

NDPERS BOARD MEETING

Agenda

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

March 19, 2009

Time: 8:30 AM

I. MINUTES

- A. February 19, 2009

II. GROUP INSURANCE

- A. BCBSND – (Information)
- B. Health Dialog Report – BCBS Staff (Information)
- C. Health Plan – Sparb (Board Action)
- D. Wellness Program Subcommittee – Kathy (Board Action)
- E. New COBRA Provision in Economic Stimulus Legislation – Sparb
(Information)
- F. Surplus/Affordability Update – Bryan (Information)
- G. 2008 EAP Utilization – Bryan (Information)

III. RETIREMENT

- A. Asset Allocation Study – SEI (Board Action)
- B. Graduated Benefit Option – Sparb (Board Action)
- C. Retirement Update – Sparb (Information)

IV. DEFERRED COMPENSATION

- A. 405(a) and 457 Companion Plan 4th Quarter Reports – Bryan (Information)

V. MISCELLANEOUS

- A. Audit Committee Minutes November 2008 – (Information)
- B. Audit Committee Charter Activity Review – (Information)
- C. 2009 Business Plan – (Information)
- D. Legislative Update – (Information)
- E. SIB Agenda

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**
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: March 11, 2009
SUBJECT: BCBS

Representatives from BCBS will be at the next Board meeting to discuss the organization's commitments to NDPERS in light of the recent developments with the insurer.



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Memorandum

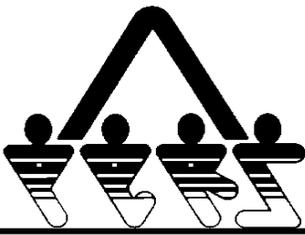
TO: PERS Board

FROM: Sparb

DATE: March 11, 2009

SUBJECT: Health Dialog Report

Representatives from BCBS will be at the Board meeting to review the Health Dialog Report with the Board.



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Memorandum

TO: PERS Board
FROM: Sparb & Bryan
DATE: March 11, 2009
SUBJECT: Health Plan

At the last meeting we heard from BCBS that the February reprojection did not yield any further adjustment on the rates and we also approved moving forward with the change to the Medicare plan subject to final approval on the rates. At this meeting we need to do that final approval. We will examine this in two steps, first the active and pre-Medicare rates and second the Medicare retiree rates.

Active and Pre Medicare Retiree Rates

Attachments #1 and #2 are the final active and pre-Medicare retiree rates. Several items to note:

1. The difference between #1 and #2 is if we maintain the same plan for Medicare retirees or if we go to the Plan "F" lookalike.
2. The state rate has been reduced by 1 cent to accommodate Higher Educations request for a rate that is divisible by 2 due to their twice monthly payroll
3. The pre Medicare rate matches the requirements in NDCC 54-52.1-02.
4. The rates reflect the elimination of the EPO, the \$3.40 in benefit reductions and the \$7.88 in wellness benefit enhancements referenced below:

NDPERS Health Plan 2009-2011 Benefit Reductions:

Well Child Care Copays	\$1.02
PT/OT/ST Copays	\$1.06
<u>Maintenance Drug Copays</u>	<u>\$1.32</u>
Total	\$3.40

NDPERS Health Plan 2009-2011 Wellness Additions:

\$200 Screening Benefit	\$5.84
HPV Vaccine	\$0.36
Zoster Vaccine	\$0.30
Tetanus Vaccine	\$0.20
Influenza Vaccine	\$0.10
Chiropractic Copay Standardization	\$0.24
LRD Obesity Visit	\$0.72
<u>7 Well Child Care Visits</u>	<u>\$0.12</u>
Subtotal	\$7.88
Circumcisions	\$0.18
<u>My Health Center</u>	<u>\$0.72</u>
Total	\$8.78

5. Not included in the attached rates is the cost of several bills (HB 1204 & SB 2272) that require benefit changes. As discussed at the last meeting if these bills are passed their cost will be paid from reserves rather than premium for the 2009-2011 biennium.
6. Added to the rates will be the 1% for those employers not having an employer based wellness program.
7. First and second year rates for new political subdivisions will be developed off of these rates once approved.
8. Also note the rate category "EPO only" for political subdivisions is going away so their rates will be going up by about 34%. All political subdivisions will now have the same rate

Board Action Requested:

Approve the attached active/pre-Medicare rate distribution (recognizing this will change slightly depending on the next decision).

Retiree Rates

Several years ago our retiree plan rates were composed of a single rate and a family rate. In 2006 the Medicare Part D program started and it provided a specific subsidy for prescription drugs for each member on the contract. In November of 2005 you reviewed the options in Attachment #3 relating to how to apply that subsidy. The Board selected option 4 which was to deduct it from the family premium based upon the number of people in the contract. To accomplish this we set up rates for Medicare contracts with 1 person, 2 people, 3 people and 4 people. Based upon this method the rates for this group for 2009 would be as follows (this does not reflect the change to Plan "F"):

Table 1 – Current Plan rates for 2009

NDPERS

MEDICARE RATES

	Contracts	RX		Jul-09	% Inc
		Medical	Part-D		
1 medicare only	3025	\$125.98	\$63.70	\$189.68	-12.89%
2 medicare only	1472	\$243.34	\$127.40	\$370.74	-12.89%
3 medicare only	6	\$258.68	\$191.10	\$449.78	-11.48%
4 medicare only	1	\$159.06	\$254.80	\$413.86	-7.92%
1 medicare + others	326	\$457.98	\$63.70	\$521.68	-16.59%
2 medicare + others	7	\$358.34	\$127.40	\$485.74	-14.30%
3 medicare + others	0	\$258.70	\$191.10	\$449.80	-11.48%
	<u>4837</u>				

The new rates for the Medicare Plan F lookalike product would be the following (based upon increasing the rates by an equal percent):

Table 2 – Plan “F” lookalike rates – uniform increase methodology

NDPERS

MEDICARE RATES

	Contracts	RX		1.049732	% Inc
		Medical	Part-D	Adjusted	
1 medicare only	3025	\$164.89	\$63.70	\$228.59	4.97%
2 medicare only	1472	\$319.34	\$127.40	\$446.74	4.97%
3 medicare only	6	\$342.29	\$191.10	\$533.39	4.97%
4 medicare only	1	\$217.01	\$254.80	\$471.81	4.97%
1 medicare + others	326	\$592.84	\$63.70	\$656.54	4.97%
2 medicare + others	7	\$467.57	\$127.40	\$594.97	4.97%
3 medicare + others	0	\$342.29	\$191.10	\$533.39	4.97%
	<u>4837</u>			<u>\$1,571,496</u>	

However, BCBS has noted that in using this method the medical portion of the premium paid for each of these groups is:

Table 3 (Table 1 less Rx premium)

Current Plan Design:

NDPERS

MEDICARE RATES

	Contracts	Medical
1 medicare only	3025	\$125.98
2 medicare only	1472	\$243.34
3 medicare only	6	\$258.68
4 medicare only	1	\$159.06
1 medicare + others	326	\$457.98
2 medicare + others	7	\$358.34
3 medicare + others	0	\$258.70
	4837	

Table 4 (table 2 less Rx)

Medicare Plan F lookalike:

NDPERS

MEDICARE RATES

	Contracts	Medical
1 medicare only	3025	\$164.89
2 medicare only	1472	\$319.34
3 medicare only	6	\$342.29
4 medicare only	1	\$217.01
1 medicare + others	326	\$592.84
2 medicare + others	7	\$467.57
3 medicare + others	0	\$342.29
	4837	

As you will note the above method causes:

1. The medical portion of the premium does not increase in a uniform relationship to the number of members on the plan.
2. The medical premium is actually lower for 4 Medicare members than 3.

Therefore, BCBS is suggesting an option the Board may want to consider which would be setting the medical rate based upon the number of members in the contract instead of the average (or having one family contract). This would mean the rates for this group would be:

Table 5 - Plan "F" lookalike - medical rates reflect # of members on contract

NDPERS		RX		BCBS	
MEDICARE RATES		Medical	Part-D	Med Sup F	% Inc
	Contracts				
1 medicare only	3025	\$167.80	\$63.70	\$231.50	6.31%
2 medicare only	1472	\$332.80	\$127.40	\$460.20	8.13%
3 medicare only	6	\$497.80	\$191.10	\$688.90	35.58%
4 medicare only	1	\$662.80	\$254.80	\$917.60	104.16%
1 medicare + others	326	\$495.24	\$63.70	\$558.94	-10.63%
2 medicare + others	7	\$660.24	\$127.40	\$787.64	38.97%
3 medicare + others	0	\$825.24	\$191.10	\$1,016.34	100.02%
	<u>4837</u>			<u>\$1,571,497</u>	

As you will note modifying the methodology would result in a fairly dramatic increase for some participants but the premium cost would increase proportionally to the number of members on the contract. To deal with the situation an option would be to grandfather them into the old method and apply the new method to new members. This would result in a slight increase in premiums for some categories.

Table 6 – Premiums based on number of members and grandfathering 14 members who would have a rate increase greater than 35% - as shown below they are broken out at the bottom with an increase of between 5% and 9%.

NDPERS

MEDICARE RATES

	Contracts	Medical	RX Part-D	BCBS Med Sup F	% Inc
1 medicare only	3025	\$168.16	\$63.70	\$231.86	6.48%
2 medicare only	1472	\$333.52	\$127.40	\$460.92	8.30%
3 medicare only	0	\$498.88	\$191.10	\$689.98	35.79%
4 medicare only	0	\$664.24	\$254.80	\$919.04	104.48%
1 medicare + others	326	\$496.28	\$63.70	\$559.98	-10.47%
2 medicare + others	0	\$661.64	\$127.40	\$789.04	39.21%
3 medicare + others	0	\$827.00	\$191.10	\$1,018.10	100.37%
	4823			\$1,563,422	
3 medicare only	6	\$354.62	\$191.10	\$545.72	7.40%
4 medicare only	1	\$217.64	\$254.80	\$472.44	5.11%
2 medicare + others	7	\$491.64	\$127.40	\$619.04	9.22%
3 medicare + others	0	\$354.66	\$191.10	\$545.76	7.41%
	14			\$8,626	
	4,837			\$1,572,048	

Board Action Requested:

1. Determine if the Medicare plan will transition to the plan "F" lookalike.
2. If plan "F" is approved, should the premium be trended forward by an even percent or transitioned to reflect the number of members on the contract?
3. If we elect to change the rates to reflect the number of members should we grandfather those people in the rate categories that would have large increases?

Attachment #1

Current Benefits Design

Rate Structure A
For Anyone Enrolled Prior to July/2009
Rates for Jul/2009 - Jun/2011

Jan-09				(1)	(6)	(7)	(8)	Increase		
NDPERS				Total	Medicare	Total	(3)-(4)+(5)	From		
Billing				Health	Part D	BCBSND	Total	05-07		
Rate	Code	Struct	Description	Premiums	Premiums	Premiums	Paid to	Billing		
							BCBSND	Rate		
							Retention	Rate		
Non-Medicare Retiree										
\$475.34	21	11	Single			\$600.94	\$598.14	\$2.80	\$600.94	26.4%
\$946.42	22	11	Family			\$1,201.88	\$1,199.08	\$2.80	\$1,201.88	27.0%
\$1,181.98	23	11	Family (3+)			\$1,502.34	\$1,499.54	\$2.80	\$1,502.34	27.1%
COBRA										
\$480.51	24	11	Single			\$600.94	\$598.14	\$14.82	\$612.96	27.6%
\$961.00	25	11	Family			\$1,201.88	\$1,199.08	\$26.84	\$1,225.92	27.6%
\$1,201.27	26	11	Family (3+)			\$1,502.34	\$1,499.54	\$32.84	\$1,532.38	27.6%
State Contracts with Wellness Program										
Active (Flat Single)										
\$658.08	1-3	2	S/F/Dual			\$825.96	\$823.16	\$2.80	\$825.96	25.5%
COBRA										
\$324.58	4	2	Single			\$400.62	\$397.82	\$10.81	\$408.63	25.9%
\$779.22	5	2	Family			\$963.06	\$960.26	\$22.06	\$982.32	26.1%
Part-Time/Temporary/LOA										
\$318.30	6	2	Single			\$400.62	\$397.82	\$2.80	\$400.62	25.9%
\$764.02	7	2	Family			\$963.06	\$960.26	\$2.80	\$963.06	26.1%
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
\$339.56	1	4	Single			\$426.68	\$423.88	\$2.80	\$426.68	25.7%
\$817.58	2	4	Family			\$1,029.60	\$1,026.80	\$2.80	\$1,029.60	25.9%
COBRA										
\$346.27	4	4	Single			\$426.68	\$423.88	\$11.32	\$435.20	25.7%
\$833.85	5	4	Family			\$1,029.60	\$1,026.80	\$23.38	\$1,050.18	25.9%
Active EPO/Basic										
\$316.30	1	6	Single			\$426.68	\$423.88	\$2.80	\$426.68	34.9%
\$760.86	2	6	Family			\$1,029.60	\$1,026.80	\$2.80	\$1,029.60	35.3%
COBRA										
\$322.54	4	6	Single			\$426.68	\$423.88	\$11.32	\$435.20	34.9%
\$775.99	5	6	Family			\$1,029.60	\$1,026.80	\$23.38	\$1,050.18	35.3%

Attachment #2

Medicare Plan F Option

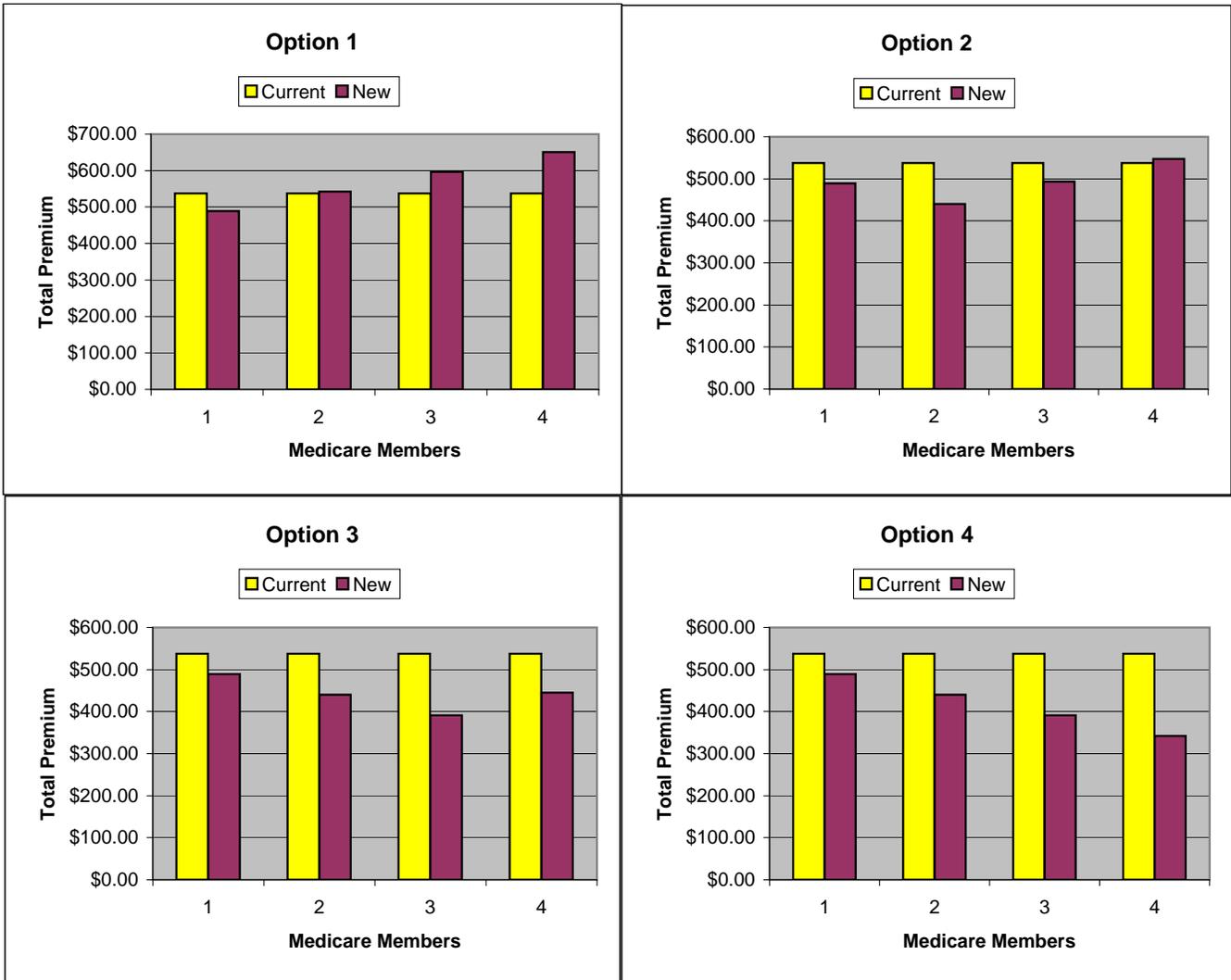
Rate Structure A
For Anyone Enrolled Prior to July/2009
Rates for Jul/2009 - Jun/2011

Jan-09				(1)	(6)	(7)	(8)	Increase		
NDPERS				Total	(3)-(4)+(5)	Total	(6)+(7)	From		
Billing				Health	Medicare	Total	NDPERS	05-07		
Rate	Code	Struct	Description	Premiums	Part D	BCBSND	Billing	Billing		
					Premiums	Paid to	Rate	Rate		
						BCBSND				
						Retention				
Non-Medicare Retiree										
\$475.34	21	11	Single			\$600.08	\$597.28	\$2.80	\$600.08	26.2%
\$946.42	22	11	Family			\$1,200.16	\$1,197.36	\$2.80	\$1,200.16	26.8%
\$1,181.98	23	11	Family (3+)			\$1,500.20	\$1,497.40	\$2.80	\$1,500.20	26.9%
COBRA										
\$480.51	24	11	Single			\$600.08	\$597.28	\$14.80	\$612.08	27.4%
\$961.00	25	11	Family			\$1,200.16	\$1,197.36	\$26.80	\$1,224.16	27.4%
\$1,201.27	26	11	Family (3+)			\$1,500.20	\$1,497.40	\$32.80	\$1,530.20	27.4%
State Contracts with Wellness Program										
Active (Flat Single)										
\$658.08	1-3	2	S/F/Dual			\$825.66	\$822.86	\$2.80	\$825.66	25.5%
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\$764.02	7	2	Family			\$962.84	\$960.04	\$2.80	\$962.84	26.0%
Political Subdivision Rates with Wellness Program										
Active EPO/PPO/Basic										
\$339.56	1	4	Single			\$424.96	\$422.16	\$2.80	\$424.96	25.2%
\$817.58	2	4	Family			\$1,026.62	\$1,023.82	\$2.80	\$1,026.62	25.6%
COBRA										
\$346.27	4	4	Single			\$424.96	\$422.16	\$11.30	\$433.46	25.2%
\$833.85	5	4	Family			\$1,026.62	\$1,023.82	\$23.32	\$1,047.14	25.6%
Active EPO/Basic										
\$316.30	1	6	Single			\$424.96	\$422.16	\$2.80	\$424.96	34.4%
\$760.86	2	6	Family			\$1,026.62	\$1,023.82	\$2.80	\$1,026.62	34.9%
COBRA										
\$322.54	4	6	Single			\$424.96	\$422.16	\$11.30	\$433.46	34.4%
\$775.99	5	6	Family			\$1,026.62	\$1,023.82	\$23.32	\$1,047.14	34.9%

Medicare Part - D Family One on Medicare Rate Options

Medicare Members		1	2	3	4
Current Rate		\$537.90	\$537.90	\$537.90	\$537.90
Option 1 Rate		\$488.91	\$542.74	\$596.57	\$650.40
Option 1 Savings		\$48.99	-\$4.84	-\$58.67	-\$112.50
Option 2 Rate		\$488.91	\$439.92	\$493.75	\$547.58
Option 2 Savings		\$48.99	\$97.98	\$44.15	-\$9.68
Option 3 Rate		\$488.91	\$439.92	\$390.93	\$444.76
Option 3 Savings		\$48.99	\$97.98	\$146.97	\$93.14
Option 4 Rate		\$488.91	\$439.92	\$390.93	\$341.94
Option 4 Savings		\$48.99	\$97.98	\$146.97	\$195.96

GPDP Premium is \$53.83 per Medicare Member





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Memorandum

TO: NDPERS Board

FROM: Kathy & Sparb

DATE: March 10, 2009

SUBJECT: Wellness Benefit Funding Program

According to Section IV of Attachment B of our Administrative Services Agreement with BCBSND, "A Wellness Committee shall be established to review any such applications submitted. The Wellness Committee shall be comprised of: one (1) NDPERS staff member, one (1) NDPERS Board member, and (1) BCBSND staff member." Currently the committee members are:

Kathy Allen – NDPERS Staff
Arvy Smith – NDPERS Board member
Kevin Schoenborn – BCBSND staff member

Recently we reviewed the committee and its role and have developed some suggested changes. Specifically, we are suggesting changing the Board member to a staff member. We contacted Kevin Schoenborn at BCBSND to determine if this would provide any issues with regard to the aforementioned contract amendment. He indicated that since it is our program, a change would be at our discretion.

