

# NDPERS BOARD MEETING

## Agenda

**Bismarck Location:**  
ND Association of Counties  
1661 Capitol Way  
**Fargo Location:**  
BCBS, 4510 13<sup>th</sup> Ave SW

**December 28, 2011**

**Time: 8:30 AM**

### **I. MINUTES**

- A. November 17, 2011

### **II. RETIREMENT**

- A. Job Service COLA – Sparb (Information)
- B. PPCC Award – Deb (Information)
- C. Retirement Contribution Increase – Sparb (Information)

### **III. GROUP INSURANCE**

- A. BCBS Member Advocate Program – (Information)
- B. Health Reform – Sparb (Information)
- C. HDHP/HSA Update – Sparb (Information)
- D. OPEB Valuation – Sparb (Board Action)
- E. Rate Increases – Kathy (Information)
- F. Vision Plan Update – Kathy (Information)
- G. PreMedicare Plan – ERRP – Kathy (Information)

### **IV. DEFERRED COMPENSATION/DEFINED CONTRIBUTION**

- A. Transition Update – Sparb (Information)
- B. Investment Options Summary – Sparb (Information)
- C. 3<sup>rd</sup> Quarter Investment Report – Bryan (Information)

### **V. FLEXCOMP PLAN**

- A. Plan Document Amendment – Kathy (Board Action)

### **VI. MISCELLANEOUS**

- A. Administrative Rules – Deb (Board Action)
- B. Annual Enrollment Update – Sparb (Information)
- C. Audit Committee Minutes – (Information)

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Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



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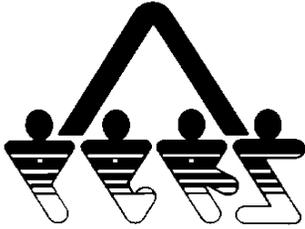
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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:**  
**SUBJECT:** Job Service COLA

The cost of living adjustment for Job Service Retiree's that was approved at the October meeting was paid on time in December. This was the first time we ran this program in the new PERSLink system. The system paid the benefit amounts correctly however we did have one technical problem, when the program was run the federal and ND State income tax withholding amounts reverted to a previous election made by the member. Consequently some withholding amounts were not what the retiree elected for the current month. This will be corrected with January 1 payments.



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## **M E M O R A N D U M**

**TO:** PERS Board

**FROM:** Deb Knudsen

**DATE:** December 13, 2011

**SUBJECT:** Public Pension Coordinating Council Public Pension Standards Award

As in past years, staff completed and submitted an application to the Public Pension Coordinating Council for the Public Pension Standards Award.

The Public Pension Coordinating Council (PPCC) is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the US. The associations are:

National Association of State Retirement Administrators (NASRA)  
National Council on Teacher Retirement (NCTR)  
National Conference on Public Employee Retirement Systems (NCPERS)

The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards.

NDPERS staff was notified recently that NDPERS has qualified for the award. Please let me know if you have any questions.



Public Pension Coordinating Council

**Public Pension Standards Award  
*For Funding and Administration*  
2011**

Presented to

***North Dakota Public Employees Retirement System***

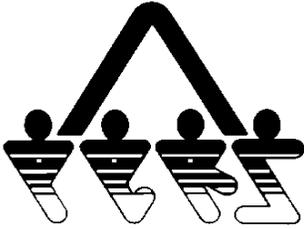
In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is fluid and cursive, with the first name being the most prominent.

Alan H. Winkle  
Program Administrator



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 13, 2011  
**SUBJECT:** Retirement Contribution Increase

The increase in retirement contributions is January of 2012. While we have communicated this extensively over the last year, we are continuing our efforts to make sure everyone knows that it is coming. This last month we sent the following email to all our payroll contacts asking them to forward it on internally:

*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 and the Defined Contribution Retirement Plan effective January 2012 and again in January 2013.*

*This increase is to address the funding challenge facing the PERS retirement plans as a result of the turmoil in the financial markets. For a full review of that challenge, please 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>.*

*Based on your monthly salary, the following shows the effect of the contribution increase as it applies to both employer and employee:*

<u>Effective Dates</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Total</u>
_____			
<u>7/1/11 – 12/31/11</u>	<u>4.12%</u>	<u>4%</u>	<u>8.12%</u>
<u>1/1/12 – 12/31/12</u>	<u>5.12%</u>	<u>5%</u>	<u>10.12%</u>
<u>1/1/13</u>	<u>6.12%</u>	<u>6%</u>	<u>12.12%</u>

If you are a part-time or temporary employee and enrolled in the plan, your contribution will be the amount shown in the total column for the dates listed. If you are employed by a non-state governmental entity, your employer may elect to have the employee contribution paid on a pretax basis. If no election is made by the employer, contributions will be paid on an after tax basis. More detailed information will be provided to your employer in the upcoming months. State agencies will not be required to make an election.

NDPERS Benefits Division

In late December we are going to send the following memo to the home addresses of our members explaining the increase:

## Memorandum

**To:** PERS Retirement Plan Members  
**From:** NDPERS  
**Date:** December 2011  
**Subject:** Retirement Contribution Increase

Senate Bill 2108 was passed by the 2011 Legislature and signed by the Governor. This bill was submitted by the PERS Board after conducting an extensive review of the existing and projected funded status of our retirement plans and addresses the challenge the PERS plans face as a result of the downturn in the financial markets. This has been discussed over the last several years in your *PERSpective* newsletters, emails and in a series of webcasts from the PERS Executive Director. In addition, numerous meetings, public forums and hearings were held to review and discuss this challenge. As a result of these considerations, SB 2108 was submitted by the PERS Board and passed as amended this last session. The bill provides for contribution increases for both the employer and the employee effective January 2012 and again in January 2013 to help maintain the funded status of the plans.

As originally proposed, this bill set forth a plan over a 4-year period that would have increased both employer and employee contributions by a total of 4% each and would have addressed three important goals. The first goal was to stop the downward trend in the funded status of the PERS retirement plans, the second was to stabilize the plans, and the third was to put them on a positive trend to improve their funded status going forward. As enacted, the bill approved 2 years of the 4 year plan and will increase both employer and employee contributions by a total of 2% (except as noted on the following table) each over two years. For a full discussion of the bill as proposed and passed, please refer to the *PERS Retirement Plan Financial Update* articles contained in the fall 2009, spring 2010, fall 2010 and spring 2011 issues of the *PERSpectives* newsletters on the PERS web site at <http://www.nd.gov/ndpers/news/index.html> or view the webcast at [http://www.ndhealth.gov/webcasthtml/20111018\\_NDPERS/](http://www.ndhealth.gov/webcasthtml/20111018_NDPERS/). In addition, the next *PERSpectives* newsletter, scheduled for distribution in early January, will have an article on the retirement plans' funding status. These sources will provide details on how these increases will help your retirement plan and address the ongoing challenge the plans face.

The table on the next page shows the increases as enacted in SB 2108. The increases are effective January 2012 and January 2013.

<b>Plan</b>	<b>Employer Contribution</b>	<b>Employee Contribution</b>
<b>Highway Patrol</b>	1% increase 2012 1% increase 2013	1% increase 2012 1% increase 2013
<b>Main</b>	1% increase 2012 1% increase 2013	1% increase 2012 1% increase 2013
<b>Main plan - Temporary employees</b>		2% increase 2012 2% increase 2013
<b>Judges</b>	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
<b>Law Enforcement (Political Subdivisions)</b>	.5% increase in 2012 .5% increase in 2013	.5% increase in 2012 .5% increase in 2013
<b>Law Enforcement - State employees</b>	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
<b>Defined Contribution Plan</b>	1% increase in 2012 1% increase in 2013	1% increase in 2012 1% increase in 2013
<b>Defined Contribution Plan - Temporary Employees</b>		2% increase in 2012 2% increase in 2013

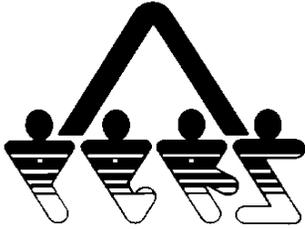
*Retirement contributions are collected by your employer through the payroll process. The above increase will be added to the existing contributions for wages reported to PERS for January. You will notice the additional employee contribution being deducted from your pay unless your employer has indicated to you that they will be picking it up. If you have specific questions how this may impact your net pay and when, please contact your payroll office.*

The actions of the Legislature and the Governor in approving SB 2108 as amended accomplished a lot. Two of the goals for the systems were met: 1) the downward trend has been stopped, and 2) the plans have been stabilized. Looking forward to the next session we will still need to address the third goal, putting the plans on a positive trend to improve their funded status over time. For a full discussion, please be watching for the next *PERSpectives* newsletter scheduled for distribution in early January 2012 or view the webcast on the PERS website.

In addition to sending this to members home addresses, we are also going to send by email to our payroll contacts in early January and ask them to forward internally.

Also, in January our newsletter goes out and we will have an article in there about the increase.

Hopefully these recent efforts, combined with the efforts over the last 20 months, will insure that most are members are fully informed of the change.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 14, 2011  
**SUBJECT:** BCBS Member Advocate Program

Miriam Griffin from BCBS will be at the next Board meeting to discuss with you the Member Advocate Program. Attached is a copy of her presentation.

# Member Advocate Program

BCBSND's BOLD Member Service Initiative

# Agenda

- ▶ What is the Member Advocate Program (MAP)
  - ▶ The Beginnings of MAP
  - ▶ Why was MAP born
  - ▶ What cases will MAP Serve
  - ▶ How will MAP work
  - ▶ Activities to Date
  - ▶ MAP and Case Management
  - ▶ The Next Step
  - ▶ Member Feedback
  - ▶ Questions
- 

# What is MAP?

- ▶ MAP is a program designed to give members personal, tailored customer service and assistance after a life-changing medical event.
- ▶ Concierge-type of service.
- ▶ Want to guide members through the often frustrating world of health insurance.



# The Beginnings of MAP

Shelby's first day in the NICU.



- Former Director of member services, had 2 grandchildren born at 25 weeks gestation.
- Saw first-hand benefits of one person helping these families.

# The Beginnings of MAP

Shelby today!



- Shelby came home in March of 2010
- By November, project officially created for a Member Outreach Program

# Why Was MAP Born?

- ▶ Fill the need



# Why Was MAP Born?

- ▶ Fill the need
- ▶ Next level customer service
- ▶ Set ourselves apart



# Why Was MAP Born?

- ▶ Fill the need
- ▶ Next level customer service
- ▶ Set ourselves apart
- ▶ Member Engagement



# Why Was MAP Born?

- ▶ Fill the need
- ▶ Next level customer service
- ▶ Set ourselves apart
- ▶ Member Engagement
- ▶ We're BOLD



# What Cases Will MAP Serve?

- ▶ Initially we started with:
  - Micro premature babies
  - Babies born with congenital defects
  - Premature multiples

We're slowly expanding this list...



# What Cases Will MAP Serve?

- ▶ Next set of Cases:
  - Pediatric Cancers
  - Children with Congenital Defects
  - Traumatic Injuries
  - Transplants

Chosen for number of reasons:

1. Emotional
2. Costly
3. Lots of claims
4. Extra steps for benefits



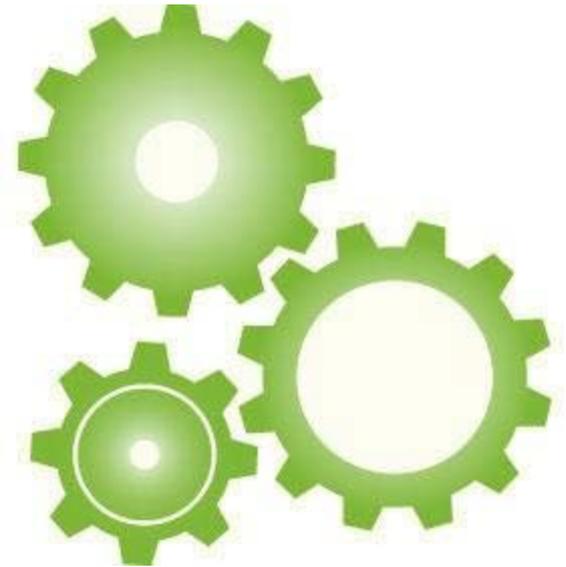
# How Will MAP Work?

- ▶ Proactively seek out these cases
- ▶ Contact potential members
- ▶ Anticipate needs/Service the plans
- ▶ Referrals

Will be within the Customer Contact Center

1-877-528-5140

[memberadvocate@bcbsnd.com](mailto:memberadvocate@bcbsnd.com)



# Activities To Date

- ▶ **Establish processes/procedures**
  - Cold call scripting, data mining, tracking
- ▶ **Around 50 active cases**
  - Majority are babies
  - Integrating other case types
- ▶ **Assistance Agencies**
  - Researching ND and surrounding states
- ▶ **Data Research**
  - 273 potentials



# MAP and Case Management

- ▶ Duplication of Work? – NO!
- ▶ Partnership
- ▶ Exchange of Information



# The Next Step

- ▶ Promotion September 1<sup>st</sup> 2011
  - Have brochures created
  - Cards, logo
- ▶ Location
  - Potential to have advocates in other district offices and work from home
- ▶ Measuring Success
  - Surveys, case studies



# Member Feedback

- "...this is like a dream come true.”
  - “Thanks so much for the follow up, I really appreciate it. Please pass that along. It means a lot.”
  - “I loved your picture on the letter and we all appreciate the personal touch that you offer as an advocate specialist.”
- 

# Questions?



Miriam.Griffin@bcbsnd.com  
701-282-1337



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 12, 2011  
**SUBJECT:** Health Reform

The following is a recent guidance bulletin issued by the Insurance Commissioner relating to Dependent Coverage:



North Dakota  
Insurance Department  
Adam W. Hamm, Commissioner

## BULLETIN 2011-3

**TO:** All Health Insurers  
**FROM:** Adam Hamm, Commissioner  
**DATE:** December 6, 2011  
**SUBJECT:** Dependent Coverage to Age 26 Under State Law and Federal Law

Under the federal law known as the Patient Protection and Affordable Care Act (PPACA), health plans that provide dependent coverage must extend coverage to adult children up to age 26.

Insurers are reminded, however, that PPACA does not supersede North Dakota insurance law, N.D.C.C. § 26.1-36-22, which requires most health insurance policies to provide coverage to certain adult children up to 26 years of age regardless of whether the adult child has employer-sponsored coverage. State law also requires coverage of dependents of dependents and of certain adult children of any age who are disabled. Insurers must be aware that a young adult may not qualify for dependent coverage under the federal law, but could qualify under the more generous state law.

If you have questions regarding this bulletin, please contact Cydra Sauter at the North Dakota Insurance Department at (701) 328-2440.

AH/njb

We will updating our procedures based upon the above.



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 13, 2011  
**SUBJECT:** HDHP/HSA Update

The enrollment for the new HDHP/HSA plan is complete, we had 74 enrollments. We are now coordinating with Higher Education on the HSA and Flex plans. We are also sending the following letter to those who enrolled:

December 9, 2011

NAME  
ADDRESS

MEMBER ID:

NDPERS has received and processed your election to participate in the NDPERS High Deductible Health Plan (HDHP). Your coverage in the HDHP will begin effective January 1, 2012. Blue Cross Blue Shield will be providing you with a Certificate of Insurance booklet and new identification card for your use and reference.

Your enrollment in the HDHP provides you with a Health Savings Account (HSA). In order for your effective date of enrollment in the HSA to be January 1, 2012, you CAN NOT have a balance in a flex medical spending account as of December 31, 2011. Therefore, if you participate in a flex medical spending account, NDPERS will be confirming that your account has been exhausted as of December 31, 2011.

If you do not currently participate in a flex medical spending account or you do participate but the account is exhausted as of December 31, your participation in the HSA will be effective January 1, 2012. The first employer contribution will be made to your HSA in mid-February.

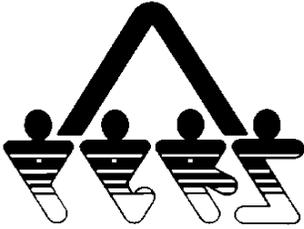
If you participate in a flex medical spending account and you have an account balance on December 31, 2011, your participation in the HSA will be effective April 1, 2012 because IRS regulations specify that a member can not participate in a HSA while being eligible to receive reimbursements from a medical spending account. The first employer contribution will be made to your HSA in mid-April. Your first contribution will be an amount equal to the payments you would have received since the beginning of the year; thereafter it will be the regular monthly amount.

**Based on the above, the effective date of your HSA account will depend on your participation in the flex program.**

Once you are enrolled in the HSA, you will receive an introductory packet of information from Discovery Benefits. The packet will include information on filing claims for reimbursement from your HSA, debit card details, and instructions for you to create your online account with Discovery Benefits. .

If your questions relate to your coverage under the HDHP, please contact BCBS at (800) 223-1704. Questions regarding the Health Savings Account (HSA) should be directed to Discovery Benefits at (866) 451-3399. If you have questions about the effective date of your coverage, contact NDPERS at (800) 803-7377.

Kathy M. Allen  
Benefit Programs Manager



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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 13, 2011  
**SUBJECT:** OPEB Valuation

The Government Accounting Standards Board (GASB) released Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 43) in April 2004 and Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans (GASB 45) in June 2004. These two statements establish uniform accounting and financial reporting standards for state and local governments related to post-employment benefits other than pensions (OPEB). NDPERS must follow these reporting standards for our fiscal year ended June 30, 2009. This requires an actuarial valuation for the implicit subsidy applicable to our pre-Medicare retirees who are participating in our health plan.

This requires:

1. Calculate the implicit subsidy for the fiscal year
2. Prepare an actuarial valuation following GASB 43 and GASB 45 standards
3. Prepare the necessary material for the Comprehensive Annual Financial Report to comply with GASB OPEB reporting and disclosure requirements
4. Provide general consulting on GASB 43 and GASB 45 compliance

Van Iwaarden did our previous valuation.

