

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
BCBS, 4510 13th Ave SW

December 27, 2013

Time: 8:30 AM

I. MINUTES

- A. November 27, 2013

II. GROUP INSURANCE

- A. BCBS Quarterly Executive Summary – BCBS (Information)
- B. Annual Enrollment Update – Kathy (Information)

III. MISCELLANEOUS

- A. Fiduciary Responsibilities – Jan (Information)
- B. DOMA Update – Jan (Information)
- C. Benefit Payment Monitoring – Sparb/Jamie (Information)
- D. *Confidential Information Disclosure Request – Jan (Board Action)

IV. RETIREMENT

- A. Member Communication – Kathy (Information)
- B. Defined Contribution Enrollment Material – Sparb/Deb (Information)
- C. OPEB Request for Proposal – Sparb (Board Action)
- D. Job Service Retirement Plan – Sparb (Board Action)
- E. Highway Patrol Plan Qualification Letter – Deb (Informational)
- F. IRS Plan Qualification – Sparb (Information)
- G. Defined Contribution Eligibility: Sparb (Board Action)
 - 1. Return to Work
 - 2. Higher Education Transfers
- H. 3rd Quarter Investment Reports – Bryan (Information)

V. FLEX COMP

- A. ADP Response – Kathy (Information)

VI. DEFERRED COMPENSATION

- A. Investment Advisor Representative Option – Deb (Information)

*Executive Session pursuant to NDCC 54-52-26 and 44-04-19.2 to discuss confidential member and beneficiary information.

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.



North Dakota
Public Employees Retirement System
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Bismarck, North Dakota 58502-1657

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Executive Director
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1-800-803-7377

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Memorandum

TO: PERS Board

FROM: Sparb

DATE: December 18, 2013

SUBJECT: BCBS Quarterly Executive Summary

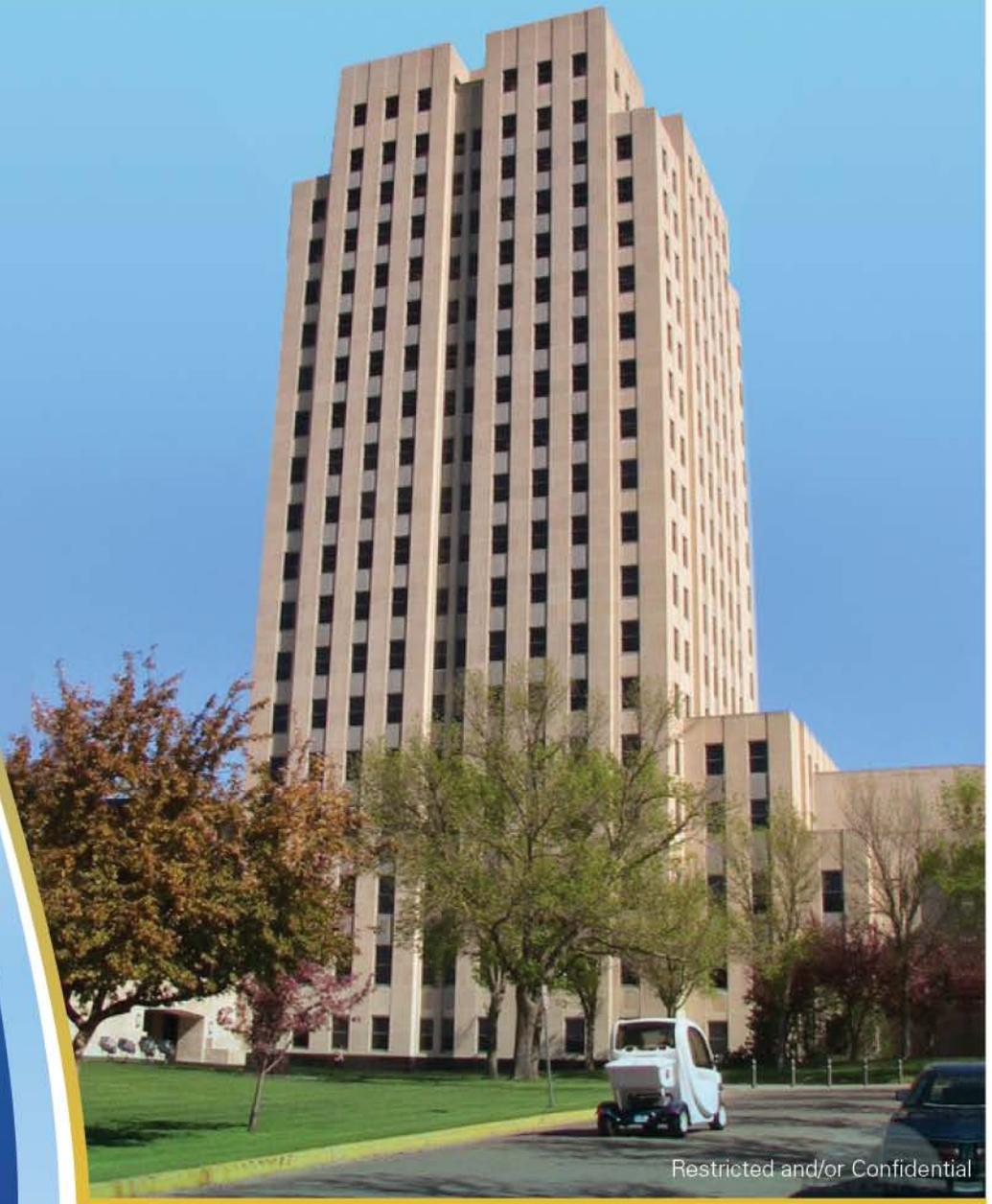
The quarterly executive summary report will not be completed and printed to include in your Board book. We will email you the report next week when we receive it from BCBS and they will review the report with you at the meeting on Friday, December 27.

NDPERS Executive Summary

Q3 | Presented December 2013

Table of Contents

Dashboard	2
Financial/Trend Analysis	3-4
Membership & Health Utilization Summary	5
High Dollar Claims	6
Prescriptions Drugs & Specialty Rx	7
Health Management	8-9
Wellness Programs	10-11
Performance Guarantees	12
Opportunities and Activities	13



Restricted and/or Confidential



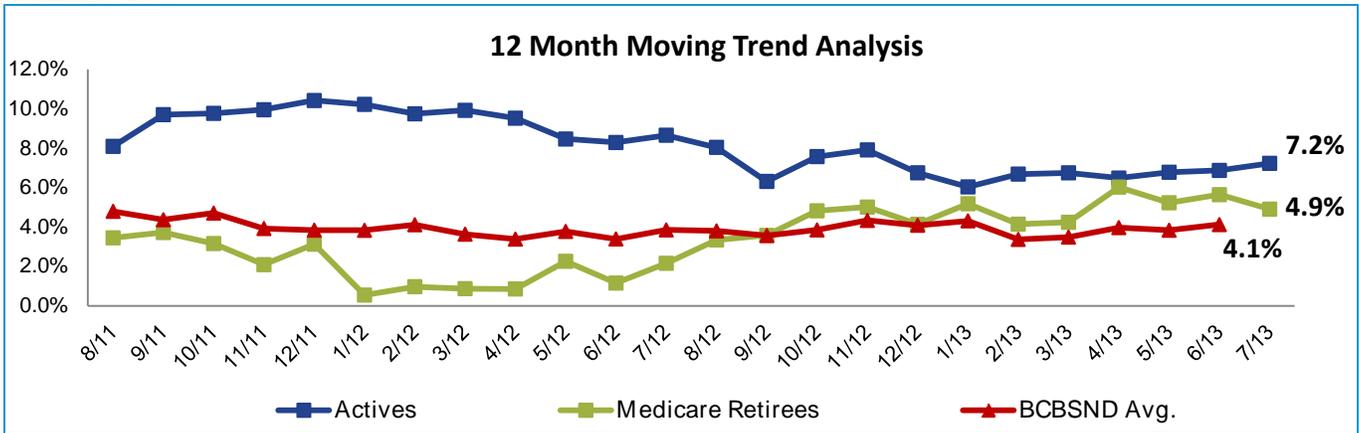
**NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM**



ND

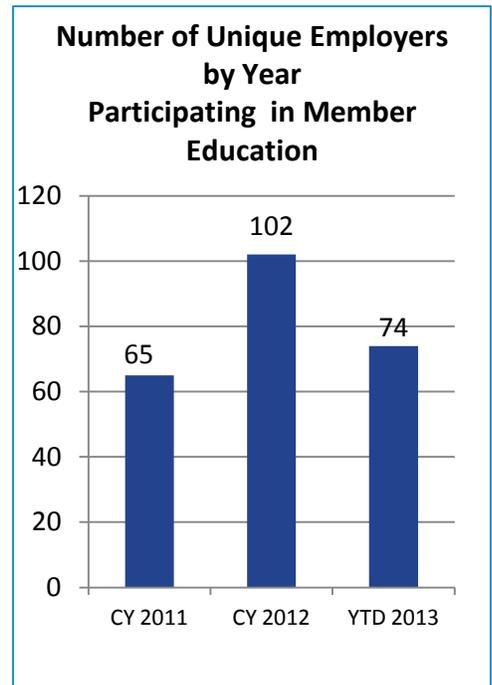
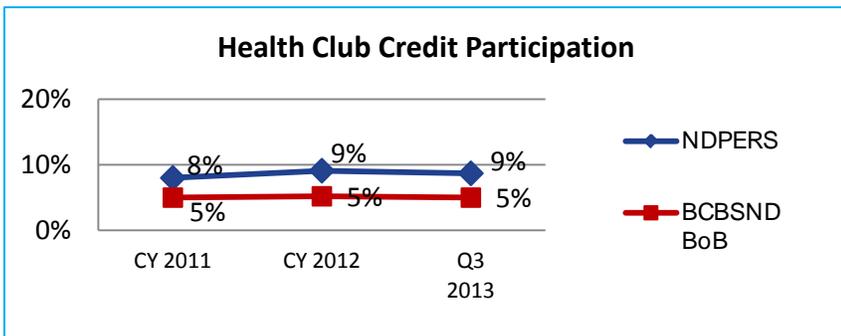
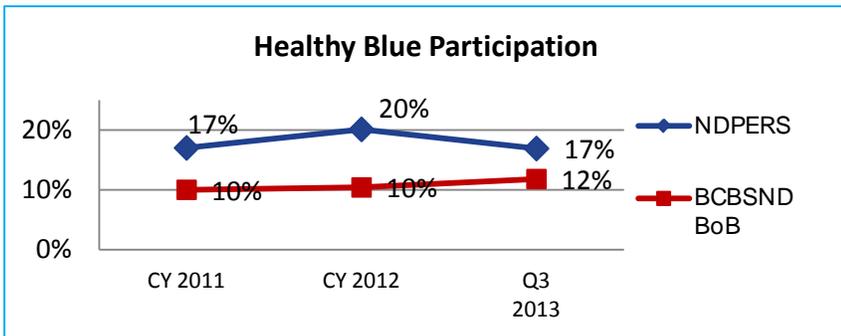
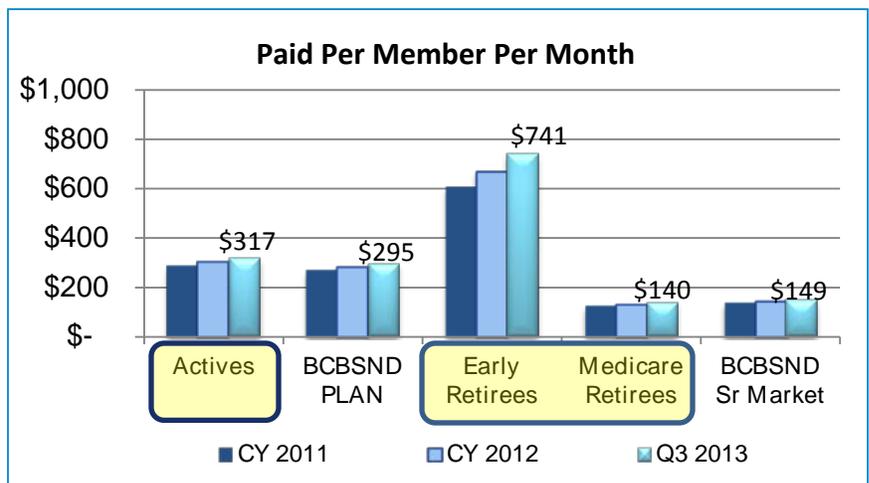
Blue Cross Blue Shield of North Dakota is an independent licensee of the Blue Cross & Blue Shield Association

Northwestern Mutual Insurance Company



Membership Comparison

	CY 2012	Q3 2013
Actives	53,759	54,698
Early Retirees	1,233	1,252
Medicare Retirees	7,438	7,786



Actives include Political Subs and State Employees
 Quarters are cumulative to period noted.

NDPERS Biennium Comparison Paid through September 30, 2013

	Premium	Admin Fee	Interest on Surplus	Estimated Incurred Claims	Gain (Loss)	Gain (Loss) as % of Premium	Biennium Gain (loss)	% of Premium
July 09 - Jul 09	17,331	915	0	14,268	2,149	12.4%	38,075	9.0%
July 11 – Jul 11	18,858	999	0	16,100	1,758	9.3%	9,837	2.1%
July 13– Jul 13	22,407	1,701	0	21,194	-488	-2.2%	N/A	N/A

Note: Reported in thousands

The July 09 - June 11 biennium is reporting a gain of \$9.8 million with two months of claims run out. Biennium gain(losses) are prior to risk sharing. It is important to note that the bienniums beginning with July 11 and July 13 include estimated claim reserves. Actual claims run-out may vary from original reserve estimates.

It is expected that premiums will exceed claims in the first few months of the biennium. This is due to stable premium levels throughout the entire biennium and increasing claims during the biennium. At the mid-point of the biennium claims would be expected to be equal to premiums less admin fees and during the last months of the biennium, claims would be expected to exceed premiums.

NDPERS Quarterly Trend Analysis Paid through September 30, 2013

Incurred Month	Twelve Month Moving Average		Annual Trend	
	Est. Incurred Claim/Contract Actives	Med Retirees	Actives	Med Retirees
9/11	\$736.80	\$171.59	9.7%	3.7%
10/11	740.08	171.49	9.8%	3.2%
11/11	744.61	171.43	10.0%	2.1%
12/11	751.02	172.22	10.4%	3.1%
1/12	757.01	171.67	10.2%	0.5%
2/12	758.51	172.22	9.8%	1.0%
3/12	761.13	171.83	9.9%	0.9%
4/12	764.98	172.15	9.5%	0.9%
5/12	768.90	174.06	8.5%	2.3%
6/12	771.77	173.42	8.3%	1.2%
7/12	776.04	174.96	8.7%	2.2%
8/12	784.85	177.31	8.0%	3.3%
9/12	783.36	177.73	6.3%	3.6%
10/12	796.18	179.77	7.6%	4.8%
11/12	803.57	180.03	7.9%	5.0%
12/12	801.76	179.35	6.8%	4.1%
1/13	802.74	180.57	6.0%	5.2%
2/13	809.26	179.36	6.7%	4.1%
3/13	812.55	179.12	6.8%	4.2%
4/13	814.62	182.53	6.5%	6.0%
5/13	821.07	183.17	6.8%	5.2%
6/13	824.85	183.21	6.9%	5.6%
7/13	832.20	183.55	7.2%	4.9%

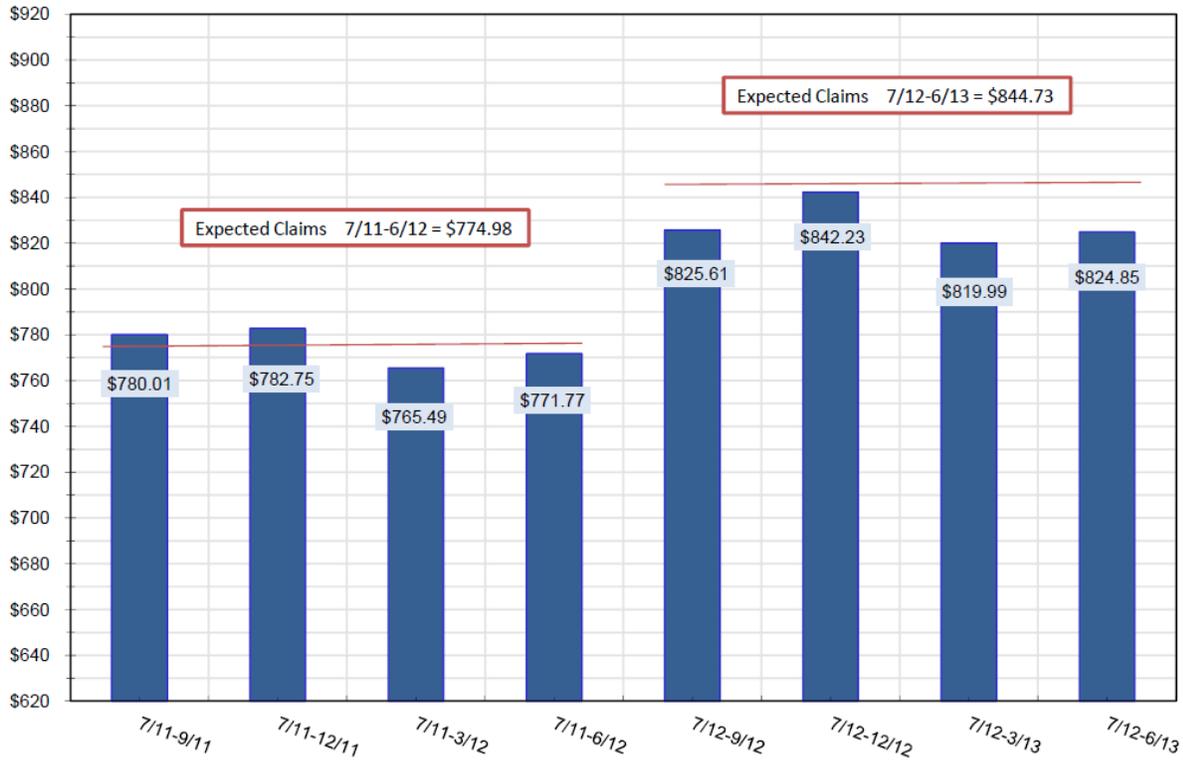
The 6.9% twelve month rolling trend for NDPERS Actives through June 2013 is greater than the Blue Cross Blue Shield overall trend of 4.1%.

A 6.68% trend was used in rating the first year of the biennium beginning July 2013.