Staff has reviewed this issue internally and are requesting the Board consider allowing another NDPERS staff member to be on the committee for the following reasons:

- With the implementation of the Employer Based Wellness Program we now have an internal wellness committee that meets at least monthly and would be available to discuss wellness issues and review applications for funding requests. These staff members have been working with the wellness program for the past several years. Additionally, some of the staff have had the benefit of wellness programming education through the Cooper Institute.

- Since the implementation of the Employer Based Wellness Program, the Board has taken action to directly link the funding program to the Employer Based program. Therefore, employers are now required to provide a direct correlation to proposed programs eligible for the premium discount program to the programs for which they are requesting funding. This provides significant guidance in the evaluation process.
- Over the past several years the committee has brought various funding requests to the Board's attention for action. The Board's actions in these cases has resulted in the development of a list of expenses that are not eligible for funding assistance which has further refined the evaluation process. The committee would still refer any questionable requests to the Board for consideration and direction.
- Currently the three members are at different locations. Adding another PERS staff member would require one less channel of distribution for applications and a more administratively efficient evaluation process.

Since the implementation of this program we note it has now become more of an administrative function rather than a policy function, thereby, supporting the suggestion for the change in the committee.

Board Action Requested

1. Approve or reject staff's proposal to allow a PERS staff member to serve on the Wellness Program subcommittee in lieu of a Board member.



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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 11, 2009
SUBJECT: Economic Stimulus Package

Attached is a newsletter providing information on the American Recovery and Reinvestment Act of 2009 (ARRA), commonly referred to as the Economic Stimulus package, which was recently signed by the President. The ARRA provides for a 65% reduction in COBRA premiums for certain assistance eligible individuals for up to 9 months. An assistance eligible individual is a COBRA “qualified beneficiary” who meets all of the following requirements:

- Is eligible for COBRA continuation coverage at any time during the period beginning September 1, 2008 and ending December 31, 2009,
- Elects COBRA coverage (when first offered or during the additional election period), and
- Has a qualifying event for COBRA coverage that is the employee’s involuntary termination during the period beginning September 1, 2008 and ending December 31, 2009.

An assistance eligible individual is a former employee who was involuntarily terminated from employment during the period beginning September 1, 2008 and ending on December 31, 2009. Involuntary termination is generally termination that occurs at the direction of the employer.

Our office is presently working on how to implement this provision and we will be issuing guidance to our employers within the next couple of weeks. Our first review of this indicates that this could be a very manual process for PERS and our participating employers. That is PERS will need to set up special processes for billing employers, subtracting health credit amounts, monitoring eligibility periods, etc and employers may need to receive, review, approve applications for the subsidy, bill employees and file for the subsidy as well as other complexities.

We will keep you up to date with this process as it is developed.



COBRA Premium Subsidy in Economic Stimulus Law

On February 17, President Obama signed the “American Recovery and Reinvestment Act of 2009” (the “Act”) which makes several changes to COBRA. The most significant change is the addition of a federal COBRA premium subsidy for employees whose employment is involuntarily terminated between September 1, 2008 and December 31, 2009. The subsidy will generally be 65% of the COBRA premium for a period of up to 9 months and may begin as early as March 1, 2009.

This Technical Bulletin summarizes the major provisions of the new COBRA premium subsidy.

Eligibility for Subsidy

The subsidy will be available to “assistance eligible individuals (AEIs)”. These are qualified beneficiaries who:

- Have a qualifying event of involuntary termination of employment (excluding termination for gross misconduct) between September 1, 2008 and December 31, 2009; and
- Are eligible for COBRA at any time during the period of September 1, 2008 and December 31, 2009; and
- Elect COBRA coverage – including those who elect COBRA during a new extended election period (described in the section “New Extended Election Period” below).

The subsidy will be available to individuals eligible for federal COBRA and most individuals eligible for state “COBRA” laws. It will be available to those already on COBRA, those who did not elect COBRA and those who elected, but dropped COBRA (e.g., by non-payment of premium) who are otherwise eligible.

Like existing COBRA coverage, the former employee need not elect COBRA coverage for

other qualified beneficiaries to be entitled to the subsidy. Any qualified beneficiary who is an AEI is entitled to make an independent election for COBRA coverage and will be entitled to a subsidy of the applicable premium.

The subsidy is not available for health care Flexible Spending Account (FSA) coverage. The subsidy is also not available to “high income” individuals. “High income” individuals are defined as those whose modified adjusted gross income (MAGI) exceeds \$145,000 (\$290,000 married). The subsidy begins being phased out for single taxpayers with MAGI of \$125,000 and married taxpayers with MAGI of \$250,000.

Employers will not need to determine if an eligible individual is a “high income” individual. If a “high income” individual receives the subsidy, the amount of subsidy paid for all months in the tax year must be repaid. The mechanism for repayment is an increase in the taxpayer’s income tax liability. An individual who is certain that his income will exceed the limits may waive his right to the subsidy. The waiver is a permanent election and must be provided to the plan in writing. It is unclear at this time how this provision affects individuals who receive the full subsidy but, due to income limits, is eligible for a reduced subsidy.

Subsidy Amount and Duration

The maximum subsidy will be 65% of the COBRA premium for up to 9 months. The subsidy will end earlier than 9 months if:

- The qualified beneficiary becomes eligible for coverage under another group health plan or Medicare. While eligibility for, rather than actual enrollment in, another group health plan or Medicare will end eligibility for the subsidy, in most cases the individual will still be able to continue COBRA coverage.
- COBRA coverage ends –for example due to failure to pay COBRA premium as required.

Coverage Effective Date

While AEIs include those with qualifying events before February 17, 2009, COBRA coverage will not be retroactive to the date of the individual's qualifying event. For individuals who did not elect COBRA when first eligible or who elected COBRA coverage but dropped COBRA, coverage will be retroactive to the beginning of the first coverage period after February 17, 2009. A "coverage period" is the period of time (month or shorter) for which premiums are charged. In most cases this will be a month. The subsidy will start with the first coverage period that begins after the date of enactment – or March 1, 2009 for plans using a calendar month.

The maximum period of COBRA coverage will still be determined based on the date of the qualifying event.

The gap in coverage between the date of the individual's qualifying event and the first period of coverage after February 17, 2009 will not be counted toward the 63 day break in coverage for the application of any pre-existing condition limitation provision.

Other Coverage Option

Traditional COBRA coverage limits the qualified beneficiary to the coverage in effect on the day before the qualifying event. Qualified beneficiaries were only permitted to make changes at other specified times such as annual enrollment or based on a change in status

rule where permitted by the plan for active employees.

Under the Act, employers are not required, but may permit AEIs to enroll in a different health plan option when the qualifying event occurs. If a qualified beneficiary elects coverage under a different health plan option, that coverage will be considered COBRA coverage for all applicable COBRA rights. This option is available only if all of the following conditions are met:

- The premium for the new option is the same as or less than the premium for the coverage the eligible individual had when the qualifying event occurred; and
- The new option is coverage that is also offered to active employees of the employer when the election is made; and
- The new option is not coverage that provides only dental, vision, counseling (e.g., EAP), a health care FSA or coverage for services or treatment furnished in an on-site medical facility that consists primarily of care such as first aid, prevention or wellness.

Eligible individuals will have 90 days to elect coverage under the different option. The 90 day period begins when the group health plan provides notice of this option. This option applies both to AEIs who are currently on COBRA as well as those entitled to the new, extended election period (see below).

New Extended Election Period

AEIs not currently on COBRA will have a new extended election period. This new election period begins on February 17 and ends 60 days after the date the group health plan provides the AEI with a notice of the extended election period. The extended election period is available to AEIs who either did not elect or who dropped COBRA as well as AEIs who are still within their COBRA election period. It must include information on the extended election period, the potential availability of a premium subsidy, and (if applicable) the ability to select a different health care option.

Group health plans have 60 days after February 17 to provide this notice. However, since the extended election period does not end until

60 days after the notice is provided, plans will want to send the notice as soon as practicable.

Notice Requirements

Group health plans will also need to revise existing election notices to be used for COBRA eligible individuals. Plans are permitted to use either a separate notice with the new information or incorporate the new information into existing COBRA materials. In general the revised election notice must include the following additional information:

- The forms necessary for establishing eligibility for the subsidy;
- The name, address, and telephone number to contact the plan administrator;
- A description of the extended election period;
- A description of the qualified beneficiary's obligation to notify the plan if the individual becomes eligible for another group health plan or Medicare. The notice must also include a description of the penalty if the individual fails to notify the plan; and
- A description – displayed in a prominent manner – of the qualified beneficiary's right to the subsidy including any conditions on entitlement to the subsidy.

In addition, if the plan permits the qualified beneficiary to select another health plan option, the notice must describe the individual's election options.

Eligible individuals are required to notify the plan upon loss of eligibility for the subsidy. For example, an eligible individual becomes eligible for group health plan coverage (excluding limited benefits such as dental only, health care FSA) or Medicare, they must notify the plan. Failure to notify the plan will result in a 10% penalty – 110% of the amount of subsidy overpayments will be added to the individual's tax liability.

Congress gave regulators 30 days after enactment in which to develop model notices.

Subsidy Payment Process

Eligible individuals are required to pay their 35% share of the COBRA premium to the employer. Once the employer receives the 35% payment from the qualified beneficiary, the employer pays the full premium to the insurance company (for insured plans) and is reimbursed by taking a credit on the employer's payroll taxes (wage withholding and FICA). If the amount of the subsidy exceeds the employer's payroll tax liability, Treasury will pay the difference to the employer. Additional information such as the name and TIN of individuals receiving the subsidy along with the amount of the subsidy for the current payroll period and an estimate of the subsidy for the next payroll period must be reported each payroll period.

In many cases, individuals eligible for the subsidy will have paid the full COBRA premium for 1 or 2 months before the needed procedures to process the subsidy have been implemented. In these cases the employer is required to reimburse the individual by either crediting the excess payments toward future COBRA premiums or refunding the excess amount. If the employer doesn't anticipate being able to exhaust the excess payments through credits for COBRA premiums within a 180 day time frame, the employer must refund the excess.

If an individual's application for the subsidy is denied by the employer, the law includes an expedited review process with the Secretary of Labor or Health and Human Services. The Secretaries will have 15 business days after receipt of the individual's appeal to make a determination.

In addition, the Conference Agreement of the Senate and the House have made it clear that, if an individual is denied treatment as an AEI and also submits a claim for benefits to the plan that would be denied by reason of not being eligible for Federal COBRA continuation coverage (or failure to pay full premiums), the individual would be eligible to proceed with expedited review regardless of ERISA claim procedures. The Conference Agreement makes clear that the Secretary's review is to be de novo and the Secretary's final determination.

Action Steps

Employers have limited time to evaluate the new requirements, modify existing COBRA materials and revise existing procedures to comply. Key action steps to take as soon as practicable include:

1. Identify employees who experienced a termination of employment after August 31, 2008 and create two lists — those currently on COBRA and those currently not on COBRA (including dependents).
2. Review and update existing COBRA election notices.
3. Create a procedure for individuals to notify the plan of eligibility for other coverage.
4. Evaluate impact of allowing eligible individuals to select a lower-cost health care option. If considering allowing a change, obtain insurance carrier approval. This is particularly important for self-funded plans backed by stop-loss insurance. Obtain written confirmation of stop-loss carrier approval.
5. Decide if the employer will permit eligible individuals to elect a different health care option.
6. Send the newly revised election notice to COBRA eligible individuals (employees and dependents) where the qualifying event was the employee's termination of employment (whether voluntary or involuntary) after August 31, 2008. If regulations require notices for all COBRA eligible individuals who had a qualifying event after August 31, 2008 (regardless of the reason), then send notices to the remaining qualified beneficiaries based on regulatory guidance. Alternatively the employer could send the new notice to all COBRA eligible individuals who had a qualifying event after August 31, 2008.
7. Review the Plan Document, Summary Plan Description and other employee communications to identify areas for revision.
8. Determine what changes will be needed for payroll processing – reimbursements through reduction in payroll tax liability, methods for refunding any excess payments from eligible individuals.
9. Obtain amendments to insurance contracts (including stop/loss contracts).
10. Amend the Plan Document, Summary Plan Description and other employee communications as needed.

If you have any questions, or need additional assistance, please contact your Gallagher Benefit Services representative.

The intent of this Technical Bulletin is to provide general information on employee benefit issue. It should not be construed as legal advice and, as with any interpretation of law; plan sponsors should seek proper legal advice for application of these rules to their plans. © 2009 Gallagher Benefit Services.



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

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

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

M E M O R A N D U M

TO: NDPERS BOARD
SPARB COLLINS, NDPERS
KATHY ALLEN, NDPERS
BAR

FROM: BRYAN T. REINHARDT

DATE: March 3, 2009

SUBJECT: GROUP MEDICAL PLAN - SURPLUS/AFFORDABILITY UPDATE

Here is the January surplus projection and affordability analysis for the NDPERS group medical plan. The plan made it through the 2005-2007 biennium and is in the last quarter of the 2007-2009 biennium.

Net premium sent to BCBS in July 2007 was \$13,406,858. In July 2005 it was \$10,853,370. There are now 25,058 contracts on the NDPERS Health Plan, covering 56,000 people. The NDPERS health plan ended up with 23,580 contracts in June, 2005. There were 22,947 contracts in June, 2003, and 21,792 in July 2001.

The 2003 - 2005 biennium settlement is on account at BCBS with a balance of over \$2,051,000. The remaining \$14.3 million was used to buy down premiums for the 05-07 biennium. This amount is at BCBS and receiving interest.

The first settlement for the 2005 - 2007 biennium transferred \$3,672,932 to the NDPERS account. In addition refunds came in greater than IBNR claims, so this biennium has a cash balance of \$326,498. The final settlement for this biennium is June 2009.

The projection for the 2007 - 2009 biennium shows total surplus at -\$3.8 million. If there is a surplus, we share 50/50 in the first \$3.0 million surplus with BCBS. This will make future growth in the gain for NDPERS difficult. The plan is fully insured by BCBS, so the June 30, 2009 NDPERS estimated gain is \$0. IBNR for this estimate is at \$17.0 million and cash to pay claims is at \$16.0 million.

If you have any questions or you should need anymore information, please contact me.

-
- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |

NDPERS - ESTIMATED SURPLUS PROJECTION: 2007-2009 BIENNIUM

January, 2009

The following exhibit summarizes the estimated surplus for the NDPERS group medical plan at the end of the 2007-2009 biennium. The estimate has been updated to include account activity through January, 2009.

1) Preliminary Underwriting Gain/Loss for the 2007-2009 Biennium		(\$5,223,700)
2) Wellness Program Expenses		\$0
3) Estimated Underwriting Gain/Loss for the 2007-2009 Biennium		(\$5,223,700)
4) Projected Interest Accumulation (adjusted for usage as premium)		\$0
5) Refunds and Settlements		
11/30/07 Perform Rebate	(Included as claim rebates)	\$340,034
02/29/08 Perform Rebate	(Included as claim rebates)	\$385,151
05/31/08 Perform Rebate	(Included as claim rebates)	\$328,973
08/31/08 Perform Rebate	(Included as claim rebates)	\$354,915
11/31/08 Perform Rebate	(Included as claim rebates)	\$395,601
02/28/09 Perform Rebate		\$350,000
04/30/09 Perform Rebate		\$350,000
06/30/09 Perform Rebate		\$350,000
EPO Settlement Payments 7/07 - 6/08	(No target settlements)	\$0
6) Total Estimated Surplus Held by BCBS		(\$3,778,099)
7) BCBS Portion of Surplus (Half upto \$1,500,000)		\$0
8) PERS Portion of Surplus Held by BCBS		(\$3,778,099)
9) Cash Reserve Account Balance		\$0
Future Contributions:		\$0
Future Interest:		\$0
Total		\$0
10) NDPERS Wellness Accounts		
My Health Connection		\$216,054
Employer Based Wellness		\$7,219
Wellness Benefit Program		\$9,046
SubTotal		\$232,319
Total Adjusted for Usage		\$0
11) Total Estimated Funds Available to PERS on June 30, 2009		\$0

NDPERS - Projected Underwritten Experience for the 2007-2009 Biennium
January, 2009

