I elect back into the Defined Benefit Hybrid plan? The 2% additional contributions will go directly into your member account balance.

Service Credit

If I elect to transfer back into the Defined Benefit Hybrid plan, will I receive all service credit for my previous years worked? Yes, unless you have taken a refund of any of your Defined Contribution or Defined Benefit plan retirement previously. Your full years of service credit will be restored to calculate your Defined Benefit Hybrid plan benefit.

What time is eligible for service purchase under the Defined Benefit Hybrid Plan? You can purchase previous public employment (in-state or out-of-state), past NDPERS service, federal service, active military service, legislative service, leave of absences, and generic service (max of 60 months) while actively employed. You can also purchase unused sick leave upon separation from employment.

How does buying service increase my Defined Benefit Hybrid plan retirement? You increase your monthly lifetime benefit for each additional month of service purchased.

Retirement Benefit Calculation

How is my Defined Benefit Plan benefit calculated at retirement?

Your Defined Benefit Plan benefit is calculated according to a pre-determined benefit formula set in statute under NDCC 54-52-17. (Defined Benefit Plan Formula: Final Average Salary X Years of Service X Benefit Multiplier of 2% = Single Life Monthly Benefit at Normal Retirement) If you elect a joint and survivor, term certain, or early retirement option upon retirement, your monthly lifetime benefit is reduced.

How is my final average salary calculated in the Defined Benefit Hybrid plan? An average of your highest 36 months over the last 180 months (15 years) worked.

How does the Retiree Health Insurance Credit (RHIC) get calculated? You receive RHIC in the Defined Benefit Hybrid plan or the Defined Contribution plan as a retiree, as long as you do not take a refund or rollover of your account with NDPERS. Your benefit for RHIC is calculated based upon \$5.00 times your years of service. If you elect a joint and survivor or early retirement option, your monthly benefit is reduced.

457 Deferred Compensation Plan & Portability Enhancement Provision (PEP) Vesting

If I have a 457 Deferred Compensation plan with TIAA- CREF, will these funds be affected? No, your account balance in the 457 Deferred Compensation plan is a separate individual account that you manage and these funds will not be transferred back into the Defined Benefit Hybrid plan.

Is the Portability Enhancement Provision (PEP) for vesting in employer funds allowed in the Defined Contribution plan? No, PEP is not a part of the Defined Contribution plan as this plan has its own vesting schedule for employer funds. PEP is only a provision in the Defined Benefit Hybrid plan to allow you to vest in up to 4% of the employer funds.

Will I receive PEP based upon previous 457 Deferred Compensation Plan contributions if I elect back into the Defined Benefit Plan? You will not be eligible for PEP for any previous contributions made to your 457 Deferred Compensation Plan prior to the date of transfer of funds. In the Defined Benefit Hybrid plan, you will receive PEP prospectively based upon your restored years of service credit.