At this time we need to determine if we should again ask Van Iwaarden to do this work or if we should bid this out. They have indicated they would do it for the same price as last time (see Attachment #1). They were awarded the job last time as a result of a bid. The following shows how they rated compared to the other bidders:

Retiree Valuation	VanIWaa	AON	Segal	GRS	GBS
<i>Technical Understanding</i>	26.5	28.5		24.5	29.25
<i>Qualification &amp; Product Delivery</i>	24.75	26.5		27.25	27.25
3. Approach to Valuations & Timeline					
5. Actuaries & Consultants & Staff					
6. Computer Equipment					
7. Staffing Statement					
8. Specific & Unique Qualifications					
9. Service Office					
10. Previous Retiree Health Valuation					
11. Public Sector Experience					
12. Client References					
13. Actuary Resumes/Hours					
14. Other Staff Resumes/Hours					
15. Identify Subcontractors					
Price \$					
Retiree Health	\$8,900	\$16,000		\$45,000	\$10,500
Hours	48	57		180	45
<i>Price</i>	40.0	22.3	0.0	7.9	33.9
<b>TOTAL POINTS</b>	91.3	77.3	0.0	59.7	90.4

As you will note they were the lowest in terms of price and rated very well. In recognition of the above and their pricing, staff would recommend they be approved to again conduct this valuation and that for the next one we bid it.

**Board Action Requested**

To determine if the OPEB valuation should be done by Van Iwaarden or bid.

December 2, 2011

Mr. Sparb Collins  
Executive Director  
North Dakota Public Employees Retirement System  
400 E. Broadway, Suite 505  
Bismarck, ND 58501

**Re: Proposal to Provide GASB 45 Consulting and Actuarial Services**

Dear Sparb:

Van Iwaarden Associates is pleased to provide you with this letter which is our proposal to complete an actuarial valuation of the NDPERS retiree health plan per the requirements of GASB statements 43 and 45. We will complete the same work covered under the terms of our original 2009 engagement, and we are happy to offer our services for the same price as two years ago.

**Scope of Project and Fees**

We will prepare a full GASB 45 actuarial valuation of NDPERS' retiree health program for a not-to-exceed fee of \$8,900. The only additional costs would be for out-of-scope work requested by NDPERS and for expenses related to meetings to discuss the results. Per the original contract, these expenses may be reimbursed with prior approval from the NDPERS Executive Director.

**Project Background**

Accounting for Other Post-Employment Benefits (OPEB) under GASB Statements 43 and 45 requires that NDPERS complete a full actuarial valuation of its retiree health benefit program every two years. Van Iwaarden Associates completed a full actuarial valuation for the plan year beginning July 1, 2009 so another study must be completed for the plan year beginning July 1, 2011.

The new report will contain all of the required GASB 45 accounting information for your FY12 and FY13 financial statements. It will measure the "implicit subsidy" that NDPERS incurs because your retirees do not pay an actuarially equivalent premium that fully covers the true cost of their health benefits.

December 2, 2011

Page 2 of 2

**Conclusion**

Van Iwaarden Associates is excited to continue our strong relationship with NDPERS by providing you with the highest quality GASB 45 services for a fair price. Once we receive notice of your acceptance of our proposal, we will quickly provide you with a data request so that we can complete the study in a timely manner.

If you have any questions about our proposal, please feel free to call us toll free at 1.888.596.5960.

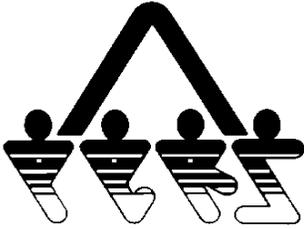
Sincerely,



Mark D. Meyer, JD, FSA, EA  
Consulting Actuary



Mark W. Schulte, FSA, EA  
Consulting Actuary



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# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** December 14, 2011

**SUBJECT:** Premium Rate Increases January 1, 2012

The Medicare Part D and CIGNA dental premiums will increase effective January 1, 2012. The Part D premiums increased by 7.8% and the dental premiums increased by 3.32% for all coverage levels. Retirees were sent notice of the increases by December 1, 2011.



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# Memorandum

**TO:** NDPERS Board  
**FROM:** Kathy  
**DATE:** December 12, 2011  
**SUBJECT:** Vision Plan Update

We have completed our third quarter of service with the Superior Vision Plan. They provided us with a services utilization summary, current enrollment numbers, and top providers report. Following are some comments/observations produced by the reports:

A. Member Utilization

1. About 25% of the participants (employees and dependents) have used the Eye Exam benefit through 3<sup>rd</sup> quarter.
2. About 27% of the participants have utilized some type of service (eye exam, frames, lenses, etc.).
3. Approximately 95% of all claims were processed In-Network. During the 1<sup>st</sup> quarter, 89% of claims were processed In-Network. The national average is approximately 96%.

B. Top 35 Providers (most utilized Providers within the network by NDPERS participants):

1. Dakota Eye Institute with 14% of the claims.
2. Wal-Mart with 12% of the claims.
3. Lenscrafters with 7% of the claims.
4. Midwest Vision Centers, Eyes on Parkway, and Lifetime Vision Center each with 5% of claims.

Member Count by Tier as of September 2011:

	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,508	0
Emp + Child	508	957
Emp + Spouse	1,757	1,746
Emp + Family	1,678	5,144
	<b>6,451</b>	<b>7,847</b>
Total Lives:		<b>14,298</b>

When we reported on the first quarter of 2011, the total number of employees was 6,056 and dependent participation was 7,396 for a total of 13,452 lives covered by the plan or approximately a 6% increase in covered lives.



**Superior Vision<sup>®</sup>**  
*Our Members. Our Mission.*

# **North Dakota PERS**

## **Utilization Reports**

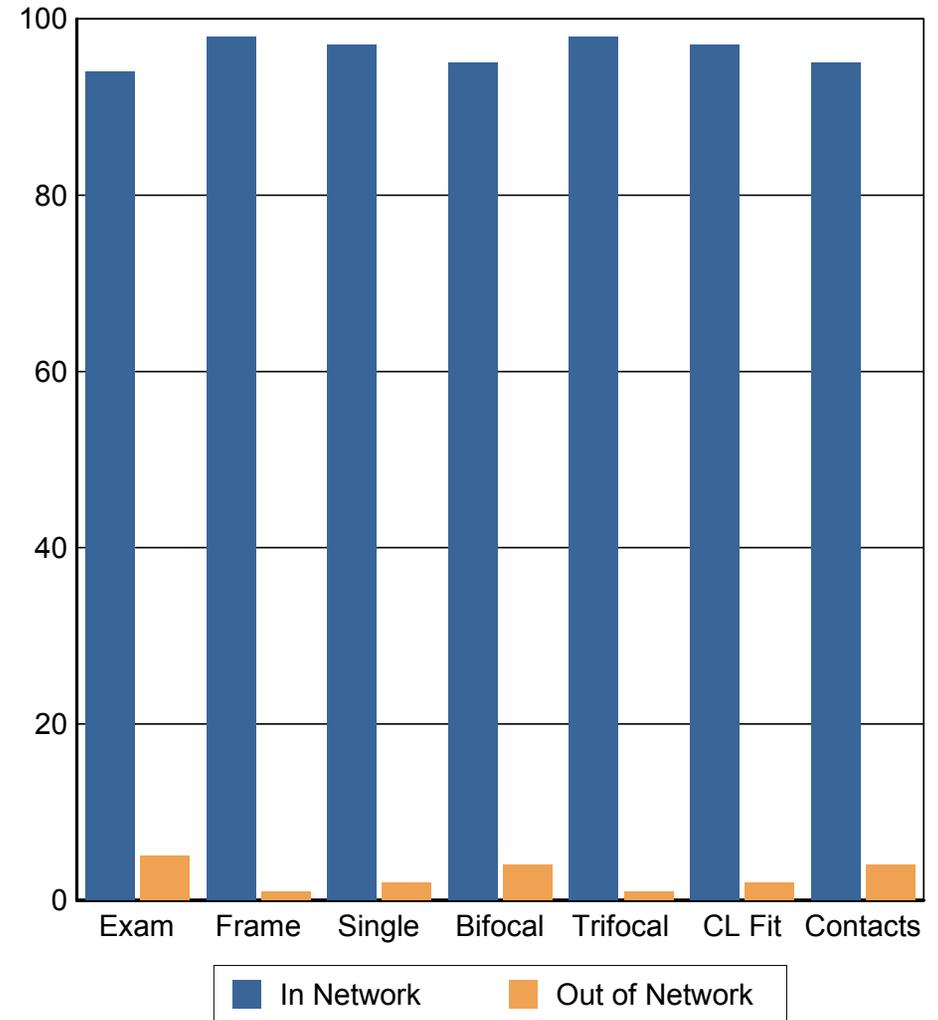
*Quarter Three, Year-to-Date 2011*  
*(January 1 – September 30, 2011)*

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**NDPERS - All Plans and Locations**  
**Member Utilization Report**  
**Calendar Year 2011**



		In Network	Out of Network	Total
<b>Exam</b>	# Members	3,351	206	3,556
	# Claims	3,463	217	3,680
	% Network	94%	5%	100%
	Amt Billed	\$374,220.37	\$25,447.00	\$399,667.37
	Avg Billed	\$107.88	\$117.27	\$108.43
<b>Frame</b>	# Members	1,710	31	1,741
	# Claims	1,781	33	1,814
	% Network	98%	1%	100%
	Amt Billed	\$268,970.06	\$5,954.60	\$274,924.66
	Avg Billed	\$147.79	\$180.44	\$148.37
<b>Single</b>	# Members	899	20	919
	# Claims	922	21	943
	% Network	97%	2%	100%
	Amt Billed	\$63,197.23	\$2,037.00	\$65,234.23
	Avg Billed	\$68.40	\$97.00	\$69.03
<b>Bifocal</b>	# Members	85	3	88
	# Claims	87	4	91
	% Network	95%	4%	100%
	Amt Billed	\$9,542.26	\$948.80	\$10,491.06
	Avg Billed	\$109.68	\$237.20	\$115.29
<b>Trifocal</b>	# Members	837	14	851
	# Claims	863	14	877
	% Network	98%	1%	100%
	Amt Billed	\$173,669.48	\$3,424.30	\$177,093.78
	Avg Billed	\$150.10	\$244.59	\$151.23
<b>CL Fit</b>	# Members	661	19	680
	# Claims	682	20	702
	% Network	97%	2%	100%
	Amt Billed	\$24,976.96	\$540.00	\$25,516.96
	Avg Billed	\$36.62	\$27.00	\$36.35
<b>Contacts</b>	# Members	980	42	1,022
	# Claims	1,035	47	1,082
	% Network	95%	4%	100%
	Amt Billed	\$138,905.31	\$5,591.06	\$144,496.37
	Avg Billed	\$133.56	\$118.96	\$132.93
<b>Total</b>	# Members	3,927	223	4,118
	# Claims	5,563	268	5,831
	% Network	95%	4%	100%
	Amt Billed	\$1,053,481.67	\$43,942.76	\$1,097,424.43
	Avg Billed	\$114.77	\$123.43	\$115.09



Billed = all billed services. Includes claims paid January 2011 to September 2011. Member Reimbursements are not included.

Combined

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Please note that this report reflects billed claims for the specified group and time period. This is not an indicator of actual experience due to the timing of claim submissions, the application of contractual discounts, and applied administrative expenses. The data should not be used in assessing a specific loss ratio of a client.

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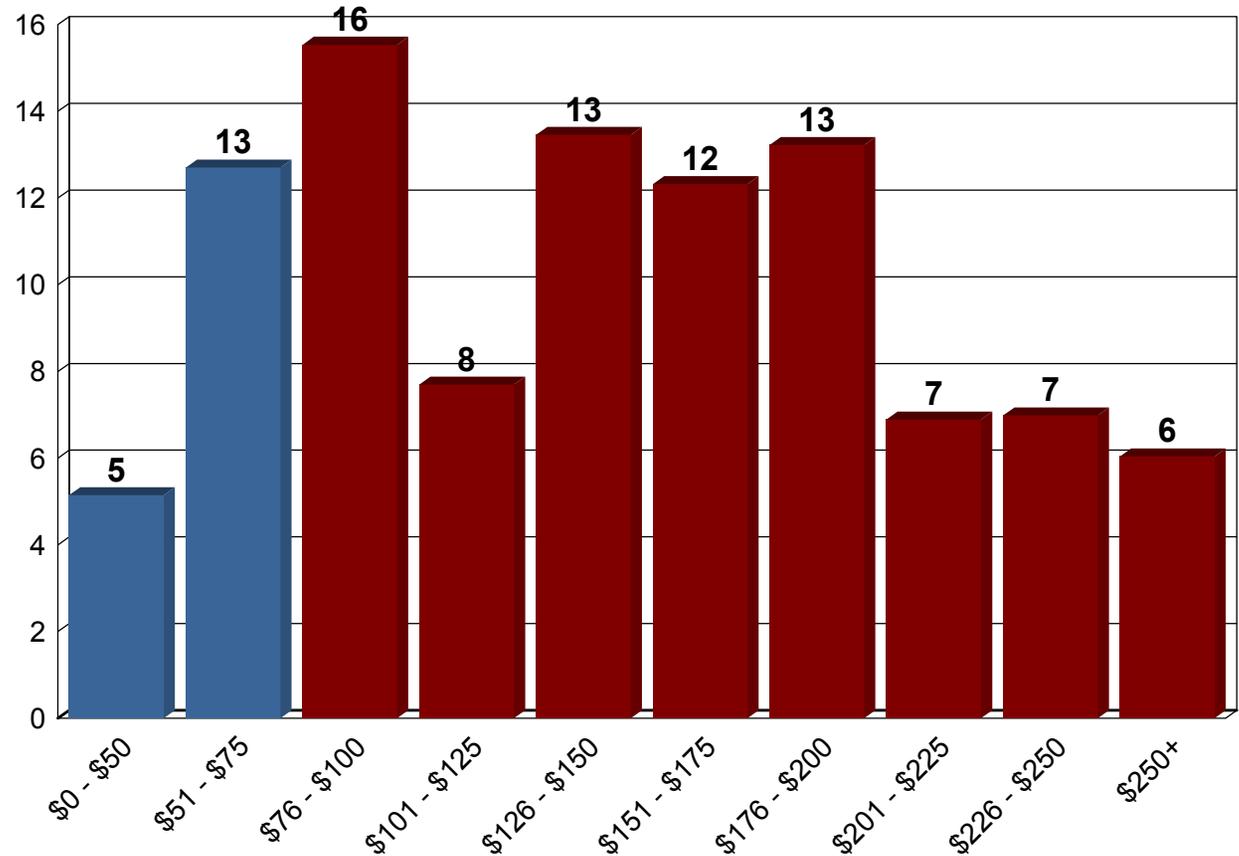
# NDPERS - All Plans and Locations

## Frame Summary - 75.00

Calendar Year 2011



		75.00
\$0 - \$50	# Frames % Frames Avg Billed	109 5% \$30.65
\$51 - \$75	# Frames % Frames Avg Billed	269 12% \$67.59
\$76 - \$100	# Frames % Frames Avg Billed	329 15% \$92.24
\$101 - \$125	# Frames % Frames Avg Billed	163 7% \$115.04
\$126 - \$150	# Frames % Frames Avg Billed	285 13% \$139.58
\$151 - \$175	# Frames % Frames Avg Billed	261 12% \$163.61
\$176 - \$200	# Frames % Frames Avg Billed	280 13% \$187.75
\$201 - \$225	# Frames % Frames Avg Billed	146 6% \$213.32
\$226 - \$250	# Frames % Frames Avg Billed	148 6% \$239.66
\$250+	# Frames % Frames Avg Billed	128 6% \$296.09
<b>Total</b>	# Services % Network Avg Billed	2,118 100% \$146.45



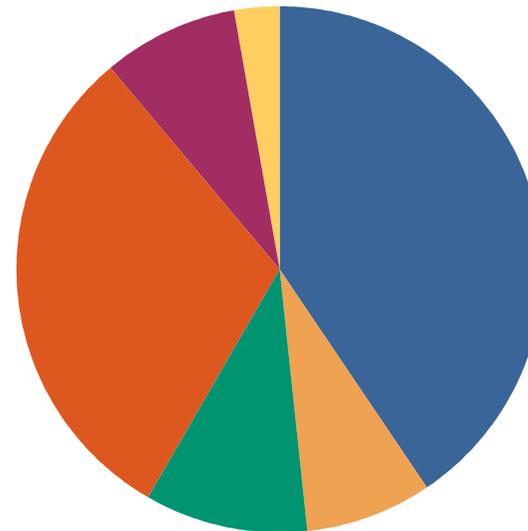
Billed = all billed services. Includes claims processed and paid January 2011 to September 2011.  
Member Reimbursements are not included.

Please note that this report reflects claims for the specified group and time period. This is not an indicator of actual experience due to the timing of claim submissions, the application of contractual discounts, and applied administrative expenses. The data should not be used in assessing a specific loss ratio of a client.

**NDPERS - All Plans and Locations**  
**Lens Enhancement Report**  
**Calendar Year 2011**



		<b>Total</b>
<b>Anti-Reflective Coating</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	977 40% \$81.39
<b>Hi-Index Lens</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	187 7% \$110.84
<b>Photochromatic Tint</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	241 9% \$80.41
<b>Polycarbonate Lens</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	743 30% \$41.66
<b>Scratch Resistant Coating</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	202 8% \$30.20
<b>U-V Lens</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	64 2% \$24.95
<b>Total</b>	<b># Claims</b> <b>% Claims</b> <b>Avg Billed</b>	2,414 100% \$65.57



■ Anti-Reflective Coating	40.5%
■ Hi-Index Lens	7.7%
■ Photochromatic Tint	10.0%
■ Polycarbonate Lens	30.8%
■ Scratch Resistant Coating	8.4%
■ U-V Lens	2.7%
<b>Total:</b>	<b>100.0%</b>

Billed = all billed services. Includes claims paid January 2011 to September 2011. Member Reimbursements are not included.

Combined

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Please note that this report reflects billed claims for the specified group and time period. This is not an indicator of actual experience due to the timing of claim submissions, the application of contractual discounts, and applied administrative expenses. The data should not be used in assessing a specific loss ratio of a client.