NDPERS Quarterly Trend Analysis
Paid through September 30, 2013

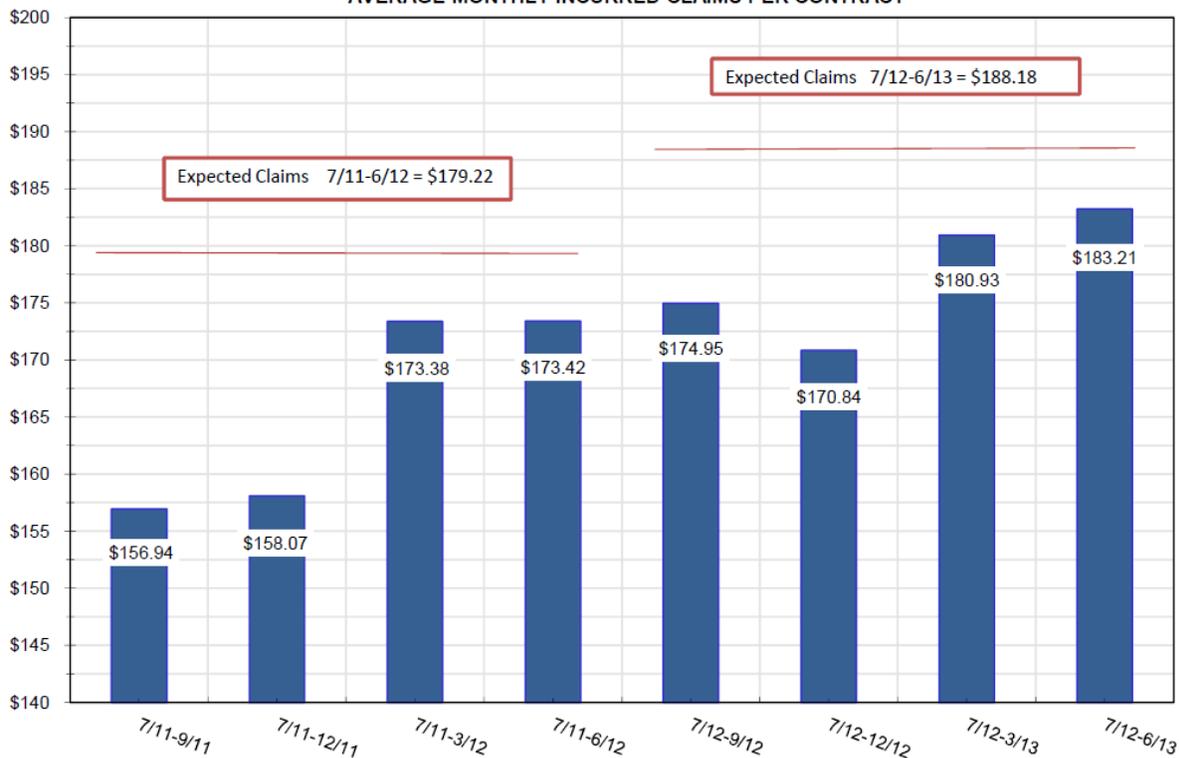
NDPERS - Actives

AVERAGE MONTHLY INCURRED CLAIMS PER CONTRACT



NDPERS - Medicare Retirees

AVERAGE MONTHLY INCURRED CLAIMS PER CONTRACT



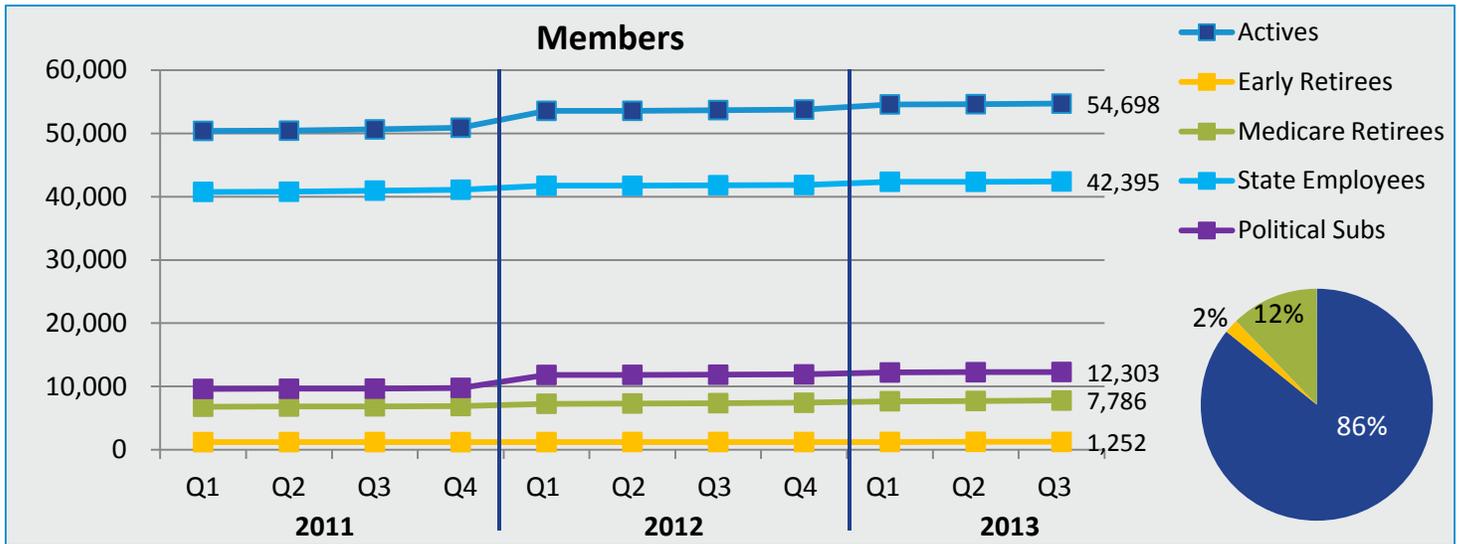
Membership & Health Utilization Summary

Paid each Calendar Year (Q3 through 9/30/2013)

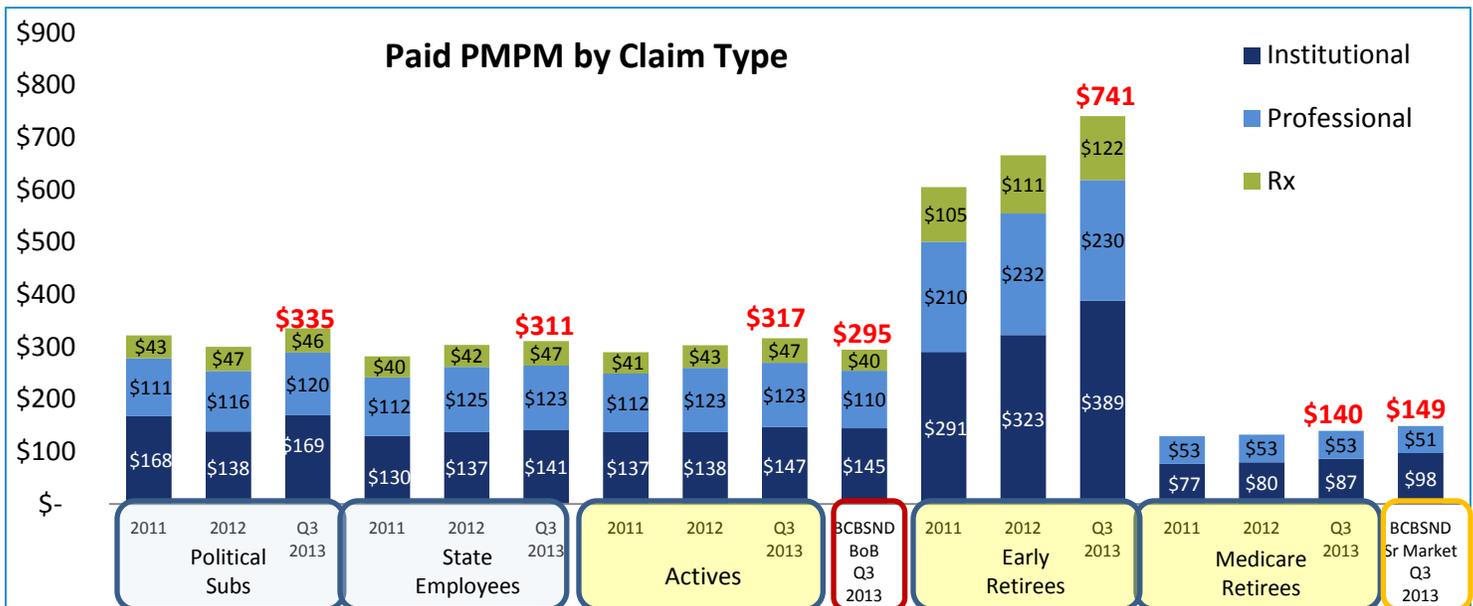
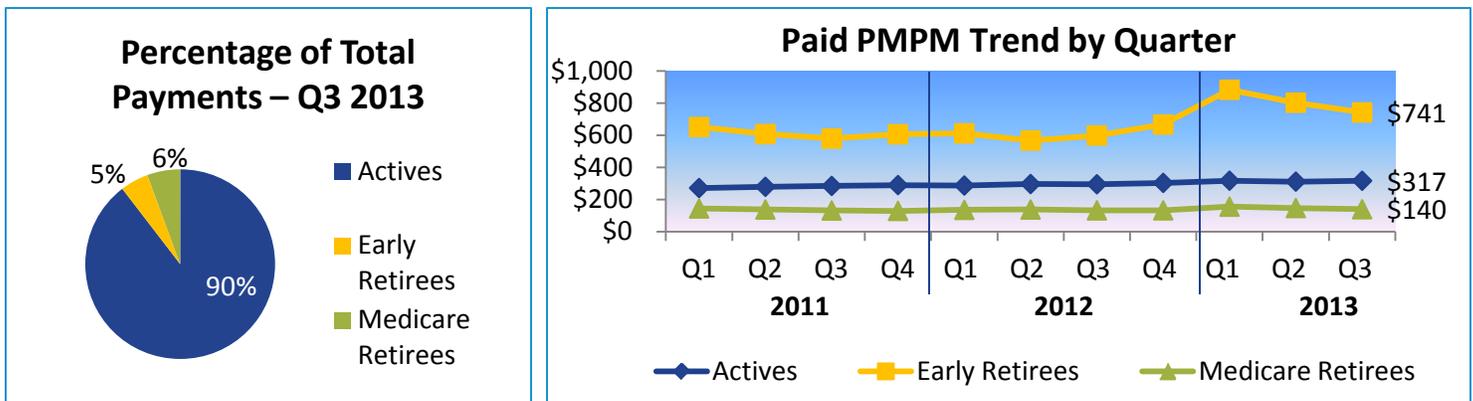


ND

Membership



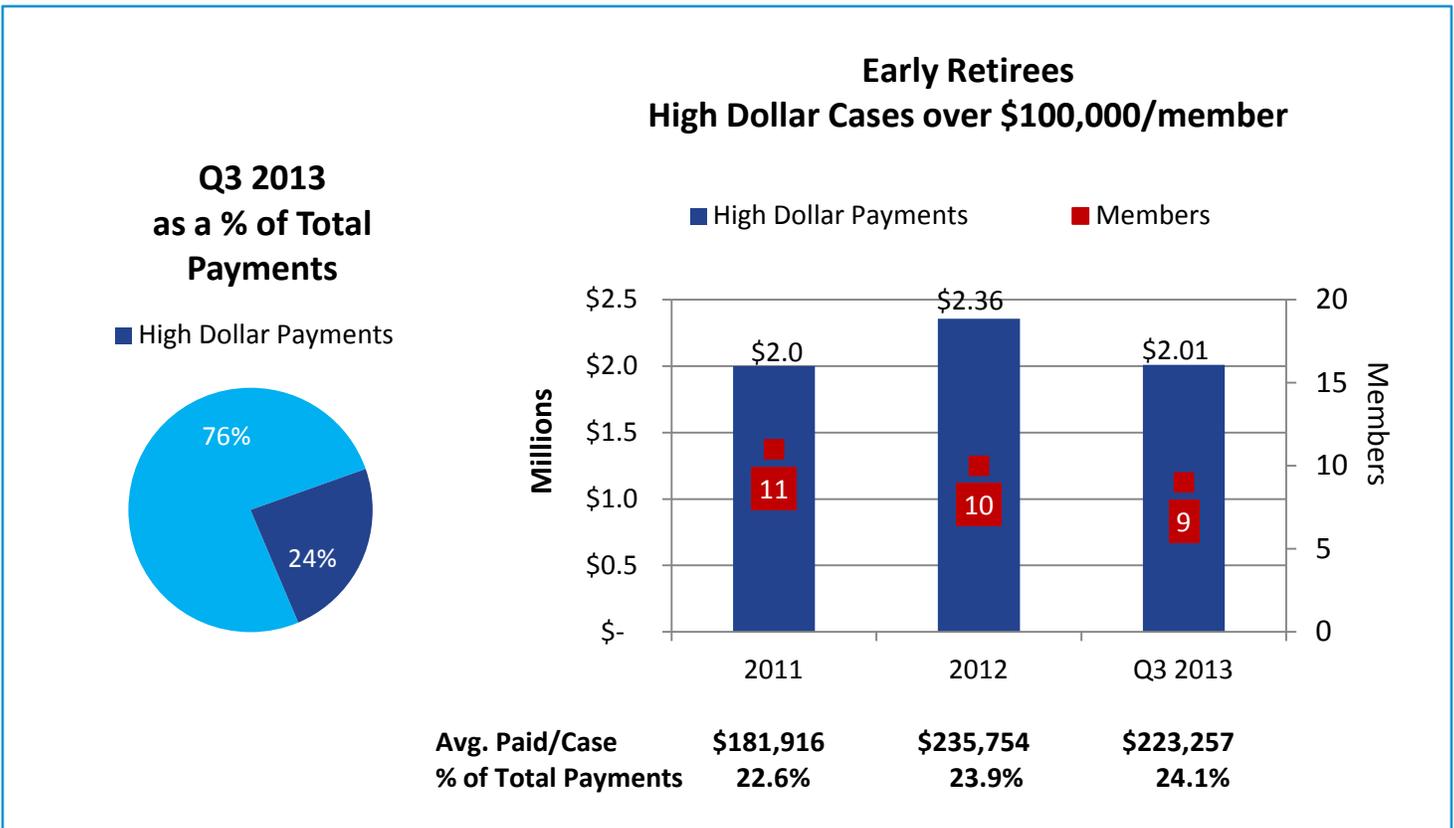
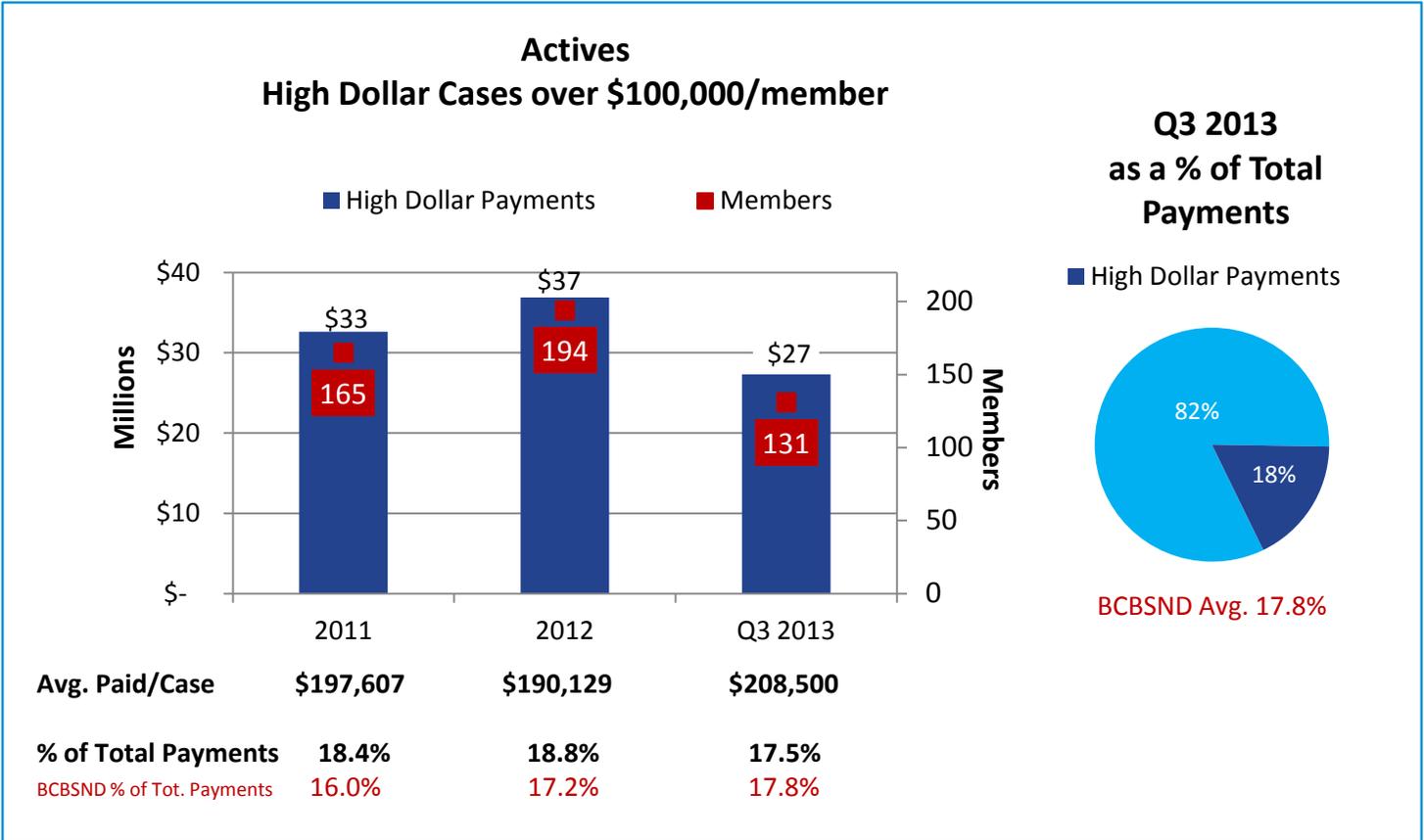
Claims Paid Per Member Per Month (PMPM)