MONTH	PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$29.90/Con	NET PREMIUM	INTEREST ON CASH	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS(1)	ESTIMATED GAIN / LOSS
Jul-07	\$13,406,857	\$0	\$13,406,857	\$725,404	\$12,681,453	\$0	\$11,181,550	\$0	\$11,181,550	\$1,499,903
Aug-07	\$13,465,027	\$308	\$13,465,336	\$728,334	\$12,737,002	\$8,720	\$12,167,845	\$0	\$12,167,845	\$577,877
Sep-07	\$13,608,834	\$6,878	\$13,615,713	\$736,018	\$12,879,695	\$32,149	\$10,944,679	\$0	\$10,944,679	\$1,967,165
Oct-07	\$13,577,219	\$7,321	\$13,584,540	\$734,822	\$12,849,718	\$44,159	\$13,054,485	\$0	\$13,054,485	(\$160,608)
Nov-07	\$13,584,631	(\$6,547)	\$13,578,084	\$735,480	\$12,842,604	\$38,392	\$13,196,134	\$0	\$13,196,134	(\$315,138)
Dec-07	\$13,568,728	\$5,601	\$13,574,329	\$734,553	\$12,839,776	\$40,841	\$12,518,289	\$0	\$12,518,289	\$362,328
Jan-08	\$13,582,515	\$3,071	\$13,585,586	\$735,121	\$12,850,465	\$39,733	\$13,708,556	\$0	\$13,708,556	(\$818,358)
Feb-08	\$13,622,093	\$1,733	\$13,623,826	\$737,155	\$12,886,671	\$33,024	\$12,242,877	\$0	\$12,242,877	\$676,818
Mar-08	\$13,620,486	(\$2,685)	\$13,617,801	\$737,125	\$12,880,676	\$25,258	\$13,228,461	\$0	\$13,228,461	(\$322,527)
Apr-08	\$13,626,826	\$1,915	\$13,628,741	\$738,171	\$12,890,570	\$21,216	\$13,242,323	\$0	\$13,242,323	(\$330,537)
May-08	\$13,623,071	\$1,798	\$13,624,869	\$737,992	\$12,886,877	\$17,341	\$12,582,877	\$30,000	\$12,612,877	\$291,341
Jun-08	\$13,644,570	(\$2,237)	\$13,642,333	\$739,128	\$12,903,205	\$27,130	\$12,840,618	\$280,000	\$13,120,618	(\$190,283)
Jul-08	\$13,611,228	(\$4,554)	\$13,606,675	\$737,693	\$12,868,982	\$33,409	\$13,782,935	\$290,000	\$14,072,935	(\$1,170,545)
Aug-08	\$13,622,766	\$25,091	\$13,647,857	\$738,052	\$12,909,805	\$29,181	\$12,510,157	\$400,000	\$12,910,157	\$28,829
Sep-08	\$13,750,651	\$3,180	\$13,753,831	\$745,168	\$13,008,663	\$29,890	\$12,498,671	\$550,000	\$13,048,671	(\$10,118)
Oct-08	\$13,718,593	\$26,952	\$13,745,546	\$744,480	\$13,001,065	\$21,426	\$12,758,798	\$1,000,000	\$13,758,798	(\$736,306)
Nov-08	\$13,728,459	\$9,639	\$13,738,098	\$745,497	\$12,992,601	\$19,221	\$11,490,981	\$1,700,000	\$13,190,981	(\$179,158)
Dec-08	\$13,733,851	\$566	\$13,734,417	\$745,557	\$12,988,860	\$13,638	\$12,243,738	\$4,100,000	\$16,343,738	(\$3,341,239)
Jan-09	\$13,810,474	(\$5,691)	\$13,804,783	\$749,862	\$13,054,921	\$9,258	\$3,284,756	\$8,650,000	\$11,934,756	\$1,129,423
Feb-09	\$13,810,474	\$0	\$13,810,474	\$749,234	\$13,061,240	\$6,142	\$0	\$0	\$13,777,503	(\$710,121)
Mar-09	\$13,810,474	\$0	\$13,810,474	\$749,234	\$13,061,240	\$7,377	\$0	\$0	\$13,840,990	(\$772,374)
Apr-09	\$13,810,474	\$0	\$13,810,474	\$749,234	\$13,061,240	\$7,067	\$0	\$0	\$13,904,478	(\$836,171)
May-09	\$13,810,474	\$0	\$13,810,474	\$749,234	\$13,061,240	\$6,727	\$0	\$0	\$13,967,966	(\$899,999)
Jun-09	\$13,810,474	\$0	\$13,810,474	\$749,234	\$13,061,240	\$6,356	\$0	\$0	\$14,031,453	(\$963,858)
BIENNIAL										
TOTAL	\$327,959,249	\$72,340	\$328,031,589	\$17,771,781	\$310,259,807	\$517,655	\$229,478,730	\$17,000,000	\$316,001,120	(\$5,223,657)

(1) Future Months are Estimated based on Projection from NDPERS.



Memo

To: NDPERS Board
 From: Bryan T. Reinhardt
 CC: Sparb, Kathy
 Date: 03/13/2009
 Re: 2008 EAP Utilization

The following table shows the self-reported 2008 utilization from the NDPERS Employee Assistance Program (EAP) providers. The overall EAP utilization rate is about 9%. This is about the same rate as in prior years.

NDPERS Employee Assistance Program – 2008

	NDPERS TOTAL	Medcenter One	Deer Oaks	The Village	St. Alexius
Contracts	15002	866	62	3238	10836
Cases*	1313	45	5	383	880
%	8.7%	5.2%	8.1%	11.8%	8.1%
Sessions**	2286	134	29	1243	880
%	15.2%	15.5%	46.8%	38.4%	8.1%
Case Types:					
Psychiatric	400	11	0	88	301
Family/Personal	637	24	5	161	447
Work Problems	79	3	0	30	46
Financial/Legal	73	0	0	68	5
Drugs/Alcohol	35	0	0	7	28
Other/Unknown	89	7	0	29	53

* - Note that family members are also eligible for the EAP.

** - Per Session information was not available from St. Alexius.

If you have any questions or need anymore information, please contact me.



**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: March 11, 2009
SUBJECT: Asset Allocation Study

Several months ago the Board approved doing an asset allocation study for the Retiree Health Credit Fund Program and the Job Service Plan. SEI agreed to do the studies. Attached are their findings. They will be at the Board meeting via conference call to review this with you and answer questions.

The PERS Board's investment subcommittee has coordinated this effort and at their last meeting reviewed this information in detail with SEI. They offer the following recommendations to the PERS Board:

1. Adopt the enhanced asset allocation for the Retiree Health Credit fund.
2. Adopt the enhanced asset allocation for the Job Service Plan

If the above recommendations are accepted, the committee is also recommending the following additional actions:

1. The Job Service Plan should cut its Timberland exposure in half and reallocate the remaining funds pursuant to the new asset allocation.
2. The settlement of \$750,000 which has been received relating to the retiree health fund should be held in a fixed income account and invested when the new asset allocation for that fund is implemented.



Asset Allocation
Building the Right Investment Strategy
for North Dakota Public Employees Retirement System

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SEI Global Institutional Group
1 Freedom Valley Drive
Oaks, PA 19456

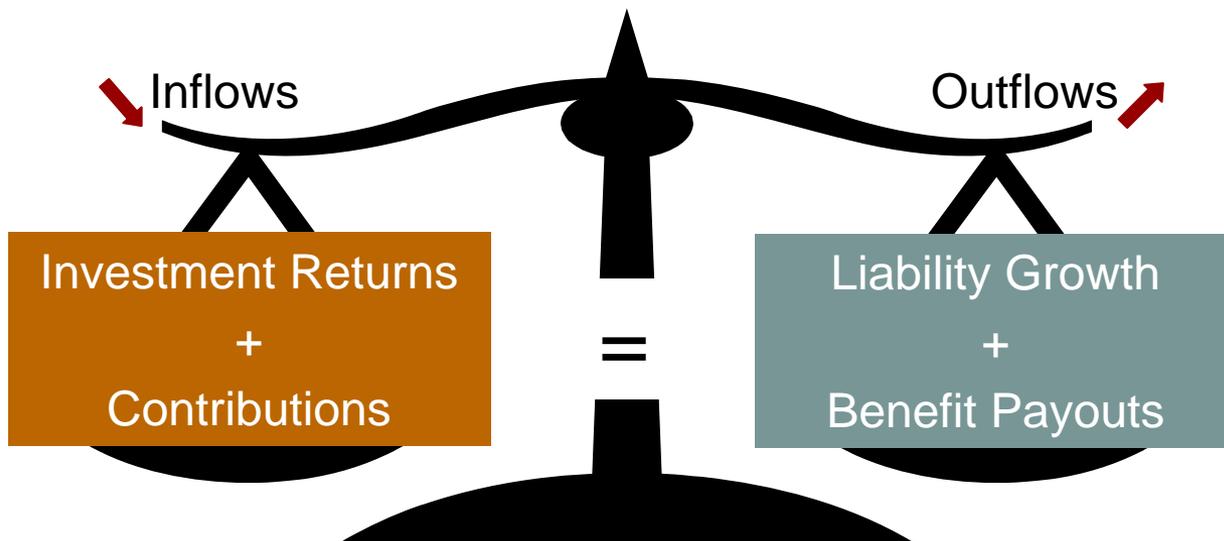
SEI's proven strategic advice process increases the probability of achieving plan goals



Our investment approach aligns investment strategy with pension / postretirement welfare finance



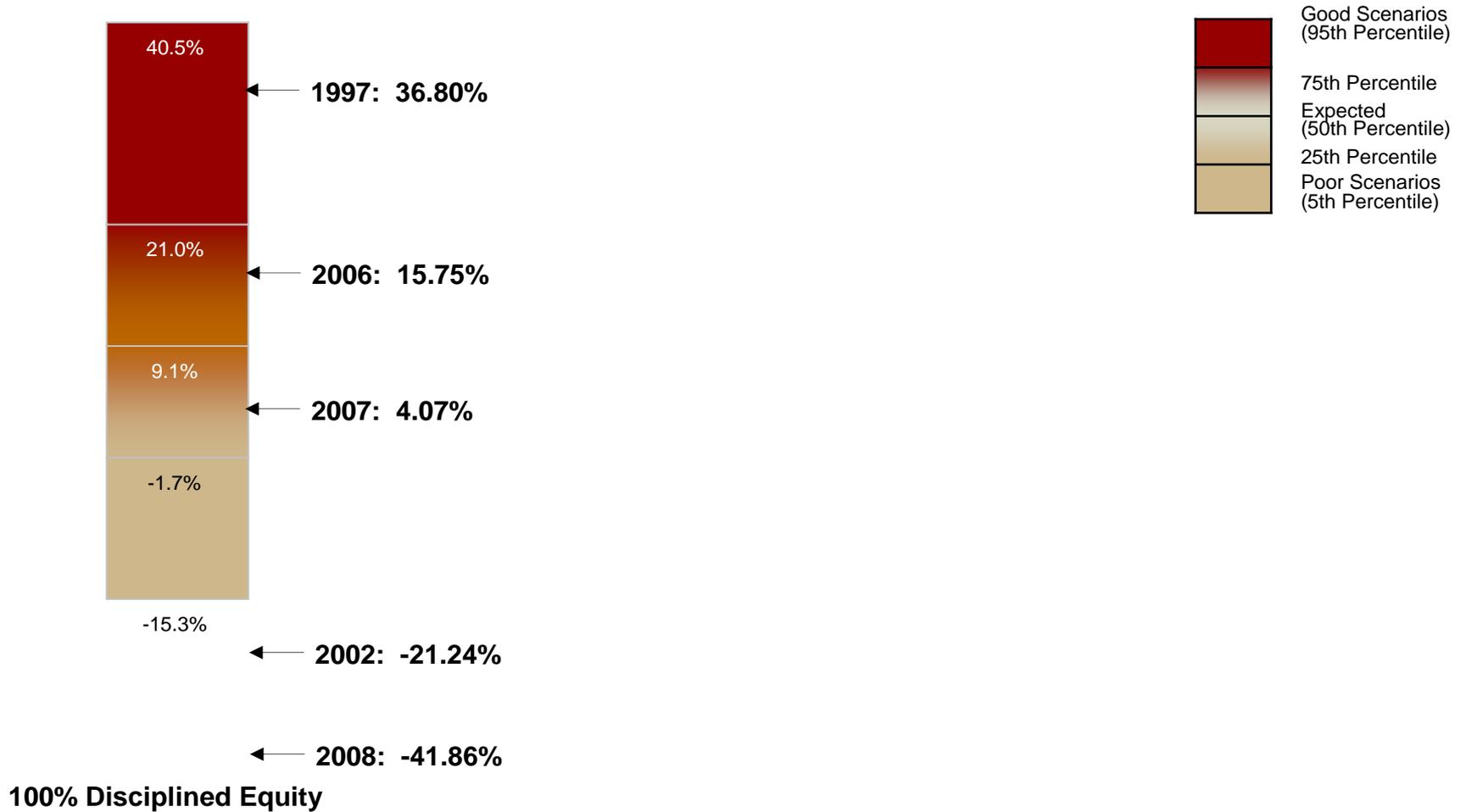
Return enhancement strategies targeted towards a plan's hurdle rate, % inflows required to maintain current funded ratio



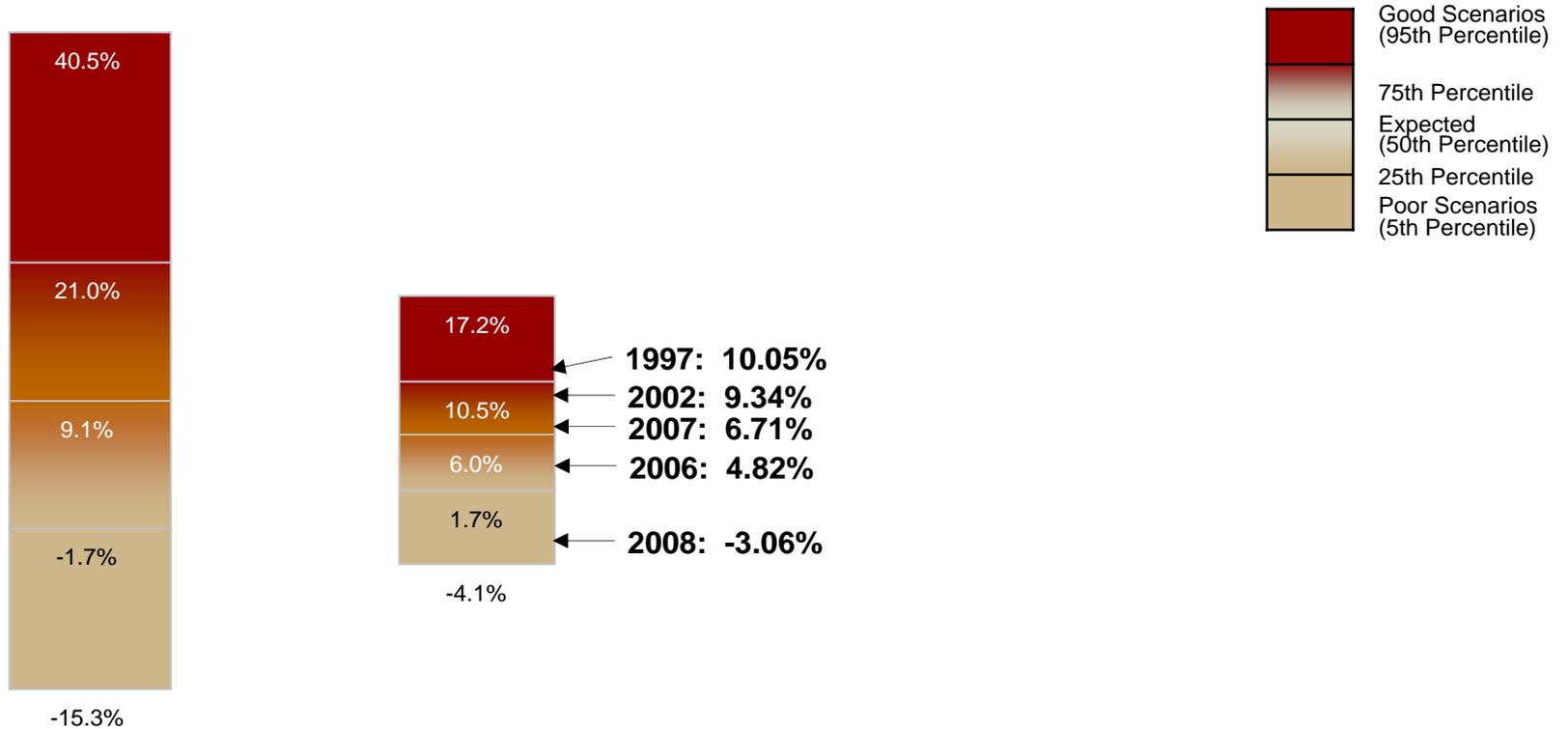
On an annual basis, the funded status calculation is used to measure a company's ability to meet this obligation. In its most basic form, funded status is determined using the formula:

$$\frac{\$ \text{ Plan Assets}}{\$ \text{ Plan Liabilities}}$$

With investing comes risk

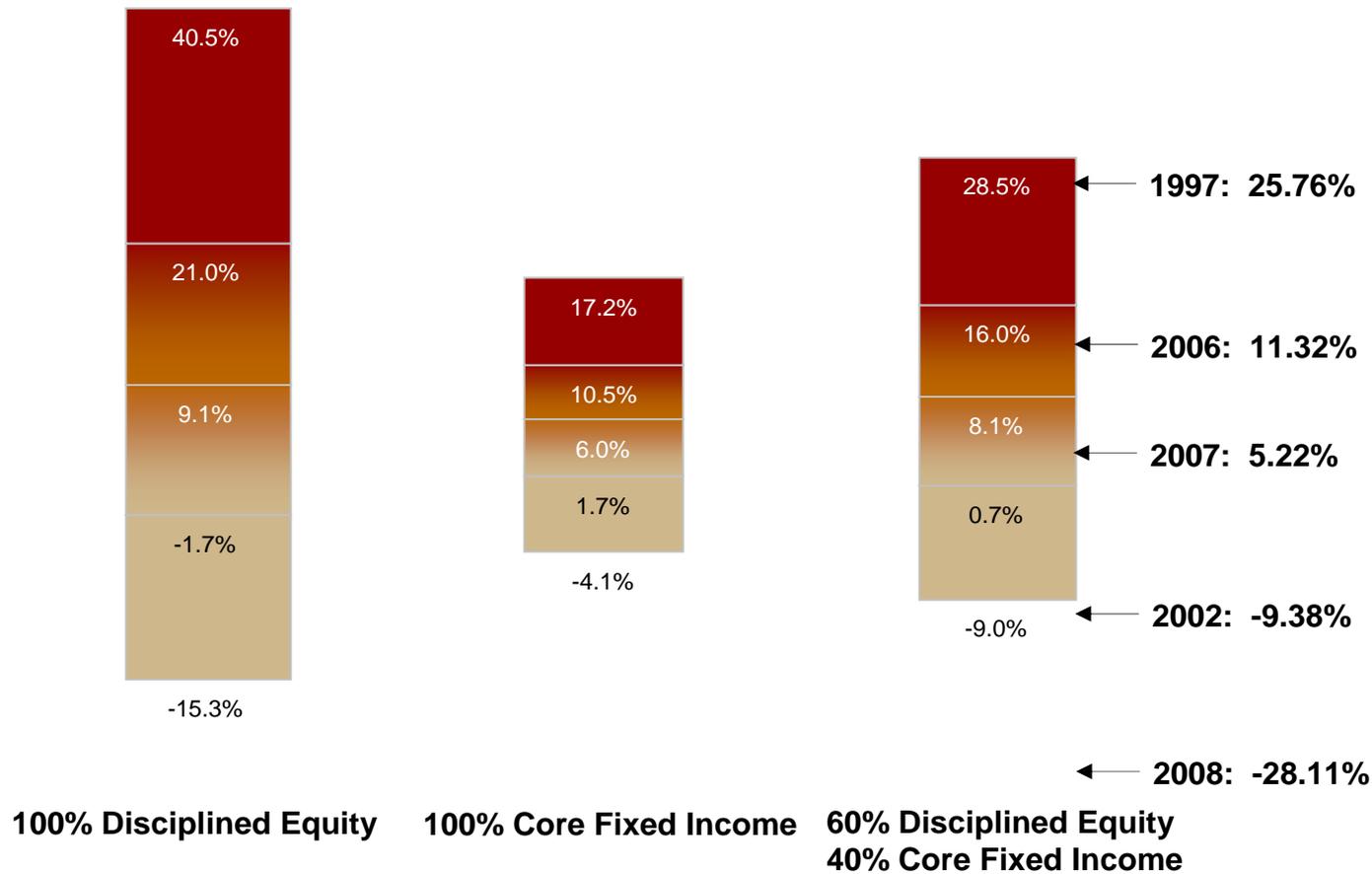
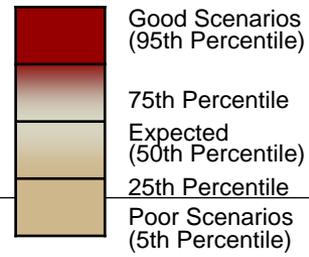