11/9/2011 14:36:16

# NDPERS - All Plans and Locations

## Top 35 Providers Report Calendar Year 2011



Vision Service Provider	Claims	Members	\$ Billed	Network	Top 3 Locations Utilized
1 WAL-MART	678 12%	646 16%	125,037.89	In-Network	VARIOUS
2 DAKOTA EYE INSTITUTE, PC	831 14%	586 14%	195,775.96	In-Network	BISMARCK, ND RUGBY, ND LINTON, ND
3 MIDWEST VISION CENTERS, INC	318 5%	280 7%	90,467.41	In-Network	BISMARCK, ND GRAND FORKS, ND FARGO, ND
4 EYES ON PARKWAY PC	307 5%	231 6%	82,596.50	In-Network	BISMARCK, ND
5 LVCTR PC DBA LIFETIME VISION CENTER	285 5%	236 6%	69,942.00	In-Network	GRAND FORKS, ND
6 LENSRAFTERS	417 7%	319 8%	65,444.59	In-Network	VARIOUS
7 EYE CENTER OF THE DAKOTAS	119 2%	88 2%	43,896.00	In-Network	BISMARCK, ND
8 FARGO VISION ASSOCIATES PC	134 2%	108 3%	38,731.80	In-Network	FARGO, ND
9 MICHELLE M LEIDENIX OD PC	232 4%	231 6%	18,452.00	In-Network	BISMARCK, ND
10 EYECARE ASSOCIATES PC	123 2%	99 2%	37,060.00	In-Network	FARGO, ND
11 3-D OPTICAL INC	119 2%	100 2%	31,411.56	In-Network	FARGO, ND
12 DR'S LITTLE AND SCHMIDT	113 2%	81 2%	27,490.25	In-Network	MANDAN, ND
13 LIFETIME VISION CENTER LLC	119 2%	106 3%	34,513.80	In-Network	GRAND FORKS, ND
14 JOHNSON EYE CARE PC	67 1%	57 1%	17,841.85	In-Network	MINOT, ND
15 JAMES A WOODMANSEE OD	147 3%	140 3%	11,065.00	In-Network	GRAND FORKS, ND
16 SAMS CLUB	81 1%	78 2%	15,080.45	In-Network	SAINT LOUIS, MO
17 ADVANCED VISION CENTERS PC	72 1%	67 2%	26,479.00	In-Network	DICKINSON, ND
18 MARK TUFTE OD PC	89 2%	62 2%	22,535.10	In-Network	FARGO, ND
19 TAYA PATZMAN OD	136 2%	134 3%	10,660.00	In-Network	JAMESTOWN, ND
20 PRAIRIE VISION CENTER	55 1%	45 1%	18,241.00	In-Network	WAHPETON, ND
21 LISBON VISION CENTER PC	54 1%	46 1%	12,605.00	In-Network	LISBON, ND
22 PRECISION EYEZ, PC	59 1%	52 1%	14,222.01	In-Network	BISMARCK, ND
23 EYEMART EXPRESS	56 1%	53 1%	11,706.72	In-Network	FARGO, ND GREEN BAY, WI
24 MODERN EYES	38 1%	38 1%	22,289.00	In-Network	BISMARCK, ND
25 BISMARCK EYECARE, PC	50 1%	43 1%	13,236.00	In-Network	BISMARCK, ND
26 JULIE LAGODINSKI CHRISTIAN	86 1%	84 2%	12,053.10	In-Network	GRAND FORKS, ND
27 WEIR EYE CLINIC LLC	36 1%	35 1%	16,424.00	In-Network	DICKINSON, ND BOWMAN, ND
28 KRISTIN F ENGSTROM OD	75 1%	75 2%	6,920.00	In-Network	FARGO, ND
29 MOSER EYES INC	43 1%	41 1%	12,818.76	In-Network	GRAND FORKS, ND
30 VISION WORLD	47 1%	43 1%	12,012.22	In-Network	FARGO, ND MOORHEAD, MN FERGUS FALLS, MN
31 DR. THOMAS M KILZER OPTOMETRIST PC	23 0%	22 1%	8,326.75	In-Network	BISMARCK, ND
32 DR CAROL A MURIE PC	76 1%	76 2%	6,414.00	In-Network	GRAND FORKS, ND
33 DR. JAIME L. HAALAND, OD PC	21 0%	17 0%	6,626.00	In-Network	MINOT, ND
34 MARK A EMMERICH	20 0%	20 0%	8,951.50	In-Network	DICKINSON, ND
35 ROBERT NYRE OD	22 0%	21 1%	7,967.00	In-Network	MINOT, ND
Other Providers	698 12%	596 14%	123,620.86	In-Network	GRAND FORKS, ND FARGO, ND DICKINSON, ND

Billed = all billed services. Includes claims paid January 2011 to September 2011 Member Reimbursements are not included.

Combined

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Please note that this report reflects billed claims for the specified group and time period. This is not an indicator of actual experience due to the timing of claim submissions, the application of contractual discounts, and applied administrative expenses. The data should not be used in assessing a specific loss ratio of a client.

11/9/2011 14:36:34

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

January 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,310	0
Emp + Child	471	872
Emp + Spouse	1,603	1,603
Emp + Family	<u>1,584</u>	<u>4,841</u>

**JANUARY Grand Total**      **5,968**      **7,316**

Total Lives:      13,284

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

February 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,324	0
Emp + Child	476	878
Emp + Spouse	1,617	1,617
Emp + Family	<u>1,593</u>	<u>4,874</u>

**FEBRUARY Grand Total**      **6,010**      **7,369**

Total Lives:      13,379

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

March 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,343	0
Emp + Child	482	888
Emp + Spouse	1,635	1,635
Emp + Family	<u>1,596</u>	<u>4,873</u>

**MARCH Grand Total**      **6,056**      **7,396**

Total Lives:      13,452

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

April 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,364	0
Emp + Child	482	898
Emp + Spouse	1,647	1,640
Emp + Family	<u>1,598</u>	<u>4,872</u>

**APRIL Grand Total**      **6,091**      **7,410**

Total Lives:      13,501

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

May 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,388	0
Emp + Child	493	920
Emp + Spouse	1,607	4,903
Emp + Family	<u>1,651</u>	<u>1,650</u>

**MAY Grand Total**      **6,139**      **7,473**

Total Lives:      13,612

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

June 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,384	0
Emp + Child	489	915
Emp + Spouse	1,654	1,653
Emp + Family	<u>1,606</u>	<u>4,901</u>

**JUNE Grand Total**      **6,133**      **7,469**

Total Lives:      13,602

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

July 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,434	0
Emp + Child	501	945
Emp + Spouse	1,682	1,680
Emp + Family	<u>1,615</u>	<u>4,942</u>

**JULY Grand Total**      **6,232**      **7,567**

Total Lives:      13,799

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

August 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,467	0
Emp + Child	504	953
Emp + Spouse	1,708	1,704
Emp + Family	<u>1,637</u>	<u>5,021</u>

**AUGUST Grand Total**      **6,316**      **7,678**

Total Lives:      13,994

**NORTH DAKOTA PERS  
MONTHLY MEMBER COUNT BY TIER**

September 2011

<b>Vision Care Plan</b>	<b>Employees</b>	<b>Dependents</b>
Emp Only	2,508	0
Emp + Child	508	957
Emp + Spouse	1,757	1,746
Emp + Family	<u>1,678</u>	<u>5,144</u>

**SEPTEMBER Grand Total**      **6,451**      **7,847**

Total Lives:      14,298

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

January-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 262.71	16
	Retirees	\$ -	0
	COBRA	\$ -	0
	<b>Total</b>	<b>\$ 262.71</b>	<b>16</b>
<b>January Grand Total</b>		<b>\$ 262.71</b>	<b>16</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

February-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 61,751.08	840
	Retirees	\$ 2,656.34	30
	COBRA	\$ 63.00	1
	<b>Total</b>	<b>\$ 64,470.42</b>	<b>871</b>
<b>February Grand Total</b>		<b>\$ 64,470.42</b>	<b>871</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

March-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 61,763.25	845
	Retirees	\$ 2,387.18	26
	COBRA	\$ 336.00	4
	<b>Total</b>	<b>\$ 64,486.43</b>	<b>875</b>
<b>March Grand Total</b>		<b>\$ 64,486.43</b>	<b>875</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

April-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 74,092.56	1040
	Retirees	\$ 3,500.16	43
	COBRA	\$ -	0
	<b>Total</b>	<b>\$ 77,592.72</b>	<b>1083</b>
<b>April Grand Total</b>		<b>\$ 77,592.72</b>	<b>1083</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

May-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 49,037.31	674
	Retirees	\$ 2,546.99	34
	COBRA	\$ 142.80	2
	<b>Total</b>	<b>\$ 51,727.10</b>	<b>710</b>
<b>May Grand Total</b>		<b>\$ 51,727.10</b>	<b>710</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

June-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 59,423.60	894
	Retirees	\$ 4,456.15	63
	COBRA	\$ -	0
	<b>Total</b>	<b>\$ 63,879.75</b>	<b>957</b>
<b>June Grand Total</b>		<b>\$ 63,879.75</b>	<b>957</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

July-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 130,581.93	604
	Retirees	\$ 12,978.08	47
	COBRA	\$ 1,391.21	3
	<b>Total</b>	<b>\$ 144,951.22</b>	<b>654</b>
<b>July Grand Total</b>		<b>\$ 144,951.22</b>	<b>654</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

August-11

		Amt Paid	# of Claims
<b>Superior Vision Plan</b>	<b>Actives</b>	\$ 47,925.55	692
	<b>Retirees</b>	\$ 4,092.73	56
	<b>COBRA</b>	\$ -	0
	<b>Total</b>	\$ 52,018.28	748
<b>August Grand Total</b>		<u>\$ 52,018.28</u>	<u>748</u>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

September-11

		Amt Paid	# of Claims
Superior Vision Plan	Actives	\$ 53,049.13	800
	Retirees	\$ 3,805.16	48
	COBRA	\$ 55.00	2
	<b>Total</b>	<b>\$ 56,909.29</b>	<b>850</b>
<b>September Grand Total</b>		<b>\$ 56,909.29</b>	<b>850</b>

**NORTH DAKOTA PERS  
MONTHLY CLAIMS PAID BY PLAN TYPE**

**9 Month Total**

		<u>Amt Paid</u>	<u># of Claims</u>
<b>Superior Vision Plan</b>	<b>Actives</b>	\$ 537,887.12	6405
	<b>Retirees</b>	\$ 36,422.79	347
	<b>COBRA</b>	\$ 1,988.01	12
	<b>Total</b>	<u>\$ 576,297.92</u>	<u>6764</u>
<b>9 Month Total</b>		<u>\$ 576,297.92</u>	<u>6764</u>



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** NDPERS Board

**FROM:** Kathy

**DATE:** December 14, 2011

**SUBJECT:** Pre-Medicare Retiree Plan - ERRP

In August of 2010, NDPERS was approved by the Department of Health and Human Services to participate in the Early Retiree Reinsurance Program (ERRP) that was enacted as part of the federal health care reform bill. Under this program, the federal government reimburses employers for a portion of health care claims incurred by early retirees who are at least age 55 but not eligible for Medicare.

On November 14, 2011 PERS made a request for its second reimbursement since being approved for the program. The request was for the first three quarters of 2011 from January 1 through September 30<sup>th</sup>. The amount of the request was for \$1,354,590. The amount requested and reimbursed for 2010 was \$1,723,732.



**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

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# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 13, 2011  
**SUBJECT:** Transition Update

The transition to TIAA-CREF from Fidelity is nearly complete. All the funds have gone over, statements from both Fidelity and TIAA-CREF have gone out. The one major issue that arose was the date for crediting the funds. Originally, the date for the repurchase was November 3 with the funds coming from Fidelity on November 1 (from November 1 to November 3 the funds were put into the TIAA-CREF money market mutual fund). After consideration, TIAA-CREF elected to change the repurchase from November 3 to November 1. As of December 12, they had reversed the November 3 transition date and reposted it for November 1 for almost all of our members except those that had subsequent transitions after November 3 (less than 200). New statements have also been issued. Transition should be complete for all by the Board meeting.

We are in the final stages of integrating our business processes. Some items relating to withdrawals, QDRO's and few others are taking a little longer than anticipated, but we hope to have them done by the end of the month.



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** PERS Board

**FROM:** Sparb and Bryan

**DATE:** December 12, 2011

**SUBJECT:** Updated 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>





# Memo

To: NDPERS Board  
From: Bryan T. Reinhardt  
Date: 12/16/2011  
Re: 457 Companion Plan & 401(a) plan 3rd Quarter 2011 Reports

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Here is the 3rd quarter 2011 investment report for the 401(a) & 457 Companion Plan. The reports are available separately on the NDPERS web site. The NDPERS Investment Sub-committee reviewed the 3rd quarter report.

Assets in the 401(a) plan transferred to TIAA-CREF were around \$20.2 million. The current number of participants is at 290 (232 Active and 58 Inactive). The largest funds are the TIAA-CREF Lifecycle Funds with \$13.4 million and there is still \$2.3 million in the Fidelity Managed Income fund.

Assets in the 457 Companion Plan transferred to TIAA-CREF were around \$35.3 million. The number of active participants is increasing and is now at 3,365. There are 1,441 inactive/terminated employees. The largest funds are the TIAA-CREF Lifecycle Funds with \$26.2 million and there is still \$2.2 million in the Fidelity Managed Income fund.

## Benchmarks:

Fund returns for the quarter were mostly negative except for the PIMCO bond fund and the stable value fund. The difference between 1-year, 3-year, and 5-year returns show the market volatility with a market downturn in 2008 and bull market in 2009. Most of the core funds performed well compared to their benchmarks and peer funds. Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

## Fund / Investment News:

The NDPERS Investment Sub-Committee reviewed a 3<sup>rd</sup> quarter market overview with TIAA-CREF and plan statistics. The Investment Sub-Committee did not mark any funds in the new core lineup as underperforming for the quarter.

NDPERS  
Quarterly Investment Report  
3<sup>rd</sup> Quarter  
7/1/2011 – 9/30/2011



North Dakota Public Employees Retirement System  
400 E Bdwy, Suite 505  
Box 1657  
Bismarck, ND 58502

**NDPERS 401(a) Defined Contribution Plan & 457 Companion Plan - TIAA-CREF**

<b>INITIAL OFFERING:</b>				
	Hartford Dividend & Growth T.Rowe Price Equity Income	Vanguard 500 Index Signal Nuveen Tradewinds Value Oppt	Franklin Growth Adv Wells Fargo Adv Growth Adm	<b>LARGE</b>
	RidgeWorth Mid Cap Value Equity I	ASTON/Fairpointe Mid Cap I Columbia Mid Cap Index A	Prudential Jennison Mid Cap Growth Z	<b>MEDIUM</b>
	Allianz NFJ Small Cap Value	Parnassus Small Cap	Brown Capital Mgmt Small Co Inv	<b>SMALL</b>
	<b>VALUE</b>	<b>BLEND</b>	<b>GROWTH</b>	
<b>BALANCED FUND:</b>	T.Rowe Price Capital Appreciation			
<b>INCOME FUNDS:</b>	Wells Fargo Stable Value Fund J			
<b>BOND FUNDS:</b>	PIMCO Total Return Bond Fund	Prudential High Yield Z		
	PIMCO Real Return Admin Bond Fund	Templeton Global Bond		
<b>REAL ESTATE:</b>	Cohen & Steers Realty Shares			
<b>INTERNATIONAL FUNDS:</b>	Mutual Global Discovery Z	Vanguard Total Intl Stock Index	Oppenheimer Developing Markets Y	
<b>LIFESTYLE FUNDS:</b>	TIAA-CREF Lifecycle Ret Income	TIAA-CREF Lifecycle 2025	TIAA-CREF Lifecycle 2045	
	TIAA-CREF Lifecycle 2010	TIAA-CREF Lifecycle 2030	TIAA-CREF Lifecycle 2050	
	TIAA-CREF Lifecycle 2015	TIAA-CREF Lifecycle 2035	TIAA-CREF Lifecycle 2055	
	TIAA-CREF Lifecycle 2020	TIAA-CREF Lifecycle 2040		
<b>FUND STYLE CHANGES:</b>				
→				<b>LARGE</b>
↑ ↓				<b>MEDIUM</b>
				<b>SMALL</b>
	<b>VALUE</b>	<b>BLEND</b>	<b>GROWTH</b>	
<b>OTHER FUNDS:</b>				
<b>CURRENT LINEUP:</b>				
	Hartford Dividend & Growth T.Rowe Price Equity Income	Vanguard 500 Index Signal Nuveen Tradewinds Value Oppt	Franklin Growth Adv Wells Fargo Adv Growth Adm	<b>LARGE</b>
	RidgeWorth Mid Cap Value Equity I	ASTON/Fairpointe Mid Cap I Columbia Mid Cap Index A	Prudential Jennison Mid Cap Growth Z	<b>MEDIUM</b>
	Allianz NFJ Small Cap Value	Parnassus Small Cap	Brown Capital Mgmt Small Co Inv	<b>SMALL</b>
	<b>VALUE</b>	<b>BLEND</b>	<b>GROWTH</b>	
<b>BALANCED FUND:</b>	T.Rowe Price Capital Appreciation			
<b>INCOME FUNDS:</b>	Wells Fargo Stable Value Fund J			
<b>BOND FUNDS:</b>	PIMCO Total Return Bond Fund	Prudential High Yield Z		
	PIMCO Real Return Admin Bond Fund	Templeton Global Bond		
<b>REAL ESTATE:</b>	Cohen & Steers Realty Shares			
<b>INTERNATIONAL FUNDS:</b>	Mutual Global Discovery Z	Vanguard Total Intl Stock Index	Oppenheimer Developing Markets Y	
<b>LIFESTYLE FUNDS:</b>	TIAA-CREF Lifecycle Ret Income	TIAA-CREF Lifecycle 2025	TIAA-CREF Lifecycle 2045	
	TIAA-CREF Lifecycle 2010	TIAA-CREF Lifecycle 2030	TIAA-CREF Lifecycle 2050	
	TIAA-CREF Lifecycle 2015	TIAA-CREF Lifecycle 2035	TIAA-CREF Lifecycle 2055	
	TIAA-CREF Lifecycle 2020	TIAA-CREF Lifecycle 2040		