Actives include Political Subs and State Employees

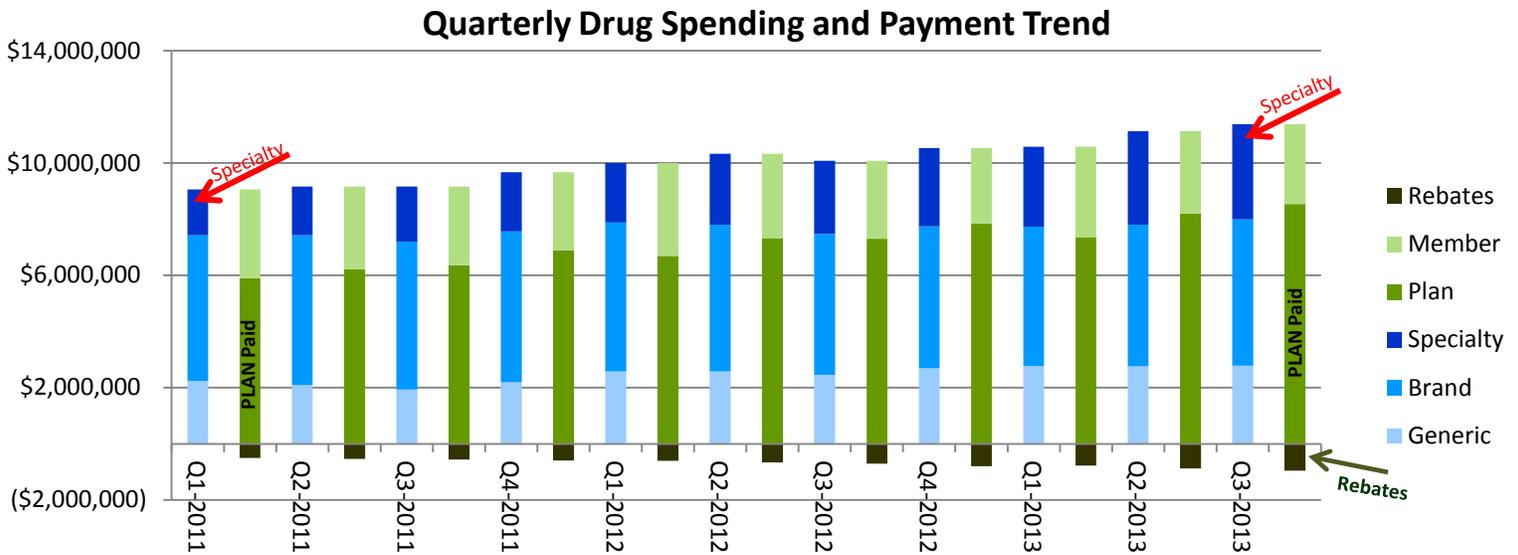
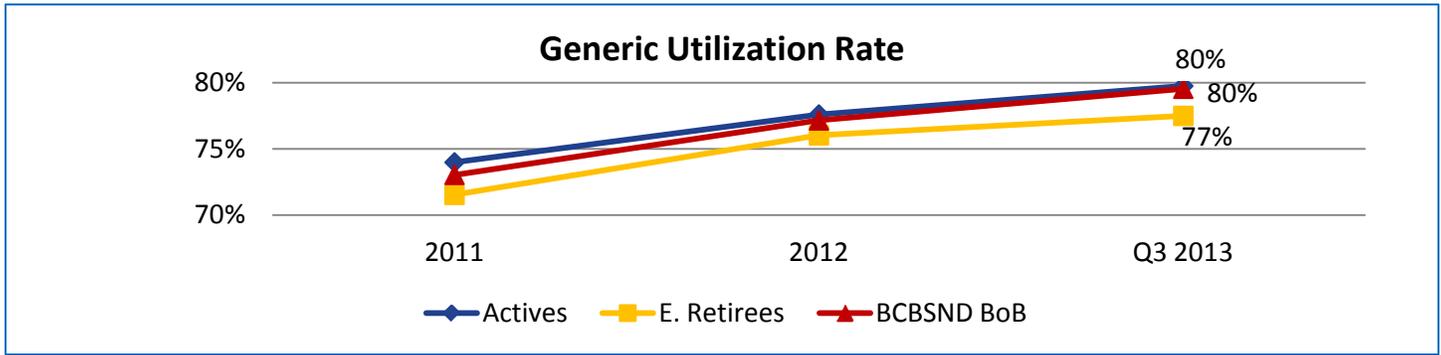
Quarters are cumulative to calendar year end

High Dollar Cases



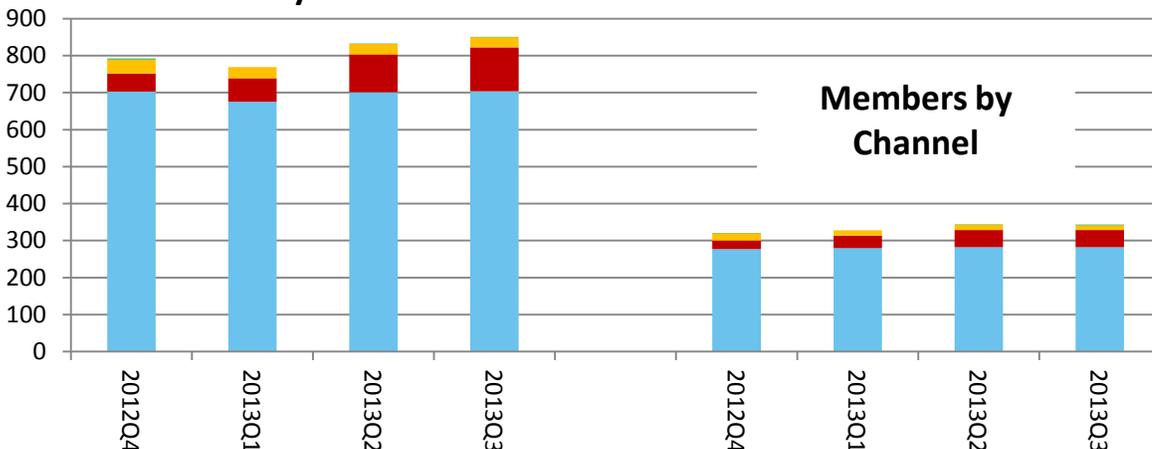


Prescription Drugs



- Specialty spend continues to increase
- Plan (NDPERS) costs are increasing – benefit design may not be keeping up with inflation
- Rebates have also increased

Claims by Channel



Members by Channel

- Mail
- Other SRX Pharmacies
- Prime Specialty Pharmacy
- Retail Pharmacy

MediQHome Vision

Practice Transformation – move away from fee for service to quality based care

Practice Transformation: A New Approach

Build and expand on previous successes by offering providers flexibility in how they practice through a new payment model based on patient outcomes.

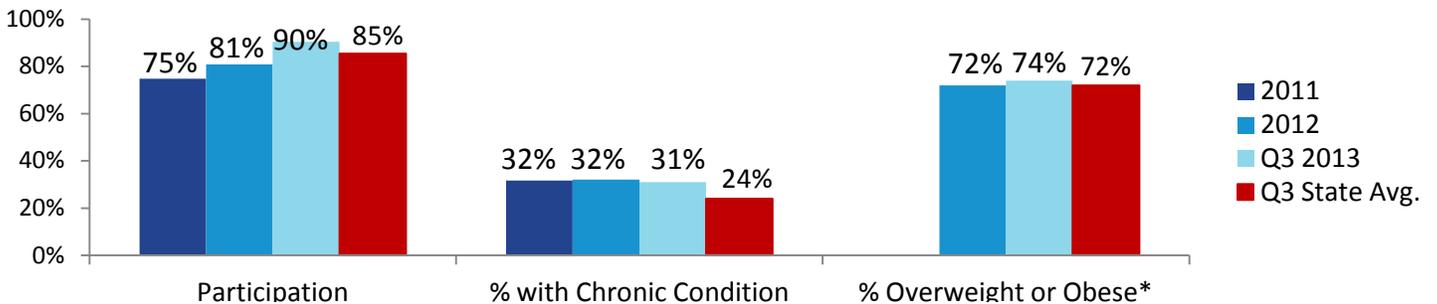
- Redefined visit to include the entire care team.
- Renewed focus on patient outcomes.



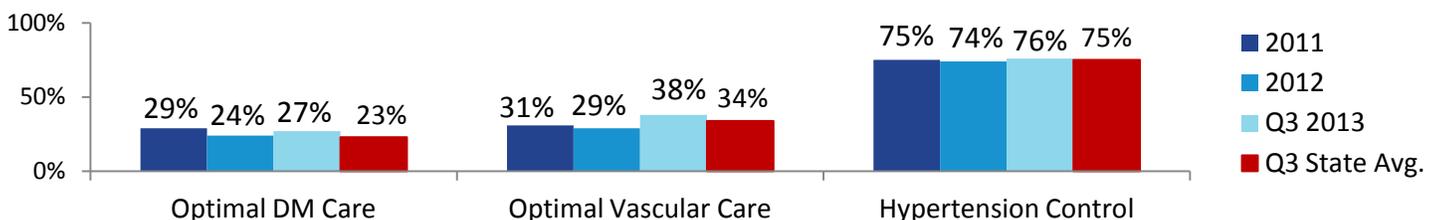
Program Growth

- **Stage I**
 - Collect baseline performance data.
 - Introduce risk adjusted care management fee for primary care providers with increased frequency.
 - Initial practice readiness assessment.
- **Stage II**
 - Practices must meet minimum requirements to enter stage II as determined from their readiness assessment and action plans to address gaps.
 - Introduction of total reimbursement targets.
 - Increasing care management fee amounts to offset fee schedule adjustments.
- **Stage III**
 - Practices must demonstrate medical home maturity through obtaining all components of advanced PCMH certification.
 - Maximum total reimbursement target maintained.

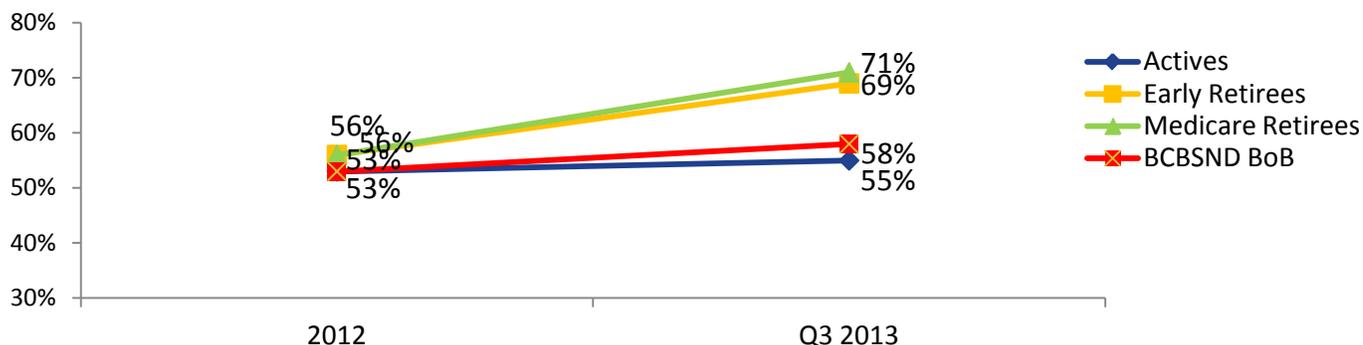
MediQHome Key Measures



MediQHome Outcome Measures



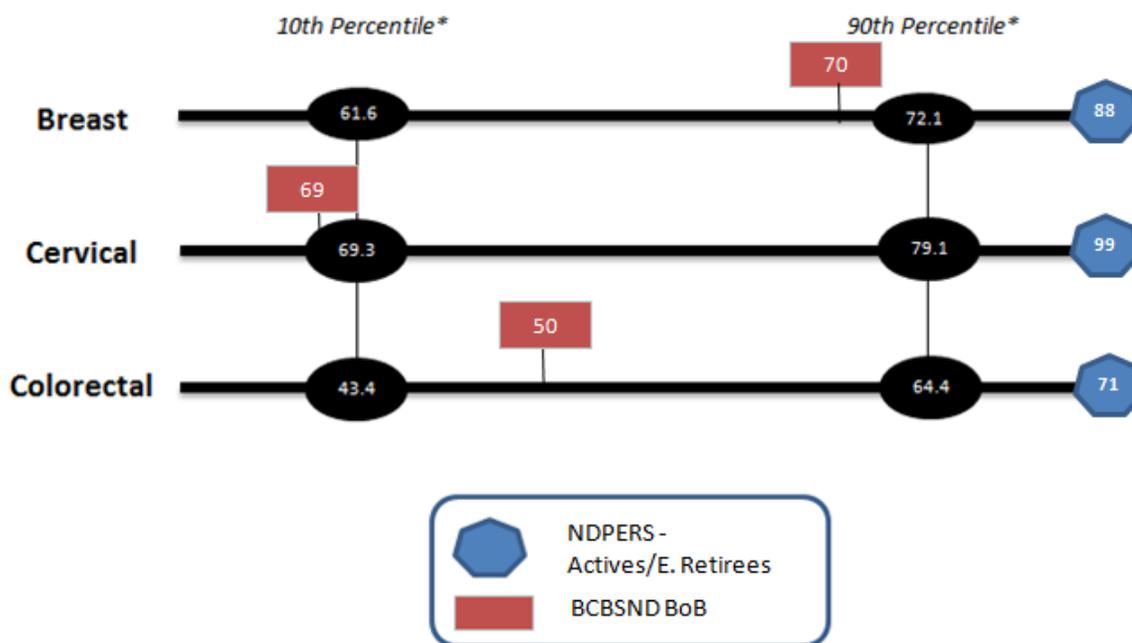
AccordantCare Participation — Rare and Complex Disease Management



- **543 eligible, 308 participating (overall participation 57%)** – There was a recent change in how Accordant defines and reports participation percentage. We have converted last year with this new methodology
- 2012 to 2013 shows an increase in participation
- Due to small population of the retirees, addition or decline of a few members could change participation percentage significantly

Preventive Cancer Screenings (Actives/Early Retirees)

Cancer screening compliance continues to improve for NDPERS members and is also well above the BCBSND book of business and the 2012 NCQA 90th percentile.



*NCQA The State of Health Care Quality 2012 report

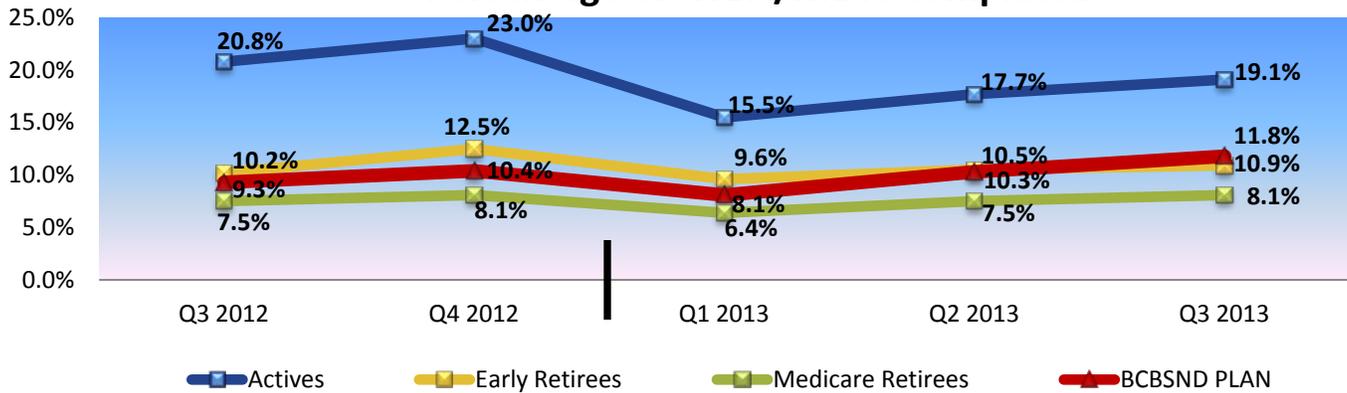
Excludes Medicare

Through Q3 2013 (Jan-Sep), there was a total of 43,573 members eligible for the wellness programs, HealthyBlue and Health Club Credit. NDPERS member participation in these wellness programs is higher than the BCBSND Plan average.

HealthyBlue

- 16.9% (up from 15.7% Q1) of total eligible members have completed a Health Risk Assessment (7,372 members). Both Early Retirees and Medicare Retirees are ahead of Q3 last year.
 - BCBSND Plan HRA completion rate 11.8% (also up from 10.3% Q2)
- Point redemption through Q3 2013 - \$215,898 in redeemed prizes

Percentage of WBA/HRA's completed



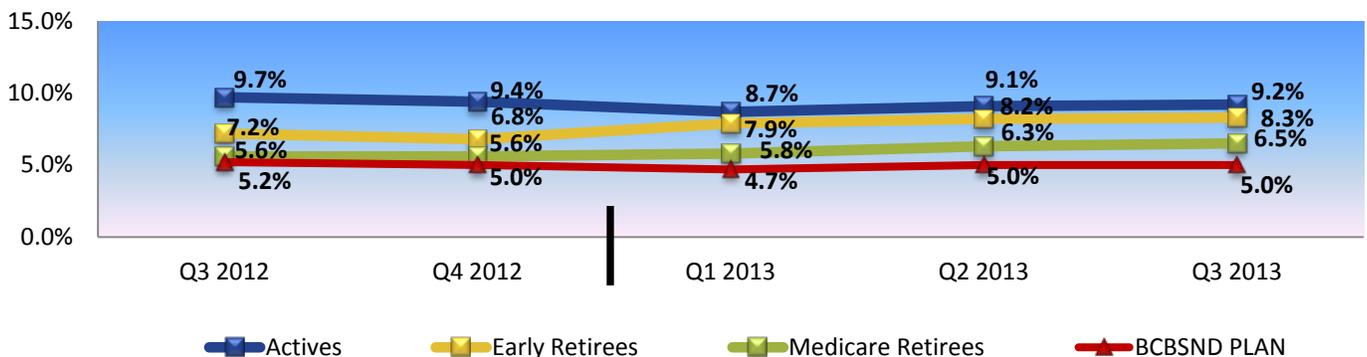
Q1 2013 begins over due to annual HRA completion requirement.

Quarters are cumulative to calendar year end

Health Club Credit

- 8.7% (up slightly from 8.6% Q2) participate in the Health Club Credit Program (3,800 members)
 - BCBSND Plan average is 5.0% (same as Q2)
- 54.9% (down from 57.6% Q2) of those participating in HCC exercise 12 or more days per month (2,087 members)
 - BCBSND Plan average is 52.9% (also down from 56.1% Q2)
- Health club credits paid through Q3 2013 - \$370,961.82

HCC Member Participation



Quarters are cumulative to calendar year end

Member Engagement

Member Education Representatives introduce programs that provide employees with valuable information and engages them in their health care. Along with making more informed health care decisions, these programs include valuable life skills.

Presentations are available for the following programs:

- Take Care of Yourself
- Walking Works
- Strength Training
- Beat The Bug
- Summer Safety
- Stress Management
- Medication Education
- Tobacco Cessation
- Wellness Programs (HealthyBlue/Health Club Credit)
- Nutrition Basics for a Healthier You
- **NEW program coming 2014! "CPR and First Aid Basics"**

2013 through Q3, 74 employer groups have held these educational programs and 55 employer groups have had a benefit overview meeting.

