

State of North Dakota  
Hypothetical Retirement Benefit Comparison  
for  
Sample Participant

This estimate was prepared with data as of 10/1/2013

The following illustration shows the benefits that you may receive from either the current defined benefit plan or the defined contribution plan. The purpose of this illustration is to help you decide which plan to choose. This information is provided for educational purposes only and should not be considered investment advice, nor should it be the only factor that you consider. Please refer to your plan's documents for additional plan features which may affect your decision.

This illustration assumes that you work for the State of North Dakota up until age 60 & 5 months. It also assumes that you begin receiving payments at age 60 & 5 months.

The illustration is based on personal information that was provided by you and your employer as well as a number of assumptions. Please review your information and the assumptions carefully, as a small change to any of them may cause a large difference in the results.

Please contact the PERS retirement office for an updated illustration.

Participant Information

**Sample Participant**

Participant ID	123-44-5678
Date of Birth	12/2/1977
Gender	Female
Plan	Main Employees Plan (NDPERS)
Current Salary	\$ 25,000
Most Recent Hire Date	10/1/2013
Current Years of Service	0.00
Rollover Amount	\$ -
Prior DB Plan Contributions with Interest:	
Employer Contributions w/ Interest	\$ -
Employee Contributions w/ Interest	\$ -

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Retirement Assumptions

Separation Occurs at	Normal Retirement
Assumed Separation Date	6/1/2038
Age at Plan Separation	60 yrs & 5 mos
Distribution Date	6/1/2038
Age at Plan Distribution	60 yrs & 5 mos
Years of Service at Retirement	24.667

Salary Increase and Rate of Return Assumptions

Assumed Annual Salary Increase	3.50% *
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\* Increases are assumed to occur annually in July

	<u>DB</u>	<u>DC</u>
Mandatory Employee Contribution Rate	6.00%	6.00%
Fixed Employer Contribution Rate	6.12%	6.12%

*In order to fund your retirement benefits, you and your employer will make contributions equal to the above percentages of your gross pay (for the plan you have chosen). These rates are established in the North Dakota Century Code and may change in the future.*

DC Plan Accumulation Rate of Return (prior to retirement)	8.00%
DC Plan Distribution Rate of Return (during retirement)	6.50%

*The rates of return shown above are hypothetical, and are not based on your actual investments in the plan. Your actual returns will be based on your asset allocation and investment choices, and will fluctuate from year to year. It is important to consider the potential risks and rewards involved when choosing your investments. You may wish to seek the advice of your financial planner in this matter.*

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Your Benefits Comparison

Separation Date:		6/1/2038		Separation Age:		60 yrs & 5 mos	
		Defined Benefit Plan <sup>2</sup>		Defined Contribution Plan			
Lump Sum Distribution <sup>1</sup>	\$	227,522.34		\$	307,226.96		
Final Average Salary	\$	55,174.62			N/A		
Benefit as a % of Final Average Salary		49.33%			N/A		
Vesting		100.00%			100.00%		

Retirement Date:		6/1/2038		Retirement Age:		60 yrs & 5 mos	
		Defined Benefit Plan <sup>2</sup>		Defined Contribution Plan <sup>3</sup>			
Lump Sum Distribution <sup>1</sup>	\$	227,522.34		\$	307,226.96		
		Monthly	Lifetime	Monthly	Lifetime		
Years in Retirement		Benefit <sup>4,5</sup>	Benefit	Benefit	Benefit		
10	\$	2,268	\$ 272,195	\$ 3,460	\$ 415,140		
15	\$	2,268	\$ 408,292	\$ 2,645	\$ 476,094		
20	\$	2,268	\$ 544,390	\$ 2,257	\$ 541,702		
25	\$	2,268	\$ 680,487	\$ 2,039	\$ 611,658		
30	\$	2,268	\$ 816,584	\$ 1,904	\$ 685,607		
35	\$	2,268	\$ 952,682	\$ 1,817	\$ 763,157		
40	\$	2,268	\$ 1,088,779	\$ 1,758	\$ 843,905		
26.6 *	\$	2,268	\$ 722,949	\$ 1,990	\$ 634,319		

\* This figure represents normal life expectancy and is based on the RP 2000 Healthy Mortality table set back 3 years.

The benefits shown above are prior to any reductions that would apply if you were less than 100% vested.

Notes:

1 This represents the potential lump sum available at the date shown. The projected balance in the DC account is hypothetical and is based on the return assumptions shown above.

2 Please note that you will forfeit any potential ongoing DB monthly benefit if you choose the lump sum option.

3 Regarding the defined contribution plan, when determining how much to withdraw it is important to keep in mind that you may live longer than your life expectancy. In that case you run the risk of consuming your entire balance during your lifetime and not having anything left to withdraw.

4 The DB plan monthly benefit is assumed to be paid under the normal annuity form (single life annuity).

5 Prior service from other defined benefit plans in your municipality is subject to the early retirement reductions and percentage of average final compensation applicable to those plans.

**This illustration provides only a single scenario under the North Dakota Public Employees' Defined Contribution Retirement System and the North Dakota Public Employees Retirement System. Plan documents will govern in the event of any discrepancy.**

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Tax Implications

*All benefits are shown prior to any taxes. Applicable Federal Income Tax will be withheld when benefits are paid to you. Tax will not be withheld if benefits are rolled over into a "like" plan or IRA.*

*Monthly withdrawals during retirement from either plan will be taxed as ordinary income in the year received. If you receive benefits from the defined contribution plan before you turn age 59 1/2, a 10% early withdrawal penalty may apply under certain circumstances.*

*Be sure that you understand the tax consequences of any distribution or rollover before you initiate one. You may wish to consult your tax advisor if you are not sure.*