<b>NDPERS Investment Benchmarks - 3rd Quarter 2011</b>					
	<b>Quarter</b>	<b>Y-T-D</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>
<u>Stable Value Fund</u>					
<b>Wells Fargo Stable Return Fund J - WFSJ#</b>	0.39%	1.22%	1.76%	2.29%	2.98%
GIC Index	0.18%	0.53%	0.71%	1.13%	1.85%
<u>Fixed Income Fund</u>					
<b>PIMCO Real Return Admin - PARRX</b>	3.22%	8.49%	7.38%	9.49%	7.20%
<b>PIMCO Total Return Bond Fund - PTRAX</b>	-1.12%	1.71%	0.71%	9.56%	7.54%
Barclays Aggregate Bond Index	3.82%	6.65%	5.26%	7.97%	6.53%
Taxable Bond Fund Universe	-0.44%	2.68%	2.99%	7.65%	5.17%
<b>Prudential High Yield Z - PHYZX</b>	-5.15%	-0.98%	2.49%	11.81%	6.89%
ML High Yield Bond Fund Index	-6.31%	-1.69%	1.32%	13.68%	6.94%
High Yield Bond Fund Universe	-6.64%	-2.63%	0.77%	9.70%	4.74%
<b>Templeton Global Bond Adv - TGBAX</b>	-7.73%	-3.40%	-2.10%	10.74%	10.13%
Citi World Govt Bond Index	2.38%	6.48%	4.61%	7.71%	7.54%
World Bond Fund Universe	-1.19%	2.50%	1.45%	8.13%	6.32%
<u>Real Estate Fund</u>					
<b>Cohen &amp; Steers Realty Shares - CSRSX</b>	-16.20%	-7.20%	0.46%	0.34%	-1.88%
FTSE NAREIT All Equity REITs Index	-15.07%	-6.05%	0.93%	-1.99%	-2.43%
Real Estate Fund Universe	-14.94%	-6.61%	-0.12%	-1.34%	-3.21%
<u>Balanced Fund</u>					
<b>T.Rowe Price Capital Appreciation - PACLX</b>	-11.34%	-6.34%	1.86%	4.61%	2.53%
60% Large Cap Value Univ & 40% Taxable Bond Universe	-9.87%	-5.76%	-0.25%	2.66%	0.33%
60% Russell 1000 Value & 40% Agg Bond Index	-8.19%	-4.08%	0.97%	2.28%	0.49%
<u>Large Cap Equities - Value</u>					
<b>Hartford Dividend &amp; Growth - HDGTX</b>	-14.47%	-9.78%	-1.01%	1.03%	N/A
<b>T.Rowe Price Equity Income - PRFDX</b>	-15.34%	-11.40%	-1.68%	-0.07%	-1.79%
Russell 1000 Value Index	-16.20%	-11.24%	-1.89%	-1.52%	-3.53%
Large Cap Value Fund Universe	-16.16%	-11.38%	-2.41%	-0.67%	-2.90%
<u>Large Cap Equities - Blend</u>					
<b>Vanguard 500 Index Signal - VIFSX</b>	-13.87%	-8.70%	1.11%	1.27%	-1.16%
<b>Nuveen Tradewinds Value Oppt I - NVORX</b>	-11.50%	-10.09%	-0.26%	12.36%	6.94%
S&P 500 Index	-13.87%	-8.68%	1.14%	1.23%	-1.18%
Large Cap Blend Fund Universe	-15.84%	-11.24%	-1.79%	0.29%	-1.81%
<u>Large Cap Equities - Growth</u>					
<b>Wells Fargo Adv Growth Adm - SGRKX</b>	-14.09%	-1.52%	11.75%	12.48%	8.53%
Russell 3000 Growth Index	-13.90%	-7.90%	3.39%	4.49%	1.56%
<b>Franklin Growth Adv - FCGAX</b>	-14.42%	-9.23%	-0.96%	3.92%	1.51%
Russell 1000 Growth Index	-13.14%	-7.20%	3.78%	4.69%	1.62%
Large Cap Growth Fund Universe	-15.63%	-10.80%	-0.42%	2.44%	0.15%
<u>Mid Cap Equities - Value</u>					
<b>RidgeWorth Mid Cap Value Equity I - SMVTX</b>	-24.11%	-19.76%	-7.75%	4.88%	2.61%
Russell Mid Cap Value	-18.46%	-13.01%	-2.36%	1.98%	-0.84%
Mid Cap Value Fund Universe	-19.59%	-14.67%	-4.14%	2.00%	-1.03%
<u>Mid Cap Equities - Blend</u>					
<b>Columbia Mid Cap Index A - NTIAX</b>	-19.90%	-13.30%	-1.63%	3.64%	1.86%
S&P Mid Cap 400	-19.88%	-13.02%	-1.28%	4.05%	2.20%
<b>ASTON/Fairpointe Mid Cap I - ABMIX</b>	-23.16%	-20.09%	-9.84%	4.84%	3.71%
Wilshire 4500 Index	-20.60%	-15.03%	-2.02%	3.19%	0.93%
Mid Cap Blend Fund Universe	-20.41%	-14.63%	-3.41%	1.91%	-0.41%
<u>Mid Cap Equities - Growth</u>					
<b>Prudential Jennison Mid Cap Growth Z - PEGZX</b>	-15.55%	-7.51%	2.58%	6.51%	4.09%
Russell Mid Cap Growth	-19.33%	-11.59%	0.80%	5.89%	1.64%
Mid Cap Growth Fund Universe	-19.62%	-13.10%	-1.15%	3.59%	1.34%
<b>Fund Returns in RED do not meet both benchmarks. Fund Returns in BLACK meet both benchmarks.</b>					

## NDPERS Investment Benchmarks - 3rd Quarter 2011

	Quarter	Y-T-D	1-Year	3-Year	5-Year
<b>Small Cap Equities - Value</b>					
<b>Allianz NFJ Small Cap Value - PVADX</b>	-15.89%	-9.51%	1.31%	3.53%	3.60%
Russell 2000 Value Index	-21.47%	-18.51%	-5.99%	-2.78%	-3.08%
Small Value Fund Universe	-20.98%	-17.58%	-5.21%	0.74%	-1.37%
<b>Small Cap Equities - Blend</b>					
<b>Parnassus Small Cap - PARSX</b>	-23.13%	-21.55%	-8.17%	3.53%	3.34%
Russell 2000 Index	-21.87%	-17.02%	-3.53%	-0.37%	-1.02%
Small Blend Fund Universe	-21.77%	-16.81%	-3.70%	0.61%	-1.12%
<b>Small Cap Equities - Growth</b>					
<b>Brown Capital Mgmt Small Co Inv - BCSIX</b>	-19.01%	-8.60%	6.16%	7.82%	9.00%
Russell 2000 Growth Index	-22.25%	-15.57%	-1.12%	2.07%	0.96%
Small Growth Fund Universe	-22.32%	-15.03%	-0.92%	2.48%	0.30%
<b>International Equity Funds</b>					
<b>Mutual Global Discovery Z - MDISX</b>	-15.52%	-11.14%	-6.39%	1.76%	1.35%
<b>Vanguard Total Intl Stock Index Inv - VGTSX</b>	-20.93%	-18.02%	-12.19%	-0.55%	-2.21%
MSCI EAFE	-19.01%	-14.98%	-9.36%	-1.13%	-3.46%
International Stock Fund Universe	-19.14%	-16.15%	-8.97%	0.36%	-1.52%
<b>Oppenheimer Developing Markets Y - ODVYX</b>	-19.99%	-21.01%	-13.78%	9.67%	5.88%
MSCI Emerging Markets Index	-22.46%	-21.66%	-15.89%	6.59%	5.17%
Diversified Emerging Mkts Universe	-22.81%	-23.34%	-17.72%	3.93%	2.85%
<b>Asset Allocation Funds:</b>					
<b>TIAA-CREF Lifecycle Ret Income - TLIRX</b>	-6.10%	-2.24%	1.42%	4.94%	N/A
Income Benchmark	-5.33%	-1.79%	1.53%	4.97%	2.97%
<b>TIAA-CREF Lifecycle 2010 - TCLEX</b>	-7.99%	-3.90%	0.80%	4.41%	1.99%
2010 Benchmark	-6.62%	-2.86%	1.23%	4.41%	2.42%
<b>TIAA-CREF Lifecycle 2015 - TCLIX</b>	-9.52%	-5.34%	0.17%	3.94%	1.43%
2015 Benchmark	-7.58%	-3.68%	0.99%	4.03%	2.02%
<b>TIAA-CREF Lifecycle 2020 - TCLTX</b>	-11.24%	-6.94%	-0.53%	3.32%	0.60%
2020 Benchmark	-8.89%	-4.80%	0.59%	3.50%	1.47%
<b>TIAA-CREF Lifecycle 2025 - TCLFX</b>	-12.93%	-8.50%	-1.39%	2.63%	-0.14%
2025 Benchmark	-10.20%	-5.93%	0.20%	2.97%	0.93%
<b>TIAA-CREF Lifecycle 2030 - TCLNX</b>	-14.58%	-9.93%	-2.12%	1.86%	-0.93%
2030 Benchmark	-11.87%	-7.42%	-0.43%	2.33%	0.24%
<b>TIAA-CREF Lifecycle 2035 - TCLRX</b>	-16.14%	-11.37%	-2.77%	1.39%	-1.29%
2035 Benchmark	-13.65%	-9.01%	-1.05%	1.69%	-0.47%
<b>TIAA-CREF Lifecycle 2040 - TCLOX</b>	-16.45%	-11.79%	-3.08%	1.32%	-1.16%
2040 Benchmark	-14.03%	-9.34%	-1.14%	1.56%	-0.62%
<b>TIAA-CREF Lifecycle 2045 - TFRX</b>	-16.44%	-11.81%	-3.23%	0.89%	N/A
2045 Benchmark	-14.07%	-9.39%	-1.24%	1.54%	-0.65%
<b>TIAA-CREF Lifecycle 2050 - TFRX</b>	-16.40%	-11.74%	-3.09%	0.56%	N/A
2050 Benchmark	-13.84%	-9.17%	-1.09%	1.63%	-0.55%
<b>TIAA-CREF Lifecycle 2055 - TTRLX</b>	-16.49%	N/A	N/A	N/A	N/A
2055 Benchmark	-13.84%	-9.17%	-1.09%	1.63%	-0.55%
Income Benchmark is comprised of 29% Wilshire 5000, 10% MSCI EAFE, 41% LB Agg, 10% ML HY Bond, 10% 3 Mo					
2010 Benchmark is comprised of 36% Wilshire 5000, 12% MSCI EAFE, 39% LB Agg, 6.5% ML HY Bond, 6.5% 3 Mon					
2015 Benchmark is comprised of 41% Wilshire 5000, 13% MSCI EAFE, 36% LB Agg, 5% ML HY Bond, 5% 3 Month T					
2020 Benchmark is comprised of 47% Wilshire 5000, 15% MSCI EAFE, 32% LB Agg, 3% ML HY Bond, 3% 3 Month T					
2025 Benchmark is comprised of 53% Wilshire 5000, 17% MSCI EAFE, 28% LB Agg, 1% ML HY Bond, 1% 3 Month T					
2030 Benchmark is comprised of 59% Wilshire 5000, 20% MSCI EAFE, 21% LB Agg					
2035 Benchmark is comprised of 66% Wilshire 5000, 22% MSCI EAFE, 12% LB Agg					
2040 Benchmark is comprised of 68% Wilshire 5000, 22% MSCI EAFE, 10% LB Agg					
2045 Benchmark is comprised of 67% Wilshire 5000, 23% MSCI EAFE, 10% LB Agg					
2050 Benchmark is comprised of 67% Wilshire 5000, 22% MSCI EAFE, 11% LB Agg					
2055 Benchmark is comprised of 67% Wilshire 5000, 22% MSCI EAFE, 11% LB Agg					
Wilshire 5000 Index	-15.04%	-9.86%	0.58%	1.49%	-0.75%
MSCI EAFE	-19.01%	-14.98%	-9.36%	-1.13%	-3.46%
Barclays Aggregate Bond Index	3.82%	6.65%	5.26%	7.97%	6.53%
ML High Yield Bond Fund Index	-6.31%	-1.69%	1.32%	13.68%	6.94%
3 Month T-Bill Index	0.01%	0.07%	0.11%	0.20%	1.62%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

## North Dakota Public Employees Retirement System 457 Deferred Compensation Companion Plan INVESTMENTS PERFORMANCE

As of 09/30/2011

There are inherent risks in investing. More information on investment risks appears at the end of the performance table.

Custom Lifecycle Funds and/or mutual funds are offered through your plan sponsor's retirement plan, which is administered by TIAA-CREF. Funds are offered at that day's net asset value (NAV), and the performance is displayed accordingly. Performance at NAV does not reflect sales charges, which are waived through your pension plan. If included, the sales charges would have reduced the performance as quoted.

The performance data quoted represents past performance, and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate so that your shares and annuity account accumulation units, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance current to the most recent month-end, call 800 TIAA-CREF (800 842-2273). Performance may reflect waivers or reimbursements of certain expenses. Absent these waivers or reimbursement arrangements, performance results would have been lower. Since inception performance shown is cumulative for periods less than one year.

MUTUAL FUND	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns				Gross/Net Expense Charge	Fee Waiver Expiration
			3-Month	YTD	1 Year	5 Year	10 Years	Since Inception		
<b>Allianz NFJ Small Cap Value Fund</b> Fund Number: 1881 Share Class: Administrative See notes: 40, 46, 121	PVADX	11/01/95	-15.89%	-9.51%	1.31%	3.60%	10.44%	10.84%	1.08%/1.00%	N/A
<b>Aston/Fairpointe Mid Cap Fund</b> Fund Number: 1588 Share Class: I See notes: 40, 121, 139	ABMX	07/06/04	-23.16%	-20.09%	-9.84%	3.71%	--	5.02%	0.90%/0.90%	--
<b>Brown Capital Management Small Company Fund</b> Fund Number: 1525 Share Class: Institutional See notes: 40, 121, 1203	BCSIX	07/23/92	-19.01%	-8.60%	6.16%	9.00%	7.08%	10.57%	1.19%/1.19%	--
<b>Cohen &amp; Steers Realty Shares</b> Fund Number: 1306 Share Class: N/A See notes: 40, 121, 1203	CSRSX	07/02/91	-16.20%	-7.20%	0.46%	-1.88%	10.24%	11.48%	0.99%/0.99%	--
<b>Columbia Mid Cap Index Fund</b> Fund Number: 1236 Share Class: A See notes: 40, 45, 121	NTIAX	05/31/00	-19.90%	-13.30%	-1.63%	1.86%	7.06%	5.37%	0.56%/0.45%	06/30/12
<b>Franklin Growth Fund</b> Fund Number: 1586 Share Class: Advisor See notes: 40, 46, 121	FGAX	12/31/96	-14.42%	-9.23%	-0.96%	1.51%	4.51%	5.27%	0.71%/0.70%	N/A



FINANCIAL SERVICES  
FOR THE GREATER GOOD®

**EQUITIES** As of 09/30/2011

MUTUAL FUND	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns				Gross/Net Expense Charge	Fee Waiver Expiration
			3-Month	YTD	1 Year	5 Year	10 Years	Since Inception		
<b>Hartford Dividend and Growth Fund</b> Fund Number: 1890 Share Class: R5 See notes: 40, 45, 121	HDGX	12/21/06	-14.47%	-9.78%	-1.01%	--	--	-1.24%	0.78%/0.75%	02/29/12
<b>Mutual Global Discovery Fund</b> Fund Number: 1167 Share Class: Z See notes: 40, 121	MDISX	12/31/92	-15.52%	-11.14%	-6.39%	1.35%	7.73%	11.65%	1.04%/1.04%	--
<b>Nuveen Tradewinds Value Opportunities Fund</b> Fund Number: 1889 Share Class: I See notes: 40, 121	NVORX	12/09/04	-11.50%	-10.09%	-0.26%	6.94%	--	10.40%	1.01%/1.01%	--
<b>Oppenheimer Developing Markets Fund</b> Fund Number: 1591 Share Class: Y See notes: 40, 121	ODVX	09/07/05	-19.99%	-21.01%	-13.78%	8.55%	--	11.25%	1.04%/1.04%	--
<b>Parnassus Small Cap Fund</b> Fund Number: 1527 Share Class: N/A See notes: 40, 45, 121	PARSX	04/29/05	-23.13%	-21.55%	-8.17%	3.34%	--	5.54%	1.30%/1.20%	05/01/12
<b>Prudential Jennison Mid-Cap Growth Fund</b> Fund Number: 621 Share Class: Z See notes: 40, 121	PEGZX	12/31/96	-15.55%	-7.51%	2.58%	4.09%	7.63%	8.79%	0.82%/0.82%	--
<b>Ridgworth Mid-Cap Value Equity Fund</b> Fund Number: 1284 Share Class: I See notes: 40, 121, 137	SMVIX	11/30/01	-24.11%	-19.76%	-7.75%	2.61%	--	6.05%	1.04%/1.04%	--
<b>T. Rowe Price Capital Appreciation Fund</b> Fund Number: 395 Share Class: Advisor See notes: 40, 45, 121	PACIX	12/31/04	-11.34%	-6.34%	1.86%	2.53%	--	4.00%	1.01%/1.00%	04/30/12
<b>T. Rowe Price Equity Income Fund</b> Fund Number: 1660 Share Class: N/A See notes: 40, 46, 121	PRFDX	10/31/85	-15.34%	-11.40%	-1.68%	-1.79%	3.67%	10.07%	0.70%/0.69%	N/A
<b>Vanguard 500 Index Fund</b> Fund Number: 296 Share Class: Signal See notes: 40, 121	VISX	09/29/06	-13.87%	-8.70%	1.11%	-1.16%	--	-1.16%	0.06%/0.06%	--
<b>Vanguard Total International Stock Index Fund</b> Fund Number: 1153 Share Class: Investor See notes: 40, 121, 1203	VGTSX	04/29/96	-20.93%	-18.02%	-12.19%	-2.21%	6.24%	3.55%	0.26%/0.26%	--
<b>Wells Fargo Advantage Growth Fund</b> Fund Number: 1888 Share Class: Administrator See notes: 40, 45, 121	SGRDX	09/03/02	-14.09%	-1.52%	11.75%	8.53%	--	10.31%	1.13%/0.96%	11/30/11