	Number of Employers	Member Education Programs & Benefit Overview	Member Attendance
Q3 2013	22	HealthyBlue /HCC	406
	13	Other	344
	27	Benefit Overview	

NDPERS Wellness Specialist

- Participated at the NDPERS Health Fair at Capitol in Bismarck on September 10
- Healthy North Dakota Worksite Wellness Summit was October 8 in Fargo. 40 NDPERS Wellness Coordinators attended and the Lt. Governor's Worksite Wellness Award was announced
- Breast Cancer Awareness flyer was created and sent out through the NDPERS Wellness Coordinators.
- NDPERS Health Fair for City of Fargo employees on October 15
- Two week Walk-tober Fest Challenge in October - 447 registered participants walked approximately 41 million steps
- Three week "Move More" holiday challenge late November to early December – 1,050 registered participants
- Creation of a Vaccination Awareness program with the help of the Department of Health.
- Selected 1st Wellness Star of the Month. Member's photo and story was featured in the Image Rotator of HealthyBlue for the entire month of November
- NDPERS Retiree Health Fair in Bismarck at the Bismarck Career Academy.
- Collaboration with NDPERS staff for 2014 Wellness strategy



Measure	Goal	To Date
Cost Management (measurement period : by 12-31-14)		
HRA Completions	17%	17%
HRA Score	5% point increase in the NDPERS group aggregate HRA wellness score TBD	74
Online Wellness Tool - incentives paid	10% increase over 2013 incentives paid TBD	\$215,898
*Health Club Credit - members receiving credit	10% increase over 2013 members receiving credit TBD	\$370,962
Health Outcomes:		
Members enrolled in a Medical Home	80%	90%
Breast Cancer Screening Rates*	80%	88%
Cervical Cancer Screening Rates*	85%	99%
Colorectal Cancer Screening Rates*	60%	71%
Operational Performance:		
Claims Financial Accuracy	99%	99.6%
Payment Incident Accuracy	97%	99%
Claim Timeliness	99%	98%
Average Speed of Answer (in seconds)	30 seconds or less	25
Call Abandonment Rate	5% or less	2%
Provider Network Management:		
NDPERS PPO network	92% (or more) participation	99.6%
Provider Discount for non-Medicare contracts	30% or more	53%

Green – meeting goal

Red – below goal

Purple – data not complete

*Cancer screening rates were a culmination of MediQHome and Optum claims data

Completed

- NDPERS Health Fair at Capitol & Retiree Fair in Bismarck
- Healthy North Dakota Worksite Wellness Summit
- Breast Cancer Awareness flyer created and sent out through the NDPERS Wellness Coordinators.
- Walk-tober Fest Challenge in October
- Creation of a Vaccination Awareness program
- Selected 1st Wellness Star of the Month.
- The Division of Cancer Prevention and Control and BCBSND presented their findings of the Colorectal Cancer Screening survey to NDPERS staff on September 25

Ongoing Activities

- **Defining recommendations for benefit plan changes for the 2015-2017 plan year and present to NDPERS staff**
- Move More holiday challenge
- Cervical Cancer Screening mailing scheduled for January
- Collaboration with NDPERS staff for 2014 Wellness strategy
- Monthly NDPERS Wellness Coordinator calls
- **There are currently 6 members in the Member Advocacy Program (MAP) – an increase from 3 last quarter**
- Testimonial campaign is in progress
- **Specialty Pharmacy**
 - NDPERS enrollment in Prime Specialty Pharmacy Care Management
 - Targeted mailings continue to identify new specialty users
 - Competitor Specialty Pharmacies are being excluded from network in 2014
 - Utilization at out-of-state pharmacies will be targeted in 2014
- **MediQHome**
 - New vision/approach: Practice Transformation
 - Provider contracting – 75% of ND's participating providers are participating in MediQHome with 85% of all ND residents in a Medical Home (up from 80% last quarter)
 - MediQHome combined with ACO contracting is changing how BCBSND pays for care by transitioning to payment based on quality outcomes, rather than simply paying a fee for a service delivered.
 - Continue to develop formal ACO relationships supported by MediQHome
- Accordant Care – continue to identify newly eligible members
 - During program year two with Accordant, the overall book of business resulted a net ROI of 2.9



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Memorandum

TO: NDPERS Board
FROM: Kathy and Sharon
DATE: December 18, 2013
SUBJECT: Annual Enrollment Update

Annual enrollment was conducted from October 21 through November 8, 2013. This year, PERSLink Member Self Service (MSS) was available for all employees to make their annual enrollment elections. Following are some statistics on the elections that were made during annual enrollment.

Plan	Total Annual Enrollment Elections	Enrollments through MSS	% MSS
Dental	2,581	2,180	84%
Vision	3,271	2,820	86%
Health	452	366	81%
Life	878	750	85%
FlexComp	3,062	2,889	94%

Overall, we feel that using MSS for annual enrollment was a success. We did encounter a few difficulties that we will work on improving for next year. These include:

- System performance issues on the first and last few days of the annual enrollment period resulting in slow response times
- Confusion entering correct coverage amounts for life insurance and completing Evidence of Insurability (EOI) form
- Confusion entering monthly amounts instead of annual amounts for FlexComp spending accounts
- Employers not receiving notification of all enrollments through PERSLink Employer Self Service

To compensate for some of these difficulties, the following actions were taken:

- The annual enrollment period was extended until November 12 to allow employees who were experiencing slow system responses times on November 8 additional time to complete their elections
- Provided employers with a list of employees who had applied for additional life insurance coverage but who had not submitted an EOI form, asking them to follow up with the employees.
- Provided employers with a list of employees who appeared to have entered a monthly amount as their annual pledge for the FlexComp spending accounts, asking them to follow up with the employees.
- Provided employers with a list of employees who elected to pre-tax non-NDPERS sponsored insurance premiums to verify they had the premiums set up correctly in their payroll system

Following is the change in participation for the FlexComp plan following open enrollment (OE).

<u>FlexComp Plan</u>	<u>Prior to OE* Contributions*</u>		<u>After OE Contributions</u>	
Medical Spending	2,698	\$4,042,481.91	2,648	\$3,905,480.50
Dependent Care	<u>445</u>	<u>\$1,719,694.46</u>	<u>414</u>	<u>\$1,600,130.52</u>
Total	3,143	\$5,762,176.37	3,062	\$5,505,611.02

*Based on plan statistics provided by ADP in its November 2013 account review report to the Board.

Change in participation for medical spending:	-1.9%
Change in participation for dependent care:	-7.0%
Change in contribution for medical spending:	-3.4%
Change in contribution for dependent care:	-7.0%

As mentioned above, there appeared to be an issue with some employee's entering in a monthly amount for their annual pledge. If we receive revised elections, the drop in contributions would be reduced to approximately 1% for medical spending and 4% for dependent care.

Following is the change in enrollment for the dental and vision plans:

	2013	2014	Increase
Dental	7,374	7,908	6.8%
Vision	8,373	8,758	4.4%

We are available to answer any questions.



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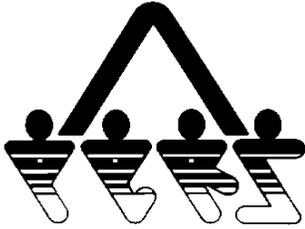
FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board
FROM: Sparb
DATE: December 17, 2013
SUBJECT: Fiduciary Presentation

Jan will present information relating to your fiduciary responsibilities as a trustee at the December Board meeting.

You will receive a copy of the presentation at the Board meeting.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: December 17, 2013
SUBJECT: DOMA Update

Jan will present an update to the Board relating to the defense of marriage act (DOMA), specifically the implications of the changes on PERS benefit programs.

Also attached for your information is a recent AG's opinion concerning implications of the Act between states.

**LETTER OPINION
2013-L-06**

December 12, 2013

Mr. Richard J. Riha
Burleigh County State's Attorney
514 E Thayer Ave
Bismarck, ND 58501-4413

Dear Mr. Riha:

Thank you for your letter raising several questions relating to the effects a same-sex marriage, legally valid and entered in another state, has on an individual seeking a marriage license in North Dakota, where such a union is not recognized. You first ask whether a county recorder may issue a marriage license to an individual who had previously entered into a same-sex marriage which was valid in another state, did not obtain a divorce, and is now seeking to enter into a marriage legally recognized in North Dakota. You further ask whether such an individual would be committing a criminal violation by signing a marriage application, under oath, stating that he or she is "Single/Never Married." Finally, you ask whether the individual risks violating another state's bigamy statute if that individual obtains a marriage license in North Dakota, and moves back to a state in which the previous, same-sex marriage is valid and recognized.

For the reasons discussed below, it is my opinion because explicitly prohibited by state constitution and statutes, an individual's previously valid same-sex marriage in another state is not legally recognized in North Dakota and he or she may be issued a valid marriage license here. Further, it is my opinion that since the North Dakota Constitution prohibits the recognition of such a union, the individual would not be committing a criminal violation in this state by indicating he or she was "Single/Never Married" on a signed marriage application. Finally, I decline to opine on the interpretation of another state's law and defer to state legislatures to resolve this unique issue.

ANALYSIS

I.

I first address your question of whether a county recorder may issue a North Dakota marriage license to an individual who previously entered into a same-sex marriage, valid in another state, when that marriage is not recognized in this state, and our license application requires legal dissolution of a prior marriage.¹

In order to answer this question, I first turn to North Dakota's Constitution explicitly defining "marriage" to be between one man and one woman:

Marriage consists only of the legal union between a man and a woman. No other domestic union, however denominated, may be recognized as a marriage or given the same or substantially equivalent legal effect.²

State statute contains similar restrictions:

Marriage is a personal relation arising out of a civil contract between one man and one woman to which the consent of the parties is essential. The marriage relation may be entered into, maintained, annulled, or dissolved only as provided by law. A spouse refers only to a person of the opposite sex who is a husband or a wife.³

North Dakota also prohibits recognition of a same-sex marriage that is valid in the jurisdiction in which it was contracted. North Dakota's recognition of foreign marriages is governed by N.D.C.C. § 14-03-08, which states:

Except when residents of this state contract a marriage in another state which is prohibited under the laws of this state, all marriages contracted outside this state, which are valid according to the laws of the state or country where contracted, are valid in this state. This section applies only to a marriage contracted in another state or country which is between one man and one woman as husband and wife.⁴

¹ N.D.C.C. § 14-03-06 "A marriage contracted by a person having a former husband or wife living, if the former marriage has not been annulled or dissolved, is illegal and void from the beginning unless such former husband or wife was absent and believed by such person to be dead for a period of five years immediately preceding such marriage."

² N.D. Const. art. XI, § 28 (emphasis added).

³ N.D.C.C. § 14-03-01 (emphasis added).

⁴ N.D.C.C. § 14-03-08 (emphasis added).

In interpreting this statute prior to the 1997 amendment, the Supreme Court of North Dakota held that marriages validly entered in other territories would be recognized in North Dakota unless expressly prohibited by law.⁵ North Dakota Constitution art. XI, § 28 and N.D.C.C. § 14-03-01, expressly prohibit a marriage between persons of the same-sex, and therefore North Dakota does not recognize a same-sex marriage, as codified in N.D.C.C. § 14-03-08.

The extent to which North Dakota must recognize the laws of another state is governed by the Full Faith and Credit Clause (“Clause”) of the United States Constitution. The Clause provides: “Full Faith and Credit shall be given in each State to the public Acts, Records, and judicial Proceedings of every other State. And the Congress may by general Laws prescribe the Manner in which such Acts, Records and Proceedings shall be proved and the Effect thereof.”⁶ The United States Supreme Court, however, in applying the Full Faith and Credit Clause, made clear it “does not require a State to apply another State’s law in violation of its own legitimate public policy.” Nevada v. Hall, 440 U.S. 410, 422 (1979) (citing Pacific Ins. Co. v. Indus. Accident Comm’n, 306 U.S. 493 (1939)). The Court recognized marriage “has always been subject to the control of the legislature.” Maynard v. Hill, 125 U.S. 190, 205 (1888). Thus, the Clause does not require one state to recognize and abide by the legislative judgments of another state concerning the recognition and validity of marriage if doing so would be contrary to its own “public policy.”

North Dakota’s public policy to limit “marriage” to one man and one woman and prohibit recognition of same-sex marriages is articulated in, and supported by, the legislative history of N.D.C.C. §§ 14-03-01 and 14-03-08 and N.D. Const. art. XI, § 28.

In 1997, the Fifty-fifth Legislative Assembly amended state marriage statutes defining the relationship as being between one man and one woman.⁷ Amendments were passed defining spouse as being a person of the opposite sex who is a husband or wife.⁸ Further

⁵ See Johnson v. Johnson, 104 N.W.2d 8 (N.D. 1960) (North Dakota Supreme Court recognized a marriage valid and legally entered in another state, when such a marriage was not prohibited by the laws of North Dakota). See also, Pearson v. Person, 606 N.W.2d 128, 131 (N.D. 2000) (although common law marriage cannot be entered into in North Dakota, such a marriage validly entered into in Canada may be entitled to recognition in North Dakota under N.D.C.C. § 14-03-08, because North Dakota law does not expressly prohibit such a marriage). Since same-sex marriages are expressly prohibited and not recognized in North Dakota, a same-sex marriage validly entered into in another state is not afforded recognition under N.D.C.C. § 14-03-08.

⁶ U.S. Const. art. IV, § 1; see also 28 U.S.C. § 1738.

⁷ 1997 N.D. Sess. Laws ch. 145, § 1.

⁸ Id.

amendment of state statute regulating what foreign marriages this state will recognize was made:

14-03-08. Foreign marriages recognized – Exception. All Except when residents of this state contract a marriage in another state which is prohibited under the laws of this state, all marriages contracted outside of this state, which are valid according to the laws of the state or country where contracted, are valid in this state. This section does not apply when residents of this state contract a marriage in another state which is prohibited under the laws of North Dakota. This section applies only to a marriage contracted in another state or country which is between one man and one woman as husband and wife.⁹

The legislature even went so far as to add the following effective date to the amendments:

If the legislature of another state enacts a law under which a marriage between two individuals, other than between one man and one woman, is a valid marriage in that state or the highest court of another state holds that under the law of that state a marriage between two individuals, other than between one man and one woman, is a valid marriage, the governor of this state shall certify that fact to the legislative council. The certification must include the effective date of the other state's legislation or the date of the court decision. Sections 1 and 2 of this Act are effective as of the earlier of the effective date of that law or the date of that decision.¹⁰

In a letter to the Senate Judiciary Committee, a Senate bill sponsor wrote:

This bill is needed in our State to combat recognition of marriages other than between a man and woman now happening in other states - - the most obvious, Hawaii.¹¹

A state Representative also testified before the committee:

This bill is a definition-of-marriage bill, not a gay-bashing bill. It would define marriage and spouse in Century Code for use in interpreting and applying laws. It would also allow the state to recognize marriages only between one man and one woman as husband and wife.

⁹ Id. § 2.

¹⁰ Id. § 3.

¹¹ Hearing on S.B. 2230 Before the S. Comm. on the Judiciary, 1997 N.D. Leg. (Feb. 5) (Statement of Sen. Watne).

This would specify the type of union that the state would recognize as a marriage and would eliminate platonic relationships being recognized as such. Seventeen states have passed similar legislation.¹²

An additional Senate bill sponsor gave the following testimony before the House Judiciary Committee:

As sponsor, I want to emphasize that the goal of this legislation is to treat people who may move here the same way we treat our own citizens --- the same way we have always treated our own citizens.

Our law, going way back to our early statehood, says we will not recognize marriages in North Dakota that are not between one man and one woman. Furthermore, if a resident leaves the state to enter into some other type of marriage, we will not recognize it. Since they made that clear, I am confident that it was the will of our founders that other types of marriages not be recognized if the partners are just moving here.

I do not consider our founders, who originated this section of law, to be homophobes or bigots. They had never even heard of aids [sic]. They wrote this section of law because they recognize the importance and sanctity of the institution of marriage and they recognized that the institution of marriage is a cornerstone of the type of orderly society that has been in North Dakota for over 100 years.¹³

It is clear the legislators' intent at the time of these amendments was to limit the state's recognition of foreign marriages to those between one man and one woman. The statutory language has remained unchanged. Further, the people of North Dakota voted in the general election of 2004 to add article XI, § 28 to the Constitution, which states, "[m]arriage consists only of the legal union between a man and a woman. No other domestic union, however denominated, may be recognized as a marriage or given the same or substantially equivalent legal effect." The amendment placed into our state constitution language makes it clear no other type of union can be recognized or given any legal effect.¹⁴

¹² Hearing on S.B. 2230 Before the S. Comm. on the Judiciary, 1997 N.D. Leg. (Feb. 5) (Statement of Rep. Sandvig).

¹³ Hearing on S.B. 2230 Before the H. Comm. on the Judiciary, 1997 N.D. Leg. (Mar. 11) (Statement of Sen. Christmann).

¹⁴ N.D. Const. art. XI, § 28.

Other federal law is relevant in my analysis. Congress, in enacting the federal Defense of Marriage Act¹⁵ (DOMA) legislatively addressed the issue of inter-state recognition of same-sex marriages. DOMA Section 2 provides:

No State, territory, or possession of the United States, or Indian tribe, shall be required to give effect to any public act, record, or judicial proceeding of any other State, territory, possession or tribe respecting a relationship between persons of the same sex that is treated as a marriage under the laws of such other State, territory, possession, or tribe, or a right or claim arising from such relationship.¹⁶

As DOMA articulates, there is no mandate under federal law for one state to recognize the same-sex marriage formed in another state.

With no federal mandate requiring North Dakota to recognize a same-sex marriage performed in another state, and a clear public policy of “marriage” being as between one man and one woman embedded into our state constitution, it is my opinion that, under the law, the State of North Dakota does not recognize a same-sex marriage legally performed in another state, and that non-recognition is not in violation of the Full Faith and Credit Clause.

Accordingly, under these facts, it is my opinion that, even if not legally dissolved, the individual’s previous marriage cannot be recognized in the State of North Dakota and a county recorder may issue a valid marriage license in accordance with N.D.C.C. ch. 14-03.

II.

Next, you question whether the individual in these facts would, when filling out a North Dakota marriage license application, states that he/she is “Single/Never Married” and signs that application under oath, be committing a criminal violation.

The answer to your first question is determinative of the answer to your second question. As previously discussed, state law explicitly does not recognize any marriage other than one between one man and one woman, nor does it recognize any rights associated with the union. While the marriage may be valid elsewhere, the North Dakota Constitution and

¹⁵ Pub. L. 104-199, 110 Stat. 2419 (Sept. 21, 1996).

¹⁶ 28 U.S.C.A. § 1738C. I note that in United States v. Windsor, 133 S.Ct. 2675 (2013), the United States Supreme Court struck down Section 3 of DOMA which defined for federal purposes “marriage” as a legal union between one man and one woman and “spouse” as a person of the opposite sex who is a husband or a wife. Section 2 was not challenged and was not addressed by the Court.

statutes prohibit its legal recognition. As such, it is my opinion the individual would not be committing a criminal violation in this state by indicating he or she was “Single/Never Married” on a signed marriage application.

III.

Finally, you pose a scenario where the newly-married opposite-sex couple returns to a state that recognizes same-sex marriage and question whether the individual then risks violating that state’s bigamy statute. As Attorney General of North Dakota, it would be inappropriate in a legal opinion to interpret the laws of other states.