With investing comes risk

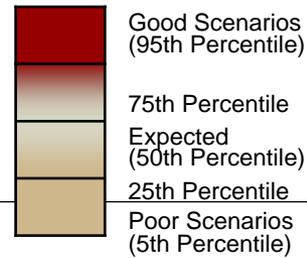


100% Disciplined Equity 100% Core Fixed Income

With investing comes risk



With investing comes risk

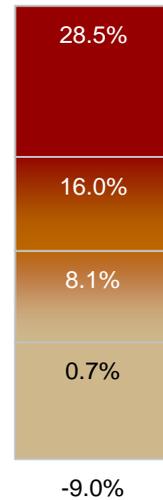


100% Disciplined Equity

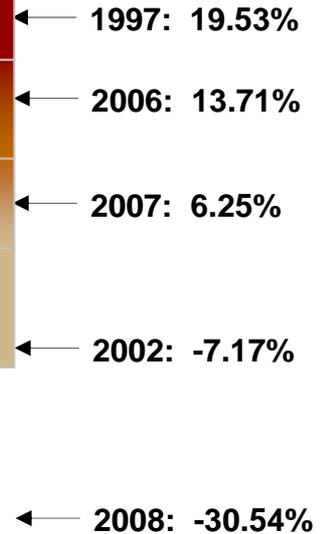
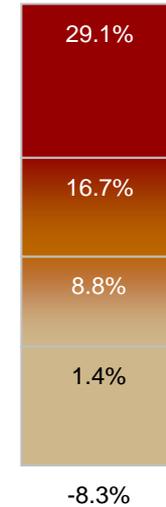
100% Core Fixed Income



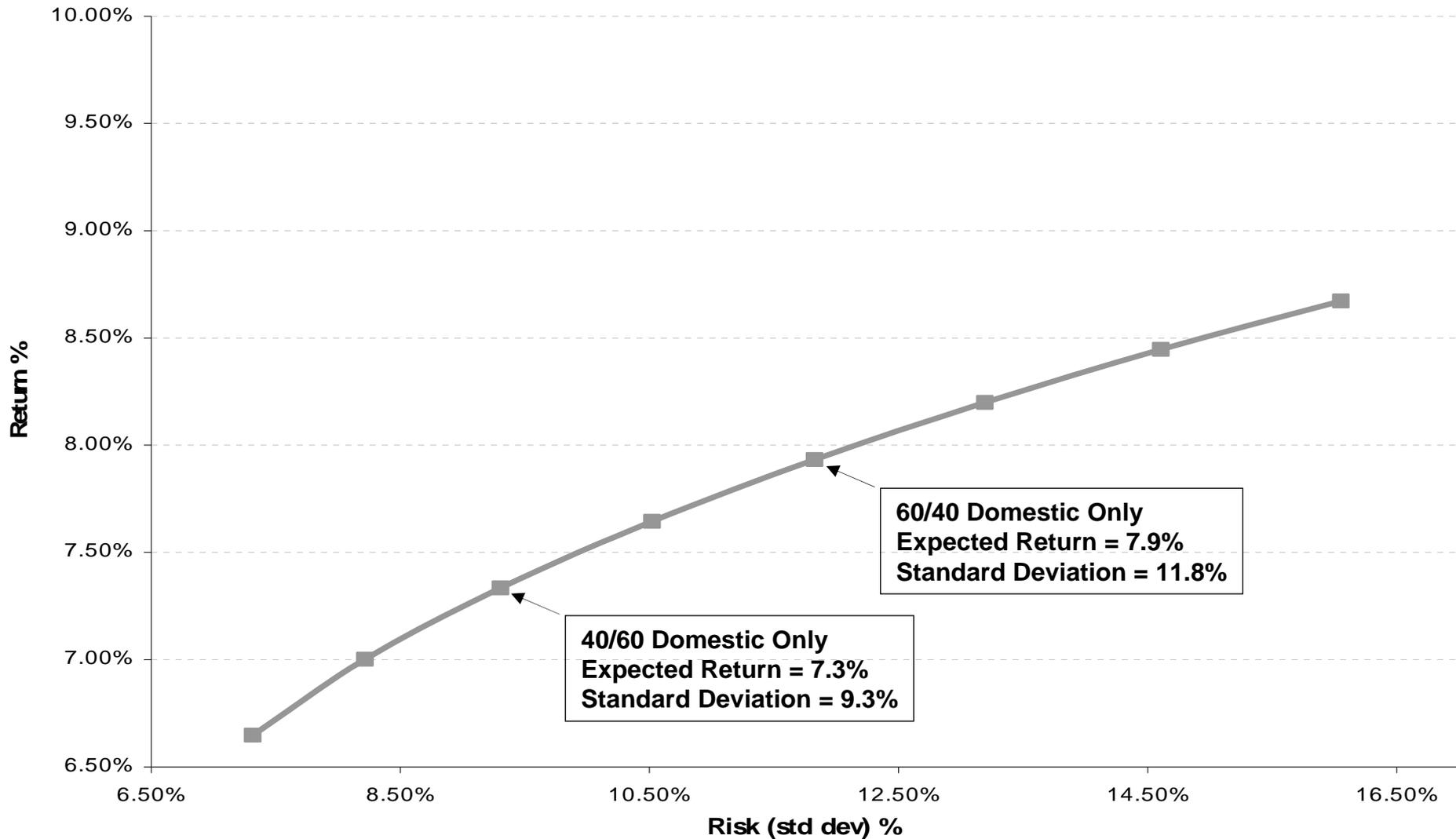
**60% Disciplined Equity
40% Core Fixed Income**



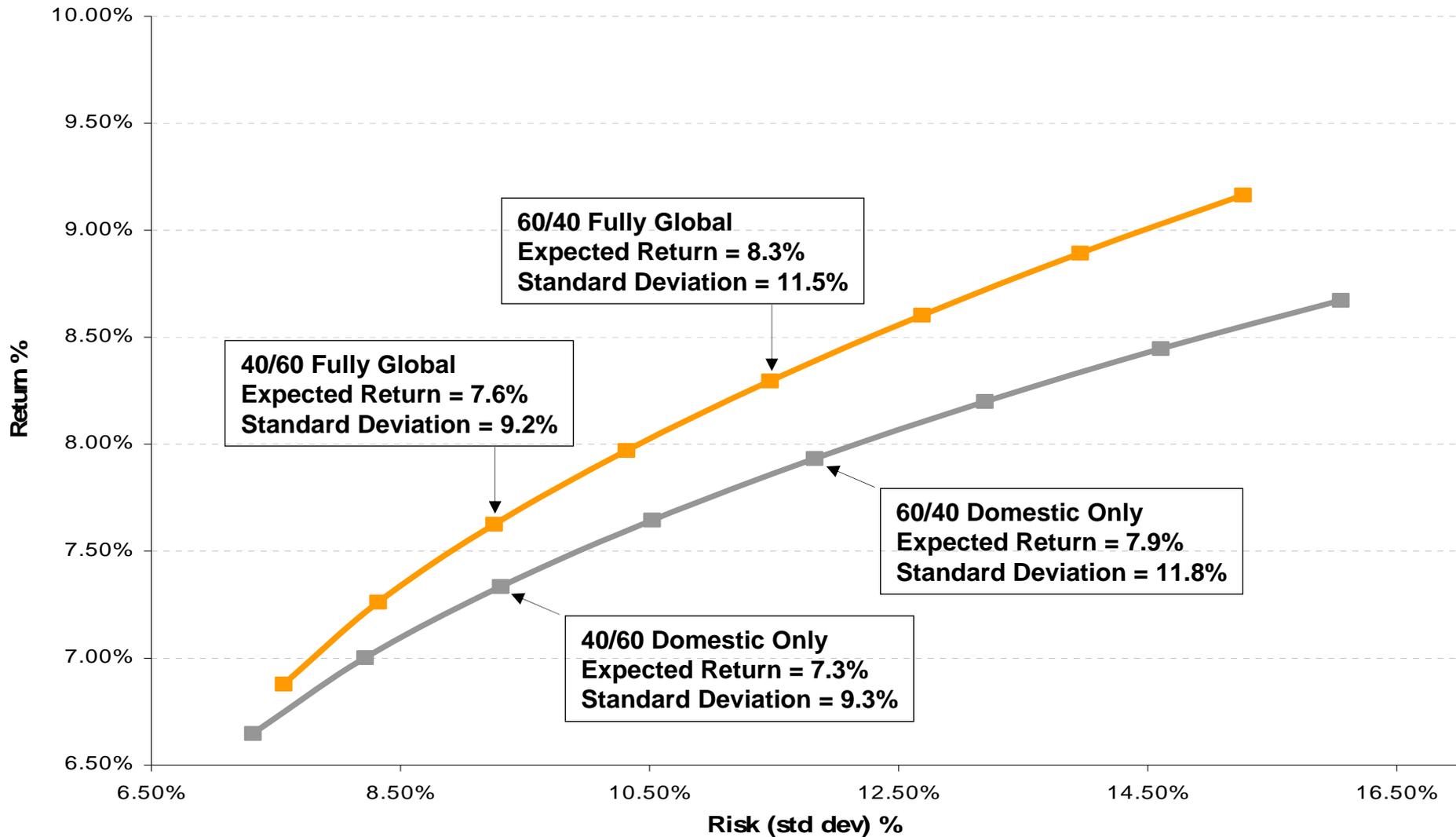
**38% Disciplined Equity
7% Small Mid Cap Equities
15% World Equities ex-US
32% Core Fixed Income
4% High Yield Bonds
4% Emerging Market Debt**



Efficient frontier demonstrates risk/return tradeoff of combining asset classes



Efficient frontiers demonstrate risk/return tradeoff of combining asset classes



Retirement Plan for Employees of
Job Service North Dakota

SEI's findings regarding the Retirement Plan for Employees of Job Service North Dakota

Observation

Implication

Inactively Dominated, Closed Plan

Terminated vested employees and retirees drive 77% of the plan's liability

7.3% Hurdle Rate

Liabilities are increasing at 2.3% while benefit payments are approximately 5.0% of assets; Plan will require at least 7.3% inflows (returns plus contributions) to maintain 100% funded

No 2008 "Scheduled" Contribution

Plan's funded status drives contribution requirements

7/1/2008 Funded Status 107%

Since plan is currently in a surplus position, there is no "scheduled" contribution for the 2008 plan year; If the plan shifts to a deficit position, the "scheduled" contribution will be determined based on funding policy

Implications of “current mix”

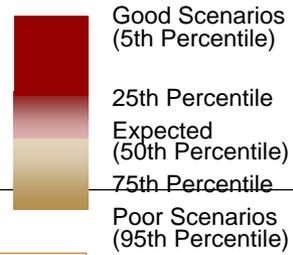
Asset Class	Current
Large Cap Equity	30
Small Cap Equity	5
Ex-US World Equity	5
Core Fixed Income	55
International Fixed Income	5
Total Equity Exposure	40
Total “Return Enhancement”	40
Expected Return	7.1
Standard Deviation	8.8
Risk of Loss (5 th percentile)	-6.4

- **7.3%** target ratio suggest a moderate exposure to “return enhancing” asset classes; **Volatility** management, **surplus** funded position, **demographic** profile and **closed** status of the plan implies downside protection necessary
- Modern portfolio theory suggests increased diversification is optimal to minimize investment volatility
- Considerations:
 - **Optimize portfolio diversification**
 - Consider exposure High Yield Bonds
 - **Determine appropriate risk/return level**
 - Can the plan afford to be more conservative?
 - Should the plan be more aggressive?

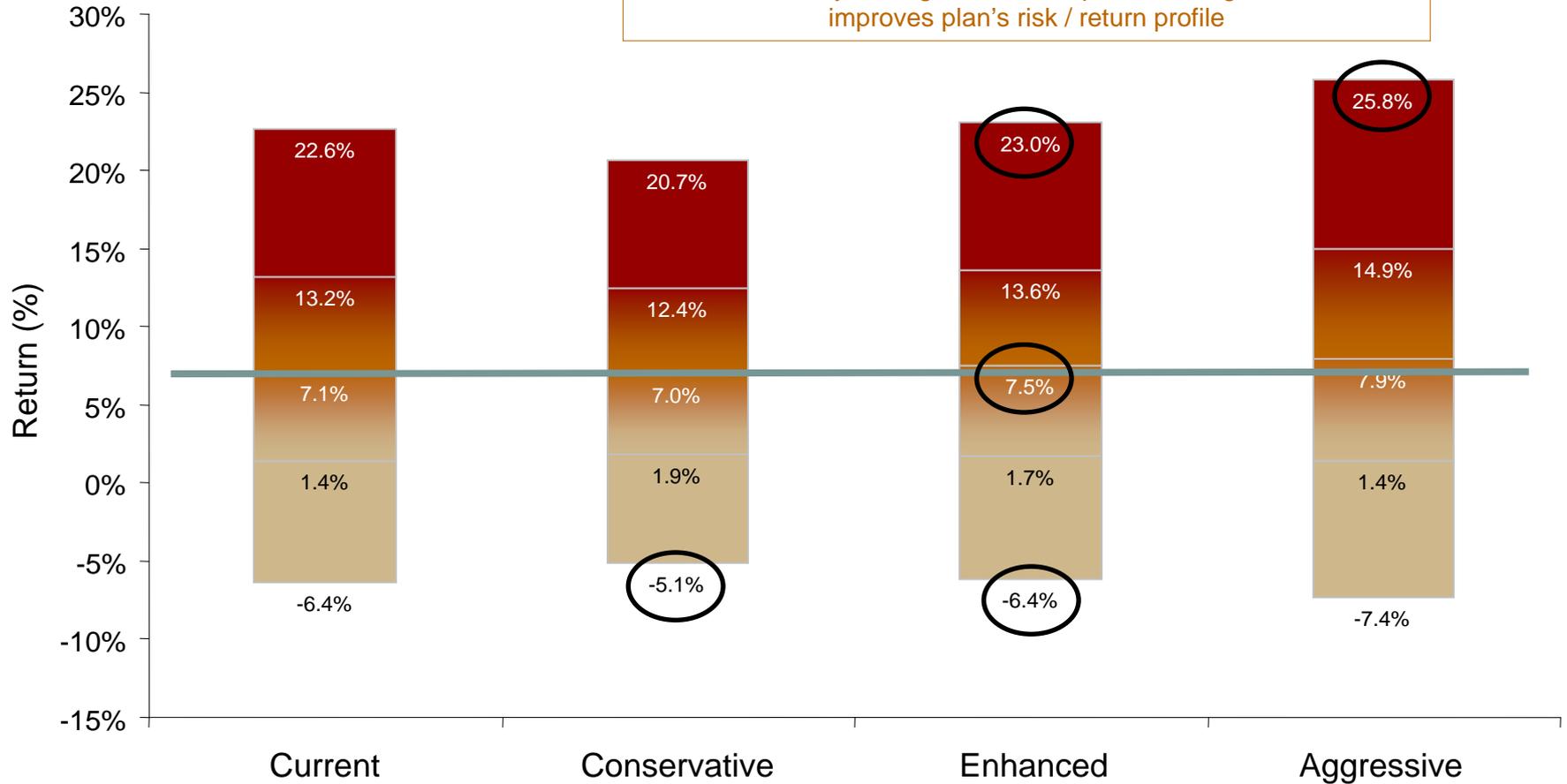
Portfolios considered

Asset Class	Current	Conservative	Enhanced	Aggressive
Large Cap Equity	30	20	25	30
Small Cap Equity	5	4	6	8
Ex-US World Equity	5	6	9	12
Core Fixed Income	55	55	47	38
International Fixed Income	5	5	5	5
High Yield Bonds	-	10	8	7
Total Equity Exposure	40	30	40	50
Total "Return Enhancement"	40	40	48	57
Expected Return	7.1	7.0	7.5	7.9
Standard Deviation	8.8	7.8	8.9	10.1
Risk of Loss (5 th percentile)	-6.4	-5.1	-6.4	-7.4

Distribution of expected annual returns



Optimizing the portfolio and further increasing portfolio diversification by adding a modest exposure to High Yield Bonds improves plan's risk / return profile



Plan's target rate is 7.3%; Plan's rate of return assumption 7.5%

Executive summary

- Objectives were to maintain plan's funded status, minimizing employer contributions without sacrificing the expected portfolio return.

Current Status

- The plan is an inactively dominated, closed plan. As of July 1, 2008, the plan was overfunded.
- There is no 2008 Annual Required Contribution for the plan. Future contribution requirements driven by plan's funded status.
- The target ratio, which includes liability growth as well as benefit payouts as a percentage of assets, is 7.3%.

Recommendations

- Optimize overall equity exposure by strategically allocating exposure between US Large Cap, US Small Cap and International Equity.
- Increase overall portfolio diversification by including exposure to High Yield Bonds, an asset class with historically low correlation to US Equity.
- Revisit asset allocation decision annually, eventually shifting the portfolio to be even more conservative, locking in the increased funded ratio the plan is expected to achieve through any required contributions made to the plan, investment returns and liability matching techniques.

Next Steps

- Revise Investment Management Policy to reflect adopted asset allocation strategy.
- Implement adopted asset allocation strategies based on advice analysis.