**FIXED INCOME** As of 09/30/2011

MUTUAL FUND	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns				Gross/Net Expense Charge	Fee Waiver Expiration
			3-Month	YTD	1 Year	5 Year	10 Years	Since Inception		
<b>PIMCO Real Return Fund</b> Fund Number: 1820 Share Class: Administrative See notes: 40, 51, 121	PARRX	04/28/00	3.22%	8.49%	7.38%	7.20%	7.18%	7.69%	0.71%/0.70%	--
<b>PIMCO Total Return Fund</b> Fund Number: 583 Share Class: Admin See notes: 40, 121	PTRAX	09/08/94	-1.12%	1.71%	0.71%	7.54%	6.32%	7.29%	0.71%/0.71%	--
<b>Prudential High Yield Fund</b> Fund Number: 1887 Share Class: Z See notes: 40, 121	PHYZX	03/01/96	-5.15%	-0.98%	2.49%	6.89%	8.20%	6.09%	0.65%/0.65%	--
<b>Templeton Global Bond Fund</b> Fund Number: 1255 Share Class: Advisor See notes: 40, 45, 121	TGBAX	12/31/96	-7.73%	-3.40%	-2.10%	10.13%	11.35%	8.18%	0.68%/0.67%	N/A

**MULTI-ASSET** As of 09/30/2011

MUTUAL FUND	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns				Gross/Net Expense Charge	Fee Waiver Expiration
			3-Month	YTD	1 Year	5 Year	10 Years	Since Inception		
<b>TIAA-CREF Lifecycle 2010 Fund</b> Fund Number: 135 Share Class: Retirement See notes: 45, 132	TCLEX	10/15/04	-7.99%	-3.90%	0.80%	1.99%	--	3.67%	0.86%/0.65%	09/30/12
<b>TIAA-CREF Lifecycle 2015 Fund</b> Fund Number: 136 Share Class: Retirement See notes: 45, 132	TCLX	10/15/04	-9.52%	-5.34%	0.17%	1.43%	--	3.45%	0.87%/0.66%	09/30/12
<b>TIAA-CREF Lifecycle 2020 Fund</b> Fund Number: 137 Share Class: Retirement See notes: 45, 132	TCLX	10/15/04	-11.24%	-6.94%	-0.53%	0.60%	--	3.02%	0.88%/0.67%	09/30/12
<b>TIAA-CREF Lifecycle 2025 Fund</b> Fund Number: 138 Share Class: Retirement See notes: 45, 132	TCLFX	10/15/04	-12.93%	-8.50%	-1.39%	-0.14%	--	2.61%	0.89%/0.68%	09/30/12
<b>TIAA-CREF Lifecycle 2030 Fund</b> Fund Number: 139 Share Class: Retirement See notes: 45, 132	TCLNX	10/15/04	-14.58%	-9.93%	-2.12%	-0.93%	--	2.13%	0.90%/0.69%	09/30/12
<b>TIAA-CREF Lifecycle 2035 Fund</b> Fund Number: 140 Share Class: Retirement See notes: 45, 132	TCLRX	10/15/04	-16.14%	-11.37%	-2.77%	-1.29%	--	2.02%	0.91%/0.70%	09/30/12
<b>TIAA-CREF Lifecycle 2040 Fund</b> Fund Number: 141 Share Class: Retirement See notes: 45, 132	TCLOX	10/15/04	-16.45%	-11.79%	-3.08%	-1.16%	--	2.26%	0.90%/0.70%	09/30/12
<b>TIAA-CREF Lifecycle 2045 Fund</b> Fund Number: 522 Share Class: Retirement See notes: 45, 132	TFRX	11/30/07	-16.44%	-11.81%	-3.23%	--	--	-5.84%	1.09%/0.70%	09/30/12
<b>TIAA-CREF Lifecycle 2050 Fund</b> Fund Number: 525 Share Class: Retirement See notes: 45, 132	TLFRX	11/30/07	-16.40%	-11.74%	-3.09%	--	--	-5.89%	1.28%/0.70%	09/30/12
<b>TIAA-CREF Lifecycle 2055 Fund</b> Fund Number: 1738 Share Class: Retirement See notes: 45, 132	TIRLX	04/29/11	-16.49%	--	--	--	--	-19.00%	1.56%/0.74%	09/30/12
<b>TIAA-CREF Lifecycle Retirement Income Fund</b> Fund Number: 528 Share Class: Retirement See notes: 45, 132	TLRX	11/30/07	-6.10%	-2.24%	1.42%	--	--	0.88%	1.08%/0.63%	09/30/12

**OTHER** As of 09/30/2011

COLLECTIVE FUND	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns				Gross/Net Expense Charge	Fee Waiver Expiration
			3-Month	YTD	1 Year	5 Year	10 Years	Since Inception		
<b>Wells Fargo Gailard Stable Return Fund - J</b> Fund Number: 1389 Share Class: NA See notes: 40, 86, 1227, 1235	--	10/01/85	0.39%	1.22%	1.76%	2.98%	3.52%	5.43%	0.85%/0.85%	--

## A NOTE ABOUT RISK

Equity mutual funds and variable annuity accounts generally carry a higher degree of risk than fixed income funds and accounts. This risk is heightened for funds and accounts that invest in small- and mid-cap stocks and foreign securities.

Fixed income mutual funds and variable annuity accounts are not guaranteed and are subject to interest rate, inflation and credit risks. Funds and accounts that invest in non-investment grade securities (i.e., high-yield) present special risks, including significantly higher interest rate and credit risk.

Mutual funds and variable annuity accounts that invest in real estate securities are subject to various risks, including fluctuation in property values, higher expenses or lower income than expected, and potential environmental problems and liability.

Guaranteed investments offer a guaranteed rate of return but such guarantees are subject to the claims-paying ability of the issuing insurance company.

More detailed information on risks applicable to a particular investment option can be found in the prospectus, offering document or other product literature.

## IMPORTANT INFORMATION

121  Data Provided by Morningstar, Inc. © 2011 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Neither TIAA nor its affiliates has independently verified the accuracy or completeness of this information.

40 Accumulations in funds not managed by TIAA-CREF may be subject to administrative charges. These charges are subject to change. Please review current documents related to your plan.

132 As Target Retirement Date Funds are actively managed, their asset allocations are subject to change and may vary from those indicated. They invest in many underlying funds and are exposed to the risks of different areas of the market. The higher a fund's allocation to stocks, the greater the risk. After the target date has been reached, some of these funds may be merged into a fund with a more stable asset allocation. In addition to the fund level expenses these funds are also subject to the expenses of their underlying investments. Please consult the prospectus for more complete information.

45 The net annual expense reflects a contractual reimbursement of various expenses, which will remain in effect until terminated. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Please see the prospectus for details.

46 The net annual expense reflects a voluntary reimbursement of various expenses, which will remain in effect until terminated. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Please see the prospectus for details.

51 The net expense ratio reflects total annual fund operating expenses excluding interest expense. If interest expense was included, returns would have been lower. Please see the prospectus for details.

86 The Wells Fargo Calliard Stable Return Fund is not insured or guaranteed by any governmental agency. Investments in the fund are subject to the various risks associated with investing in investment contracts, which include default, interest-rate, and liquidity risk. Default risk is the risk that companies or individuals will not be able to make their required payments on debt obligations. Interest rate risk is the risk that interest payments of debt securities may become less competitive during periods of rising interest rates and declining bond prices. Liquidity risk is the risk that illiquid securities may be difficult to sell at their fair market value. Before investing, please see the fund's Disclosure Document for more detailed information about these and other risks.

137 Effective April 29, 2011, RidgeWorth Mid-Cap Core Equity Fund merged into RidgeWorth Mid-Cap Value Equity Fund.

139 Prior to May 5, 2011, the fund was known as Aston/Optimum Mid Cap Fund.

1203 Shares held less than 60 calendar days may be subject to a 2.00% redemption fee. Please see the prospectus for details. The fund performance shown does not reflect the deduction of this fee. Had the fee been deducted, returns would have been lower.

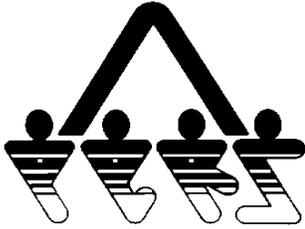
1227 The Wells Fargo Stable Return Fund is a collective trust fund trustee by Wells Fargo Bank and advised by Calliard. Wells Fargo charges a total annualized fee for investment and administrative services equivalent to 0.85% of assets invested in the Fund. The fee will be calculated and accrued daily in the Fund's net asset value and will be paid from the Fund's assets monthly or quarterly as determined by Wells Fargo. From this total fee, Wells Fargo will pay a fee equivalent to 0.50% of assets invested in the Fund to the Administrator for administrative and recordkeeping services performed by it, or its agents, related to the purchase, sale and holdings of fund units by all participants. These charges are reflected in the above returns. Returns also include all income, realized and unrealized capital gains and losses, and all transactional and contract execution costs, and subsequent to 1/1/98 non-Wells Fargo subadvisor fees and valuation fees which are currently less than 0.05% of the Fund assets. The Stable Return Fund is not FDIC insured and is not guaranteed by Wells Fargo Bank. Past performance is no guarantee of future results. Returns for periods less than one year are not annualized.

1235 Data provided by Calliard Capital Management. Neither TIAA-CREF nor its affiliates has independently verified the accuracy or completeness of this information.

**Investment products, insurance and annuity products: are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.**

**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 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. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), New York, NY.**

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# Memorandum

**TO: NDPERS BOARD**

**FROM: Kathy**

**DATE: December 14, 2011**

**SUBJECT: FlexComp Plan Amendment #9**

Due to the implementation of the High Deductible Health Plan and Health Savings Account option, NDPERS must amend the FlexComp plan document to add the HSA as a qualified benefit offered under the plan. This is in compliance with the Board's action to keep the health flexible spending account as a general purpose plan, so employees that elect HSA coverage are not eligible to participate in the health FSA.

A draft of the amendment provided by our consultant, The Segal Company, is included for your review. The changes to the plan document are highlighted. The document has been referred to our legal counsel, Jan Murtha, for review. She will provide her comments at the meeting.

## **Board Action Requested**

Approve FlexComp Plan Amendment #9 subject to any recommendations by legal counsel.

**AMENDMENT NO. 9  
TO THE STATE OF NORTH DAKOTA  
FLEXCOMP PROGRAM PLAN DOCUMENT DATED JANUARY 1, 2003**

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Effective **January 1, 2012**, the Plan Document for THE STATE OF NORTH DAKOTA FLEXCOMP PROGRAM is hereby amended as follows:

Article I. Purpose of Plan, the opening statement is amended as noted by the addition of text in italics as noted below:

The purpose of the State of North Dakota Cafeteria Plan is to allow eligible Employees to pay medical, dental vision, group term life, disability, and cancer insurance premiums and other medical and dependent care expenses using pre-tax dollars. *This Cafeteria Plan also permits a health savings account (HSA) to be funded by an Employee's pre-tax salary reductions. Further, the employer (the State of North Dakota) reserves the right to make employer contributions to an Employee's health savings account (HSA).*

Article III. Eligibility and Participation, is amended as noted by the addition of text in italics as noted below:

3.01 Eligibility. All Employees eligible to participate in the Benefit Plan are eligible to participate in the Plan for purposes of payment of Pre-tax Premiums under section 4.01. All Employees are eligible to participate in the *FlexComp* Plan for purposes of payment of eligible Qualified Health Care Expenses under section 4.02, *except that an employee who is enrolled in a High Deductible Health Plan with contributions being made to a health savings account component cannot participate in the Qualified Health Care Expenses portion of the FlexComp Plan as this is a general purpose health care expense account.*

Article IV. Benefits, is amended as noted by the addition of text in italics as noted below:

4.02 Qualified Health Care Expenses. The Executive Director shall reimburse a Participant for Qualified Health Care Expenses incurred by the Participant or the Participant's Spouse or Dependent Child in accordance with the provisions of section 5.02.

Reimbursement for Qualified Health Care Expenses during a Plan Year is limited to the annualized amount directed by the Participant to the health care spending account under a valid Salary Reduction Agreement.

*Note that the health care expense account under this FlexComp Plan is a general purpose account and therefore is not suitable to be elected by a Participant who also contributes to a health savings account (HSA). An employee who is enrolled in a High Deductible Health Plan with contributions being made to a health savings account (HSA) component cannot participate in the Qualified Health Care Expenses portion of the FlexComp Plan.*

Article VII. Payment of Claims, is amended as noted by the addition of text in italics as noted below:

7.06.

*(e) Health Care Expense Account Balance, Grace Period and Health Savings Accounts (HSA). This Plan's health care expense account operates with a grace period. Under IRS rules regarding a Health Care Expense Account's grace period, if a Participant's Health Care Expense Account is in effect with any balance in that account on the last day of a plan year, the Participant (and their spouse if married) cannot contribute tax-free to a health savings account (HSA) during the first three months following the close of the plan year.*

- (f) **Employee's Participation in this Plan's Qualified Health Care Expenses Account Prevents Spouse or Dependent Child from Contributing to a HSA.** Because this plan's Qualified Health Care Expenses Account is a general purpose account that permits reimbursement of qualifying medical expenses of employees, spouses and dependent children, if the spouse (or dependent child) of the employee is enrolled in a high deductible health plan (HDHP) with health savings account (HSA), the spouse (and dependent child) cannot contribute to a health savings account while the employee is enrolled in a general purpose Qualified Health Care Expenses Account.

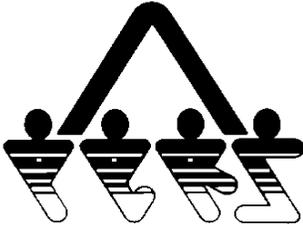
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Dated: \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_  
North Dakota Public Employees Retirement System

Title: \_\_\_\_\_



**North Dakota**  
**Public Employees Retirement System**  
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# Memorandum

**TO:** PERS Board  
**FROM:** Deb Knudsen  
**DATE:** December 13, 2011  
**SUBJECT:** Administrative Rules

A hearing soliciting comments for the administrative rules proposed amendments, additions and deletions was held on Wednesday, November 16, 2011 at 11:00 a.m. in the conference room at the NDPERS office at 400 East Broadway Ave in Bismarck. There were no members of the public in attendance, only NDPERS staff attended. The minutes from the hearing are attached as well as the proposed rules and small entity regulatory analysis and impact statement. The comment period was held open until 5:00 p.m. on November 29, 2011. Staff did not receive any written comment on the rules.

There has been no request for a regulatory analysis or a takings assessment received and the proposed rules are not anticipated to have a cost impact on the regulated community. However, staff has reviewed and discussed the questions provided by the Attorney General's Office regarding small entity impact analysis as well as economic impact. There were no significant findings to report. In addition, as NDPERS was the sponsor of the legislation associated with the rule changes, no further action for sponsor notification purposes was taken.

Staff is requesting the Board's approval to submit the enclosed rules to the Attorney General's Office for review. Subject to obtaining the Attorney General's approval, staff will then submit the rules to Legislative Council for final promulgation.

Board Action Requested: Approve proposed rules and authorize staff to submit required materials to Attorney General's office and Legislative Council.

Attachments: 6

## Summary of Proposed Rule Changes

Section	Description	Reason
71-01-02-02	<b>Eligible Voters.</b> Amended language to incorporate all group insurance programs and added deferred compensation and pre-tax benefits programs. Also deleted reference to deferred vested participants being able to vote.	<b>Administrative revision &amp; SB2109 Section 6</b>
71-01-02-03(2)	<b>Candidate eligibility.</b> Removes language regarding deferred vested participants.	<b>Authorized in SB 2109, Section 6</b>
71-01-02-05	<b>Petition Format.</b> Removes reference to deferred vested retirement allowance.	<b>Authorized in SB 2109, Section 6</b>
71-02-04-04	<b>Optional Benefits.</b> Added Judge's Normal benefit reference to the Joint and Survivor "popup" provision.	<b>Administrative revision</b>
71-02-04-09.1(2)	<b>Dual Membership limitations.</b> Removal of reference to an obsolete subsection.	<b>Administrative revision</b>
71-02-05-07	<b>Optional benefits.</b> Removal of the \$100 benefit limitation.	<b>Administrative revision</b>
71-02-05-07.1	<b>Judges retirement plan optional benefits.</b> Removal of the \$100 benefit limitation	<b>Administrative revision</b>
71-02-06-10	<b>Transfer of funds.</b> Repealed section 71-02-08-03 is relocated to this section.	<b>Administrative revision</b>
71-02-06-11	<b>Transfer date.</b> Repealed section 71-02-08-04 is relocated to this section.	<b>Administrative revision</b>
71-02-08-01	<b>Participation.</b> Clarification of new governmental units purchasing past service credit.	<b>Administrative revision &amp; to comply with SB2109, Section 5</b>
71-02-08-03	<b>Transfer of Funds.</b> Relocating 71-02-08-03 to 71-02-06-10.	<b>Administrative revision</b>
71-02-08-04	<b>Transfer date.</b> Relocating 71-02-08-04 to 71-02-06-11.	<b>Administrative revision</b>
71-02-09-01	<b>Review procedure.</b> Clarification of review procedures is not just on application for benefits.	<b>Administrative revision</b>
71-02-10-02	<b>Qualified domestic relations orders procedures.</b> Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer an application for lump sum distribution received while proposed order is under review.	<b>Administrative revision</b>
71-02-11-02	<b>Award of service credit.</b> Additional language added to address the granting of service credit for benefit eligibility purposes (vesting and Rule) due to federal USERRA law.	<b>Administrative revision reflecting federal regulation.</b>

<b>Section</b>	<b>Description</b>	<b>Reason</b>
71-02-11-04	<b>Payment.</b> Clarifies that for service credit to be recognized for benefit calculation purposes, required contributions must be submitted.	<b>Administrative revision reflecting federal regulation.</b>
71-03-01-02	<b>Bid Specifications.</b> Modified bid specification language to allow for greater flexibility in bidding out group insurance programs.	<b>To Comply with provisions of SB2110, Section 2.</b>
71-03-01-03	<b>Bid Deadlines.</b> Repealed.	<b>Administrative revision.</b>
71-03-01-04	<b>Bid letting.</b> Repealed	<b>Administrative revision</b>
71-03-03-01	<b>Enrollment.</b> Adds reference to the dental, vision and prescription drug plans	<b>To Comply with provisions of SB2110, Section 1</b>
71-03-03-05	<b>Special enrollment for Certain Qualifying Events.</b> Adds reference to the dental, vision and prescription drug plans	<b>To Comply with provisions of SB2110, Section 1</b>
71-03-03-06	<b>Continuation of Hospital and Medical Coverage after termination.</b> Adds reference to the dental, vision and prescription drug plans	<b>To Comply with provisions of SB2110, Section 1</b>
71-03-03-07	<b>Continuation of health benefits for dependents.</b> Adds reference to the dental and vision plans dental, vision and prescription drug plans	<b>To Comply with provisions of SB2110, Section 1</b>
71-03-03-09	<b>Leave without Pay.</b> Adds reference to the dental, vision and prescription drug plans	<b>To Comply with provisions of SB2110, Section 1</b>
71-03-05-04	<b>Late premium for terminated employees.</b> Repealed outdated language.	<b>Administrative revision</b>
71-03-05-05	<b>Appeal process.</b> Clarifies review procedures and changes terminology to “members” from “employees”.	<b>Administrative revision</b>
71-05-02-04	<b>Optional benefits.</b> Removal of language requiring a \$100 minimum benefit and remarriage option to make plans consistent.	<b>Administrative revision</b>
71-05-05-04	<b>Optional Benefits.</b> Removal of remarriage option that has never been utilized.	<b>Administrative revision</b>
71-05-08-02	<b>Qualified Domestic Relations Orders Procedures</b> Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer an application for lump sum distribution received while proposed order is under review.	<b>Administrative revision</b>
71-06-01-03	<b>For retirees receiving more than one benefit entitled to retiree health insurance credit.</b> Removing outdated requirement to make	<b>Administrative revision</b>

Section	Description	Reason
	application to combine RHIC in certain situations.	
<b>71-08-01-08</b>	<b>Transfer of Funds.</b> New section for Defined Contribution plan transfer of funds to TIAA-CREF identical to main system administration.	<b>To comply with provisions of SB2109, Section 1</b>
<b>71-08-04-02</b>	<b>Qualified domestic relations orders procedures.</b> Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer if application for lump sum is received while proposed order is under review.	<b>Administrative revision</b>
<b>71-08-06-02</b>	<b>Award of service credit.</b> Additional language added to address the granting of credit for benefit eligibility purposes (vesting in employer contribution schedule and RHIC Rule of 85 calculations) due to federal USERRA law. Clarifies that for credit to be recognized for benefit calculation purposes, required contributions must be submitted.	<b>Administrative revision</b>
<b>71-08-06-04</b>	<b>Cost.</b> Clarifies that for credit to be recognized for benefit calculation purposes (RHIC Rule of 85), required contributions must be submitted.	<b>Administrative revision</b>

Deb,

You have requested that I confirm that NDPERS need not complete a Regulatory Analysis, Small Entity Economic Impact Statement, or Takings Assessment in conjunction with the attached proposed administrative rule changes. Based on the information you have provided me, I agree that NDPERS need not perform the aforementioned evaluations.