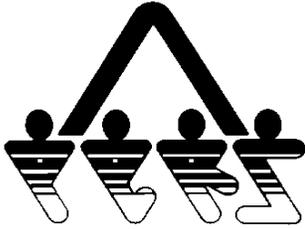
Sincerely,

Wayne Stenehjem
Attorney General

nrm/slv/vkk

This opinion is issued pursuant to N.D.C.C. § 54-12-01. It governs the actions of public officials until such time as the question presented is decided by the courts.¹⁷

¹⁷ See State ex rel. Johnson v. Baker, 21 N.W.2d 355 (N.D. 1946).



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Memorandum

TO: PERS Board

FROM: Sparb

DATE: December 17, 2013

SUBJECT: Benefit Payment Over/Underpayment Monitoring

At the October meeting we discussed over/underpayments and how they are handled. At that time it was mentioned that the Audit Committee has set up a process for monitoring these situations. Information was requested on the reports and the process. Attached is memo from Jamie Kinsella, our Internal Audit Manager, with background information on the Audit Committee program and a copy of the latest reporting.



MEMORANDUM

TO: NDPERS Board

FROM: Jamie Kinsella

DATE: December 18, 2013

SUBJECT: Health Premiums and Retirement Benefits Over/Under Payments Monitoring and Reporting

During the audit committee meeting held in May, 2011, the audit committee requested Internal Audit provide a proposal to monitor and report on benefit over/under payments. Research was conducted and options presented to the audit committee at the November 2011 meeting. The Audit Committee requested that cost estimates for PERSLink generated reports be obtained from Sagitec and brought to the next meeting. Due to workload, research and time, this information was not available until May 2012.

At the May 2012 audit committee meeting Internal Audit provided additional information showing the Audit Committee the type of information available from PERSLink. It was explained that PERSLink was not designed to track all insurance adjustments so we were limited in how we can obtain information for insurance adjustments. After discussion, the Audit Committee determined that the information to monitor is whether the error was a member/ staff/ employer/ vendor adjustment/error, a PERSLink system error, the dollar amount of the error and whether it was refunded, repaid or written off. The Audit Committee decided that for the time being, Internal Audit would track documents related to adjustments for the retirement and insurance programs and provide a summary report to the Audit Committee. The first quarterly "Benefit/Premium Adjustments Report" was provided to the Audit Committee at the August 2012 meeting.

There are four documents staff uses when corresponding with a member regarding adjustments. These documents are assigned a document code which is used when filing these documents in FileNet. Internal Audit conducts a query each quarter to look for these specific document codes to compile the report for that quarter. The report sorts the adjustments by program, Retirement and Insurance, and then sorts by PERSLink ID so that all documents related to that individual for that plan are together. Research is conducted on each document to determine the reason for the adjustment, the cause of the adjustment, the amount of the adjustment, and the action taken. This information is documented into the report. Once

completed, the names of the members are hidden, and the report printed and provided to the Audit Committee for their review each quarter.

This report does not include all adjustments. Staff does not always use the specific documents for adjustment correspondence, and PERSLink does not track all adjustments for insurance. Internal Audit continues to monitor ways to expand this report for the Audit Committee to ensure we are reporting all adjustments that impacted our members during each quarter.

Attached is a copy of the latest report provided to the audit committee at the December 19, 2013 meeting. Also attached is a summation of the results for the period beginning May 2012 through December 2013 for your information.

Attachments

Summary of Benefit Adjustments by Plan
For the Period of May 1, 2012 through October 31, 2013

J. Kinsella
12/17/2013 10:55 AM

RETIREMENT					
Plan	Cause (Staff, Employer, Vendor)	Type	Total Errors Found	Total Due	Total Paid
Main	Employer	Vacation Pay	1	\$31.88	\$31.88
Main	Employer	Bonus - owe member	6	(\$9,181.37)	(\$9,181.37)
Main	Employer	Bonus - member owe	2	\$117.70	\$117.70
Main	Employer	Term Date	2	\$4,658.07	\$4,658.07
Main	Employer	Adjusted Wages	7	\$1,485.31	\$1,485.31
3 Main, 1 NG	Member	RTW	4	\$2,875.19	\$643.99
Main	Staff	DNRO	11	\$6,395.66	\$6,395.66
Main	Staff	Transposed number	1	\$9.00	\$9.00
Main	Staff/System	Purchase Service	1	(\$39.78)	(\$39.78)
Job Service	Staff/System	System (3rd party payor, issued check in error)	1	\$354.32	\$354.32
Job Service	Job Service	Benefit calculation and transposition error	1	\$39,285.11	\$0.00
Total for period May 1, 2012 through October 31, 2013			37	\$45,991.09	\$4,474.78
Approximate Total number of retirement benefits paid for the period May 1, 2012 through October 31, 2013: (Count taken from monthly ACH and Check registers (excluding refunds))			Total		
Total number of retirement benefits paid for period May 1, 2012 through October 31, 2013:			160,496		
Conclusion: Number of errors found in porportion to the average number of checks issued each month is low.			0.41%		
Approximate Total number of new retirees for the period May 1, 2012 through October 31, 2013:					
Total number of new retiree benefits set up and paid for period May 1, 2012 through October 31, 2013:			1263		
Conclusion: Number of errors found in porportion to the number of new retirees for the period is not as low.			2.93%		

INSURANCE					
Plan	Cause (Staff, Employer, Vendor)	Explanation of Adjustment	Total Errors Found	Total Due	Total Paid
Health	BCBS	Low Income Subsidy	12	\$2,269.26	\$2,269.26
Health	Employer	Enrollment Error	2	\$912.32	\$912.32
Life	Employer	Enrollment Error (canceled coverage)	1	\$34.56	\$0.00
Life	Staff	Enrollment Error (canceled coverage)	1	\$82.08	\$0.00
Dental	Staff	Enrollment Error (paid part of policy, terminated coverage)	1	\$996.22	\$535.32
Dental	Staff/Member	Enrollment Error	1	\$369.20	\$369.20
Vision	Staff	Enrollment Error (1 mbr paid part of policy, terminated coverage; 1 mbr paying over 10 mos.)	2	\$354.40	\$107.06
Vision	Staff	ACH Error	1	\$13.88	\$13.88
Health	Staff	ACH Error	1	\$224.38	\$224.38
Health	Staff	Enrollment Error	1	\$614.08	\$614.08
Health	Unsure	Enrollment Error	1	\$576.78	\$576.78
Health	Retiree/Staff/System	Enrollment Error (Appeal approved by Board)	1	\$810.20	\$0.00
Health	Staff	Coverage Level Error	3	\$2,663.52	\$1,551.24
Total for period May 1, 2012 through October 31, 2013			28	\$9,920.88	\$7,173.52

Date	ND Short Name	Subject Title	Plan	MOU	Amount Due NDPERS/ (MEMBER)	Paid/ Written Off	Cause (Staff, Employer, Vendor)	Explanation of Adjustment
RETIREMENT								
7/31/13 11:51 AM	1130	Retirement Overpayment	Main	Yes	\$38.72	Paid in full by check	Selected for audit as a new retiree, error occurred due to new staff and complexity of account	Member was a QDRO and DNRO, Alternate Payee was getting paid the correct amount, but the member's benefit was not calculated taking the QDRO
8/12/13 12:00 AM	1155	Memorandum of Understanding						
6/25/13 12:07 PM	1130	Retirement Overpayment	Main	Yes	\$31.88	Paid in full by check	Employer/Staff (training issue)	Employer reported vacation pay in one month, vacation pay is not allowed, staff should have noted this prior to retirement
7/19/13 9:42 AM	1130	Retirement Overpayment	Main	Yes	\$109.90	Permanent lifetime reduction of benefit of \$0.45 per month	Employer/Staff (training issue)	Employer notified us that wages reported for April 2013 was reported twice. This should have been caught by staff before first check was issued.
9/20/13 3:52 PM	1130	Retirement Overpayment	Main	No	\$4,398.88	Paid lump sum	Staff	Wrong termination date entered into PERSLink, resulting in member receiving benefit one month too soon
8/29/13 9:17 AM	1130	Retirement Overpayment	Main	Yes	\$202.92	Paid lump sum \$202.92	Staff	Wrong Deferred Normal Retirement Option factor entered into calculation of benefit
10/1/13 12:00 AM	1155	Memorandum of Understanding						
8/27/13 3:54 PM	1130	Retirement Overpayment	Main	No	\$0.48	Deducted from December 2013 check	Staff	Wrong Deferred Normal Retirement Option factor entered into calculation of benefit

Date	ND Short Name	Subject Title	Plan	MOU	Amount Due NDPERS/ (MEMBER)	Paid/ Written Off	Cause (Staff, Employer, Vendor)	Explanation of Adjustment
8/27/13 3:54 PM	1130	Retirement Overpayment	Main	No	\$23.70	Lifetime Reduction reducing benefit \$0.19 per month	Staff	Wrong Deferred Normal Retirement Option factor entered into calculation of benefit
8/16/13 3:34 PM	1130	Retirement Overpayment	Main	Yes	\$9.00	Paid lump sum \$9.00	Staff	Transposed number entered for one month payment
9/9/13 12:00 AM	1155	Memorandum of Understanding						
INSURANCE								
10/15/13 9:12 AM	1410	Insurance Underpayment	Vision	Yes	\$13.88	Paid in full by check	Staff	Member was set up for ACH, but was too late for 1st month COBRA payment
10/25/13 12:00 AM	1155	Memorandum of Understanding						
8/20/13 1:12 PM	1410	Insurance Underpayment	Health	Yes	Can't open	Paid in full by ACH	Unsure due to inability to open original Underpayment letter	Cannot determine cause of error. It appears member wanted health premium to be deducted from bank account, we received bank information 6/14/2013. But we did not receive first month premium and so had to bill for it.
10/14/13 12:00 AM	1155	Memorandum of Understanding			\$224.38			
9/6/13 2:50 PM	1410	Insurance Underpayment	Life	No	\$82.08	Canceled coverage	Staff	Billed employer in error. Canceled coverage back to when Employer ended coverage.

Quarterly Benefit Adjustment Report for the Period Ending October 31, 2013

J. Kinsella
12/17/2013 9:54 AM

Date	ND Short Name	Subject Title	Plan	MOU	Amount Due NDPERS/ (MEMBER)	Paid/ Written Off	Cause (Staff, Employer, Vendor)	Explanation of Adjustment
8/20/13 12:54 PM	1410	Insurance Underpayment	Health	Yes	Can't open	Paid in full by check	Unsure due to inability to open original Underpayment letter	Cannot determine cause of error. Member's coverage with employer ended 5/31/2013, was Medicare eligible effective 6/1, but we did not receive correct premium for June.
8/23/13 12:00 AM	1155	Memorandum of Understanding		\$576.78				
6/4/13 12:00 AM	1410	Insurance Underpayment	Health	Yes	\$810.20	Board Appeal - Board approved request September 2013	Retiree/Staff/ System (been fixed)	Retiree provided conflicting information on insurance applications/Entered spouse into Non-Medicare Cobra, should have been regular COBRA



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Memorandum

TO: NDPERS Board

FROM: Kathy

DATE: December 17, 2013

SUBJECT: Member Communication

At the November meeting, the Board requested that staff review its internal and communication processes with members regarding continued eligibility for group insurance benefits. This arose from an incident wherein a surviving spouse enrolled and was set up for group insurance coverage prior to submitting an application specifying the distribution option for benefits. When the application for benefits was received, a lump sum rollover distribution was elected, therefore the individual was not eligible for the insurance coverage and, therefore, it was cancelled. A notice of cancellation was not sent, thus the individual was not aware they did not have coverage.

Our internal processes have been reviewed and following are the processes in place:

- Earlier this year a policy was implemented that specifies retired members or surviving spouses will not be enrolled for group insurance coverage until the distribution option for benefits has been received and processed. This control ensures that individuals will not be enrolled unless the benefit option elected coincides with the eligibility requirements for coverage. The policy is included in the training materials for the enrollment specialists.
- Notice of cancellation is now sent regardless of the reason coverage is terminated. The letter provides the cancellation date and an explanation of why the individual is not eligible for coverage. This policy is documented and was implemented earlier this year and is included in the training materials for enrollment specialists.

- We have updated the acknowledgement of death letter sent to the surviving spouse. The letter will now specify under the ‘lump sum/rollover’ section that by accepting a lump sum distribution, the individual forfeits all service credit as well as eligibility to participate in any group insurance plans, with the exception of the COBRA continuation coverage mandated under federal law.
- We have updated the notice of lump sum/rollover distribution confirmation letter. The letter will now contain a statement that by accepting a lump sum distribution, the individual forfeits all service credit as well as eligibility to participate in any group insurance plans, with the exception of the COBRA continuation coverage mandated under federal law.
- The Refund/Rollover Kit contains a statement that the individual forfeits all service credit as well as eligibility to participate in any group insurance plans, with the exception of the COBRA continuation coverage mandated under federal law.
- It is standard practice when staff counsels members and surviving spouse beneficiaries to include the eligibility requirements for group insurance benefits regardless of the distribution option selected. This occurs if the individual calls in to the office or makes an appointment to meet with staff prior to making a selection. Additionally, our member services unit is trained in this area and will respond in accordance with the correspondence or contact ticket on record or refer the call to the appropriate staff.



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Memorandum

TO: PERS Board

FROM: Deb

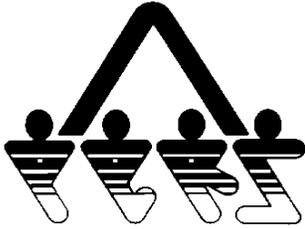
DATE: December 18, 2013

SUBJECT: Defined Contribution Election Packets

As you know, effective October 1, 2013, each eligible new hire for the State has the option to elect to participate in the Defined Contribution Plan. Enclosed, for your information, is a sample packet of the information that is sent from the NDPERS office within 5 days of being notified of the person's new hire status. The system also generates a reminder letter and election form that is mailed approximately 120 days from the election packet being mailed out, provided no election has been received.

In addition to the materials detailed above, all materials, with the exception of the actual election form and the personal benefit comparison, are provided out on the website as well. A sample of this information has also been provided to all state agencies for reference.

Please let me know if you have any questions or concerns.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: December 18, 2013
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). 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. Last time we elected to get a bid from Van Iwaarden for the project, and based on that bid awarded the effort to them. The bid from them was to do it at the same price as in 2009. In June of 2012 when the work was completed Van Iwaarden requested an additional \$1,200 for work not anticipated in the original bid, that was the information coming off the new PERSLink System rather than the old system.

In 2009 Van Iwaarden was awarded the job 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 & 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
TOTAL POINTS	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 out.

Gallagher Benefit Services (GBS) did the work before Van Iwaarden.

Board Action Requested

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



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: December 18, 2013
SUBJECT: Job Service Retirement Plan

Internal Audit recently completed a review of Job Service COLA payments. As part of that effort they noted some overpayments/underpayments. The next step in the process is for staff to make corrections. However, we noted that while the Board has adopted a policy for staff in the North Dakota Administrative Code (NDAC) for the main plan, no formal Board policy exists for the Job Service Retirement Plan. The policy in the NDAC is as follows:

71-02-04-10. Erroneous payment of benefits - Overpayments.

1. An "overpayment" means a payment of money by the public employees retirement system that results in a person receiving a higher payment than the person is entitled to under the provision of the retirement plan of membership.
2. A person who receives an overpayment is liable to refund those payments upon receiving a written explanation and request for the amount to be refunded. All overpayments must be collected using the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like gains. If the cost of recovering the amount of the overpayment is estimated to exceed the overpayment, the repayment is considered to be unrecoverable.
3. If the overpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the recipient, the recipient may make repayment arrangements subject to the executive

director's approval within sixty days of the written notice of overpayment with the minimum repayment amount no less than fifty dollars per month. If repayment arrangements are not in place within sixty days of the date of the written notice of overpayment, the executive director shall offset the amount of the overpayment from the amount of future retirement benefit payments so that the actuarial equivalent of the overpayment is spread over the benefit payment period.

4. If the overpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the recipient, the recipient is liable to pay interest charges at the rate of six percent on the outstanding balance to compensate the fund for lost earnings, from the time the erroneous benefit was paid through the time it has been refunded in full. Recovered funds are first applied to interest and, if any amount is left over, that amount is applied to principal. The recipient may make repayment arrangements, subject to the executive director's approval, within sixty days of the written request for refund with the minimum repayment amount no less than fifty dollars per month. If repayment arrangements are not in place within sixty days of the date of the written notice of overpayment, the executive director shall offset the amount of the overpayment from the amount of future retirement benefit payments so that the actuarial equivalent of the overpayment is spread over the benefit payment period.

5. If an individual dies prior to fully refunding an erroneous overpayment of benefits, the public employees retirement system must make application to the estate of the deceased to recover the remaining balance.

History: Effective June 1, 1996; amended effective April 1, 2002; July 1, 2006; April 1, 2008; July 1, 2010.

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

Law Implemented: NDCC 39-03.1-25, 54-52-17

71-02-04-11. Erroneous payment of benefits - Underpayments.

1. An "underpayment" means a payment of money by the public employees retirement system that results in a person receiving a lower payment than the person is entitled to under the provisions of the retirement plan of membership.

2. If an underpayment occurs, the amount of the lump sum payment must be paid within sixty days of the discovery of the error.
3. If the underpayment of benefits was not the result of any wrongdoing, negligence, misrepresentation, or omission by the employer or recipient, the underpayment of benefits is to include interest at the rate of six percent from the time the underpayment occurred.
4. If the underpayment of benefits was the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the employer or recipient, the underpayment of benefits will not include interest.
5. If an individual dies prior to receiving the underpayment of benefits, the public employees retirement system must pay the designated beneficiary on record or, in the absence of a designation of beneficiary, to the estate.

History: Effective June 1, 1996; amended effective May 1, 2004; April 1, 2008.

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

Law Implemented: NDCC 39-03.1-25, 54-52-17

71-02-04-12. Erroneous payment of benefits - Appeals.

1. A person not satisfied with repayment arrangements made under section 71-02-04-10 may appeal the executive director's decision in writing to the board. The written request must explain the basis of the appeal and must be received in the office within sixty days of the executive director's written decision.
2. The board may release a person from liability to refund an overpayment, in whole or in part, if it determines:
 - a. The receipt of overpayment is not the fault of the recipient.
 - b. It would be contrary to equity and good conscience to collect the refund.

History: Effective June 1, 1996.

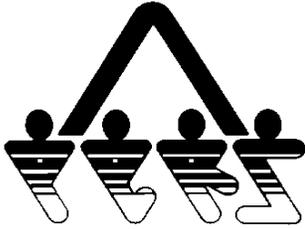
General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 39-03.1-25, 54-52-17

Staff is recommending the Board adopt the above policy for the Job Service Retirement Plan.

Board Action Requested

To approve the above policy for the Job Service Retirement plan.