SEI's findings regarding the Retiree Health Insurance Credit Fund

Observation

Implication

Actively Dominated, Open Plan

Active members drive 57% of the plan's liability

17.0% Hurdle Rate

Liabilities are increasing at 5.9% while benefit payments are approximately 11.1% of assets; Plan will require at least 17.0% inflows (returns plus contributions) to maintain current funded ratio

2008 Actuarial Contribution Requirement
\$5.8M

Contribution requirement is driven by plan's normal cost, administrative expenses and an amortization of the plan's unfunded actuarial accrued liability

7/1/2008 Funded Status 49%

Unfunded actuarial accrued liability approximately \$45M amortized over 40 years beginning July 1, 1990; 22 years of amortization payments remaining

2008 Benefit Payouts \$4.7M

Benefit payouts paid from the trust therefore creating possible liquidity issues in the future due to plan's low funded status

Implications of “current mix”

Asset Class	Current
Large Cap Equity	35
Small Cap Equity	15
Ex-US World Equity	15
Core Fixed Income	35
Total Equity Exposure	65
Total “Return Enhancement”	65
Expected Return	8.4
Standard Deviation	12.1
Risk of Loss (5 th percentile)	-9.7

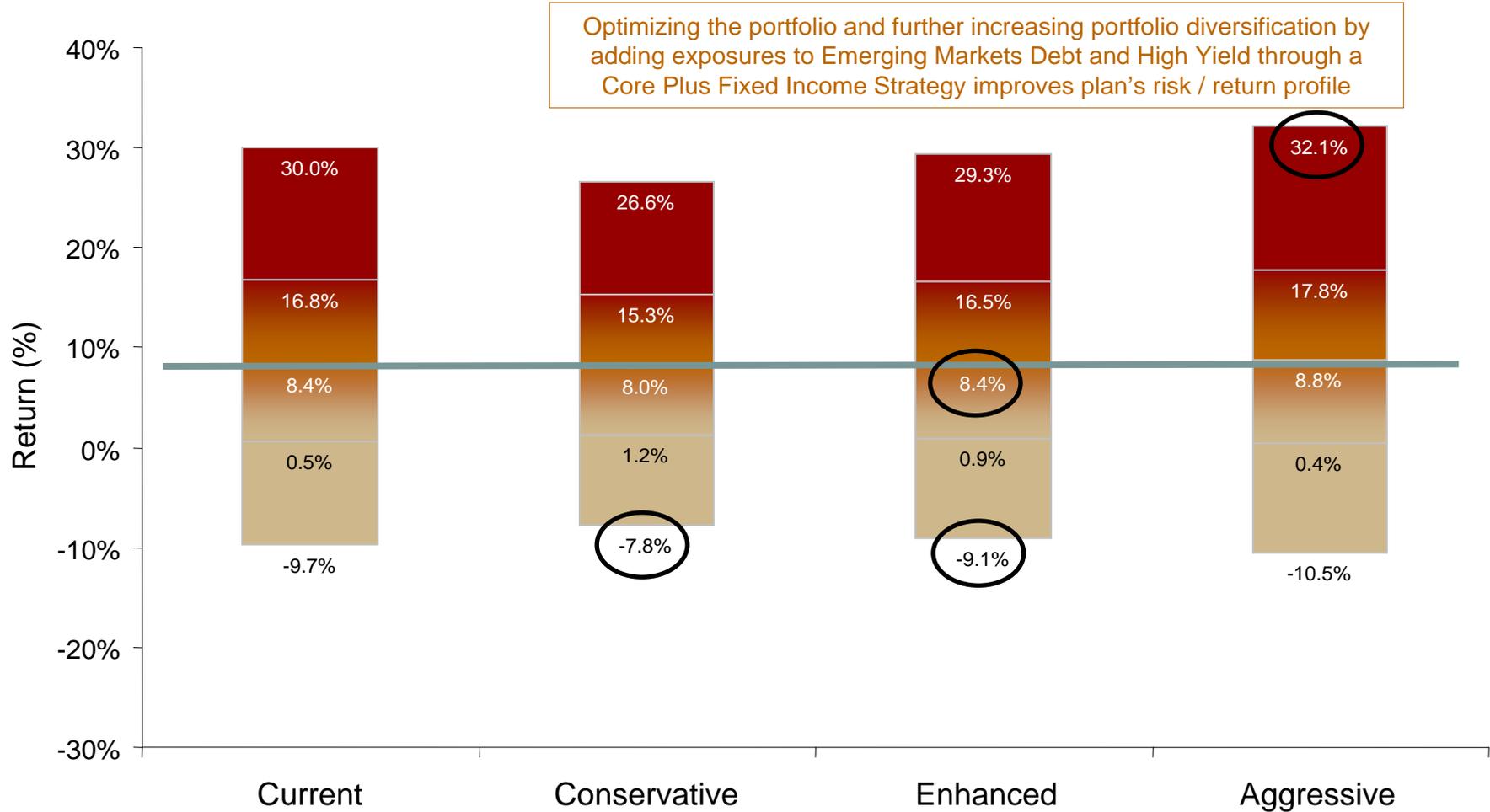
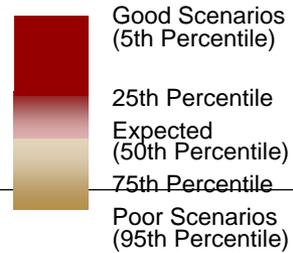
- **17%** target ratio, **deficit** funded position, **demographic** profile, **open** and **ongoing** status of the plan suggest a moderate exposure to “return enhancing” asset classes; **Volatility** management and **liquidity concerns** imply downside protection necessary
- Modern portfolio theory suggests increased diversification is optimal to minimize investment volatility
- Considerations:
 - **Optimize portfolio diversification**
 - Consider exposure to Emerging Markets Debt and High Yield Bonds through a Core Plus Fixed Income Strategy
 - **Determine appropriate risk/return level**
 - Can the plan afford to be more conservative?
 - Should the plan be more aggressive?

Portfolios considered

Asset Class	Current	Conservative	Enhanced	Aggressive
Large Cap Equity	35	30	37	44
Small Cap Equity	15	8	9	10
Ex-US World Equity	15	12	14	16
Core Fixed Income	35	-	-	-
Core Plus Fixed Income ¹	-	50	40	30
Total Equity Exposure	65	50	60	70
Total "Return Enhancement"	65	60	68	76
Expected Return	8.4	8.0	8.4	8.8
Standard Deviation	12.1	10.5	11.7	13.0
Risk of Loss (5 th percentile)	-9.7	-7.8	-9.1	-10.5

¹Core Plus Fixed Income is a strategy comprised of 80% Core Fixed Income, 10% High Yield bonds and 10% Emerging Market Debt

Distribution of expected annual returns



Plan's target rate is 17.0%; Plan's rate of return assumption 8.0%

Executive summary

- Objectives were to increase plan's funded status, minimizing employer contributions without sacrificing the expected portfolio return.

Current Status

- The plan is an actively dominated, open and ongoing plan. As of July 1, 2008, the plan was underfunded.
- The 2008 Actuarial Contribution Requirement is \$5.8M for the plan. Future contribution requirements driven by plan's normal cost, administrative expenses and amortization of plan's underfunded status.
- The target ratio, which includes liability growth as well as benefit payouts as a percentage of assets, is 17.0%.

Recommendations

- Optimize overall equity exposure by strategically allocating exposure between US Large Cap, US Small Cap and International Equity.
- Increase overall portfolio diversification by including exposures to asset classes with historically low correlation to US Equity: High Yield, Emerging Markets Debt through exposure to a Core Plus Fixed Income strategy.
- Revisit asset allocation decision annually, eventually shifting the portfolio to be even more conservative, locking in the increased funded ratio the plan is expected to achieve through any required contributions made to the plan, investment returns and liability matching techniques.

Next Steps

- Revise Investment Management Policy to reflect adopted asset allocation strategy.
- Implement adopted asset allocation strategies based on advice analysis.

Asset class allocations implementations vary depending on plan

Asset Class	Current	Enhanced
Large Cap Equity	30	25
Small Cap Equity	5	6
Ex-US World Equity	5	9
Core Fixed Income	55	47
International Fixed Income	5	5
High Yield Bonds	-	8
Total Equity Exposure	40	40
Total "Return Enhancement"	40	48
Expected Return	7.1	7.5
Standard Deviation	8.8	8.9
Risk of Loss (5 th percentile)	-6.4	-6.4

Job Service Plan:

Funding requirements are driven by plan's funded status. Downside protection is necessary to protect plan against adverse market scenarios which would trigger employer contributions. Demographic profile and closed status of the plan confirms a more conservative asset allocation implementation.

The Enhanced portfolio maintains the same percentage of equity exposure however increases exposure to "return enhancing" asset classes by 8%. Through increased portfolio diversification to asset classes with historically low correlations to each other, expected return of the portfolio increases without additional risk. The Enhanced portfolio is expected to exceed / meet both the plan's target rate of 7.3% and the plan's return on assets assumption of 7.5% in the 50th percentile.

Asset class allocations implementations vary depending on plan

Asset Class	Current	Enhanced
Large Cap Equity	35	37
Small Cap Equity	15	9
Ex-US World Equity	15	14
Core Fixed Income	35	-
Core Plus Fixed Income	-	40
Total Equity Exposure	65	60
Total "Return Enhancement"	65	68
Expected Return	8.4	8.4
Standard Deviation	12.1	11.7
Risk of Loss (5th percentile)	-9.7	-9.1

Retiree Health Plan:

The focus of asset allocation for post-retirement health plans is to meet future benefit payouts and meet plan's return assumption avoiding undesirable accounting impact. The plan's high target rate, current deficit position, actively dominated demographic profile and open and ongoing status of the plan imply a moderate exposure to "return enhancing" asset classes.

The Enhanced portfolio decreases overall equity exposure by 5% however slightly increases exposure to "return enhancing" asset classes by 3%. Through increased portfolio diversification to asset classes with historically low correlations to each other, the expected return of the portfolio is maintained with considerably lower risk. The Enhanced portfolio is expected to exceed the plan's return on assets assumption of 8.0% while working towards the plan's 17.0% hurdle rate.

Implications of the current market environment on “return enhancement” asset allocation decisions

- **The U.S. credit crisis has caused unprecedented levels of market volatility and investor concern.** During times like these, investors may panic and rush to eliminate their market exposure.
- **SEI’s Investment Strategy is focused on maintaining a disciplined approach during good times and bad.** This strategy positions our investors to take advantage of the upheaval and realize the benefits as economic conditions improve.
- **Our solutions are based on the principles of strategic asset allocation rather than tactical asset allocation.** They are based on the principles of diversification and are long-term in nature; therefore, do not attempt to trade into short-term themes. These principles have served our clients well over time and we believe that our diversified approach to active management will continue to serve them well in the future.
- **While we continue to actively adjust our allocation strategies as usual, we are not deviating from our investment philosophy and approach, which has been tested over time and will, in our view, be rewarded in the future.** We look to diversify risk across investment style, investment manager, economic sector and security type.
- **The recommended change in risk/return level of the portfolio is, in our opinion, a move that should be made regardless of the current market environment.** Our equity outlook at this time is “neutral” – meaning that it could improve, or could fall to a lower level. Therefore, we recommend the new model should be adopted even in the current environment.



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@state.nd.us • discovernd.com/NDPERS

Memorandum

TO: NDPERS Board

FROM: Rebecca & Sparb

DATE: March 2, 2009

SUBJECT: **IMPLEMENTATION OF SB 2153 – GRADUATED BENEFIT**

SB 2153 provides for an actuarially equivalent graduated benefit option with either a one percent or a two percent increase to be applied the first day of January of each year of retirement. Section 14 of the bill provides an effective date of March 1, 2011 for this specific provision.

SB 2153 amends sections 39-03.1-11 and 54-52.7 of the North Dakota Century Code. These sections allow for the Board to adopt rules to provide for the receipt of retirement benefits in optional forms. The following outlines staff's recommendations for implementation of the new graduated benefit option. Although the effective date of the option is not until March 1, 2011, we must begin developing the rules for administration into the new business system.

The new provision allows members who are retiring to select the graduated benefit as either a one percent or two percent annual benefit increase. If they make this election, the member's monthly annuity would be actuarially reduced. Members would still be permitted to choose one of the optional forms of payment for their annuity benefit (e.g. the reduced annuity would be paid as a joint and survivor or term certain option). The amount of the reduction will depend on the retiree's age.

Staff recommends that this option be made available to individuals that have met their Normal Retirement Date under their plan. This is similar to the rules that the Board adopted for the implementation of the Partial Lump Sum Option (PLSO) in 2005. Therefore, this option would not be available to early and disabled retirees, surviving spouses, or in combination with the level social security income option. Also, this option would be a once in a life time election made at the time of a member's initial retirement. A retiree may not make an election post retirement. It is further recommended that the option cannot be made in combination with the PLSO or Deferred Normal Retirement Option (DNRO) due to the complexities these options

would pose in calculating a graduated benefit amount. Segal has reviewed these recommendations and does not have concerns with them.

Graduated Benefit Factors:

The Graduated Benefit is an actuarially calculated factor. If the bill passes, NDPERS will contact Segal to prepare the factor tables. Once prepared, they will be brought to the Board for approval.

Staff's Recommendation:

Approve the parameters outlined for the graduated benefit option:

1. Limit the option to members retiring on or after their Normal Retirement Date as set by statute.
2. Exclude disability and early retirees, beneficiaries of deceased members, and level social security income option.
3. Require that the option be a one-time, irrevocable election that is made at the time of the member's retirement.
4. Exclude the benefit in combination with a PLSO or DNRO benefit option.

Unless the Board has any recommendations, the above will be implemented for the development of the new business system and will be added to NDPERS Administrative Rules during the rulemaking process.

Board Action Requested:

Approve staff's recommended parameters for implementation of the graduated benefit as part of SB 2153.



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Public Employees Retirement System**
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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: March 11, 2009
SUBJECT: Retirement Update

I recently asked RIO for an update on our YTD returns and they provided the following (these are through 3/6/09):

PERS	-34.33%
Job Service	-25.34%
Retiree Health	-33.45%

This last November we had Segal provide projections for the retirement plans funded status for the year ending this June 30, 2009 with a worst case scenario of -26% year end return. As the above shows the actual may be greater. Consequently, I have asked Segal to update those projections so we can review them at the Board meeting.



Memo

To: NDPERS Board
From: *BTR* Bryan T. Reinhardt
Date: 2/27/2009
Re: 457 Companion Plan & 401(a) plan 4th Quarter 2008 Reports

Here is the 4th quarter 2008 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 4th quarter report and has no Board action.

Assets in the 401(a) plan decreased to \$12.6 million as of December 31, 2008. This is down about 30% from the same period in 2007. The number of participants is at 296, about the same as when the plan started. The largest fund is the Fidelity Managed Income Portfolio with 18% of the assets.

Assets in the 457 Companion Plan decreased to \$18.4 million as of December 31, 2008. The number of participants is increasing and is now at 2,483. The largest funds are the Fidelity Freedom 2020 Fund (12% of assets) and the Fidelity Managed Income Portfolio and Allianz Small Cap Fund each with 10% of the assets.

Benchmarks:

Fund returns for the quarter were negative except for the stable value fund and the PIMCO Total Return Bond Fund (PTRAX). **Fidelity Equity-Income, Fidelity US Equity Index, Fidelity Dividend Growth, and Fidelity Freedom Funds** were the funds that performed lower than their benchmarks for all periods (QTR, Y-T-D, 1-year, 3-year, and 5-year). Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

Fund / Investment News:

Representatives from SEI attended the Investment Sub-Committee meeting and presented the asset allocation studies for the J.S. and Retiree Health Credit plans. The Sub-Committee decided to have CEM complete a 5-year & 10-year look at the value added vs excess cost of the investments in the pension trust. Fidelity sent a 4th Quarter market perspective with alternative international and large blend funds. The committee will review the international options again next quarter. The Investment Sub-Committee marked **Dividend Growth (FDGFX), Fidelity Equity-Income (FEQIX), and the Fidelity Freedom Funds** as underperforming for the quarter.



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Bismarck, North Dakota 58502-1657

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

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

MEMORANDUM

TO: NDPERS Board
FROM: Jamie Kinsella *Jamie*
DATE: February 18, 2009
SUBJECT: **November 19, 2008 PERS Audit Committee Minutes**

Attached are the approved minutes from the November 19, 2008 meeting. Those who attended the meeting are available to answer any questions you may have.

These minutes may also be viewed on the NDPERS web site at www.nd.gov/ndpers.

The next audit committee meeting is scheduled for May 20, 2009, 10:00 a.m., in the NDPERS Conference Room.

Attachment

-
- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |



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MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: November 24, 2008

SUBJECT: **November 19, 2008 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Leon Heick
Pat Brown
John Mongeon
John Schell

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

I. August 20, 2008 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

A. Internal Audit Quarterly Report – The Internal Audit quarterly report listed all of the projects that are in active status as of October 31, 2008.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor.

During the past year efforts have been made to ensure that management continues to work on these recommendations. As part of this process, staff reviews these recommendations and their progress at the quarterly Loss Control Committee meetings. Ms. Kinsella reported that in the past quarter there were two recommendations completed, progress made on two, and no change for six of the recommendations.

III. Administrative

-
- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | - Judges |
| • Dental | - Highway Patrol | - Prior Service |
| • Vision | - National Guard/Law Enforcement | - Job Service |
| | | • Deferred Compensation Program |
| | | • Long Term Care Program |

- A. Enterprise Risk Management Assessment – Per the business plan, an enterprise risk management assessment is to be conducted on the agency every four years, and 2008 is the year staff was to do this assessment. Due to the number of projects the Internal Audit staff is working on and the time being spent on the PERSLink project, staff recommended postponement of conducting the enterprise risk management assessment to 2012. By general consensus the audit committee approved staff's recommendation.
- B. Internal Audit Annual Audit Plan for 2009 – Included with the audit committee materials was a copy of the Audit Plan for January 1, 2008 through December 31, 2009. An attachment with a progress report on the planned audits listed in the audit plan was also included. This was for information only.
- C. Audit Committee Meeting Date & Time – Ms. Kinsella compiled a schedule of the proposed 2009 audit committee meeting dates and times. The audit committee approved the 2009 meeting schedule.

IV. Miscellaneous

- A. Brady Martz & Associates Audit Presentation – Brady Martz presented their FY 2008 audit report to the audit committee. A copy of the audit report was included in the audit committee materials.
- B. Pharmacy Benefits Manager (PBM) Project – Ms. Kinsella conveyed staff had received information from BCBS but due to the BCBS renewal process and legislative bills, staff had not been able to review the material. Ms. Kinsella indicated it was staff's goal to have this fully initiated during the first quarter of 2009.
- C. Risk Management Report – At the May audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time it was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Deb Knudsen, who oversees the Loss Control Committee, will come to the August meeting each year to update the audit committee on the Loss Control Committee, its purpose, and to answer any questions the audit committee may have. Included with the audit committee materials was a copy of the approved meeting minutes for June 2008 and the agenda for the September 2008 meeting.
- D. PERSLink Quarterly Report – Included with the audit committee minutes was the PERSLink quarterly status report. NDPERS is required to file this report with ITD throughout the duration of the system replacement project. This was for information only.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-

procedures and any non-audit services provided.” Included with the audit committee materials was a copy of the report showing the consulting, investment and administrative fees paid during the quarter ended September 30, 2008.

- F. Continuing Professional Education – Ms. Kinsella indicated she attended the Association of Public Pension Fund Auditors (APPFA) conference in Charleston, South Carolina on November 3-5, 2008. This seminar provided 17 continuing professional education credits. Ms. Kinsella included a list of the topics discussed at the conference in the audit committee materials.
- G. Publications – Included with the audit committee materials were publications and/or articles from the Institute of Internal Auditors.

The meeting adjourned at 11:00 a.m.



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

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

MEMORANDUM

TO: NDPERS Board
FROM: Jamie Kinsella *Jamie*
DATE: February 18, 2009
SUBJECT: Audit Committee Charter Activity Review

The Audit Committee Charter states that it will "17. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services."

To meet this requirement a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. The attached copy of this matrix was provided to the audit committee at their February meeting for review. This is for your information.