Pursuant to NDCC 28-32-08 a regulatory analysis only needs to be completed if: within 20 days after the last published notice of the proposed rule hearing, a written request for an analysis is filed by the Governor or a member of the Legislative Assembly; or if the proposed rule is expected to have an impact on the regulated community in excess of \$50,000. You have represented to me that no written request has been made nor are any of the proposed rules expected to have an impact on the regulated community in excess of \$50,000. Therefore, based upon your representations and the requirements of NDCC 28-32-08 it does not appear that a regulatory analysis is required for these proposed rules.

Pursuant to NDCC 28-32-08.1(3) a Small Entity Economic Impact Statement must be completed if the proposed rule may have an adverse economic impact on small entities. It is my understanding that in the course of preparing a small entity regulatory analysis pursuant to NDCC 28-32-08.1(2) NDPERS determined that none of these proposed rules appeared to have an adverse economic impact on small entities. Therefore, based upon your representations and the requirements of NDCC 28-32-08.1 it does not appear that a small entity economic impact statement is required for these proposed rules.

NDCC 28-32-09 states that an agency must prepare a takings assessment if the proposed rule may limit the use of private real property. It does not appear that any of the proposed rules will limit the use of private real property. Therefore, based upon the requirements of NDCC 28-32-09 it does not appear that a takings assessment is required for these proposed rules.

Attached please find the most current copy of the proposed rules and rule summary. I have reviewed the rule summary only to confirm that all of the proposed rules are reflected in the summary. It is my understanding that this document will be further modified by NDPERS to include any additional necessary details.

Please let me know if I can be of further assistance in this matter. Thank you. Jan

Section 71-01-02-02 is amended as follows:

**71-01-02-02. Eligible voters.**

1. All active employees, eligible to serve as elected members of the board in accordance with subsection 4 of North Dakota Century Code section 54-52-03, are eligible to cast one vote for each active member vacancy on the retirement board.
2. All persons receiving retirement benefits ~~or who are eligible to receive deferred vested retirement benefits~~ are eligible to cast one vote for a retiree member vacancy on the retirement board.
3. Persons participating in the ~~health~~ uniform group insurance program, the deferred compensation plan for public employees, or the pretax benefits program but not in the retirement system are ineligible to cast votes in retirement board elections.

**History:** Effective April 1, 1992; amended effective July 1, 1994; April 1, 2008; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04, 54-52-17(5)

**Law Implemented:** NDCC 54-52-03

Section 71-01-02-03 is amended as follows:

**71-01-02-03. Candidate eligibility.**

1. Any active participating member, 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 in accordance with subsection 4 of North Dakota Century Code section 54-52-03, may become a candidate for election to the board. A department or political subdivision may not be represented by more than one elected member. Employees who have terminated their employment for whatever reason are not eligible to serve as an active elected member of the board.
2. Any person, as of April fifteenth of the election year, who has accepted a retirement allowance ~~or who is eligible to receive deferred vested retirement benefits~~, may become a candidate for the retiree member to the board.

**History:** Effective April 1, 1992; amended effective July 1, 1994; July 1, 2000; April 1, 2008; July 1, 2010; \_\_\_\_\_, 2012 .

**General Authority:** NDCC 54-52-04, 54-52-17(5)

**Law Implemented:** NDCC 54-52-03

Subsection 1 of Section 71-01-02-05 is amended as follows:

**71-01-02-05. Petition format.**

1. The nomination petition for an active member on the board must include the signatures of at least one hundred active eligible voters. The nomination petition for the retiree member on the board must include the ~~signature~~ signatures of at least twenty-five persons receiving a retirement allowance ~~or who are eligible to receive a deferred vested retirement allowance.~~

**History:** Effective April 1, 1992; amended effective May 1, 2004; April 1, 2008; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-03

Section 71-02-04-04 is amended as follows:

**71-02-04-04. Optional benefits.** A member may elect, as provided in section 71-02-04-02, to receive one of the following optional benefits in lieu of the regular single life, or normal for judges, retirement benefit.

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life or normal amount. Payment of the single life or normal amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.
2. **Fifty percent joint and survivor benefit.** A member shall receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime.

The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse shall be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits shall terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the single life or normal amount. Payment of the single life or normal amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.

...

**History:** Amended effective September 1, 1982; November 1, 1990; July 1, 1994; May 1, 2004; July 1, 2006; April 1, 2008; July 1, 2010; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04, 54-52-17

**Law Implemented:** NDCC 54-52-17

Section 71-02-04-09.1 is amended as follows:

**71-02-04-09.1. Dual membership limitations.** The following limitations apply when a member elects an option under subsection 1 of section 71-02-04-09.

1. Eligible service credit may be used for vesting purposes and determining when the dual member may begin drawing normal retirement benefits. A member may begin drawing retirement benefits from one fund and use the same years, and any additional years, for reaching retirement from the alternate fund if the service credit is earned at different times.
2. If a dual member elects to receive retirement benefits as provided in ~~subdivision a or b~~ of subsection 1 of section 71-02-04-09, the final salary, service credit, and member's age used to calculate the benefit that is applicable at the time retirement benefits begin may not be adjusted after the benefit effective date.
3. The salary used in calculating the retirement benefit must be certified in writing by the alternate retirement system. Months not employed are excluded for the purpose of computing the final average salary. If a dual member works less than thirty-six months at retirement, the final average salary is the average salary for total months of employment.

**History:** Effective June 1, 1996; amended effective May 1, 2004; \_\_\_\_\_, 2012.  
**General Authority:** NDCC 54-52-04, 54-52-17, 54-52-17.2  
**Law Implemented:** NDCC 54-52-17, 54-52-17.2

Section 71-02-05-07 is amended as follows:

**71-02-05-07. Optional benefits.** For the main system and national guard or law enforcement retirement plans, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. ~~Under no circumstances is an option available if the calculation of the optional benefit to which the member is entitled results in an amount which is less than one hundred dollars.~~

...

**History:** Effective January 1, 1992; amended effective July 1, 1994; May 1, 2004; July 1, 2006; April 1, 2008; \_\_\_\_\_, 2012.  
**General Authority:** NDCC 54-52-04  
**Law Implemented:** NDCC 54-52-17

Section 71-02-05-07.1 is amended as follows:

**71-02-05-07.1. Judges' retirement plan optional benefits.** For the judges' retirement plan, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. ~~Under no circumstances is an option available if the calculation of the optional benefit to which the member is entitled results in an amount which is less than one hundred dollars.~~

...

**History:** Effective May 1, 2004; amended effective July 1, 2006; April 1, 2008; July 1, 2010; \_\_\_\_\_, 2012.  
**General Authority:** NDCC 54-52-04  
**Law Implemented:** NDCC 54-52-17

## CHAPTER 71-02-06 CONTRIBUTIONS

### Section

71-02-06-01	Conditions for Return
71-02-06-02	Effect of Return
71-02-06-03	Inapplicability of Return of Contribution Guarantee [Repealed]
71-02-06-04	Adjustment for Bonuses, Profit Sharing, and Contributions Paid in a Month Other Than Month Earned
71-02-06-05	Basis for Calculating Contribution - Salary Reduction – Salary Deferral Arrangements

71-02-06-06 Employer Payment of Employee Contributions  
71-02-06-07 Employer Contribution - National Guard/Law Enforcement  
71-02-06-08 Retirement Contributions for Individuals Working Less Than a Forty-  
Hour Workweek  
71-02-06-09 Individual Employee Incentive Payments  
71-02-06-10 Transfer of funds  
71-02-06-11 Transfer date

Section 71-02-06-10 is created as follows:

**71-02-06-10. Transfer of funds.** Pursuant to subdivision a of subsection 4 of North Dakota Century Code section 15-10-17, funds may be transferred on behalf of those persons who are eligible through their employment with the state board of higher education. The following requirements apply:

1. Applicant must file a completed application for the teachers insurance and annuity association-college retirement equities fund.
2. Notice of termination and verification of teachers insurance and annuity association-college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.
3. Interest at the rate of seven percent must be used in calculating interest on the non vested employer contribution, beginning from the date of first contribution through the date of transfer to the teachers' insurance and annuity association of America-college retirement equities fund.

**History:** Effective \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 15-10-17

Section 71-02-06-11 is created as follows:

**71-02-06-11. Transfer date.** Transfer of funds will be sent to the teachers insurance and annuity association-college retirement equities fund program within six months of receiving the application package. Any application received prior to the applicant's eligibility to participate in the alternate retirement program will be considered ineffective and the applicant shall reapply upon achieving eligible status.

**History:** Effective, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 15-10-17

**CHAPTER 71-02-08  
PARTICIPATION BY GOVERNMENTAL UNITS**

Section

71-02-08-01 Participation

71-02-08-02 Withdrawal

71-02-08-03 Transfer of Funds [Repealed]

71-02-08-04 Transfer Date [Repealed]

71-02-08-05 Merger of Eligible Employer Groups

Section 71-02-08-01 is amended as follows:

**71-02-08-01. Participation.** Any governmental unit not participating in the retirement system on July 1, 1977, may choose to participate in the retirement system. ~~Prior and may elect to purchase past service in accordance with North Dakota Century Code section 54-52-02.1.~~ If the governmental unit elects to purchase past service and prior to the governmental unit's governing authority contracting with the retirement board, the governmental unit must furnish the board with information concerning the permanent employees of the governmental unit. This information should contain, but is not limited to (1) name; (2) social security number; (3) date of birth; (4) date of employment; (5) current monthly salary; and (6) any previous public employment.

After receipt of this data, the retirement office will calculate the cost to the governmental unit to participate in the retirement plan as offered in North Dakota Century Code section 54-52-17. The governmental unit's governing authority will then decide whether or not to participate in the plan and whether or not to provide service credit for employment prior to the date of participation.

**History:** Amended effective September 1, 1982; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-02.1

Section 71-02-08-03 is repealed:

~~**71-02-08-03. Transfer of funds.** Pursuant to paragraph 4 of subdivision a of subsection 4 of North Dakota Century Code section 15-10-17, funds may be transferred on behalf of those persons who are eligible through their employment with the state board of higher education. The following requirements apply:~~

- ~~1. Applicant must file a completed application for the teachers insurance and annuity association college retirement equities fund.~~
- ~~2. Notice of termination and verification of teachers insurance and annuity association college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.~~

3. ~~Interest at the rate of seven percent must be used in calculating interest on the employer contribution, beginning from the date of first contribution through the date of transfer to the teachers' insurance and annuity association of America college retirement equities fund. Repealed effective \_\_\_\_\_, 2012.~~

**History:** ~~Effective November 1, 1990; amended effective June 1, 1996; April 1, 2002.~~

**General Authority:** ~~NDCC 54-52-04~~

**Law Implemented:** ~~NDCC 15-10-17~~

Section 71-02-08-04 is repealed:

**71-02-08-04. Transfer date.** ~~Transfer of funds will be sent to the teachers insurance and annuity association college retirement equities fund program within six months of receiving the application package. Any application received prior to the applicant's eligibility to participate in the alternate retirement program will be considered ineffective and the applicant shall reapply upon achieving eligible status. Repealed effective \_\_\_\_\_, 2012.~~

**History:** ~~Effective November 1, 1990.~~

**General Authority:** ~~NDCC 54-52-04~~

**Law Implemented:** ~~NDCC 15-10-17~~

Section 71-02-09-01 is amended as follows:

**71-02-09-01. Review procedure.** A member who has received notice that the member's ~~application for benefits~~ has been denied in whole or in part may within thirty days of receipt of such notice secure review by written request addressed to the board in care of the executive director of the public employees retirement system. The applicant has the right to all relevant information available to the board and may submit arguments or comments in writing. The board must render a decision within one hundred twenty days after the request for a review is timely filed. The decision by the board must be submitted to the applicant in writing and include the specific reason or reasons for the decision and the specific references to the provisions of the plan on which the decision is based.

**History:** Amended effective June 1, 1996; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-04

Section 71-02-10-02 is amended as follows:

**71-02-10-02. Qualified domestic relations orders procedures.**

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall send an initial notice to each person named therein, including the member and the alternate payee named in the order, together with an explanation of the procedures followed by the fund.
2. ~~Upon receipt of a domestic relations order, the executive director shall, if the account is in pay status or begins pay status during the review, order funds segregated in a separate account of the fund or in an escrow account which the alternate payee would be entitled to by direction of the order, if ascertainable from the proposed order~~ If a member who is not in pay status at the time the proposed domestic relations order was received makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the NDPERS office or until the end of the eighteen-month review period, whichever occurs first.
3. Upon receipt of a domestic relations order, the public employees retirement system shall review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
4. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
5. If the order becomes qualified, the executive director shall:
  - a. Send notice to all persons named in the order and any representatives designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
  - b. Comply with the terms of the order.
  - c. ~~If a segregated account or an escrow account has been established for an alternate payee, distribute the amounts, plus interest, as provided under subdivision d of subsection 1 of section 71-02-01-01 to the alternate payee.~~
6. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not

qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.

- a. ~~If a segregated account or an escrow account has been established for an alternate payee, the executive director shall distribute the amounts in the segregated account or escrow account, plus interest at a rate determined by the board, to the person or persons who would be entitled to receive such amount in the absence of an order member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.~~
- b. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

**History:** Effective November 1, 1990; amended effective July 1, 1994; July 1, 2006; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-17.6

Subsection 1 of Section 71-02-11-02 is amended as follows:

**71-02-11-02. Award of service credit.**

1. ~~An individual~~ A veteran with eligible time may receive up to sixty months' credit upon proper application. A veteran eligible to receive service credit for military time must apply for and, if required to pay any portion of the employee contribution, purchase that time within the lesser of three times the length of active duty or five years from the date of the veteran's return to covered employment. Service credit will not be awarded until all required documentation is received by the North Dakota public employees retirement system, ~~and payment of both the employer and the employee contributions is made in full.~~ If payment of required employer and employee contributions is made, the service will be recognized for both benefit eligibility and benefit calculation purposes. If payment of required employer and employee contributions is not made, then the veteran's application for service will be recognized and credit will be used for benefit eligibility purposes only.

**History:** Effective September 1, 1991; amended effective May 1, 2004; July 1, 2006; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-17.4(5), 54-52-17.14; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

Section 71-02-11-04 is amended as follows:

**71-02-11-04. Payment.** The cost for purchase of eligible military service in the North Dakota public employees retirement system and the North Dakota highway patrolmen's retirement system is as follows:

1. The cost for any required employee contributions to be paid by the member may be paid in a lump sum or in installments pursuant to the rules established for purchase or repurchase payment under subsection 1, 2, or 3 of section 71-02-03-02.2. If no payments have been made, no credit will be awarded for benefit calculation purposes. To prevent any delay in issuing the employee's first retirement check, purchase must be completed at least thirty days prior to retirement date.

...

**History:** Effective September 1, 1991; amended effective May 1, 2004; July 1, 2006; July 1, 2010; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04

**Law Implemented:** NDCC 54-52-17.4(5), 54-52-17.14; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

## CHAPTER 71-03-01 BID PROCESS

Section

71-03-01-01 Bid Contracts

71-03-01-02 Bid Specifications

71-03-01-03 Bid Deadlines [Repealed]

71-03-01-04 Bid Letting [Repealed]

Section 71-03-01-02 is amended as follows:

**71-03-01-02. Bid specifications.** Bid solicitations ~~will~~ may be for:

1. Life insurance.
2. Hospital and medical coverages for active or retired members or both - fully insured contract.
3. ~~Individual and aggregate stop-loss insurance~~ Self insured coverage for active or retired member or both.