**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

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

Memorandum

TO: PERS Board

FROM: Deb

DATE: December 18, 2013

SUBJECT: Highway Patrol Determination Letter From the IRS

As you recall, some time ago staff submitted the NDPERS Main System Defined Benefit Hybrid Retirement Plan and the Highway Patrol Retirement Plan to the IRS for qualification purposes. Although we received a favorable determination on the Defined Benefit Hybrid Plan in April of 2011, the IRS did not process our Highway Patrol Plan until recently. It is our understanding that the IRS delayed reviewing all law enforcement plans for an extended period of time, so it wasn't just our plan that was delayed.

I am happy to report that we have now received a favorable determination on the North Dakota Highway Patrol Plan as well. Attached, for your information, is the determination letter that was sent to Jan Murtha recently. Please let me know if you have any questions.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: DEC 12 2013

STATE OF NORTH DAKOTA
C/O JANILYN K MURTHA
NORTH DAKOTA ATTORNEY GENERAL'S
600 E BLVD AVE DEPT 125
BISMARCK, ND 58505

Employer Identification Number:
45-0309764
DLN:
509035000
Person to Contact:
JASON E LEVINE ID# 28000
Contact Telephone Number:
(202) 283-9600
Plan Name:
HIGHWAY PATROLMEN'S RETIREMENT
SYSTEM
Plan Number: 001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We will review the status of the plan in operation periodically.

The enclosed Publication 794 explains the significance and the scope of this favorable determination letter based on the determination requests selected on your application forms. Publication 794 describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which this application was submitted.

This letter may not be relied on after the end of the plan's first five-year remedial amendment cycle that ends more than 12 months after the application was received. This letter expires on January 31, 2014. This letter considered the 2007 Cumulative List of Changes in Plan Qualification Requirements.

This determination is subject to your adoption of the proposed amendments

Letter 2002 (DO/CG)

STATE OF NORTH DAKOTA

submitted in your letter dated 10/19/10 & 9/20/10. The proposed amendments should be adopted on or before the date prescribed by the regulations under Code section 401(b).

This determination letter is based solely on your assertion that the plan is entitled to be treated as a Governmental plan under section 414(d) of the Internal Revenue Code.

This determination letter is applicable to the plan and related documents submitted in conjunction with your application filed during the remedial amendment cycle ending 2009.

This is not a determination with respect to any language in the plan or any amendment to the plan that reflects Section 3 of the Defense of Marriage Act, Pub. L. 104-199, 110 Stat. 2419 (DOMA) or U.S. v. Windsor, 133 S. Ct. 2675 (2013), which invalidated that section.

We have sent a copy of this letter to your representative as indicated in the Form 2848 Power of Attorney or appointee as indicated by the Form 8821 Tax Information Authorization.

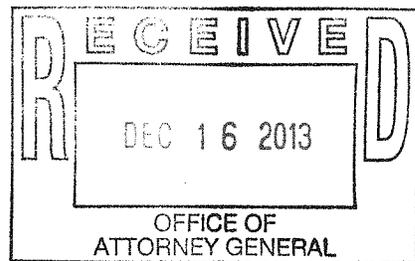
If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

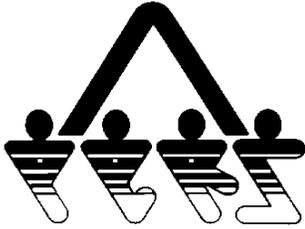
Sincerely,



Andrew E. Zuckerman
Director, EP Rulings & Agreements

Enclosures:
Publication 794





**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

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

Memorandum

TO: PERS Board

FROM: Sparb

DATE: December 17, 2013

SUBJECT: IRS Plan Qualification Review

As noted in another Board memo this month, we recently received our plan qualification letter for the Highway Patrol plan. Both the Highway Patrol and Main System information was submitted to the IRS in January of 2009. We received our favorable determination letter for the Main Plan in April of 2011. Both the Highway Patrol and Main were filed under the Cycle C program.

Under the cycle-based determination letter filing program established by the IRS in 2005, governmental plan sponsors file for determination letters in Cycle C. The deadline for filing determination letter applications for Cycle C filers is January 31, 2014. However, as it did for the last Cycle C, the IRS is once again allowing governmental plans to file in Cycle E if they prefer to do so, even if they filed in Cycle C before. The second Cycle E runs from February 1, 2015 to January 31, 2016. The IRS will extend the expiration date of the determination letter from the last Cycle C (or E) to January 31, 2016, the expiration date of the second Cycle E, for any governmental plan that chooses to file in Cycle E.

The advantage of filing pursuant to these programs is that a favorable determination letter from the IRS assures a qualified plan that the written form of the plan document complies with all IRS qualification provisions to date of the letter. A determination letter also permits a plan to amend and correct the written plan for required IRS qualification provisions that go into effect after the letter is received until the end of the next filing period (5-year filing cycle). Thus, if the IRS audits your plan and the plan has a current determination letter, they cannot impose penalties for incorrect written plan provisions that are required for qualified plans. IRS determination letters do not provide any assurance that the plan is operated in compliance with IRS qualification requirements.

Staff is planning to submit our new filing in Cycle E since we know we have one deficiency and that is a requirement relating to the Heart Act. Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act), requires that all qualified retirement plans treat participants who die while in qualified military service as if they had returned to active employment before their death for purposes of death-related benefits under the plan (e.g., special death benefits for active employees and vesting service towards death benefits for the period of military service). This Act does not require that plans provide for benefit accruals for the period of military service to such participants who die in military service, but plans may choose to provide such accruals as an optional benefit. The death benefit provisions of the HEART Act were retroactively effective for deaths occurring on or after January 1, 2007.

Governmental plans were required to amend their plan documents for HEART Act provisions by the end of the 2012 plan year. However, if the plan did not make an amendment for HEART Act provisions by the end of 2012, they may correct this in Cycle C or Cycle E using the IRS Voluntary Compliance Program (VCP) for a reduced fee of \$375 (instead of the regular VCP fees which are \$25,000 for plans with 10,000 or more participants). We can address this in the 2015 legislative session.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: December 17, 2013
SUBJECT: DC Plan Eligibility

For the new DC plan option the attached matrix has been developed for staff use in determining who is eligible to make this election. You will note that applicable statutory, administrative rule and plan document provisions are provided at the beginning of the matrix.

Two additional “event” situations have arisen which staff needs guidance from the Board on concerning eligibility.

The first relates to a retiree who returns to work as an active employee. Pursuant to statute they would be enrolled in the DB plan when first employed which would suspend their PERS retirement. The question is should they then be given the opportunity to enroll in the DC plan? The concern with providing this option is if the member did elect to switch to the DC plan, the challenge would be to determine what amount would be transferred from the DB plan to the DC plan. Today we transfer the actual contributions to the DB plan to the DC plan. In the case of a retiree, they have already had a stream of payments from the DB plan, so consequently how would this be handled in determining a cash transfer amount? I would note that the statute did not address this situation and if it had, it would have likely specified a methodology for the transfer. Therefore, I would lean toward not allowing members who are or have been in pay status the opportunity to elect the DC plan until the Legislature has had an opportunity to specifically address the methodology.

The second situation concerns an employee from Higher Education who is in the TIAA-CREF retirement plan transferring to a new job in state government that is under the PERS retirement plan. For purposes of benefits (with the exception of Flex), we would consider these employees as transfers from one state employer to another. Following this method, the employee would not be a new employee and therefore not eligible for the DC plan. As a transfer they would not get the opportunity to change their health elections or other elections with the exception of the flex program. However there is an exception to this for the flex

program For this program PERS runs it for the state and Higher Education runs its own program, consequently the employee when moving would have the opportunity to elect our program and establish contribution amounts.

The question for the DC plan option is do we consider those employees coming over from Higher Education who have been participating in the TIAA-CREF DC plan as a new member to the public employees retirement system, and therefore given the opportunity to make a DC election. Or do we consider them a transfer and therefore ineligible. Since these employees come from a DC plan in Higher Education for continuity purposes it may be beneficial to provide them an opportunity to stay in a DC plan.

I have asked Jan to review these situations and relating statutes, rules and policies for your consideration in addressing the above.

Eligibility for Defined Contribution Plan (REV. 10/1/2013)

NDCC 54-52-01

4. "Eligible employee" means all permanent employees who meet all of the eligibility requirements set by this chapter and who are eighteen years or more of age, and includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11, and 54-52-02.12, and nonteaching employees of the superintendent of public instruction, including the superintendent of public instruction, who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.13, and employees of the state board for career and technical education who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.14. Eligible employee does not include state employees who elect to become members of the retirement plan established under chapter 54-52.6.

NDCC 54-52.6-1 (Effective after September 30, 2013, and before August 1, 2017) Definition of terms.

3. "Eligible employee" means a permanent state employee who elects to participate in the retirement plan under this chapter.

NDCC 54-52.6 "the board shall provide an opportunity for eligible employees who are new members of the public employees retirement system under 54-52 to transfer to the defined contribution plan under this chapter pursuant to rules and policies adopted by the board."

NDAC 71-08-01

71-08-01-01. Ability to elect to transfer into the defined contribution retirement plan. Once a member of the public employees retirement system under North Dakota Century Code chapter 54-52 has declined or failed to elect to transfer into the defined contribution retirement plan, that member may not later elect to transfer unless one of the following applies:

1. The member is appointed or elected to a new office that is eligible for the defined contribution retirement plan.
2. The member leaves eligible employment and later reacquires eligible employment. (Note: must be off of covered payroll for 31 days)

Plan Doc Article 1.11

1.11 "New Member" is an eligible employee who meets any one of the following : 1) is newly hired, with no previous service credit in any retirement system under NDCC 54-52, 2) has previous service credit under one of the retirement systems under chapter 54-52 but has been off the payroll of all covered employers for a minimum of 31 days, 3) a current employee presently covered under a defined benefit retirement plan

under NDCC 54-52, who is newly elected or appointed as an official in state government, or 4) who is transferring from public employment with an employer not previously eligible for the defined contribution plan.

You must complete the enclosed Defined Contribution Retirement Program Election SFN 52170 and return it to NDPERS by {DCEligibleDate} to make an election whether you wish to transfer to the Defined Contribution Retirement Plan or remain in the Defined Benefit Retirement Plan. **Upon NDPERS receipt of your election form, you may not amend your election.** If NDPERS does not receive a completed election form from you by this date, you will have elected to remain in the Defined Benefit Retirement Plan.

Event	Outcome	Clarification/Exceptions
Employee was eligible for the DC plan and made the irrevocable election to join the DC plan & returns to NDPERS covered employment	Must remain in the DC plan regardless of type of employment or if account was withdrawn	Exception employment as a Highway Patrol person
Employee was eligible for the DC plan and made the election to stay in the DB plan & returns to NDPERS covered STATE employment after 31 days	Eligible for new 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR
Employee was eligible for the DC plan and made the election to stay in the DB plan & returns to NDPERS covered STATE employment less then 31 days	Not Eligible for new 6 month election	
Employee was eligible for the DC plan and made the election to stay in the DB plan & returns to NDPERS covered STATE employment as Elected or Appointed Official	Eligible for new 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR
Employee was eligible for the DC Plan and made the election to stay in the DB Plan and transfers to position as a State Elected or Appointed Official	Eligible for new 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR
State Employee who was never eligible for	Not eligible for a 6 month election	

the DC plan transfers to another State employer		
Pol. Sub. Employee who was never eligible for the DC plan transfers to a State employer	Eligible for 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR
State Employee who was eligible for the DC & made election to stay in the DB Plan transfers to a Pol. Sub then transfers back to the State	Eligible for 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR
Employee moves from one job classification to another job classification (from classified to non-classified), but they are still eligible for the same retirement plan that they are currently enrolled in	Not eligible for a 6 month election	
Employee moves from one job classification to another job classification, but they are not eligible for the same retirement plan that they are currently enrolled in. Require new enrollment in the Main, Law Enforcement, Judges, or National Guard retirement plan	Not eligible for a 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR Eligible for 6 month election if moving to Elected or Appointed Judge
Employee in a Temporary position becomes Permanent Employee with the State	Eligible for 6 month election	Not eligible if returns to the Highway Patrol Retirement System, TIAA-CREF, TFFR



Memo

To: NDPERS Board
From: Bryan T. Reinhardt
Date: 12/19/2013
Re: 457 Companion Plan & 401(a) plan 3rd Quarter 2013 Reports

Here is the 3rd quarter 2013 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 increased to \$28.5 million as of Sep 30, 2013. The number of participants is at 280 (226 active), about the same as when the plan started. The largest funds are the TIAA-CREF Lifecycle funds with 69% of assets.

Assets in the 457 Companion Plan increased to \$54.0 million as of Sep 30, 2013. The number of participants is increasing and is now at 4,626 (3,630 active). The largest funds are the TIAA-CREF Lifecycle funds with 74% of assets.

Benchmarks:

Fund returns for the quarter were all positive, except for the Cohen & Steers Realty fund. The markets have rebounded and all the funds in the core lineup have positive returns across the 3-year and 5-year periods. 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 3rd quarter plan and investment overview with TIAA-CREF. There were 606 new 457 enrollments and 5 new 401(a) members YTD for 2013. The Investment Sub-Committee marked the Franklin Growth (FCGAX) and Parnassus Small Cap (PARSX) as underperforming for the quarter.

The Sub-Committee continues to work on the Job Service and RHIC plans. Asset definitions work will continue along with a review of the investment policy statements with the new SIB Director. The Sub-Committee is investigating adding Exchange Traded Funds (ETF's) to the brokerage window.

NDPERS
Quarterly Investment Report
3rd Quarter
7/1/2013 – 9/30/2013



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

INITIAL OFFERING:			
	Hartford Dividend & Growth T.Rowe Price Equity Income	Vanguard 500 Index Signal Vanguard Dividend Growth	Franklin Growth Adv Wells Fargo Adv Growth Adm
			LARGE
	RidgeWorth Mid Cap Value Equity I	ASTON/Fairpointe Mid Cap I Columbia Mid Cap Index A	Prudential Jennison Mid Cap Growth Z
			MEDIUM
	Allianz NFJ Small Cap Value	Pamassus Small Cap	Brown Capital Mgmt Small Co Inv
			SMALL
	VALUE	BLEND	GROWTH
BALANCED FUND:	T.Rowe Price Capital Appreciation		
INCOME FUNDS:	Wells Fargo Stable Value Fund J	Vanguard Prime Money Market	
BOND FUNDS:	PIMCO Total Return Bond Fund	Prudential High Yield Z	
	PIMCO Real Return Admin Bond Fund	Templeton Global Bond	
REAL ESTATE:	Cohen & Steers Realty Shares		
INTERNATIONAL FUNDS:	Mutual Global Discovery Z	Vanguard Total Intl Stock Index	Oppenheimer Developing Markets Y
LIFESTYLE FUNDS:	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	
FUND STYLE CHANGES:			
			LARGE
		RidgeWorth Mid Cap Value Equity	
			MEDIUM
			SMALL
	VALUE	BLEND	GROWTH
OTHER FUNDS:			
CURRENT LINEUP:			
	Hartford Dividend & Growth T.Rowe Price Equity Income	Vanguard 500 Index Signal Vanguard Dividend Growth	Franklin Growth Adv Wells Fargo Adv Growth Adm
			LARGE
		RidgeWorth Mid Cap Value Equity Columbia Mid Cap Index A ASTON/Fairpointe Mid Cap I	Prudential Jennison Mid Cap Growth Z
			MEDIUM
	Allianz NFJ Small Cap Value	Pamassus Small Cap	Brown Capital Mgmt Small Co Inv
			SMALL
	VALUE	BLEND	GROWTH
BALANCED FUND:	T.Rowe Price Capital Appreciation		
INCOME FUNDS:	Wells Fargo Stable Value Fund J	Vanguard Prime Money Market	
BOND FUNDS:	PIMCO Total Return Bond Fund	Prudential High Yield Z	
	PIMCO Real Return Admin Bond Fund	Templeton Global Bond	
REAL ESTATE:	Cohen & Steers Realty Shares		
INTERNATIONAL FUNDS:	Mutual Global Discovery Z	Vanguard Total Intl Stock Index	Oppenheimer Developing Markets Y
LIFESTYLE FUNDS:	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	

NDPERS Investment Benchmarks - 3rd Quarter 2013

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Stable Value / Money Market Fund</u>					
Vanguard Prime Money Market - VMMXX	0.01%	0.02%	0.02%	0.04%	0.27%
Wells Fargo Stable Return Fund J - WFSJ#	0.20%	0.71%	1.00%	1.35%	1.83%
3 Month T-Bill Index	0.01%	0.04%	0.07%	0.08%	0.15%
<u>Fixed Income Fund</u>					
PIMCO Real Return Admin - PARRX	1.12%	-7.28%	-6.42%	3.63%	6.35%
PIMCO Total Return Bond Fund - PTRAX	1.11%	-2.07%	-0.99%	3.51%	7.69%
Barclays Aggregate Bond Index	0.57%	-1.89%	-1.68%	2.86%	5.41%
Taxable Bond Fund Universe	0.83%	-1.05%	0.19%	3.81%	6.54%
Prudential High Yield Z - PHYZX	2.41%	3.82%	6.95%	8.83%	11.94%
ML High Yield Bond Fund Index	2.29%	3.79%	7.14%	8.87%	13.35%
High Yield Bond Fund Universe	2.20%	3.62%	6.75%	8.12%	10.95%
Templeton Global Bond Adv - TGBAX	1.07%	-0.30%	3.52%	4.70%	9.75%
Citi World Govt Bond Index	2.88%	-2.94%	-4.60%	1.02%	4.25%
World Bond Fund Universe	1.46%	-3.18%	-2.24%	2.14%	5.98%
<u>Real Estate Fund</u>					
Cohen & Steers Realty Shares - CSRSX	-2.58%	3.22%	5.32%	11.14%	6.66%
FTSE NAREIT All Equity REITs Index	-2.61%	3.03%	6.23%	12.78%	6.00%
Real Estate Fund Universe	-2.54%	1.91%	4.21%	11.27%	5.77%
<u>Balanced Fund</u>					
T.Rowe Price Capital Appreciation - PACLX	4.40%	14.93%	16.93%	13.72%	10.57%
60% Large Cap Value Univ & 40% Taxable Bond Universe	2.99%	11.57%	12.81%	10.32%	7.84%
60% Russell 1000 Value & 40% Agg Bond Index	2.59%	11.53%	12.71%	10.89%	7.48%
<u>Large Cap Equities - Value</u>					
Hartford Dividend & Growth - HDGTX	4.06%	19.62%	20.08%	14.61%	9.41%
T.Rowe Price Equity Income - PRFDX	4.57%	19.34%	21.63%	15.51%	9.36%
Russell 1000 Value Index	3.94%	20.47%	22.30%	16.25%	8.86%
Large Cap Value Fund Universe	4.43%	19.98%	21.22%	14.66%	8.70%
<u>Large Cap Equities - Blend</u>					
Vanguard 500 Index Signal - VIFSX	5.24%	19.76%	19.30%	16.23%	10.03%
Vanguard Dividend Growth Fund - VDIGX	4.58%	20.50%	20.02%	16.29%	10.36%
S&P 500 Index	5.24%	19.79%	19.34%	16.27%	10.02%
Large Cap Blend Fund Universe	5.74%	19.76%	20.43%	14.75%	9.29%
<u>Large Cap Equities - Growth</u>					
Wells Fargo Adv Growth Adm - SGRKX	13.46%	23.82%	20.84%	21.15%	17.76%
Russell 3000 Growth Index	8.48%	21.75%	20.30%	17.18%	12.16%
Franklin Growth Adv - FCGAX	7.32%	17.77%	19.29%	13.89%	10.85%
Russell 1000 Growth Index	8.11%	20.87%	19.27%	16.94%	12.07%
Large Cap Growth Fund Universe	9.34%	21.41%	20.68%	15.27%	10.66%
<u>Mid Cap Equities - Value</u>					
RidgeWorth Mid Cap Value Equity I - SMVTX	7.63%	21.19%	28.49%	16.29%	14.48%
Russell Mid Cap Value	5.89%	22.94%	27.77%	17.27%	11.86%
Mid Cap Value Fund Universe	6.80%	23.97%	28.32%	16.01%	11.81%
<u>Mid Cap Equities - Blend</u>					
Columbia Mid Cap Index A - NTIAX	7.46%	22.84%	27.09%	16.96%	12.61%
S&P Mid Cap 400	7.54%	23.23%	27.68%	17.45%	13.08%
ASTON/Fairpointe Mid Cap I - ABMIX	8.25%	32.57%	36.39%	17.84%	15.90%
Wilshire 4500 Index	10.48%	27.53%	31.44%	18.50%	13.29%
Mid Cap Blend Fund Universe	7.54%	23.27%	27.46%	15.63%	11.17%
<u>Mid Cap Equities - Growth</u>					
Prudential Jennison Mid Cap Growth Z - PEGZX	9.22%	19.46%	19.63%	16.41%	13.19%
Russell Mid Cap Growth	9.34%	25.42%	27.54%	17.65%	13.92%
Mid Cap Growth Fund Universe	10.13%	24.63%	26.11%	15.98%	11.90%
Fund Returns in RED do not meet both benchmarks. Fund Returns in BLACK meet both benchmarks.					