-
- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2008

J. Kinsella
 02/9/2009
 11:53 AM

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
1. The audit committee (AC) will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair.	The Board of Directors determines who will serve on the AC when they are assigning committees.	Indicate in AC meeting minutes whenever a new member is appointed.	Whenever there is a change in AC members.	No change in audit committee since 2006.
2. The Board should attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements.	Ascertain that at least one member of the AC is knowledgeable and experienced in financial matters, including the review of financial statements.	Indicate in AC meeting minutes which member of the AC is knowledgeable and experienced in financial matters, including the review of financial statements.	Whenever there is a change in board members.	At the February 20, 2008 audit committee meeting Jon Strinden and Rebecca Dorwart were noted in the minutes as knowledgeable and experienced in financial matters.
3. The AC will meet as often as it determines is appropriate, but not less frequently than quarterly.	Hold meetings at least once each quarter.	Prepare minutes that document decisions made and action steps following meetings and review for approval. Meeting minutes should be filed with the board of directors.	Quarterly, or more often if necessary, but no later than prior to the next meeting.	Meeting minutes for 2/20/08, 5/21/08, 8/20/08, and 11/19/08 were prepared and presented for approval at the next quarterly meeting. These minutes are made available on the NDPERS web site after approval. The approved minutes are filed with the board at the next board meeting.
4. All committee members are expected to attend each meeting, in person or via tele- or video-conference.	Accommodations should be made available to committee members to encourage attendance.	Note in the AC meeting minutes the members who were in attendance at the meeting.	Quarterly, or more often if necessary, but no later than prior to the next meeting.	All AC members were in attendance at each quarterly meeting and are noted in the minutes.
5. The committee periodically will hold individual meetings with management, the internal auditor and the external auditor.	Establish these sessions in conjunction with quarterly meetings or as necessary.	Contact appropriate people to arrange time for meetings.	Annually, or more often if necessary.	An individual meeting with the Internal Auditor was held 5/21/08. The AC did not meet individually with the external auditors or management, but the external auditors presented the audit report to the AC in November 2008.
6. The AC may invite any officer or employee of the agency, the external auditor, the agency's outside counsel, or others to	Establish these sessions in conjunction with quarterly meetings or as necessary	Contact appropriate people to arrange time for meetings.	Annually, or more often if necessary.	The external auditors were invited to present the audit report to the AC in November 2008.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2008

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 02/9/2009
 11:53 AM

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
attend meetings and provide pertinent information.				
7. Meeting agendas will be prepared by the Chief Audit Executive (CAE) and provided in advance to members, along with appropriate briefing materials.	The agendas for meetings should be prepared and provided to members in advance, along with appropriate briefing materials.	Prepare and provide meeting agenda, previous meeting minutes, and appropriate briefing materials to members in advance.	Quarterly, or more often if necessary	Meeting agendas were mailed to the AC on 2/13/08, 5/14/08, 8/13/08, and 11/12/08.
8. Minutes will be kept by a member of the AC or a person designated by the AC.	Designate the appropriate person to keep the minutes of meetings.	Prepare minutes documenting decisions made and future action steps and review for approval at the next meeting.	Quarterly, or following each meeting.	The Internal Audit Manager provides meeting minutes to the administrative assistant to prepare for the next quarterly meeting. These minutes were provided to the AC at the next quarterly meeting. See #3.
9. The AC will: <ul style="list-style-type: none"> • Obtain information and/or training to enhance the committee members' expertise in financial reporting standards and processes so that the committee may adequately oversee financial reporting. • Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements. • Review with management, the external auditors, and the internal auditors the results of the audit, including any difficulties encountered. • Review all significant adjustments proposed by the external financial statement auditor and by the internal 	Provide information related to financial reporting standards and processes to the AC. Bring external auditors to explain new changes to accounting reporting and how they impact NDPERS. Invite the external auditors to present the financial statements upon completion of their audit. Review with management and AC any proposed significant adjustments.	Articles, publications, external auditors, speakers with information regarding changes to accounting rules. Report to the board on issues relating to internal controls, with emphasis on management's ability to override and related monitoring and testing. Submit reports of audit findings and their status at each AC meeting. Audited Financial Statements, including the Independent Auditor's Report, management	Quarterly, or as they become available.	Articles from the Institute of Internal Auditors are provided as they become available. Tone at the Top 12/07, 2/08, 5/08, 8/08, 11/08 publication for management was included in the AC meeting materials. Also provided "A Solid Reporting Line" article from the "In My Opinion section of the 2/07 issue of IIA Internal Auditor at the 5/21/08 meeting. An IIA publication "The Audit Committee: Internal Audit Oversight" was provided at the 11/19/08 meeting. External auditors discussed with the AC significant accounting and reporting issues as they develop. External auditors presented the FY 2008 audit report to the AC in November 2008, and present to the Board in December 2008. External and internal audit findings were presented to the AC at each quarterly meeting with a status update.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2008

J. Kinsella
 02/9/2009
 11:53 AM

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
<p>auditor.</p> <ul style="list-style-type: none"> • Review all significant suggestions for improved financial reporting made by the external financial statement auditor and by the internal auditor. • Review with the General Counsel the status of legal matters that may have an effect on the financial statements. • Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles. • Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing <i>Standards</i>. • Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement. • Review the statement of management responsibility for and the assessment of the effectiveness of the internal control structure and procedures of the organization for financial reporting. Review the attestation on this management assertion by the financial statement auditor as 	<p>Review management letter with management and AC.</p> <p>Bring to the General Counsel's attention any legal matters that may have an effect on the financial statements. AC should ask of management if the annual financial statements are complete.</p> <p>Inquire of management and external auditors if there are any matters required to be communicated to the committee under GAAS. Inquire of management their system of developing interim financial information and if the internal or external auditors were involved.</p> <p>Ascertain that the external auditors provided the statement of management responsibility and review with them. Review key internal controls with the CAE, and understand how these controls will be tested during the year.</p>	<p>Discussion and Analysis, financial Statements, Required Supplementary Information, Supplementary Information, Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, and Special Comments Requested by the Legislative Audit and Fiscal Review Committee.</p>		<p>External auditors provided the statement of management responsibility and reviewed with staff prior to commencement of audit.</p> <p>There were no legal matters relating to financial statements.</p> <p>Staff reviewed the annual statements for completeness, consistency of information and accounting principles.</p> <p>External auditors presented all matters required to be communicated to AC at the November 2008 meeting.</p> <p>A system for interim financial information is not in place at this time.</p> <p>External audit discussed with CAE and management the effectiveness of internal controls.</p>

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Audit Committee Charter Review Matrix
 For Year Ending December 31, 2008

J. Kinsella
 02/9/2009
 11:53 AM

Audit Committee Charter Objective	Steps to Accomplish the Objective	Deliverable	Achieve (Frequency Due Date)	Date Completed
part of the financial statement audit engagement.				
<p>10. The AC will:</p> <ul style="list-style-type: none"> • Obtain information about, training in and an understanding of risk management in order to acquire the knowledge necessary to adequately oversee the risk management process. • Periodically review that the organization has a comprehensive policy on risk management. • Consider the effectiveness of the organization's risk management system, including risks of information technology systems. • Consider the risks of business relationships with significant vendors and consultants. • Review management's reports on management's self-assessment of risks and the mitigations of these risks. • Understand the scope of internal auditor's and external auditor's review of risk management over financial reporting. • Understand the scope of internal auditor's review of risk management over all other processes, and obtain reports on significant findings and recommendations, together with management's responses. • Understand the scope of any 	<p>Provide the AC members with information regarding risk management.</p> <p>Review risk management policy periodically.</p> <p>Create a portfolio that documents the material risks that the agency faces. Update as events occur. Review with management and the CAE periodically to make sure it is up-to-date.</p> <p>Provide AC a summary of results of self-assessment of risks, and how these risks are handled. Provide the AC information on how external and internal audit review risk management over financial reporting. Provide AC a summary of results of self-assessment of risks, and how these risks are handled.</p> <p>Provide the AC an explanation of other</p>	<p>Articles, publications, etc. relating to risk management.</p> <p>Current risk management policy and most recent information relating to risk management. Submit a risk report including mitigation strategies and quantifiable risks and insurance to cover such risks, e.g., loss of business.</p>	<p>Quarterly.</p> <p>As necessary.</p>	<p>Articles, publications, etc. relating to risk management are provided as they become available.</p> <p>It is required by Risk Management of OMB to have a Loss Control Committee. The Chairperson presented an overview of the committee at the August 2008 meeting. This will be done every year in August, providing an update annually. In addition, quarterly agendas and minutes of the Loss Control Committee will be provided to the Audit Committee.</p> <p>Enterprise Risk Management assessment questionnaires will be developed with management's input. This assessment is conducted once every four years. The next scheduled assessment is 2008. This was postponed to 2012 due to the PERSLink project taking up Internal Audit's time.</p> <p>The NDPERS self- assessment questionnaire is developed and in use specifically for benefit programs, business processes and accounting functions. This assessment is conducted every two years, following the legislative session, to include any legislative changes to the programs</p>

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other external auditor's or consultant's review of risk management. <ul style="list-style-type: none"> • Hire outside experts and consultants in risk management as necessary subject to full board approval. 	external auditor's review of risk management. Develop a request for proposal if an outside expert is deemed necessary.			as part of the assessment process. In addition to the above risk assessments, a separate assessment is made at the beginning of each audit, to ensure the audit focus is on high risk areas.
11. The AC will: <ul style="list-style-type: none"> • Obtain information about, training in and an understanding of internal control in order to acquire the knowledge necessary to adequately oversee the internal control process. • Ensure that the organization has a comprehensive policy on internal control and compliance. • Review periodically the policy on ethics, code of conduct and fraud policy. • Consider the effectiveness of the organization's internal control system, including information technology security and control. • Consider any internal controls required because of business relationships with significant vendors and consultants. • Understand the scope of internal auditor's and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses. • Understand the scope of 	Provide the AC members with information regarding internal control process. Review periodically the policy on internal controls, ethics, code of conduct and fraud. Review the reports of the internal audit team for all audits completed since the prior AC meeting. Review key internal controls with the CAE, and understand how these controls will be tested during the year. Review with the CAE the plans for audits of other elements of the control environment. Determine that all internal	Report to the board on issues relating to internal controls, with emphasis on management's ability to override and related monitoring and testing.	Quarterly. Update on anything new, or any changes to the internal control system, at every meeting.	Information relating to internal control is provided as they become available. Internal periodic reviews on ethics, code of conduct and fraud have not been conducted consistently. These issues are addressed during the benefit programs, business processes, accounting functions and enterprise risk management assessments. Internal controls are reviewed as part of each audit project and/or special examinations. External auditors conduct a review of internal accounting controls annually. There have been no areas of concern as a result of these reviews. Internal audit includes a review of

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<p>internal auditor's review of internal control over all other processes, and obtain reports on significant findings and recommendations, together with management's responses.</p> <ul style="list-style-type: none"> • Review the role of the internal auditor's involvement in the corporate governance process, including corporate governance documentation and training. • Periodically review contracts with external service providers which should contain appropriate record-keeping and audit language. 	<p>control weaknesses are quantified, reviewed, and addressed.</p> <p>Review these plans with the independent auditor to understand their scope with respect to key controls</p>			<p>internal controls as part of each audit and/or special examinations.</p> <p>At this time the role is to assist in the development of the enterprise risk management questionnaire. The results will be summarized into a report, and this will discuss corporate governance.</p> <p>System is not in place to review contracts specifically for appropriate record-keeping and audit language with the exception of BCBS. BCBS's contracts are examined as part of determining what should be verified upon reconciling their reports.</p>
<p>12. The AC will:</p> <ul style="list-style-type: none"> • Obtain the information and training needed to enhance the committee members' understanding of the role of internal audits so that the committee may adequately oversee the internal audit function. • Oversee the selection process for the Chief Audit Executive. • Assure and maintain, through the organizational structure of the organization and by other means, the independence of the internal audit process. • Review any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required 	<p>Review reports of all internal auditors from the preceding 12 months and planned for the upcoming six months along with the status of each planned audit.</p> <p>Hold special meetings as necessary to address appointment, reassignment, or dismissal of CAE.</p>	<p>Report on the status of all current internal audits and audits planned for the next quarter and/or year.</p> <p>Report to the full board on the performance of the CAE including the effectiveness of the internal audit function.</p>	<p>Review at each meeting.</p> <p>Conduct ongoing reviews, as changes can be made at any time during the year.</p>	<p>An updated quarterly status report is provided to the AC at each meeting.</p> <p>No change in internal auditors this period. Special meetings have not been necessary. No change in reporting structure this period. Structure is in accordance with best practices.</p> <p>No difficulties encountered.</p>

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<p>information</p> <ul style="list-style-type: none"> • Review with management and the Chief Audit Executive the charter, objectives, plans, activities, staffing, budget, qualifications, and organizational structure of the internal audit function. • Receive and review all internal audit reports and management letters. • Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations. <ul style="list-style-type: none"> • Receive periodic notices of advisory and consulting activities by internal auditors. • Review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive. • Review the performance of the Chief Audit Executive periodically. <ul style="list-style-type: none"> • Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' <i>Standards for the Professional Practice of Internal Auditing</i>. 	<p>Discuss internal audit division's budget and staffing with CAE.</p> <p>Maintain workload project management worksheet, audit recommendation worksheets Review and discuss the findings for each audit completed since the prior meeting, and management's response to the report.</p> <p>Meet periodically with other members of executive management and the external auditors to discuss the performance of CAE.</p> <p>Discuss internal audit's compliance with IIA Standards, including the requirement for a peer review once every five years.</p> <p>Review the internal audit charter periodically.</p>	<p>Internal Audit Activities Report Audit Recommendation Report Annual Internal Audit Report</p> <p>Performance evaluation worksheet</p> <p>Quality Assurance Review report</p>	<p>Quarterly Quarterly Annually</p> <p>As needed As needed</p> <p>Annually</p> <p>QAR every five years. Annual Internal Audit report</p>	<p>A revised Internal Audit Charter was approved by the Board 9/18/2008. No changes were made since.</p> <p>The Internal Audit Activities report is presented at each audit committee meeting. A report of all audit recommendations is provided to the AC quarterly, with a progress update for each audit. An annual report of the Internal Audit Division was presented in February 2008.</p> <p>A quarterly report of audit activities is provided to the AC, which includes advisory and consulting activities. No change in internal audit staff this year.</p> <p>A performance review is written by the Executive Director and approved by the AC. Nothing is reported to the full board at this time.</p> <p>A Quality Assurance Review was not completed for 2008 to review the effectiveness of the internal audit function. AC approved delaying this process to 2012 due to the PERSLink project.</p>

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<ul style="list-style-type: none"> • On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately (subject to open meeting laws). • Designate the Chief Audit Executive as the lead coordinator for handling all matters related to audits, examinations, investigations or inquiries of the State Auditor and other appropriate State or Federal agencies. 	<p>Assess the appropriateness of each point in the charter from past experience (since the last review). Assess the completeness of the charter against new best practices and new legal or regulatory requirement.</p> <p>The AC chair should be available if any unforeseen issues arise between meetings relating to the CAE.</p> <p>Discuss job satisfaction and other employment issues with the CAE.</p>	<p>Internal Audit Charter</p>	<p>Annually</p> <p>Periodically</p>	<p>Private meeting with the Internal Audit Manager was held in February 2008.</p> <p>Internal Audit Charter was reviewed and noted in the February minutes that no changes were necessary.</p> <p>AC Chair is available at all times if needed.</p> <p>The Internal Audit Division is the primary contact for the external auditors, and coordinated all matters relating to the 2008 financial audits.</p>
<p>13. The AC will:</p> <ul style="list-style-type: none"> • Obtain the information and training needed to enhance the committee members' understanding of the purpose of the financial statements audit and the role of external financial statement auditor so that the committee may adequately oversee the financial statement audit function. • Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit. • Review the performance of the external financial statement 	<p>Provide information and/or training.</p> <p>Meet with independent audit partner, the controller and CAE to discuss scope of the previous year's audit, and lessons learned. Later, discuss planned scope for audit of current year.</p> <p>Provide input on the external audit performance</p>	<p>Document the meeting in the AC meeting minutes.</p>	<p>Meet with new audit firm at the beginning of a new contract to review the scope of the upcoming audit; discuss audit results, lessons learned and scope for current year at the exit conference.</p> <p>As requested</p> <p>Every three years</p>	<p>The contract is for a 3 year period; therefore a meeting will be held when the new contract commences for the 2009 financial audit.</p> <p>Nothing to review at this time.</p> <p>No comments were requested by the State Auditor's Office.</p>

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<p>audit firm, and review the State Auditor's recommendation for the final approval on the request for proposal for, and the appointment, retention or discharge of the audit firm. Obtain input from the Chief Audit Executive, management and other parties as appropriate.</p> <ul style="list-style-type: none"> • Review the independence of the external financial statement audit firm by obtaining statements from the auditors on relationships between the audit firm and the organization, including any non-audit services, and discussing these relationships with the audit firm. Obtain from management a listing of all services provided by the external audit firm. Obtain information from the Chief Audit Executive and other sources as necessary. • Review the audited financial statements, associated management letter, attestation on the effectiveness of the internal control structure and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements. • Review all other reports and communications made by the external financial statement auditor. 	<p>to the State Auditor's Office.</p> <p>Provide input to the State Auditors Office on the request for proposal for the appointment of the next audit firm.</p> <p>Obtain from external audit firm and/or management any documentation of any activity or issues between the audit firm and organization if information should be provided to the AC.</p> <p>Review at the exit conference with management, and again with the AC.</p> <p>Review as needed.</p>			<p>This was not an issue for 2008.</p> <p>External audit firm will present the financial statements and associated reports to the AC in November.</p> <p>No reports to review.</p>

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<p>external auditors.</p> <ul style="list-style-type: none"> • Review the performance of the other external audit firm(s), • Review the scope all services to be performed by the other external auditor. • Review the reports of the audits and/or agreed-upon-procedures. • Provide a forum for follow up of findings from the audit reports or agreed-upon-procedures. • Meet separately with the other external audit firm(s) on a regular basis to discuss any matters that the committee or staff of the audit firm(s) believes should be discussed • Review a report of all costs of and payments to other external audit firm(s). The listing should separately disclose the costs of any audit, other attest projects, agreed-upon-procedures and any non-audit services provided. 	<p>Later, discuss planned scope for audit of current year.</p>			
<p>15. The AC will:</p> <ul style="list-style-type: none"> • Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance. • Review the findings of any examinations by regulatory agencies, and any auditor observations, including 	<p>Review the reports of compliance with laws and regulations.</p> <p>Discuss compliance issues and resolutions.</p>	<p>Record discussion and any action steps in the AC meeting minutes.</p>	<p>Review as necessary.</p>	<p>Compliance with laws and regulations are reviewed for each specific audit by both the external auditors and internal auditors. Any concerns will be brought before management, the AC and/or board as necessary.</p>

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<p>investigations of misconduct and fraud.</p> <ul style="list-style-type: none"> • Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to organization personnel, and for monitoring compliance therewith. • Obtain regular updates from management and organization legal counsel regarding compliance matters. • Monitor changes and proposed changes in laws, regulations and rules affecting the organization. 	<p>Require staff to sign off on ethics/code of conduct and fraud policy annually during their performance reviews.</p> <p>Report to AC as necessary.</p> <p>Report to AC as needed.</p>	<p>Review signed form stating the employee read the policies.</p> <p>Report to AC at meeting, if matters arise.</p> <p>Report to AC of changes in laws, regulations and rules.</p>	<p>Annually.</p> <p>As they occur.</p> <p>As they occur.</p>	<p>An audit was not conducted on Human Resources this year due to shortage of staff. Therefore this process was not reviewed.</p> <p>There were no compliance matters this year to report.</p> <p>During legislative years changes in laws, regulations and rules were monitored by management and reported to the board, but not to the Audit Committee. Rules are currently going through the proper process for changes. This information should be provided to the AC since there is one member not on the board. The information on the rule changes will be provided at the November meeting.</p>
<p>16. The AC will:</p> <ul style="list-style-type: none"> • Institute and oversee special investigations as needed. • Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control to the AC. 	<p>Review procedures with CAE and the general counsel.</p> <p>Review all complaints that have been received and the status of resolution.</p> <p>Ensure proper steps are taken to investigate and resolve complaints timely.</p>	<p>Review an original of each complaint received, no matter the media used to submit. Discuss the status or resolution of each complaint.</p> <p>Review a cumulative list of complaints submitted to date to review for patterns or other observations.</p>	<p>Review at each meeting.</p>	<p>None during 2008.</p>
<p>17. The AC will:</p> <ul style="list-style-type: none"> • Regularly report to the Board of Directors about all committee activities, issues, and related 	<p>Submit AC meeting minutes to the board after AC approval.</p>	<p>Submit AC meeting minutes after AC approval to the board for their next meeting.</p>	<p>Following each AC meeting provide the approved AC minutes</p>	<p>Copies of the AC minutes are provided to the board after the AC's approval of the minutes.</p>

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<p>recommendations.</p> <ul style="list-style-type: none"> • Perform other activities related to this charter as requested by the Board of Directors, and report to the Board • Provide an open avenue of communication between internal audit, the external financial statement auditors, other external auditors, management and the Board of Directors. • Review any other reports that the organization issues that relates to AC responsibilities. • Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services. • Review and assess the adequacy of the committee charter periodically, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation. 	<p>Have at minimum annual meeting with internal auditor, external auditor, management, and Board of Directors to discuss issues.</p> <p>Utilize a matrix to determine if all responsibilities outlined in the charter are carried out.</p> <p>Review charter periodically. Assess the suitability of each point in the charter based on past experiences (since the last review). Evaluate completeness of the charter against best practices and legal or regulatory requirements. Revise charter as needed and obtain AC and Board approval for changes.</p>	<p>An AC Charter review matrix will be updated each year and presented to the AC to present a report to the Board for approval.</p> <p>Report to the board on the appropriateness of the AC charter and any revisions recommended.</p>	<p>to the Administrative Services Manager to include in the next board meeting materials.</p> <p>Annually.</p> <p>As needed.</p>	<p>An annual meeting was held with the Internal Audit Manager in 2/2008. The external auditors provided an overview of the financial statements during the November 2008 meeting.</p> <p>An updated AC review matrix was provided to the AC at the November 2007 meeting. The AC spent the earlier part of 2008 implementing changes to meet the requirements, and subsequently made a change to the AC charter. No other review was conducted in 2008.</p> <p>AC Charter was reviewed, updated, and approved by the board September 2008.</p>



**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: March 11, 2009
SUBJECT: Agency Business Plan

Attached please find the business plan for PERS for 2009. This document is used to guide our business processes during the year and serves as a focal point for our management discussions. If there are items that you would like to suggest for inclusion, please let me know.