4. ~~Administrative services only.~~
5. ~~Third party administrators~~
6. ~~Dental insurance.~~
- 7.5. ~~Vision insurance.~~
- 8.6. ~~Long-term care insurance.~~
9. ~~Retired medicare eligible employee group prescription drug coverage~~
7. Prescription drug coverage for active or retired members or both.

**History:** Effective October 1, 1986; amended effective May 1, 2004; April 1, 2008; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-04

Section 71-03-01-03 is repealed:

**71-03-01-03. Bid deadlines.** ~~Bid solicitations will be sent to prospective bidders, licensed to do business in North Dakota, on or before December first of the year preceding the end of a biennium.~~

~~All bids must be postmarked no later than midnight, December thirty-first, of the year preceding the end of a biennium. Bids postmarked after the deadline will be invalid. Bids must be in a sealed envelope, clearly marked with "BID - GROUP MEDICAL AND LIFE PROGRAMS". Repealed effective \_\_\_\_\_, 2012.~~

**History:** ~~Effective October 1, 1986.~~

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-04.2

Section 71-03-01-04 is repealed:

**71-03-01-04. Bid letting.** ~~Bids that are incomplete or otherwise not following the bid specifications will be invalid.~~

~~Bids will be opened at a public meeting of the board in January of the year in which the biennium ends.~~

~~Contracts will be awarded to the successful bidders prior to March first of the year in which the biennium ends. Repealed effective \_\_\_\_\_, 2012.~~

~~History: Effective October 1, 1986.~~

~~General Authority: NDCC 54-52.1-08~~

~~Law Implemented: NDCC 54-52.1-04.2~~

## CHAPTER 71-03-03 EMPLOYEE RESPONSIBILITIES

### Section

- 71-03-03-01 Enrollment
- 71-03-03-02 Late Enrollment
- 71-03-03-03 Early Enrollment [Repealed]
- 71-03-03-04 Open Enrollment [Repealed]
- 71-03-03-05 Special Enrollment for Certain Qualifying Events
- 71-03-03-06 Continuation of Hospital and Medical Health, Dental, Vision or Prescription Drug Coverage After Termination
- 71-03-03-07 Continuation of Health, Dental, Vision, or Prescription Drug Benefits Coverage for Dependents
- 71-03-03-08 Continuation of Life Insurance After Retirement
- 71-03-03-09 Leave Without Pay
- 71-03-03-10 Employee Contribution

Section 71-03-03-01 is amended as follows:

**71-03-03-01. Enrollment.** An eligible employee is entitled to coverage the first of the month following the month of employment, if the employee submits an application for coverage within the first thirty-one days of employment or eligibility for one of the following special enrollment periods:

1. Loss of coverage under any other health, dental, vision, or prescription drug insurance plan.

...

**History:** Effective October 1, 1986; amended effective July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2010; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-03

Section 71-03-03-05 is amended as follows:

**71-03-03-05. Special enrollment for certain qualifying events.** An eligible employee, retiree, or surviving spouse who elects to take a periodic distribution from the

defined contribution retirement plan or a monthly retirement benefit from the North Dakota public employees retirement system, North Dakota highway patrolmen's retirement system, the retirement system established by job service North Dakota, the teachers' fund for retirement, or teachers' insurance and annuity association of America-college retirement equities fund, or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan and provide verification of distribution are eligible for coverage with the group health, dental, vision, or prescription drug insurance program.

1. The employee, retiree, or surviving spouse must submit application for coverage within thirty-one days from one of the following qualifying events:
  - a. The month in which the eligible employee or retiree turns age sixty-five or becomes eligible for medicare.
  - b. The month in which the eligible employee's or retiree's spouse turns age sixty-five or becomes eligible for medicare.
  - c. The month in which the eligible employee terminates employment.
  - d. The month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems outlined above.
  - e. The month in which an eligible employee or retiree who is covered through a spouse's plan becomes ineligible for the spouse's plan due to divorce, death, loss of employment, reduction in hours or other events which may cause loss of coverage as determined by the board.
  - f. The month in which the eligible employee or retiree is no longer eligible for employer-sponsored insurance, including coverage provided under the Consolidated Omnibus Budget Reconciliation Act.
2. Coverage will become effective on the first day of the month following the month in which the qualifying event occurred. If an application is not submitted within thirty-one days of a qualifying event, the eligible individual must be considered to have waived coverage and may not be enrolled unless the individual meets the criteria of another qualifying event. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.
3. Other individuals eligible for the health, dental, vision, or prescription drug insurance plan include a surviving spouse who is not receiving a qualified monthly retirement benefit from one of the eligible retirement systems outlined above, but who was a covered dependent on the eligible retiree's

group health, dental, vision, or prescription drug insurance plan at the time of the eligible retiree's death, if there is no lapse in coverage.

4. Individuals not eligible for the group health, dental, vision, or prescription drug insurance plan include:
  - a. A former employee who received a refund of the employee's retirement account, including individuals in the defined contribution plan who take a cash withdrawal of the employee's account, roll their account into another qualified plan, or use the moneys in their account to purchase an annuity.
  - b. A nonspouse beneficiary (eligible for Consolidated Omnibus Budget Reconciliation Act).
  - c. A deferred retiree or surviving spouse between the time in which the retiree or surviving spouse's eligibility for the Consolidated Omnibus Budget Reconciliation Act (if eligible) ends and the month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems.
  - d. A formerly deferred retiree who received a refund of the retiree's retirement account.
  - e. A surviving spouse of a nonvested employee eligible for the Consolidated Omnibus Budget Reconciliation Act.
  - f. A surviving spouse of a former employee who received a refund of the employee's retirement account.
  - g. A former participating member of the defined contribution retirement program who would not qualify for one of the retirement dates set forth in subsection 3 of North Dakota Century Code section 54-52-17 if that employee was a member of the defined benefit retirement plan, unless eligible under the Consolidated Omnibus Budget Reconciliation Act, and then only for the required duration of eligibility under the Act.

**History:** Effective October 1, 1986; amended effective November 1, 1990; July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

Section 71-03-03-06 is amended as follows:

**71-03-03-06. Continuation of ~~hospital and medical~~ health, dental, vision, or prescription coverage after termination.** An employee who terminates employment and is not receiving a monthly retirement benefit from one of the eligible retirement systems, and applies for continued ~~hospital and medical~~ coverage with the ~~group~~ health, dental, vision, or prescription drug plan may continue such coverage for a maximum of eighteen months by remitting timely payments to the board. The employee desiring coverage shall notify the board within sixty days of the termination. Coverage will become effective on the first day of the month following the last day of coverage by the employing agency, if an application is submitted within sixty days. An individual who fails to timely notify the board is not eligible for coverage.

**History:** Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

Section 71-03-03-07 is amended as follows:

**71-03-03-07. Continuation of health, dental, vision, or prescription drug ~~benefits~~ coverage for dependents.** Dependents of employees with family coverage may continue coverage with the group after their eligibility would ordinarily cease. This provision includes divorced or widowed spouses and children when they are no longer dependent on the employee. Coverage is contingent on the prompt payment of the premium, and in no case will coverage continue for more than thirty-six months. Dependents desiring coverage shall notify the board within sixty days of the qualifying event and must submit an application in a timely manner. An individual who fails to notify the board within the sixty days, and who desires subsequent coverage, will not be eligible for coverage.

**History:** Effective October 1, 1986; amended effective November 1, 1990; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02; Pub. L. 99-272; 100 Stat. 232; 42 USC 300 et seq.

Section 71-03-03-09 is amended as follows:

**71-03-03-09. Leave without pay.** An employee on an approved leave without pay may elect to continue coverage for the periods specified in the plans for life insurance, ~~hospital and medical~~ health, dental, vision, or prescription drug coverages by paying the full premium to the agency. An eligible employee electing not to continue coverage during a leave of absence is entitled to renew coverage for the first of the

month following the month that the employee has returned to work if the employee submits an application for coverage within the first thirty-one days of returning to work. An eligible employee failing to submit an application for coverage within the first thirty-one days of returning to work or eligibility for a special enrollment period, may enroll during the annual open enrollment and may be subject to a six-month waiting period for preexisting conditions. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

**History:** Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; September 1, 1997; July 1, 1998; May 1, 2004; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-02, 54-52.1-03

## **CHAPTER 71-03-05 BOARD RESPONSIBILITIES**

### Section

71-03-05-01	Premium Billing
71-03-05-02	Retiree Billing
71-03-05-03	Late Premium for Retirees [Repealed]
71-03-05-04	Late Premium for Terminated Employees [ <u>Repealed</u> ]
71-03-05-05	Appeal Process
71-03-05-06	Recovery of Benefit Payments
71-03-05-07	Erroneous Payment of Premiums - Overpayments
71-03-05-08	Erroneous Payment of Premiums - Underpayments
71-03-05-09	Erroneous Payment of Premiums - Appeals
71-03-05-10	Determining Amount of Premium Overpayments and Underpayments
71-03-05-11	Failure to Provide Notification and Errors

Section 71-03-05-04 is repealed:

**71-03-05-04. Late premium for terminated employees.** ~~If the premium due for a terminated employee with continued coverage is not received by the due date, coverage will be canceled retroactively to the last day of the period for which payment was received following a thirty-day grace period. Repealed effective \_\_\_\_\_, 2012.~~

~~**History:** Effective October 1, 1986; amended effective May 1, 2004.~~

~~**General Authority:** NDCC 54-52.1-08~~

~~**Law Implemented:** NDCC 26.1-36-23~~

Section 71-03-05-05 is amended as follows:

**71-03-05-05. Appeal process.** If an employee's application for a member's benefits has have been denied in whole or in part by the board or its agent, the

employee member will be notified in writing of the denial and the reasons. Within sixty days of the date shown on the denial notice, the employee member may file a petition for review. The petition must be in writing, the reasons stated for disputing the denial and be accompanied by any documentation. Should the employee member filing a petition for review, or should the board or its agent desire information which cannot be presented satisfactorily by correspondence, the board or its designated appeals committee may schedule a hearing. The person member filing the appeal will be notified in writing at least fifteen days prior to hearing of the time, date, and place.

The board or its agent will render a decision as soon as possible, but not later than one hundred twenty days after the receipt of the petition for review. The decision will be in writing.

**History:** Effective October 1, 1986; amended effective November 1, 1990; July 1, 2010; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-08

**Law Implemented:** NDCC 54-52.1-08

Section 71-05-02-04 is amended as follows:

**71-05-02-04. Optional benefits.** An individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit. ~~These options are not available if the calculation of the optional benefit to which the member is entitled would result in an amount that is less than one hundred dollars.~~

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision d of subsection 3 of North Dakota Century Code section 39-03.1-11 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary supplies a marriage certificate and death certificate and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs. If the designated beneficiary predeceases the member or, in the event of divorce, the member's benefit must be returned to the normal retirement amount. Payment of the normal retirement amount must commence on the first day of the month following the spouse's death if written notification of death, provided a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree. ~~Should the member remarry and wish to change such designation, a new actuarial retirement benefit will be calculated.~~

...

**History:** Effective July 1, 1998; amended effective May 1, 2004; July 1, 2006; April 1, 2008; \_\_\_\_\_, 2012.

**General Authority:** NDCC 39-03.1-06, 39-03.1-11

**Law Implemented:** NDCC 39-03.1-11.4(d)

Section 71-05-05-04 is amended as follows:

**71-05-05-04. Optional benefits.** A member may elect, as provided in section 71-05-05-02, to receive one of the following optional benefits in lieu of the regular early or normal retirement benefit.

1. **One hundred percent joint and survivor benefit.** A member may receive an actuarially reduced retirement benefit during the member's lifetime and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. In the event the member's spouse predeceases the member or, in the event of divorce, the option shall be canceled and the member's benefit shall be returned to the normal retirement amount. Payment of the normal retirement amount shall commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree. ~~Should the member remarry and wish to change such designation, a new actuarial retirement benefit will be calculated.~~

Payments of benefits to a member's surviving spouse must be made on the first day of each month, commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate, death certificate, birth certificate verifying age, and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs.

...

**History:** Effective October 1, 1991; amended effective July 1, 2006; April 1, 2008; July 1, 2010; \_\_\_\_\_, 2012.

**General Authority:** NDCC 39-03.1-06

**Law Implemented:** NDCC 39-03.1-11

Section 71-05-08-02 is amended as follows:

**71-05-08-02. Qualified domestic relations orders procedures.**

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall send an initial notice to each person named

therein, including the member and the alternate payee named in the order, together with an explanation of the procedures followed by the fund.

2. ~~Upon receipt of a domestic relations order, the executive director shall, if the account is in pay status or begins pay status during the review, order funds segregated in a separate account of the fund or in an escrow account which the alternate payee would be entitled to by direction of the order, if ascertainable from the proposed order. If a member who is not in pay status at the time the proposed domestic relations order was received makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the NDPERS office or until the end of the eighteen-month review period, whichever occurs first.~~
3. Upon receipt of a domestic relations order, the public employees retirement system shall review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
4. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
5. If the order becomes qualified, the executive director shall:
  - a. Send notice to all persons named in the order and any representatives designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
  - b. Comply with the terms of the order.
  - c. ~~If a segregated account or an escrow account has been established for an alternate payee, distribute the amount, plus interest, as provided under subdivision d of subsection 1 of section 71-02-01-01 to the alternate payee.~~
6.
  - a. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.

- b. ~~If a segregated account or an escrow account has been established for an alternate payee, the executive director shall distribute the amounts in the segregated account or escrow account, plus interest at a rate determined by the board, to the person or persons who would be entitled to receive such amount in the absence of an order member who was not in pay status at the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of eligible employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.~~

...

**History:** Effective October 1, 1991; amended effective July 1, 1994; July 1, 2006; \_\_\_\_\_, 2012.

**General Authority:** NDCC 39-03.1-06

**Law Implemented:** NDCC 39-03.1-14.2

Section 71-06-01-03 is amended as follows:

**71-06-01-03. For retirees receiving more than one benefit entitled to retiree health insurance credit.**

1. ~~If a retiree is receiving more than one benefit from the public employees retirement system, or other participating system; one as a surviving spouse, and the other based upon the retiree's own service credit, the retiree may make application with the public employees retirement system to combine retiree health insurance credits credit for each benefit will be combined with an effective date based on eligibility in accordance with the North Dakota Century Code section 54-52.1-03.3.~~
2. If a retiree is receiving a public employees retirement system retirement benefit as a surviving spouse and is also an active contributor to either the public employees retirement system, the highway patrol retirement system, the judges retirement system, or the job service retirement program, the individual will not be eligible for retiree health insurance credit until one of the following events occurs:
  - a. The active contributor terminates employment, at which time the active contributor may receive the retiree health insurance credit as any other surviving spouse.
  - b. The active contributor retires and begins receiving a benefit through an eligible retirement system, ~~at which time the active contributor may make application with the public employees retirement system to combine retiree health insurance credits.~~

3. If the retiree was employed by a political subdivision which does not participate in the public employees retirement system health plan, and is drawing a retirement benefit or a surviving spouse benefit, the individual may receive the retiree health insurance credit as any other ~~annuitant~~ retiree based upon a retiree premium.
4. If a husband and wife are both ~~participants of a retirement system that provides the retiree health insurance credit, and are both receiving a benefit from a retirement system that provides the retiree health insurance credit,~~ the retiree health insurance credit will be applied as follows:
  - a. If each retiree takes a single health insurance plan under the uniform group health insurance program, each will have their respective retiree health insurance credit applied to their respective premiums.
  - b. If only one retiree takes a family health plan under the uniform group health insurance program, they may make application with the public employees retirement system to combine retiree health insurance credits.

Retirees are responsible for making application with the public employees retirement system to combine and discontinue combining retiree health insurance credits.

5. ~~Persons~~ Retirees with service credit in more than one of the participating ~~retirement systems may combine that credit for retiree health insurance purposes, using the credit earned from the system the member contributed to most recently as primary~~ will have their respective retiree health insurance credit for each benefit combined with an effective date based on eligibility in accordance with North Dakota Century Code section 54-52.1-03.3.
6. ~~Retirees are responsible for making application with the public employees retirement system to combine and discontinue combining retiree health insurance credits.~~ Surviving spouses receiving multiple benefits from retirement systems that provide the retiree health insurance credit will have their respective retiree health insurance credit for each benefit combined with an effective date based on eligibility in accordance with North Dakota Code section 54-52.1-03.3.

**History:** Effective April 1, 1992; amended effective June 1, 1996; July 1, 1998; April 1, 2008; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.1-03.2(b)

**Law Implemented:** NDCC 54-52.1-03.3

**CHAPTER 71-08-01  
ELECTION AND TRANSFER**

Section

71-08-01-01	Ability to Elect to Transfer Into the Defined Contribution Retirement Plan
71-08-01-02	Vesting in Transferred Accumulated Fund Balance
71-08-01-03	Spousal Signature Requirements
71-08-01-04	Transfer of Members With Qualified Domestic Relations Orders on Their Accounts
71-08-01-05	Transfer Amount of Persons Transferring Into Eligible Employment After December 31, 1999
71-08-01-06	Public Employees Retirement System Retirees Not Eligible to Transfer Upon Return to Work
71-08-01-07	Late Election Opportunity
<u>71-08-01-08</u>	<u>Transfer of Funds</u>

Section 71-08-01-08 is created as follows:

**71-08-01-08. Transfer of funds.** Pursuant to subdivision a of subsection 4 of North Dakota Century Code section 15-10-17, funds may be transferred on behalf of those person who are eligible through their employment with the state board of higher education. The following requirements apply:

1. Applicant must file a completed application for the teachers insurance and annuity association-college retirement equities fund.
2. Notice of termination and verification of teachers insurance and annuity association-college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.
3. A participating member is eligible to transfer that person's accumulated balance in the plan upon becoming a former participating member.