NDPERS Investment Benchmarks - 3rd Quarter 2013

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
Small Cap Equities - Value					
Allianz NFJ Small Cap Value - PVADX	8.08%	21.56%	24.88%	15.45%	11.01%
Russell 2000 Value Index	7.59%	23.07%	27.04%	16.57%	9.13%
Small Value Fund Universe	8.09%	24.68%	29.48%	16.18%	11.44%
Small Cap Equities - Blend					
Parnassus Small Cap - PARSX	8.96%	17.47%	23.33%	12.18%	11.27%
Russell 2000 Index	10.21%	27.69%	30.06%	18.29%	11.15%
Small Blend Fund Universe	9.19%	25.76%	28.86%	17.24%	11.27%
Small Cap Equities - Growth					
Brown Capital Mgmt Small Co Inv - BCSIX	19.50%	38.07%	41.53%	23.55%	17.37%
Russell 2000 Growth Index	12.80%	32.47%	33.07%	19.96%	13.17%
Small Growth Fund Universe	12.26%	30.35%	30.36%	18.75%	13.14%
International Equity Funds					
Mutual Global Discovery Z - MDISX	5.81%	16.85%	19.74%	10.83%	8.91%
Vanguard Total Intl Stock Index Inv - VGTSX	10.27%	9.79%	17.14%	N/A	N/A
MSCI EAFE	11.56%	16.14%	23.77%	8.47%	6.35%
International Stock Fund Universe	8.63%	10.87%	17.19%	7.04%	7.16%
Oppenheimer Developing Markets Y - ODVYX	8.94%	4.82%	9.64%	4.46%	11.77%
MSCI Emerging Markets Index	5.77%	-4.35%	0.98%	-0.33%	7.22%
Diversified Emerging Mkts Universe	5.00%	-2.95%	2.99%	-0.49%	6.25%
Asset Allocation Funds:					
TIAA-CREF Lifecycle Ret Income - TLIRX	3.67%	5.61%	7.16%	7.68%	7.30%
Income Benchmark	3.42%	7.50%	8.71%	7.83%	7.28%
TIAA-CREF Lifecycle 2010 - TCLEX	4.16%	6.95%	8.78%	8.52%	7.61%
2010 Benchmark	3.88%	8.83%	10.09%	8.57%	7.49%
TIAA-CREF Lifecycle 2015 - TCLIX	4.55%	8.10%	10.12%	9.20%	7.86%
2015 Benchmark	4.30%	10.06%	11.37%	9.25%	7.69%
TIAA-CREF Lifecycle 2020 - TCLTX	5.18%	9.86%	12.15%	10.11%	8.16%
2020 Benchmark	4.82%	11.63%	13.03%	10.12%	7.96%
TIAA-CREF Lifecycle 2025 - TCLFX	5.67%	11.63%	14.08%	10.92%	8.39%
2025 Benchmark	5.35%	13.20%	14.68%	10.98%	8.22%
TIAA-CREF Lifecycle 2030 - TCLNX	6.26%	13.36%	15.94%	11.72%	8.53%
2030 Benchmark	5.88%	14.84%	16.43%	11.88%	8.51%
TIAA-CREF Lifecycle 2035 - TCLRX	6.83%	14.97%	17.85%	12.49%	8.82%
2035 Benchmark	6.43%	16.57%	18.30%	12.80%	8.83%
TIAA-CREF Lifecycle 2040 - TCLOX	7.19%	15.90%	18.87%	12.84%	9.05%
2040 Benchmark	6.73%	17.52%	19.33%	13.32%	9.01%
TIAA-CREF Lifecycle 2045 - TTFRX	7.13%	16.00%	18.95%	12.78%	8.77%
2045 Benchmark	6.73%	17.52%	19.33%	13.32%	9.01%
TIAA-CREF Lifecycle 2050 - TLFRX	7.16%	15.94%	18.82%	12.82%	8.54%
2050 Benchmark	6.73%	17.52%	19.33%	13.32%	9.01%
TIAA-CREF Lifecycle 2055 - TTRLX	7.17%	16.03%	18.93%	N/A	N/A
2055 Benchmark	6.73%	17.52%	19.33%	13.32%	9.01%
Income Benchmark is comprised of 30% Wilshire 5000, 10% MSCI EAFE, 40% Ag Bond, 10% ML HY Bond, 10% 3 Month T-Bill					
2010 Benchmark is comprised of 35.4% Wilshire 5000, 11.8% MSCI EAFE, 38.6% Ag Bond, 7.1% ML HY Bond, 7.1% 3 Month T-Bill					
2015 Benchmark is comprised of 40.2% Wilshire 5000, 13.4% MSCI EAFE, 36.2% Ag Bond, 5.1% ML HY Bond, 5.1% 3 Month T-Bill					
2020 Benchmark is comprised of 46.2% Wilshire 5000, 15.4% MSCI EAFE, 32.2% Ag Bond, 3.1% ML HY Bond, 3.1% 3 Month T-Bill					
2025 Benchmark is comprised of 52.2% Wilshire 5000, 17.4% MSCI EAFE, 28.2% Ag Bond, 1.1% ML HY Bond, 1.1% 3 Month T-Bill					
2030 Benchmark is comprised of 58.2% Wilshire 5000, 19.4% MSCI EAFE, 22.4% Ag Bond					
2035 Benchmark is comprised of 64.2% Wilshire 5000, 21.4% MSCI EAFE, 14.4% Ag Bond					
2040 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% Ag Bond					
2045 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% Ag Bond					
2050 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% Ag Bond					
2055 Benchmark is comprised of 67.5% Wilshire 5000, 22.5% MSCI EAFE, 10% Ag Bond					
Wilshire 5000 Index	6.03%	20.85%	20.96%	16.48%	10.43%
MSCI EAFE	11.56%	16.14%	23.77%	8.47%	6.35%
Barclays Aggregate Bond Index	0.57%	-1.89%	-1.68%	2.86%	5.41%
ML High Yield Bond Fund Index	2.29%	3.79%	7.14%	8.87%	13.35%
3 Month T-Bill Index	0.01%	0.04%	0.07%	0.08%	0.15%
Fund Returns in RED do not meet both benchmarks.					
Fund Returns in BLACK meet both benchmarks.					

ND Public Employees Retirement System :

Plan Assets at 9/30/13

	457(b) DC Assets		401(a) TDA Assets		Totals	
		% of Assets		% of Assets		% of Assets
All TIAA-CREF Lifecycle Target Date Funds	\$ 39,747,354	73.6%	\$ 19,574,338	68.6%	\$ 59,321,692	71.9%
Wells Fargo Stable Return Fund - J	\$ 1,196,983	2.20%	\$ 1,048,239	3.7%	\$ 2,245,222	2.7%
PIMCO Total Return Fund Admin	\$ 1,377,606	2.60%	\$ 670,104	2.3%	\$ 2,047,710	2.5%
Wells Fargo Advantage Growth Fund Administrator	\$ 844,916	1.60%	\$ 1,111,919	3.9%	\$ 1,956,835	2.4%
Vanguard Total International Stock Index Fund Signal	\$ 1,282,469	2.40%	\$ 611,395	2.1%	\$ 1,893,864	2.3%
AllianzGI NFJ Small Cap Value Fund Administrative	\$ 1,262,412	2.30%	\$ 481,212	1.7%	\$ 1,743,624	2.1%
Vanguard 500 Index Fund Signal	\$ 1,252,618	2.30%	\$ 274,541	1.0%	\$ 1,527,159	1.9%
T. Rowe Price Equity Income Fund	\$ 663,443	1.20%	\$ 415,311	1.5%	\$ 1,078,754	1.3%
Columbia Mid Cap Index Fund A	\$ 770,782	1.40%	\$ 217,148	0.8%	\$ 987,930	1.2%
Franklin Growth Fund Advisor	\$ 620,025	1.10%	\$ 289,609	1.0%	\$ 909,634	1.1%
T. Rowe Price Capital Appreciation Fund Advisor	\$ 545,535	1.00%	\$ 290,046	1.0%	\$ 836,481	1.0%
Self Directed Brokerage Account	\$ 334,380	0.60%	\$ 439,758	1.5%	\$ 774,138	0.9%
Cohen & Steers Realty Shares	\$ 452,015	0.80%	\$ 317,014	1.1%	\$ 769,029	0.9%
Hartford Dividend and Growth Fund R5	\$ 408,409	0.80%	\$ 328,959	1.2%	\$ 737,368	0.9%
Templeton Global Bond Fund Advisor	\$ 570,091	1.10%	\$ 140,696	0.5%	\$ 710,787	0.9%
Oppenheimer Developing Markets Fund Y	\$ 362,512	0.70%	\$ 231,847	0.8%	\$ 594,359	0.7%
Vanguard Dividend Growth Fund Investor	\$ 270,216	0.50%	\$ 315,501	1.1%	\$ 585,717	0.7%
Brown Capital Management Small Company Fund Institutional	\$ 237,906	0.40%	\$ 344,844	1.2%	\$ 582,750	0.7%
RidgeWorth Mid Cap Value Equity Fund I	\$ 214,781	0.4%	\$ 365,414	1.3%	\$ 580,195	0.7%
Prudential Jennison Mid-Cap Growth Fund Z	\$ 218,439	0.40%	\$ 297,905	1.0%	\$ 516,344	0.6%
Mutual Global Discovery Fund Z	\$ 214,188	0.4%	\$ 294,851	1.0%	\$ 509,039	0.6%
Prudential High Yield Fund Z	\$ 312,224	0.60%	\$ 154,188	0.5%	\$ 466,412	0.6%
ASTON/Fairpointe Mid Cap Fund I	\$ 198,789	0.4%	\$ 138,738	0.5%	\$ 337,527	0.4%
Vanguard Prime Money Market Fund Investor	\$ 291,736	0.50%	\$ 298	0.0%	\$ 292,034	0.4%
Parnassus Small Cap Fund	\$ 189,238	0.4%	\$ 92,177	0.3%	\$ 281,415	0.3%
PIMCO Real Return Fund Administrative	\$ 139,285	0.3%	\$ 102,197	0.4%	\$ 241,482	0.3%
TIAA-CREF Money Market Fund Retirement	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Totals	\$ 53,978,352		\$ 28,549,149		\$ 82,527,501	100%

TIAA-CREF Lifecycle Funds key benefits

- TIAA-CREF Asset Management expertise & scale
 - Dedicated portfolio management team
 - Centralized research teams comprised of expert industry analysts with global reach and perspective
 - Portfolio management team oversees \$16.5 billion in assets under management*
- Glidepath design
 - Uniquely constructed based on managing the retirement assets of 3.7 million individuals
 - Support growing life expectancy of U.S. population
- Risk control through alpha and beta diversification
 - Extensive diversification across asset classes and investment approaches
- Competitive fees**
 - Fees generally in the bottom quartile of target-date industry peers

TIAA-CREF Lifecycle Funds Resources: TIAA-CREF Asset Management expertise

Dedicated portfolio management team

- Hans Erickson, CFA – Portfolio Manager with 25 years of investment experience
- John Cunniff, CFA – Portfolio Manager with 22 years of investment experience

Product design/Development team

- Dedicated resources to assist with ongoing product enhancements

Underlying fund management

- Portfolio managers with expertise across a broad range of asset classes, supported by centralized Equity and Fixed Income Research teams
- Equity trading desks in New York and San Francisco provide 24-hour trading capability

Portfolio managers

- 50 portfolio managers averaging 21 years of investment experience
- A broad array of investment styles and strategies
- Wide range of geographical expertise and focus

Research analysts

- 81 analysts with an average of 12 years of investment experience
- In-depth knowledge of sectors, industries and companies around the world
- Analysts manage sector-focused portfolios within their area of research coverage

TIAA-CREF Lifecycle Funds

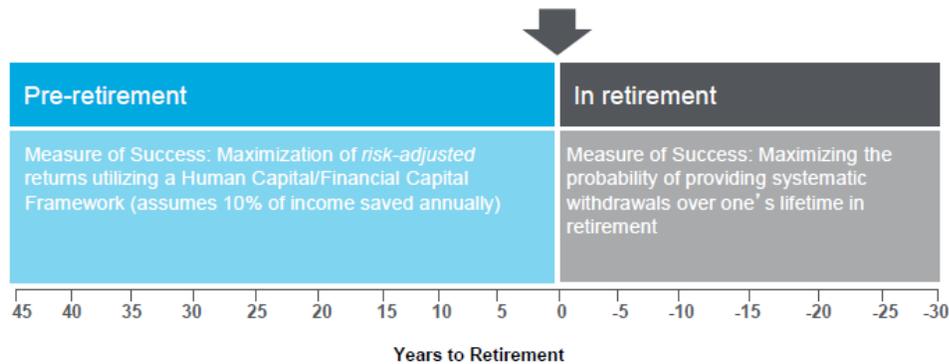
Glidepath approach: To and through retirement

A proprietary design to maximize retirement accumulations and provide an extended period of income during retirement years

- TIAA-CREF Lifecycle Funds are designed to meet both the needs of
 - Investors *to retirement* by seeking to provide opportunities for significant asset growth and favorable risk-adjusted investment returns
 - Investors *through retirement* by seeking to maximize the probability of higher levels of income replacement
- Modeling process based on analysis of more than 85 years of historical market data and proprietary asset expected returns
 - Takes into account the growing life expectancy of the U.S. population, with a higher allocation to equities, relative to peers, into retirement
 - Balance the need for growth/income/inflation protection over the course of savings and retirement years

At retirement

Measure of Success: Amount of accumulated savings across a range of potential outcomes



TIAA-CREF Lifecycle Funds

Glidepath approach: Accumulation phase

Historical back test drawn from 85+ years of equity and fixed income returns

- Considers mean, median, high, and low outcomes over all 35 year savings periods
- Considers average annualized returns as well as accumulated savings in relation to projected salary at retirement

Strategic expected returns are used in conjunction with historical equity market returns

- Assess expectations for long-run expected equity and fixed income market returns given current market information
- Update strategic expected returns monthly and review glidepath analysis

Projected random simulation using Monte Carlo re-sampling of historical returns

- Simulated 25,000 random combinations of future 35-year savings periods to assess range of likely outcomes through consideration of median outcome as well as 1-, 2-, and 3-standard deviation events
- Considers average annualized returns as well as accumulated savings in relation to projected salary at retirement
- Stress test results through changes in equity risk premium

Modeling process assumes:

- Participant is saving for 35 years, from age 30 to age 65
- Participant saves 10% of salary
- Salary is growing with inflation

TIAA-CREF Lifecycle Funds

Glidepath approach: Retirement phase

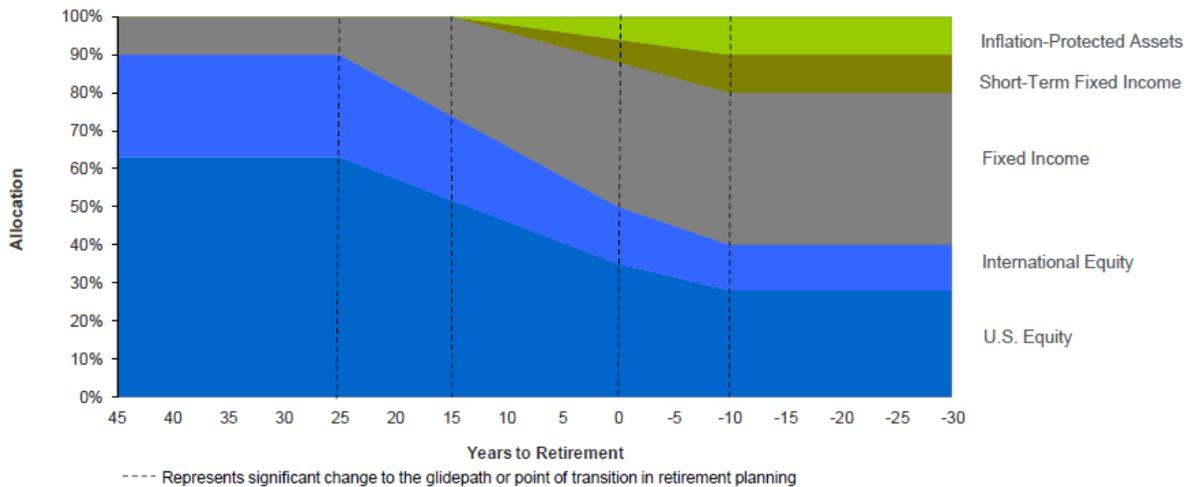
Simulates the probability of being able to make systematic withdrawals during one's lifetime

- Utilizes TIAA-CREF's Mortality Table, which has the probability of living to different ages
- Considers a variety of income drawdown possibilities from different fixed percentages of ending income withdrawn each year (20 to 50%) to a fixed percentage of one's remaining nest egg each year (4.5%)
- Seeks to maximize the probability of having income over one's lifetime in retirement

In recognition of the importance of adequate retirement savings and the growing concern around income gaps, TIAA-CREF analyzed different levels of retirement income rather than a singular focus on broad returns.