While the business system replacement project is noted in the attached, please note that continues to require a significant level of effort in the agency.

If you have any suggestions for addition to the plan, please let me know.



North Dakota Public Employees Retirement System 2009 Business Plan

Agency Driver and Philosophy

Driver

Provide an employee benefit package that is among the best available from public and private employers in the upper midwest.

Philosophy

- Exercise prudent risk taking.
- Administer the law effectively, efficiently and fairly.
- Operate at the highest ethical and professional standards.
- Provide the highest quality services and benefit programs.

DEFINED BENEFIT HYBRID PLAN

Goals and Objectives

1. The goal of NDPERS is to enable career employees to care for themselves and their dependents at retirement and to provide a plan that will reduce personnel turnover and encourage career employment to high grade men and women.
2. The goal of NDPERS is to establish a mechanism to insure that career employees can care for themselves and their dependents in retirement by maintaining the purchasing power of current retirement benefits.
3. In order to improve the desirability of state and political subdivision employment the goal of NDPERS is to develop more options on how a member could access, contribute to, supplement, and draw their retirement funds.
4. In order to insure that members will be better able to care for themselves and their dependents in retirement and to improve the desirability of state and political subdivision employment the goal of NDPERS is to provide incentives and rewards to members who engage in supplemental retirement savings.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Begin benefits planning process for retirement plan in 2009. 2. Prepare and submit legislation to PERS Board. 3. Work with consultants to do technical and actuarial analysis at request of Board or legislative committees in preparation for 2011 session. 4. Initiate renewal process for disability consulting services. 5. Confer with Highway Patrol administration to determine indexing rate and submit to Board. 6. Revise administrative rules and provide to BPR division by designated date. 		<ol style="list-style-type: none"> 1. 4/1/10 2. 2/2010 3. 4/1/10 4. 5/1/09 5. 9/1/09 6. Pending notification of

Projects	Progress	Due Date
13. Meet with Employee Benefits representatives to gather input for future legislation, including ad hoc employee benefits group, Judges, Air National Guard, Highway Patrol and retiree benefits committee. January 2008		10/2009

HEALTH PLAN

Goals and Objectives

1. The goal of the health program is to provide understandable options at affordable premiums which protect public employees and their families from excessive medical expense.
2. Promote positive competition through PERS or group purchasing initiatives with providers who emphasize and practice the principles of continuous quality improvement.
3. To develop and maintain an information data base on quality and costs.
4. To provide information and assistance in community, legislative and national matters related to health care services.
5. To consider modifications and improvements to the benefit plan design that can be accomplished within the constraint of available funding.
6. The goal of the Group Medical Insurance Program is to encourage healthy lifestyles and preventative attitudes in an effective and cost efficient manner.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. To maintain the PPO and monitor expansion of the PPO program in 2009 and report number of new additions to the network to Board annually. 2. To investigate the feasibility of providing a flu shot program (fall 2009) 3. To work with the Employee Council on an annual wellness day at the Capital (fall 2009) 4. Coordinate with BCBS to update Master Contract, SPD, and Administrative Services Agreement in conjunction with 7/1/09 renewal. <ol style="list-style-type: none"> a. Notices to participants outlining plan changes 5. Begin Benefits Planning for health plan RFP process for plan effective date of 7/1/2011. 6. Monitor and promote smoking cessation program for state employees. <ol style="list-style-type: none"> a. Subject to approved funding by the legislature, update BCBS contract for 2009-2011 biennium b. Continue to promote program through various communication efforts to include home mailings, email messages and newsletter articles. 7. Monitor implications of MedicareBlue PDP plan on PERS retiree health plan. 8. Renewal of Medicare Blue Rx master contract with BCBS. 9. Initiate RFP process for group insurance consultant (current GBS). 10. Provide notice of rate increase to participating employers and direct 	Subject to participation by Center for Family Medicine (UND).	2/2009 Board Oct-Nov 2009 Pending confirmation of date from COSE 7/1/2011 Fall 2009 June 2009 Based on schedule approved by PERS & BCBS 12/2009 7/1/09 Week of 5/18

Projects	Progress	Due Date
<p>billed and ACH participants prior to July 1, 2009.</p> <p>11. Provider notice of rate increase to all members on Medicare prior to July 1, 2009.</p> <p>12. To continue to promote application process for Wellness Benefit Program funding for agency based on-site wellness programs (ongoing).</p> <ul style="list-style-type: none"> a. Coordinate with committee for evaluation of applications. b. Communicate status of application to employers for 2009-10 FY. c. Verify and submit program expenses for reimbursement. d. Track program statistics regarding number of programs approved and dollars reimbursed and report to board on quarterly basis. <p>13. Monitor and evaluate wellness initiatives for Employer Based Wellness Program at agency & participating sub level in conjunction with premium incentive policy.</p> <ul style="list-style-type: none"> a. Correspond with all participating employers regarding program and application process for 2009. b. Review and verify applications in conjunction with premium incentive policy and notify employers of application status. c. Report status of participating employers to Board. <p>14. Continue dialog with BCBS, Retiree Group, and plan consultants to study feasibility of bidding the medical and Rx coverage separately for Medicare Rx coverage. (SB 2045)</p> <p>15. Continue to monitor and promote the collaborative drug therapy program for individuals with diabetes and periodically report to Board.</p> <ul style="list-style-type: none"> a. Coordinate with ND Pharmacy Service to renew contract for program. b. Communication of program to members 	<p>Procedure may change due to request of Board.</p> <p>a – b. Information for 2009 FY was sent to all participating employers in December 2008; response deadline is 2/29/09.</p>	<p>Week of 5/18</p>
<p>16. Review proposal by Heart of American Health Plan to continue services in the Rugby Service Area.</p> <ul style="list-style-type: none"> a. Review rate methodology for Heart of America. <p>17. Report outcome of Minute Clinic project to Board</p> <p>18. Identify and document items for P3 Methodology project in conjunction with use case scenarios as defined by the PERSLink project.</p> <ul style="list-style-type: none"> a. Enrollment b. Leave of Absence c. Position Employment Changes 	<p>a-e: Completed and saved to Sharepoint</p>	<p>7/1/09</p> <p>April 2009</p> <p>2/2009</p>

Projects	Progress	Due Date
<ul style="list-style-type: none"> d. Dependent Maintenance e. Wellness Program Funding 19. Report to the Board annually, status of employers subject to minimum participation and contribution requirements under the health plan. 20. Implement provisions of new COBRA subsidy law: <ul style="list-style-type: none"> a. Review system requirements/limitations for tracking with IT/Accounting b. Identify all QBs and AEIs c. Send require notices. 21. Assess implications of special enrolment period requirement contained in the CHIP Reauthorization Act of 2009 on PERS health plan. 22. Policy for transfers from a participating employer that only pays a portion of the health premium to an employer that pays 100% of the premium (DL High School to Lake Region College). 23. Assist in designing and conducting Wellness Forum for participating employers. 24. Maintain database of BCBS monthly data on health plan performance, specifically, Surplus/Affordability report; quarterly and annual utilization; (ongoing) 25. Medicare data match (federally mandated) ongoing 26. Prepare and distribute large agency/employer report annually. 27. Annually track health plan coverage issues and inconsistencies between NDPERS Plan and BCBS Standard Lines of Business, analyze their effects and report to NDPERS Board. 28. Conduct analysis of health rates for 2009-11 29. Assist in evaluating and analyzing rate information for health insurance program. 30. Work with UND Medical School and employers to pilot employee based wellness initiative as needed. ongoing 31. Assist in measuring employer based wellness health participation and report to NDPERS Board. 32. Assist in collecting and evaluating employer based wellness plan updates as needed 33. Assist in collecting and evaluating employer based wellness plan proposals as needed 		<ul style="list-style-type: none"> 4/18/09 May 2009 26. 9/ 2009 29. 8/2009 30. 5/2009 31. 10/2009 32. 4/2009 34. 12/2009 35. 12/2009 36. 3/2009

LIFE INSURANCE PLAN

Goals and Objectives

1. The goal of the Group Life Insurance Program is to provide for a single, understandable and non-discriminatory life insurance plan to members at affordable premiums.
2. To supplement the existing life insurance program with other programs.
3. Have a premium structure that is the lowest and best available.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Identify and document items for P3 Methodology project in conjunction with use case scenarios as defined by the PERSLink project. <ol style="list-style-type: none"> a. Beneficiary maintenance b. Increase in life coverage 2. Review rate schedules with regard to odd premium amounts for supplemental life as a result of the \$1,300 basic life paid by the employer. 3. Meet with Employee Benefits representatives to gather input for future legislation, including ad hoc employee benefits group, Judges, Air National Guard, Highway Patrol and retiree benefits committee. 4. Review and create rate tables' life and health as is necessary. 	<p>a-b: Completed and saved to Sharepoint</p>	<p>2/2009</p> <p>July 2009</p> <p>6/2009 6/2009</p>

VOLUNTARY GROUP INSURANCE PLANS

Goals and Objectives

The goal of the Voluntary Group Insurance Programs is to provide for comprehensive and non-discriminatory plans to members at affordable premiums. Includes dental, vision, LTC and EAP.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Initiate RFP process for EAP. (This is being done by Planning & Research) <ol style="list-style-type: none"> a. Submit final proposal review analysis and recommendation to board at May meeting. b. Send notification to employers by c. Address issue at Payroll conference in June 2. Initiate process for renewal of dental contract for 1/1/2010. <ol style="list-style-type: none"> a. Discuss time frame with dental plan representative. b. Request GBS to request renewal proposal from carrier. c. Staff review proposal and submit to Board with recommendation. d. If not approved, instruct Consultant to begin RFP process and submit RFP for Board approval. e. Release proposal f. Review proposals and submit to Board with recommendation & Board conduct company interviews. g. Contract awarded. 3. Review options regarding LTC plan 4. Identify and document items for P3 Methodology project in conjunction with use case scenarios as defined by the PERSLink project. <ol style="list-style-type: none"> a. Enrollment b. Leave of Absence c. Position employment changes d. Dependent Maintenance 6. Investigate options/opportunities relative to the LTC Partnership Program. 8. Initiate process for renewal of vision contract for 1/1/2010. <ol style="list-style-type: none"> a. Discuss time frame with vision plan representative. b. Request GBS to request renewal proposal from carrier. c. Staff review proposal and submit to Board with recommendation. d. If not approved, instruct Consultant to begin RFP process and submit RFP for Board approval. 	<p>Discussed renewal.</p> <p>a-d: Completed and saved to Sharepoint</p>	<p>2/2009</p> <p style="padding-left: 20px;">a. 5/2009</p> <p style="padding-left: 20px;">b. 6/2009</p> <p style="padding-left: 20px;">c. 6/2009</p> <p>3/2009</p> <p>3/2009</p> <p>5/2009</p> <p>5/2009</p> <p>6/2009</p> <p>7/2009</p> <p>9/1/2009</p> <p>2/2009</p> <p>6/2009</p> <p>3/2009</p> <p>3/2009</p> <p>5/2009</p> <p>5/2009</p>

e. Release proposal f. Review proposals and submit to Board with recommendation & Board conduct company interviews. g. Contract awarded.		6/2009 7/2009 9/1/2009
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FLEXCOMP PROGRAM

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Process 90% of verified FlexComp claims within 3-5 business days and within 4-7 business days from January – April of calendar year when dual plan year processing occurs. 2. Incorporate any changes to Plan Document. 3. Identify and document items for P3 Methodology project in conjunction with use case scenarios as defined by the PERSLink project. <ol style="list-style-type: none"> a. Enrollment b. Leave of Absence c. Position Employment Changes 4. Implement grace period for dependent care claims for 2010 PY. <ol style="list-style-type: none"> a. Propose to Board at May meeting b. Test system c. Communicate to members via newsletters and annual enrollment season publications. 5. Implement an electronic reporting system for pre-tax contributions from direct pay agencies. Refine template format, procedures for using the secure file transfer option on our web site and developing and documenting the administrative procedures for staff and payroll. 6. Develop and document administrative procedures to implement the provisions of the HEART act for reservists; review and determine the implications of the act for the pay direct agencies. 7. Propose plan to board to review vendor products eligible for pre-tax treatment. <ol style="list-style-type: none"> a. Notify vendors and invite to provide presentation to Board reaffirming position of respective products as employer-sponsored products. b. Complete review prior to annual enrollment. 	<p>Completed and saved to Sharepoint</p>	<p>2/2009</p> <p>9/2009</p> <p>Have all pay direct agencies on board by end of year May 2009</p> <p>5/2009 Brd Mtg Jul – Aug 2009 9/2009</p> <p>5/2009</p> <p>6/2009</p> <p>10/2009</p>

AGENCY

Agency Driver and Philosophy

Driver

Ensure the efficient & accurate administration of member benefits.

Philosophy

- Meet or exceed published quality standards for our services.
- Effectively manage resources for the benefit of our clients.
- Use cost effective technology to support quality service for our clients.
- Plan carefully and follow implementation plans so we “do it right the first time”.

Goals and Objectives

Promote the efficient delivery of services and administration of all benefit programs to plan members and participating employers.

Projects	Progress	Due Date
<ol style="list-style-type: none">1. Conduct monthly Programs Meetings as a forum to discuss and communicate program, policy, or procedural changes in process or implementation phase at working group level to facilitate integration across program areas.2. Conduct and monitor the monthly program specific “Quality Working Group” meeting concept as a catalyst to identify issues affecting services and to assess, recommend, implement and communicate changes or new administrative policies and procedures.3. Retain and maintain a qualified, fully trained staff to counsel members and maintain ongoing relationship throughout retirement career.4. Respond to purchase & repurchase inquiries within 10 business days.5. Respond to benefit calculation requests and member inquiries related to all benefit programs within 5 business days of receipt.6. Generate and distribute annuitant checks by the 1st business day of the month.7. To maintain a 3.5 average on the daily report cards for each program area.8. Provide support and service to employers that elect to join the law enforcement plan.9. Promote ACH services for direct billed members for health and COBRA premiums (August).10. Continue to monitor division operating plan for duration of PERSLink project to include utilization of staff, workload requirements and training.		