**History:** Effective

**General Authority:** NDCC 15-10-17

**Law Implemented:** NDCC 15-10-17

Section 71-08-04-02 is amended as follows:

**71-08-04-02. Qualified domestic relations orders procedures.**

1. Upon receipt of a proposed domestic relations order, the public employees retirement system shall:

- a. Send an initial notice to each person named therein, including the member and the alternate payee named in the order, with an explanation of the procedures followed by the fund.
  - b. ~~Order the funds to which the alternate payee would be entitled by direction of the order segregated into the available stable value account of the fund, if those funds are ascertainable from the proposed order.~~ If a member who is not in pay status at the time the proposed domestic relations order was received makes application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be held until such time as the proposed domestic relations order is determined to be qualified and a certified copy of such order is received at the NDPERS office or until the end of the eighteen-month review period, whichever occurs first.
  - c. Review the domestic relations order to determine if it is a qualified order as established by the model language format specified by the board.
2. The domestic relations order shall be considered a qualified order when the executive director notifies the parties the order is approved and a certified copy of the court order has been submitted to the office.
  3. If the order becomes qualified, the executive director shall:
    - a. Send notice to all persons named in the order and any representative designated in writing by such person that a determination has been made that the order is a qualified domestic relations order.
    - b. Comply with the terms of the order.
    - c. Allow the alternate payee to choose the appropriate investment options for the alternate payee's account.
    - d. Allow the alternate payee to choose the same payout options allowed for the member.
  4. If the order is determined not to be a qualified domestic relations order or a determination cannot be made as to whether the order is qualified or not qualified within eighteen months of receipt of such order, the public employees retirement system shall send written notification of termination of review to all parties at least forty-five days prior to the end of the eighteen-month review period. At the end of the eighteen-month review period, the proposed order is deemed to be withdrawn and of no legal effect.

- a. ~~If a segregated account has been established for an alternate payee, the executive director shall distribute the amounts in the segregated account in the manner required in the absence of an order member who was not in pay status a the time the proposed domestic relations order was received made application for a lump sum distribution due to termination of employment, the application for lump sum distribution will be processed at the end of the eighteen-month review period.~~
- b. If determined after the expiration of the eighteen-month period the order is a qualified domestic relations order, the qualified domestic relations order must be applied prospectively only.

**History:** Effective July 1, 2000; amended effective July 1, 2006; \_\_\_\_\_, 2012.

**General Authority:** NDCC 28-32-02(1)

**Law Implemented:** NDCC 54-52.6-12

Section 71-08-06-02 is amended as follows:

**71-08-06-02. Award of service credit.** ~~An individual~~ A veteran with eligible time may receive up to sixty months' credit upon proper application. A veteran eligible to receive service credit for military time must apply for and, if required to pay any portion of the employee contribution, purchase that time within the lesser of three times the length of active duty or five years from the date of that person's return to covered employment after an honorable discharge. Service credit will not be awarded until all required documentation is received by the North Dakota public employees retirement system and ~~payment of both the employer and the employee contributions is made in full.~~ payment of required employer and employee contributions is made, the service will be recognized for both benefit eligibility and benefit calculation purposes. If payment of required employer and employee contributions is not made, then the veteran's application for service will be recognized and credit will be used for benefit eligibility purposes only.

**History:** Effective May 1, 2004; amended effective July 1, 2006; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52.6-04, 54-52-04

**Law Implemented:** ~~NDCC 54-52.6-09.3, 54-52.6-09.4;~~ 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

Subsection 1 of Section 71-08-06-04 is amended as follows:

**71-08-06-04. Cost.** The cost for purchase of eligible military service in the defined contribution plan may be paid as follows:

1. The cost for any required employee contributions to be paid by the member may be paid in a lump sum or in installments pursuant to the rules established for purchase or repurchase payment under subsection 3, 4, or 5 of section 71-02-03-02.2. If no payments have been made, no credit will be awarded for benefit calculation purposes.

**History:** Effective May 1, 2004; amended effective July 1, 2006; July 1, 2010; \_\_\_\_\_, 2012.

**General Authority:** NDCC 54-52-04, 54-52.6-04

**Law Implemented:** NDCC ~~54-52.6-09.3~~, 54-52.6-09.4; 38 USC 4318(a)(2)(A), 38 USC 4318(a)(2)(B), 38 USC 4318(b)(2); 20 CFR 1002.259-262.

**Public Hearing Meeting Minutes**  
**November 16, 2011**  
**NDPERS Conference Room**  
**400 E Broadway Ste 505**  
**11:00 A.M.**

Staff Present: Ms. Deb Knudsen  
Ms. Rebecca Frickie  
Ms. Sharmain Dschaak  
Ms. Cindy Aaser

Others Present: None

1. Ms. Deb Knudsen acted as the hearing officer for this public hearing and identified herself as such.
2. The hearing was opened at 11:00 AM on November 16, 2011 in the conference room of the Public Employees Retirement System at 400 E Broadway Avenue in Downtown Bismarck, ND.
3. It was explained that the public hearing was called for the purpose of allowing all interested individuals an opportunity to submit information concerning proposed changes to the following ND Administrative Code as read into the record:
  - 71-01-02-02 Eligible Voters – Amended language to incorporate all group insurance programs and added deferred compensation and pre-tax benefits programs. Also deleted reference to deferred vested participants being able to vote. Reason – Administrative revision & Authorized in SB 2109, Section 6
  - 71-01-02-03 (2) Candidate eligibility – Removes language regarding deferred vested participants. Reason – Authorized in SB 2109, Section 6
  - 71-01-02-05 Petition Format- Removes reference to deferred vested retirement allowance. Reason – Authorized in SB 2109, Section 6
  - 71-02-04-04 Optional Benefits- Added Judge’s Normal benefit reference to the Joint and Survivor “popup” provision. Reason – Administrative revision.
  - 71-02-04-09.1(2) Dual Membership limitation- Removal of reference to an obsolete subsection. Reason – Administrative revision.
  - 71-02-05-07 Optional Benefits- Removal of the \$100 benefit limitation Reason – Administrative revision..
  - 71-02-05-07.1 Judges retirement plan optional benefits – Removal of the \$100 benefit limitation. Reason – Administrative revision.
  - 71-02-06-10 Transfer of Funds – Repealed section 71-02-08-03 is relocated to this section. Reason – Administrative revision.
  - 71-02-06-11 Transfer Date – Repealed section 71-02-08-04 is relocated to this section. Reason – Administrative revision.
  - 71-02-08-01 Participation – Clarification of new governmental units purchasing past service credit. Reason – Administrative revision & to comply with SB2109, Section 5

71-02-08-03 Transfer of Funds – Relocating 71-02-08-03 to 71-02-06-10. Reason – Administrative revision.

71-08-08-04 Transfer Date – Relocating 71-02-08-04 to 71-02-06-11. Reason – Administrative revision.

71-02-09-01 Review Procedure – Clarification of review procedures is not just on application for benefits. Reason – Administrative revision.

71-02-10-02 Qualified Domestic Relations Orders Procedures – Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer an application for lump sum distribution received while proposed order is under review. Reason – Administrative revision.

71-02-11-02 Award of Service Credit – Additional language added to address the granting of service credit for benefit eligibility purpose (vesting and Rule) due to federal USERRA law. Reason – Administrative revision reflecting federal regulation.

71-02-11-04 Payment – Clarifies that for service credit to be recognized for benefit calculation purposes, required contribution must be submitted. Reason – Administrative revision reflecting federal regulation.

71-03-01-02 Bid Specifications – Modified bid specification language to allow for greater flexibility in bidding out group insurance programs. Reason – To comply with provision of SB 2110, Section 2

71-03-01-03 Bid Deadlines – Repealed. Reason – Administrative Revision

71-03-01-04 Bid Letting – Repealed. Reason – Administrative Revision

7-03-03-01 Enrollment – Adds reference to the dental, vision and prescription drug plans. Reason – To comply with provision of SB 2110, Section 1

71-03-03-05 Special Enrollment for Certain Qualifying Events – Adds reference to the dental, vision and prescription drug plans. Reason – To comply with provision of SB 2110, Section 1

71-03-03-06 Continuation of Hospital and Medical Coverage after Termination – Adds reference to the dental, vision and prescription drug plans. Reason – To comply with provision of SB 2110, Section 1

71-03-03-07 Continuation of Health Benefits for Dependents - Adds reference to the dental, vision and prescription drug plans. Reason – To comply with provision of SB 2110, Section 1

71-03-03-09 Leave Without Pay - Adds reference to the dental, vision and prescription drug plans. Reason – To comply with provision of SB 2110, Section 1

71-03-05-04 Late Premium for Terminated Employees – Repealed outdated language. Reason – Administrative Revision

71-03-05-05 Appeal Process – Clarifies review procedures and changes terminology to “members” from “employees”. Reason – Administrative Revision

71-05-02-04 Optional Benefits – Removal of language requiring a \$100 minimum benefit and remarriage option to make plans consistent. Reason – Administrative Revision

71-05-05-04 Optional Benefits – Removal of remarriage option that has never been utilized. Reason – Administrative Revision

71-05-08-02 Qualified Domestic Relations Orders Procedures – Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer an application for lump sum distribution received while proposed order is under review. Reason – Administrative Revision

71-06-01-03 For Retirees receiving more than one benefit entitled to retiree health insurance credit – Removing outdated requirement to make application to combine RHIC in certain situations. Reason – Administrative Revision

71-08-01-08 Transfer of Funds – New section for Defined Contribution plan transfer of to TIAA-CREF identical to main system administration. Reason – To comply with provisions of SB2109, Section 1

71-08-04-02 Qualified Domestic Relations Orders Procedures – Removal of language regarding establishment of an escrow account during proposed domestic relations order review and adding language detailing how NDPERS will administer an application for lump sum distribution received while proposed order is under review. Reason – Administrative Revision

71-08-06-02 Award of Service Credit – Additional language added to address the granting of credit for benefit eligibility purposes (vesting in employer contribution schedule and RHIC Rule of 85 calculations) due to federal USERRA law. Clarifies that for credit to be recognized for benefit calculation purposes, required contributions must be submitted. Reason – Administrative Revision

71-08-06-04 Cost – Clarifies that for credit to be recognized for benefit calculation purposes (RHIC Rule of 85), required contributions must be submitted. Reason – Administrative Revision

4. It was explained that information gathered at this hearing will be transmitted to the Board of the Public Employees Retirement System for its deliberation and final decision.
5. The hearing was taped and transcribed at the end of the hearing.
6. A registration sheet was placed on the end of the table and everyone present was asked to sign the sheet.
7. At this point, since there were no attendees the tape was turned off until it was 12:00 noon. The tape was turned back on for the Closing.

Ms Knudsen indicated that all of the information gathered at this hearing or comments received thereafter through November 29, 2011, will be provided to the NDPERS Board for its consideration. The hearing was closed at 12:00 noon.

## **SMALL ENTITY REGULATORY ANALYSIS**

**1. Was establishment of less stringent compliance or reporting requirements for small entities considered?** *There were no new reporting requirements established for small entities. To what result?* N/A

**2. Was establishment of less stringent schedules or deadlines for compliance or reporting requirements considered for small entities?** *As discussed above, no new reporting requirements were established. To what result?* N/A

**3. Was consolidation or simplification of compliance or reporting requirements for small entities considered?** *Please see responses above. To what result?*

**4. Were performance standards established for small entities for replacement design or operational standards required in the proposed rule?** *Our proposed rules do not provide for performance standards or replacement design for either large or small employer entities. To what result?* N/A

**5. Was exemption of small entities from all or any part of the requirements in the proposed rule considered?** *No, again no new reporting requirements were established. To what result?* N/A

*Completed by NDPERS staff & Jan Murtha 8/10/2011*

**Abbreviated Notice of Intent to Adopt, Amend and Repeal Administrative Rules Relating to NDPERS General Administration, Public Employees Retirement System, Retiree Health Insurance Credit ,Uniform Group Insurance, Defined Contributions programs, and Highway Patrol Retirement program**

Take notice that the North Dakota Public Employees Retirement System will hold a public hearing to address proposed additions, amendments and deletions to N.D. Administrative Code at 11:00 a.m. on November 16, 2011 in the NDPERS conference room at 400 E Broadway, Suite 505, Bismarck, North Dakota. The hearing will continue until 12:00 p.m. or until no further testimony is offered, whichever occurs last. The proposed rules may be viewed online at [www.nd.gov/ndpers](http://www.nd.gov/ndpers) or at the NDPERS office at the following location:

North Dakota Public Employees Retirement System  
400 E Broadway, Suite 505  
Box 1657  
Bismarck, ND 58502

Written or oral comments may be submitted to the above address or below referenced telephone number and will be accepted from November 16, through November 29, 2011. A copy of the proposed rules may be obtained by accessing them on the PERS website at [www.nd.gov/ndpers](http://www.nd.gov/ndpers), by writing to the above address, or by calling the North Dakota Public Employees Retirement System at 701-328-3900. If you plan to attend the public hearing and will need special facilities or assistance relating to a disability, please contact the Public Employees Retirement System at the above address or telephone number at least three business days prior to the public hearing.



**North Dakota  
Public Employees Retirement System**  
400 East Broadway, Suite 505 • Box 1657  
Bismarck, North Dakota 58502-1657

**Sparb Collins**  
Executive Director  
(701) 328-3900  
1-800-803-7377

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FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

# Memorandum

**TO:** PERS Board  
**FROM:** Sparb  
**DATE:** December 13, 2011  
**SUBJECT:** Annual Enrollment

The annual open enrollment is now complete and following are the preliminary numbers:

Flexcomp Annual Enrollment	3574
H/D/V Annual Enrollment	2193
Life Insurance Annual Enrollment	477

In addition, we enrolled the City of Fargo on the health plan during this period (792 enrollments) with a starting date of January 1, 2012.



**North Dakota**  
**Public Employees Retirement System**  
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## MEMORANDUM

**TO:** NDPERS Board

**FROM:** Jamie Kinsella *Jamie*

**DATE:** November 30, 2011

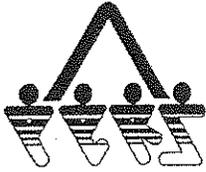
**SUBJECT:** **August 17, 2011 PERS Audit Committee Minutes**

Attached are the approved minutes from the August 17, 2011 meeting. Those who attended the meeting are available to answer any questions you may have.

The minutes may also be viewed on the NDPERS web site at [www.nd.gov/ndpers](http://www.nd.gov/ndpers).

The next audit committee meeting is tentatively scheduled for February 22, 2012 10:00 a.m., in the NDPERS Conference Room.

Attachment



**North Dakota**  
**Public Employees Retirement System**  
400 East Broadway, Suite 505 • PO Box 1657  
Bismarck, North Dakota 58502-1657

Sparb Collins  
Executive Director  
(701) 328-3900  
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## MEMORANDUM

**TO:** Audit Committee  
Jon Strinden  
Arvy Smith  
Rebecca Dorwart

**FROM:** Jamie Kinsella, Internal Auditor *Jamie*

**DATE:** August 26, 2011

**SUBJECT:** August 10, 2011 Audit Committee Meeting

**In Attendance:**

Jon Strinden, via conference call  
Arvy Smith  
Jamie Kinsella  
Sparb Collins  
Sharon Schiermeister  
Deb Knudsen

**Absent:**

Rebecca Dorwart

The meeting was called to order at 10:00 a.m.

**I. February 23, 2011 Audit Committee Minutes**

The audit committee minutes were examined and approved with the corrections indicated by the Audit Committee.

**II. Internal Audit Reports**

A. Quarterly Audit Plan Status Report – Staff is spending the bulk of their time working with the PERSLink project team assisting with projects they need help with. Since October 4, staff has continued to support staff with various projects that are considered high priority. In June staff met with Brady Martz to determine how much Internal Audit would be able to assist with the financial audit this year. Leon could assist with the Flex Comp area and Jamie with the retirement audits. Brady Martz will conduct all of the other testing. Ms. Kinsella notified management and Brady Martz that not all of the audits will be completed by August 22, so Brady Martz will be contracted with to assist with the audit testing.

B. Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. A report was not provided this time as

there is no change from the previous meeting.

- C. Benefit Adjustments – During the March 24, 2011 board meeting the Board had several member appeals to review, one of which was an appeal due to overpayment of pension benefits to a retiree. There were several benefit adjustments for both the insurance plans and the retirement benefits due to the switch to the PERSLink system, which discovered inconsistencies that had to be researched and adjusted. Staff indicated there had not been any new discoveries. The Audit Committee would like the Internal Audit staff to provide a proposal at the next meeting of how these could be monitored to ensure consistent management of collection payments.
- D. Risk Assessments – Ms. Kinsella conveyed in a normal year she would be conducting risk assessments at various levels to prepare the next Internal Audit Plan to be presented at the November meeting for Audit Committee approval. However, due to time involved with PERSLink staff has been unable to do so. Ms. Kinsella indicated she had been keeping a list of potential high risk audit areas as they came to her attention. Ms. Kinsella pointed out that she would like to have a meeting with management in September to discuss the high risk areas in each of the divisions and then hold another meeting in October to prioritize these risks. After these meetings, Ms. Kinsella will compile this into a report and present them to the Audit Committee in November for approval for the 2012 audit plan.

### III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for November 23, 2011 at 10:00am.
- B. Performance Evaluation – The annual performance evaluation was completed on July 26, 2011.

### IV. Miscellaneous

- A. Travel Expenditures Update– There were no travel expenditures of the Board and Executive Director for out-of-state travel from February 1 through July 31, 2011.
- B. Risk Management Report – At a previous audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time It was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Included with the audit committee materials were the following: copy of the approved meeting minutes from the December 9, 2010, agenda for the March 23, 2011 meeting, minutes from the March 30, 2011 meeting and agenda for the June 7, 2011 meeting. Deb attended the meeting and provided a report on the past year's activities.
- C. PERSLink Quarterly Report – A memo regarding the PERSLink Member Self Service Process was included in the Audit Committee materials.

- D. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." Staff was unable to provide a report at this time due to their time involved with PERSLink. Sharon indicated that accounting will try to get back on schedule with reporting this to the Board.
- E. External Audit Update - Brady Martz & Associates was in the PERS office June 20 through June 24 conducting their preliminary work. Staff decided to try have the Internal Audit division do as much of the audit work as possible, with the understanding that if it became apparent that staff was unable to complete the work in time, to notify management and Brady Martz that additional resources may be necessary to complete the work. Ms. Kinsella indicated on August 1 she took an assessment of what was done and what needed to be done and concluded there was a risk it may not all get completed by August 22. Staff is in the process of drawing up a contract with Brady Martz for them to complete the additional testing work the week of August 15. Brady Martz will be back in the PERS office from August 22 through September 2 to complete their field work and to start putting together the financial statements, working primarily with the accounting staff. Ms. Kinsella indicated this is the last year of the three year contract with Brady Martz. The audit will be going out to bid for the next three years late this year.

The meeting adjourned at 11:20 a.m.