TIAA-CREF Lifecycle Funds

Glidepath profile



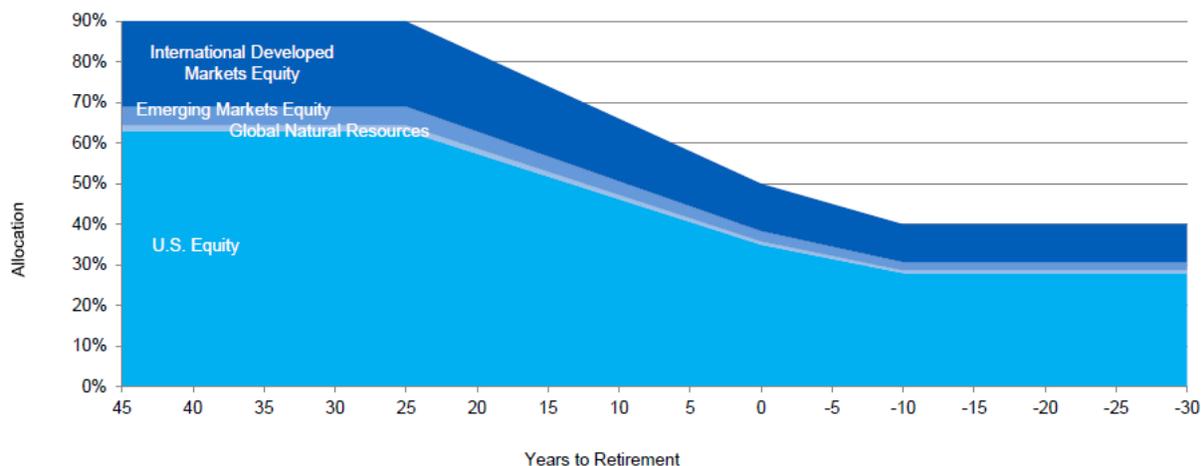
U.S. Equity	Russell 3000® Index
International Equity	MSCI ACWI ex-USA Index
Fixed Income	Barclays U.S. Aggregate Bond Index
Short-Term Fixed Income	Barclays 1-5 Year U.S. Government/Credit Index
Inflation-Protected Assets	Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L)

TIAA-CREF Lifecycle Funds Glidepath profile allocations

Years to retirement	U.S. Equity	International Equity	Fixed Income	Short Term Fixed Income	Inflation Protected Assets
45 to 25	63%	27%	10%	0%	0%
20	57%	25%	18%	0%	0%
15	52%	22%	26%	0%	0%
10	46%	20%	30%	2%	2%
5	41%	17%	34%	4%	4%
0	35%	15%	38%	6%	6%
-5	32%	14%	39%	8%	8%
-10 to -30	28%	12%	40%	10%	10%

TIAA-CREF Lifecycle Funds Asset allocation strategy: Equity

Total equity allocation is split between U.S. (70%) and International (30%) exposure



U.S.

- Allocation starts at 63% and ends at 28% in retirement
- Similar to the risk characteristics of the Russell 3000® Index
- Combines fundamental and quantitative management U.S. Large Cap exposure (60% / 40% respectively)

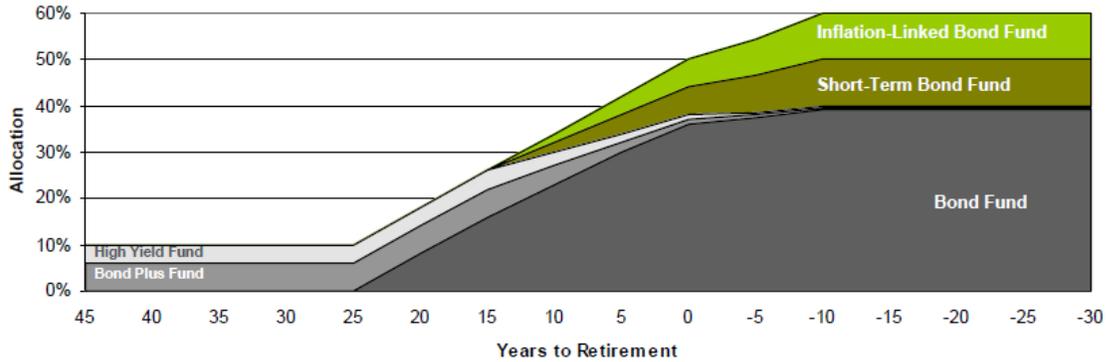
International and Emerging Markets

- Allocation begins at 27% in the longer-dated portion of the glidepath and ends at 12% in the Lifecycle Retirement Income Fund.
- Similar to risk characteristics of the MSCI® ACWI ex-USA Index
- Foreign developed Large Cap exposure approximately balanced among three portfolio managers (two fundamental managers and one quantitative manager)

TIAA-CREF Lifecycle Funds

Asset allocation strategy: Fixed Income

Overall, Fixed Income exposure stats at 10% and ends at 60%



Fixed Income (Bond, Bond Plus, High Yield)

- Portfolio allocation starts at 10% and ends at 40%
- Simulations and tail risk analysis drive overall allocations between TIAA-CREF Bond, Bond Plus (includes exposure to Emerging Markets Debt) and High Yield Funds

Short-Term Bond Fund

- Portfolio allocation starts 15 years from retirement and grows to 10% allocation in retirement
- Provides a hedge against interest rate risk and reduces volatility

Inflation-Linked Bond Fund

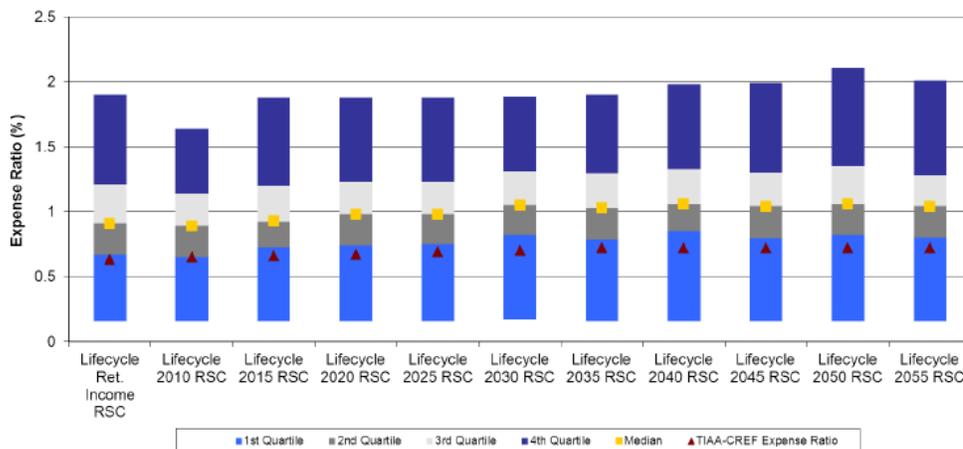
- Portfolio allocation starts 15 years from retirement and grows to 10% allocation in retirement
- Provides a hedge against inflation risk and enhances diversification

TIAA-CREF Lifecycle Funds

Competitive fees

Fees consistently rank in the bottom quartile of each Target Date Fund's peer group

Morningstar open end target date expense quartiles vs. TIAA-CREF Lifecycle Funds Retirement share class expense ratios Data as of 9/30/13



* Expense ratio information is shown net of any applicable fee waivers as provided in each fund's prospectus. Please note, expense comparisons may mask important differences in performance, portfolio qualities, and access. See footnotes on following page for details regarding expenses for each TIAA-CREF fund.

** Based on prospectus net expense ratio of 2,277 lifecycle funds (all share classes represented). Source: Morningstar, as of 9/30/13. Please note that expense ratio information is shown net of any applicable fee waivers as provided in each fund's prospectus. Please note, expense comparisons may mask important differences in performance, portfolio qualities, and access.





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Memorandum

TO: NDPERS Board
FROM: Kathy
DATE: December 19, 2013
SUBJECT: ADP Response

At November meeting, the Board requested that ADP provide a response to the following issues:

1. The need to change member's perception as shown in question 18 (on the survey).
2. The comments and high level of dissatisfaction with the debit card
3. The concerns with the customer service.
4. The confusion between the debit card and the automatic claim reimbursement.
5. The low level of understanding of the mobile application.
6. How they plan to decrease the intensity of responses relating to "dissatisfaction".

Included is ADPs response to the above.



IN THE BUSINESS OF YOUR SUCCESS®



Service Update

ADP is committed to providing World Class Service in every interaction we have with our valued clients. As part of meeting that commitment, please see below the actions taken as a result of the Flex Comp Survey.

1. The need to change member's perception as shown in question 18.

- ADP is dedicated to providing the best possible participant experience possible for the NDPERS FlexComp Plan. In addition, as administrator for NDPERS it is also ADP's objective to provide the most compliant solutions possible within all regulations outlined by the IRS. Due to the fact that overall confusion and lack of understanding was the largest pain point with regards to the ADP claims filing process, Client Services partnered with ADP's Strategic Advisory Service Team to construct a custom communication and education campaign. This campaign was kicked off with the distribution of custom postcards sent to current enrollees as well as non-participants, advertising live webinars and an interactive Q&A session with their service team. The current population received a message stating that ADP had received their feedback from the survey and was ready to partner with them to better the understanding of the plan. The non-enrollees received a message stating that they could "suppress" their costs by joining the program. These interactive and live sessions included both a detailed presentation of the FlexComp plan as well as a Q&A session at the end.

2. The comments and high level of dissatisfaction with the debit card.

- The FlexComp debit card is one of the most helpful tools with the plan, due to its ability to reduce out of pocket costs for the participant. However, when it comes to validating expenses that ADP cannot auto-approve (96.6% auto-approval rate for NDPERS card users), this can cause great pain for someone that is not familiar with the process. In order to improve this process and perception, ADP and NDPERS partnered to create a custom Reimbursement Flyer, explaining in detail all of the different claims submission methods with the plan and listing the pertinent information a participant would need to know when they are using their debit card. ADP added this flyer to the NDPERS debit card welcome kit so that anyone who receives a card will also receive the educational flyer. In addition, this flyer was posted to the ADP participant website, the NDPERS Intranet, and was sent to all NDPERS employers for forwarding to all employees via email. As a result of the comments regarding the participants discarding their FlexComp card due to the fact they were not familiar with ADP, ADP has added the NDPERS logo to the card in order to ensure future card holders recognize the welcome kit.



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Memorandum

TO: PERS Board

FROM: Sparb/Deb

DATE: December 19, 2013

SUBJECT: Investment Advisor Representative Program

This is a follow-up to an optional program that was offered to NDPERS when we moved from Fidelity to TIAA-CREF. As you will recall, we asked various provider reps what their preference would be on whether this program should be rolled out. At the time we did not receive a definitive answer and recommended to you that staff do some additional research and work with TIAA-CREF staff before moving forward on this option. Mr. Rickey provided a diagram to try and illustrate how the different advisors conduct their business and it is attached for your information.

What the model shows is that an advisor is either working in one of three models, 1) a Broker/Dealer (B/D), 2) a Registered Investment Advisor (RIA), or 3) a hybrid model where the firm is both a B/D and an RIA. Under a B/D model the advisor is a Registered Representative (RR) and compensated by commission for selling products or for transactional fees when a client purchases a product or security. They are only required to ensure that products are suitable and are not providing advice or acting as a fiduciary.

Under the RIA model, the advisor is an Investment Advisor Representative and is compensated by fee only (Asset based fee, Flat fee, or hourly fee). The IAR is not selling product but rather providing investment advice and is acting as a fiduciary. As a fiduciary the advisor has a legal obligation to put the client's best interest ahead of his/her own.

At a firm that is both a B/D and a RIA (the hybrid model), the advisor could be licensed as a RR and/or an IAR, which means they can conduct business either on the B/D side or the RIA side. Here the advisor can receive commissions or fees depending on the service he/she is providing. In this model an advisor who charges a fee should rebate any commissions earned, so the client is not being double charged.

The model that we have been discussing (The Participant Choice Model) would allow any advisor in the RIA model or the hybrid model the opportunity to manage a participant's retirement account on the TIAA-CREF platform for a fee. He mentioned previously, the firm does need to be operational on TIAA-CREF's platform to allow their advisors to conduct business with them on assets held at TIAA-CREF. Mr. Rickey indicated they are doing this with many firms in the RIA model and the hybrid model. However, it is not possible to do it with the B/D model since they do not receive fees and are not acting as a fiduciary under the Registered Representative model. Because we did not know the nature of how our provider companies conduct their business, Mr. Rickey did some preliminary work and informed us that Mass Mutual (formerly Hartford) and AXA Equitable would not be eligible because of their business model (broker/dealer). However, he felt that provider reps working for Investment Company of America, Edward Jones, LPL, Ameriprise Financial, Stifel Nicolaus and Company, Woodbury Financial Services, Securian Financial and various independent advisors would possibly be able to participate through their provider company's structure. A challenge that was noted here was that the firms mentioned are actually selling the Mass Mutual product (formerly Hartford).

We asked Mr. Rickey for some information regarding other governmental plans that have adopted the proposed model. He indicated, however, that he didn't know of any governmental plans that have adopted this IAR model, but that TIAA-CREF currently has over 400 plans that allow participants to work with independent advisors. Another issue we inquired about was how the provider training requirement might work if provider representatives were allowed to be IAR's. He indicated that TIAA-CREF would honor the training requirement that is in the provider contracts (except the Companion Plan contract) and would deem anyone who did not satisfy training requirements as ineligible to be paid through the IAR arrangement.

As we continued to work through questions with TIAA-CREF staff on this topic, it became increasingly clear that although they would be willing to administer this program for NDPERS, they would not want to be in a position where there could be a possible suspension as a provider for non-compliance of the training requirements for 457 provider representatives. Presently they do not possess the internal structure to monitor and adhere to the education requirements of our provider agreement. As a result, they have decided not to offer this optional program at this time.

3. The concerns with the customer service.

- ADP takes customer service very seriously. From the front end call center to loading the file, ADP is dedicated to providing Best in Class Service. Along with the participant webinars, the ADP service team has also met with all internal partners to better educate them on the NDPERS culture and plan details. All educational materials were made available to the support team, and the Service Delivery Manager is looking forward to scheduling a monthly “Open Forum” webinar to update participants with any regulation changes, updates to the plan administration, and receive via an interactive question and answer session. If possible, ADP would love for any available board member to attend these sessions to provide feedback on the material discussed during the session.

4. The confusion between the debit card and the automatic claim reimbursement.

- ADP hopes to alleviate all confusion regarding the auto-reimbursement option and the debit card through the distribution of the custom Reimbursement Flyer and the ongoing educational sessions.

5. The low level of understanding of the mobile application.

- The mobile application was a main topic of discussion during the Annual Enrollment (AE) webinars. The features and process were discussed in detail, and the participants were notified where they could locate the mobile app user guide on their ADP website. ADP will continue to have this as a topic on all future web meetings.

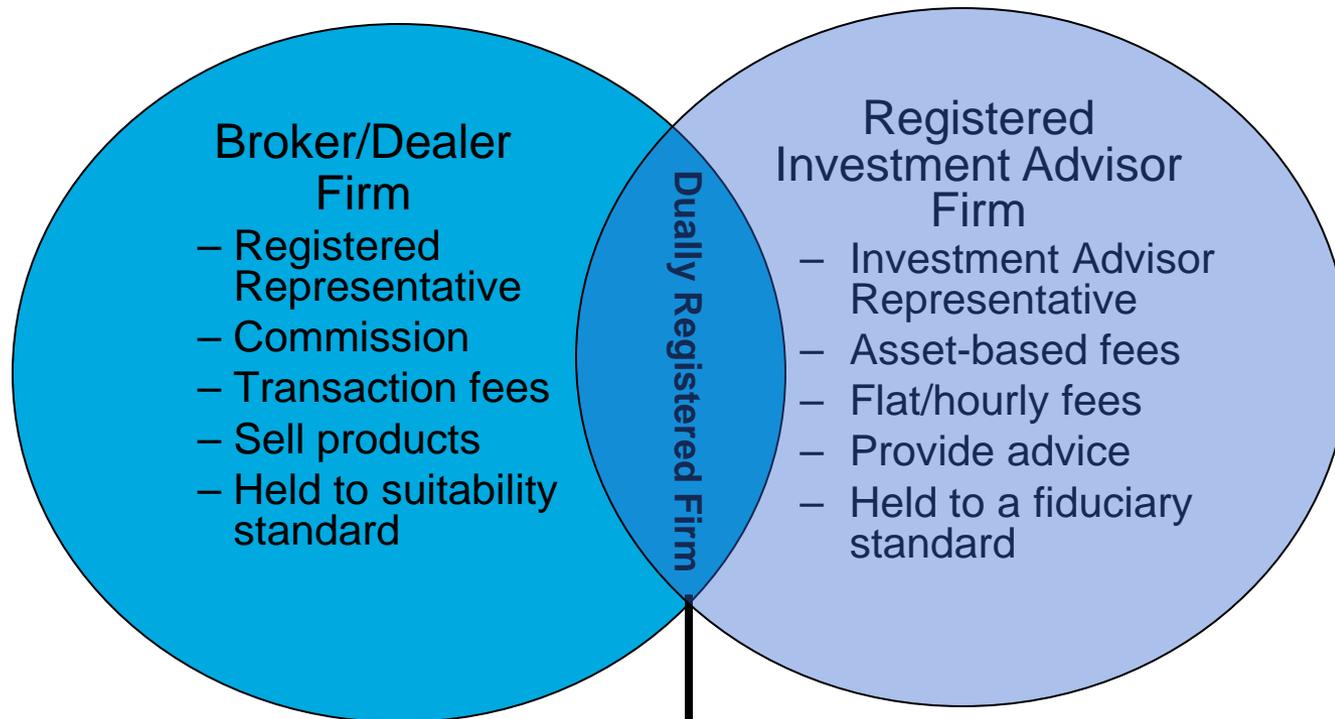
6. How they plan to decrease the intensity of responses relating to “dissatisfaction”?

- ADP is willing to partner by any means necessary to improve the satisfaction of the plan. We truly believe this perception will improve as a result of the rollout of the 2014 AE Communication/Education Action Plan (postcards, custom flyer, logo on the card, live webinars), the addition of the Decision Support Tool (used to help make your enrollment/election decision), and the ongoing educational sessions throughout 2014. ADP management will continue to monitor the process and ensure all necessary resources are available to assist the Service Team in this initiative.

We will continue to review our service model and tools to ensure we are delivering the highest quality service. As always, if you have any questions, please contact your Service Delivery Team for assistance.

We appreciate your continued partnership and look forward to seeing you again in February!

How advisor firms conduct their business



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