Projects	Progress	Due Date
<ol style="list-style-type: none"> 11. Assist in review and update of the PeopleSoft Benefits Administration open enrollment procedures and materials provided to state agencies. 12. Assist in developing user guide for employees to access benefit information through PeopleSoft e-benefits.(as needed) 13. Support and develop distribution of outreach programs <ul style="list-style-type: none"> • Pre-Retirement Education Program (PREP) • Portability Enhancement Provision (PEP) • New Employer Groups • Provider Training-Deferred Comp • Onsite Benefit Counseling Services • PeopleSoft Benefit Administration User Trainings 14. Participate as subject matter experts on the PERSLink project. 15. Provide backup support to Member Services when requested. 16. Conduct statewide informational meetings relating to the PERS benefits programs. 17. Develop operational procedures for the PERSLink Operational Manual. 18. Maintain the PERSLink Operational Manual on an agency-wide basis. 19. Provide ACH files to Bank of North Dakota to facilitate direct deposit of retirement checks on the first working day of each month. 20. Provide ACH files to Bank of North Dakota to facilitate payment of insurance premiums by the 5th of each month. 21. Generate and mail monthly IBS billings by the end of each month. 22. Process enrollment forms, designation of beneficiary forms and address changes daily/weekly. 23. Process batch data entry within one day of receiving. 24. Prepare calculations for transfers to other retirement plans (DC & TIAA CREF) within 3 business days. 25. Post contributions for defined contribution participants and transfer funds to carrier within 3 business days of receiving information in good order. 26. Post contributions for deferred compensation participants and transfer funds to providers within 3 business days of receiving information in good order. 27. Review and update the PeopleSoft Benefits Administration open enrollment procedures and materials for the Fall 2009 enrollment. 28. Participate as a member of the ConnectND project team. 29. Determine feasibility of implementing electronic deposits with the Bank of ND 30. Draft policy, process and procedure documents for producing the large agency health reports, performing the annual health insurance claims 		8/2009

Projects	Progress	Due Date
<p>review/audit, updating the 457 product summary booklet.</p> <p>31. Establish internal committee to establish a review process for P3 submissions to ensure Disaster Recovery needs are met by submitted P3's. (ongoing)</p> <p>31. PERSLink Project – Pilot 1.1 Production Support</p> <ul style="list-style-type: none"> • Conduct sessions to get staff feedback on what is working and what is not working • Investigate ways to improve the speed for processing documents from images • Log Problem Incident Reports (PIRs) for problems/enhancements that need to be made to the system • Test PIRs before moving to Production • Review, maintain and update user documentation maintained on PERSLink <p>32. PERSLink Project – Pilot 2.1 Member account, Employer maintenance and Employer reporting</p> <ul style="list-style-type: none"> • Develop communication plan for employers to explain employer reporting functionality, file layouts, etc • Test all file interfaces into and out of PERSLink – get written acceptance from providers/vendors • Provide NDPERS staff with a demonstration of Pilot 2.1 functionality • Meet with staff who will be directly impacted by Pilot 2.1 <p>33. PERSLink Project – Backfile conversion</p> <ul style="list-style-type: none"> • Scan documents • QA documents • Load to FileNet • Destroy fische <p>34. PERSLink Project – Pilot 2.2 and 2.3 Benefits processing, Post-retirement benefit payments</p> <ul style="list-style-type: none"> • Participate in functional analysis and design meetings • Update forms & letters based on new business processes • Participate in data conversion meetings • Perform data cleansing, as necessary • Conduct user acceptance testing • Conduct parallel testing • Develop and implement organization change and transition plan 		12/2009

Goals and Objectives

Promote consistent administration of benefit programs.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Publish and distribute quarterly PERSonnel Updates newsletter to all authorized agent/payroll contacts. 2. Review and update all kits, forms, SPDs, communication materials, and employer guide as in compliance with schedule to assist participating employers in the consistent administration of benefits for members hired or leaving employment. 3. Assess current format for all kits: <ol style="list-style-type: none"> a. Review all forms and narratives in termination and transfer kits for accuracy and consistency. b. Develop matrix of discrepancies and errors as well as common features. c. Division staff develops recommendation for formatting to promote user comprehension and facilitation and eliminate duplication. d. Develop directory for maintaining only most current forms and narratives to ensure ongoing validity of kit contents. e. Reformat and present update for June 2009 payroll conference. f. Post updated kits on web by 7/1/2009 4. In conjunction with directives from Administrative Services, provide staff assistance for coordinating annual payroll conference. 5. Audit PERS web site and document instances of outdated materials and work with IT to remove/update the information. 6. Coordinate revision and promulgation of administrative rules as needed. 7. Submit final draft of rules to NDPERS Board for approval. January 2008 8. Submit approved rules with required documentation to Attorney General's office for review. January 2008 9. Submit approved, reviewed rules to legislative counsel for formal promulgation. June 2008 10. Attend Legislative Rules Committee follow-up meeting for promulgated rules. June 2008. 11. Assist in providing training to Peoplesoft/HR payroll users as needed. 12. Assist in updating Peoplesoft Benefits Administration user manuals and training exercises as is necessary. 13. Provide feedback and other assistance as necessary to publish Peoplesoft benefits administration bulletins and distribute to payroll users. 		<p>6.7/2009</p> <p>8. 1/2010</p> <p>9. 1/2010</p> <p>10. 6/2010</p> <p>11. 6/2010</p>

Projects	Progress	Due Date
<p>14. Assist in effort to follow-up with state agencies to assist in processing open events on People Soft Benefits Administration prior to monthly payroll cutoff as needed. Provide support in the following areas:</p> <p>15. Update PeopleSoft Benefits Administration training exercises.</p> <p>16. Publish PeopleSoft Benefits Administration Bulletins on the portal for payroll users on an as needed basis.</p> <p>17. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month.</p> <p>18. Train new PeopleSoft HR/Payroll Users</p> <p>19. Provide employers with monthly retirement transmittals by the end of each month; deferred comp transmittals according to employer payroll frequencies; and group insurance statements and billings by the 5th of each month.</p> <p>20. Update employer manual within 60 days of making a change in any employer reporting procedures.</p> <p>21. Follow up on employer retirement contribution reporting errors within 30 days of discovery. Calculate amount due to/from the employer within 30 days of receiving necessary information from employer. Prepare adjustments to member accounts within 30 days of posting contributions to member's account. (Additional processing time may be necessary depending on the number of employees/years affected by the error)</p> <p>22. Work with OMB to schedule & provide training for new PeopleSoft HR/Payroll users</p> <p>23. Update PeopleSoft Benefits Administration user manual to reflect the upgrade to version 8.9</p> <p>24. Publish PeopleSoft Benefits Administration Bulletins on the PeopleSoft portal for payroll users on an as needed basis.</p> <p>25. Follow-up with state agencies to assist them in processing open events on PeopleSoft Benefits Administration prior to payroll cutoff each month.</p> <p>26. P3 Methodology Project:</p> <ul style="list-style-type: none"> a. Daily deposits b. Daily batches c. Bank Reconcilements d. Accounts Payable e. IDBS f. Sick Leave Conversion g. Service Purchases (employer, USERRA, Rollovers, pretax, USERRA refunds of employee payments and reimbursements from employers) 		

Projects	Progress	Due Date
<ul style="list-style-type: none"> h. PEP Adjustments i. NSF/Returned ACH j. Group health/life/EAP billing process 		

Goals and Objectives

Continue to work with ITD to identify, from a records management perspective, the specifications and standards necessary for implementation of an electronic information and records system program for PERS.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Continue to work with ITD on developing and upgrading FileNet. 2. Keep up to date and coordinate with ITD relating to electronic records retention. 		

Goals and Objectives

Promote centralization of agency records, publications, marketing materials, forms, & e-mail.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Purge records on an annual basis according to the North Dakota Century Code. 2. Formalize the process of retention of electronic documents. 3. Maintain all forms development and design in house. 4. Maintain the design and layout of kits. 5. Maintain forms and kits on the web. 		October 2009

Goals and Objectives

Continue to work with in all areas of the agency to monitor workflow changes.
 Analyze service delivery operations to determine methods for increasing efficiency or quality.

Projects	Progress	Due Date
1. Continue to work through the program areas to streamline processes and procedures where possible or requested by staff.		

Goals and Objectives

To seek out ways to provide, store, and record board materials and actions in a timely, efficient and paperless manner.

Projects	Progress	Due Date
1. Produce and deliver Board books within 5 days of Board meeting. 2. Have meeting minutes prepared for the next meeting. 3. Provide all Board materials via website to download for the interest groups. 4. Create an electronic copy of all Board materials beginning with 1989. 5. Provide website support for displaying and storing Board materials.		Monthly

Goals and Objectives

Promote the efficient delivery of services and administration of the Administrative Division to the Programs Division, Accounting/IT Division, FlexComp, and Member Services.

Projects	Progress	Due Date
<u>Group Insurance – (Active)</u> 1. Continue to process all applications accurately on a daily basis. 2. Data verification process on all active applications. 3. Respond to deadlines for billings 4. Process dependent drop letters within 2 business days of receipt from BCBS. 5. Process COBRA notices within 1 business day. 6. Provide BCBS with daily delivery of applications. 7. Respond to deadlines outlined on the operational calendar. <ul style="list-style-type: none"> • Keying adjustments • Mailing billings 		

Projects	Progress	Due Date
<p><u>Group Insurance – (Retiree)</u></p> <ol style="list-style-type: none"> 1. Process retiree applications accurately on a daily basis. 2. Data verification on all retiree applications (95% accuracy). 3. Maintain excel file (file used by member services and administrators to respond to phone calls) 4. Process nearing age 65 letters within 2 business days of receipt from BCBS. 5. Process Medicare Part D applications accurately and timely and maintain spreadsheet to be e-mailed to BCBS weekly. <p><u>Life Insurance –</u></p> <ol style="list-style-type: none"> 1. Maintain daily process and communication to payroll and member on Life Insurance applications 2. Maintain procedures established and approved by the NDPERS Board for annual enrollment. 3. Data verification process on life insurance applications. <p><u>Retirement –</u></p> <ol style="list-style-type: none"> 1. Process new retiree applications on a daily basis 2. Continue to process all other applications on a daily basis. 3. Respond to benefit estimates on a daily basis. 4. Respond to correspondence on a daily basis. 5. Respond to deadlines outlined on the operations calendar. 6. Process defined contribution eligibles on a daily basis. 7. Process for mailing on the first business day of the month. <ul style="list-style-type: none"> • First Retirement Check & Letter • Refund/Rollover checks • TIAA-CREF letters • 1099r for deceased <p><u>Deferred Comp –</u></p> <ol style="list-style-type: none"> 1. Continue to process all applications on a daily basis. 2. Provide accurate and timely correspondence to agents and provider companies. 3. Maintain accurate continuing education records on the company agents. 4. Maintain deferred comp database in a timely manner <p><u>Incoming and outgoing Mail –</u></p> <ol style="list-style-type: none"> 1. Ensure proper handling of incoming and outgoing mail. 2. Meet the deadline given on large mailings 3. Ensure that the 4 postage accounts balance 4. Ensure that the 4 postage accounts have adequate funds 5. Ensure the most cost effective way of sending out information. 6. Ensure backup of the incoming and outgoing mail processes. <p><u>Procurement –</u></p>		

Projects	Progress	Due Date
1. Ensure an ample supply of office supplies, paper, and envelopes are available. 2. Ensure and maintain efficient use of the office equipment. (Copiers, postage equipment, inserter/stuffing machine, smart mailer, phones) <u>Back-up Duties -</u> 1. Have incoming and outgoing mail duties backed up by all Administrative Services staff. This includes scanning and indexing into FileNet. 2. Have critical day-to-day duties backed up.		

Goals and Objectives

Assess the administrative services needs of the agency.

Projects	Progress	Due Date
1. Meet annually with Managers, Administrators, and Auditor to identify level of needs 2. Categorize and prioritize the needs. 3. Develop a plan to implement the needs. 4. Continue to be part of the various PERS working groups, (Retirement, Group Insurance, Deferred Compensation, and IT).		

Goals and Objectives

Retain and maintain a qualified, fully trained staff to support the program division, accounting/IT division, FlexComp, Internal Auditor and member services.

Projects	Progress	Due Date
1. Conduct monthly team meetings and individual meetings to discuss and communicate program, policy or procedural changes in process or implementation of these changes. 2. Encourage staff to attend seminars relevant to their job duties. 3. Continue membership in and attend meetings of the American Records Management Association (Bismarck/Mandan Chapter).		1. Monthly 2. April 2009

Goals and Objectives

Monitor software and mainframe applications to ensure consistent and accurate administration of benefit programs.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Provide input and make recommendations for programming changes through monthly Steering Committee meetings. 2. Assist in testing new applications and data provided for active and retiree annual statements. 3. Provide staff support and resource to PERSLink project as required. <ol style="list-style-type: none"> a. Provide staff assistance to do data clean up/verification of the Job Service Travelers records for transition to PERSLink. 4. Provide staff support for Project Management oversight of PERSLink project. 5. Conduct cross reference audits of retiree data. <ul style="list-style-type: none"> - Complete quarterly cross reference of retiree data against Dept of Vital Records death database - Conduct annual cross match with private vender, subject to price. 6. - Conduct cross match with Social Security Administration periodically, subject to price and availability. (annually) 7. Provide matches to Benefit Programs Division for follow-up. 8. Report issues that are discovered with PeopleSoft FSA or Benefits Administration. 9. Conduct monthly steering committee meetings, prioritize and assign programming requests that are submitted, and distribute an updated programming request list to steering committee members. 10. Complete all projects with critical or legislative deadlines on time and on budget. 11. Provide support for PeopleSoft queries. 12. Provide a more formal testing process to include checklists of the business processes that have been affected by a program change. Develop a standard method for end-users to document what was tested and their results. 13. Work with selected vendor on the system replacement project. 14. Test PeopleSoft FSA and Benefits Administration modules as required for patches, upgrades, etc 15. Maintain a log of issues that are discovered with PeopleSoft FSA or Benefits Administration and determine if the problem can be solved through system configuration, by changing the business process or through new development. 16. Update tables on PeopleSoft to reflect insurance rate changes, new legislation, 457 limits, and any other changes that impact the system. 		<p>5. 3/2009, 6/2009, 9/2009, 12/2009</p>

Projects	Progress	Due Date
<ul style="list-style-type: none"> a. Pt/temp eligible to participate in DC plan b. Limit pt/temp enrollment in health & life insurance to 20/20 rule c. Set up separate benefit plans for state dental and vision and higher education dental and vision d. Determine best way to update deferred comp provider name changes on benefit plan tables e. Update TFFR employer contribution rate eff 7/1/08 f. Limit benefit options for State Hospital clients g. Remove temporary leave plans for Dept of Human Services h. Set up benefit plan/deduction for employer payment of temporary health premiums i. Set up benefit plan/deduction/file interfaces for new deferred comp provider 		

Goals and Objectives

Supervise the performance of all service vendors retained on contract for NDPERS group insurance and retirement programs.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Monitor performance relative to standards set forth in provider and administrative contracts/agreements. 2. At least annually, review deferred comp agent list for compliance with training requirements and provide notification of non-compliance to the provider companies. 3. Promote education standards for provider services to deferred comp members by maintaining updated Provider Handbook and enforcing administrative policies and procedures in compliance with contracts. 4. Assess the performance of member service unit at BCBS based on monthly accuracy and timeliness reports and semi-annual service unit survey. 5. Conduct annual health claims audit at BCBS. 6. Report results to BCBS for comment and report to NDPERS Board. 7. Work with BlueCross BlueShield to resolve any outstanding issues. Ongoing 	<ul style="list-style-type: none"> 5. Completed audit on 2/25/09 	<p>As indicated by training schedule.</p> <p>02/2009 04/2009</p>

Goals and Objectives

Ensure compliance of all programs with federal regulations, administrative rules and state statutes.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Monitor and ensure ongoing compliance with HIPAA Privacy Rule provisions: <ul style="list-style-type: none"> • Conduct ongoing training as necessary. • Maintain required documentation. • Review current procedures for compliance (report to board each December). • Send privacy notification by April 14, 2009 (required every 3 years) 2. Comply with federal requirements to submit annual Credible Coverage Disclosure to CMS by March 2009. 3. In conjunction with ARRA of 2009, review and assess implication of HIPAA contained in act and update procedures accordingly. 4. Complete compliance testing on FlexComp program annually. Spring 2008 5. Document procedures for monitoring compliance of pretax purchase agreements. 6. Implement federal regulations for Medicare Part D, relating to penalties for delayed enrollments, into the group insurance billing system. 7. Continue to participate in the Enterprise Architecture project. 	<ol style="list-style-type: none"> 4. Completed on 3/10/2009 	<ol style="list-style-type: none"> 4. 3/2009

Goals and Objectives

Develop knowledge and procedural basis to ensure ongoing compliance with HIPAA Security Rule provisions.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Review and maintain HIPAA security provisions. 2. Conduct staff training annually. 3. Monitor and ensure ongoing compliance with HIPAA Security Rule provisions. 4. Acquire and maintain required documentation. 5. Conduct annual review of policies and procedures manual to ensure it stays current. 		<ol style="list-style-type: none"> 12/2009 03/2009 12/2009

Goals and Objectives

Provider certification/education program for 457 reps.

Projects	Progress	Due Date
1. Conduct training each year, subject to demand, rotating locations throughout the state., Fall 2008		5/2009, 10/2009

Goals and Objectives

Develop and maintain programs designed to protect the assets of the retirement systems, its members, staff, property and equipment to ensure that the retirement system can continue to meet its obligations to members.

Projects	Progress	Due Date
1. Maintain a business disaster recovery plan designed to ensure NDPERS services are available to members at all times with as little disruption as possible. (ongoing) 2. Maintain a program designed to minimize injuries and personal risk to NDPERS employees and members during the course of their daily work. (ongoing) 3. Conduct quarterly meetings of Loss Control Committee designed to review NDPERS loss control policies, procedures, loss control claims and incident reports and recommend revisions and updates. (quarterly) 4. Attend annual Risk Management Seminar. 5. Complete and submit risk management discount applications for workers compensation and risk management premiums. 6. Revise and enter COOP Plan on statewide Strohl system. (ongoing) 7. Establish risk management/business disaster recovery component to be included in monthly staff meetings.		5. 6/2009

Goals and Objectives

Develop and maintain a comprehensive accounting policy and procedure manual.

Projects	Progress	Due Date
1. Identify accounting duties that are not documented and prepare procedures as necessary as part of P3 project		

Goals and Objectives

Provide online access to as much data as feasible.

Projects	Progress	Due Date

Goals and Objectives

Automate as many processes as feasible.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Continue to work with ITD to identify and prioritize documents to move to Wappapello/FileNet. Approximately 100 reports/letters. 2. Work with agency staff to determine workflow processing needs for the system replacement project. 		

Goals and Objectives

Upgrade computer hardware and software according to agency replacement schedule.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Determine hardware and software upgrades necessary to remain in compliance with Enterprise Architecture standards and agency's 4 year hardware replacement schedule. 		

Goals and Objectives

Administer a local area network that is accessible 99% of the time.

Projects	Progress	Due Date

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Monitor ITD's LAN availability data utilizing ITD's services. 2. Update LAN Administrator's Manual. 3. Upgrade server hardware & software to accommodate disk space and performance requirements. 		

Goals and Objectives

Insure the integrity of the mainframe database by maintaining an on-line data entry accuracy rate of 95% or better.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Verify retirement enrollment forms, retirement beneficiary forms, deferred comp enrollment forms and address changes after the information has been entered on the mainframe and calculate accuracy rate. 2. Expand insurance verification process to include retiree applications, ACH forms and COBRA elections 		

Goals and Objectives

Develop and execute a comprehensive performance and operations audit and risk assessment program for the evaluation of management and its controls provided over all agency activities as approved by the Audit Committee.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Review with management to obtain enterprise risk management (ERM) assessment every four years (in even years). 2. Determine if questionnaire is adequate. 3. Make adjustments as needed. 4. Facilitate an enterprise risk management (ERM) assessment with the input of senior management, Audit Committee and the board to be completed by October 1 (every four years in even years). 5. Issue report to Executive Management. 		10/1/2012

Goals and Objectives

Execute a comprehensive control self-assessment program for administrative services, benefit programs and member services area.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Review questionnaires that address control and risk issues for each benefit program and services with management and staff every two years (in odd years after new legislation is in place) and determine if it is meeting division needs. 2. Make adjustments as needed. 3. Facilitate a control self-assessment program with the input of senior management, Audit Committee and the Board to be completed by October 1 of each odd year. (2009) 4. Issue report to Management. 		10/1/2009

Goals and Objectives

Develop and execute an audit plan utilizing the control self-assessment results to ensure value added services to management.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks. 2. Develop and audit plan by the November Audit Committee meeting. 3. Review audit plan with Executive Management and Audit Committee and obtain their approval. 4. Implement the audit plan. 		11/1/2009

Goals and Objectives

Develop and execute an improved audit process for benefit programs and member services.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Improve communications with staff regarding upcoming audits and throughout audit process. 2. Develop and document understanding of work process before conducting audit, including flowcharting of processes and internal controls. 3. Utilize the risk evaluation worksheet for each audit before developing audit 		12/31/2009

program. 4. Examine internal operating controls to ensure efficiency and effectiveness. 5. Conduct audit focusing on high risk areas. 6. Issue final report in a timely manner for value added services to management and staff.		
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Goals and Objectives

Improve the effectiveness of internal audit services.

Projects	Progress	Due Date
1. Review and update the policy and procedure manual and all audit templates prior to calendar year end. 2. Conduct records review and purge per records management retention schedule in November of each year. 3. Maintain daily and update periodically worksheets in Excel to track time spent on audits and projects. 4. Issue an annual audit plan that includes the working plans developed using the risk assessment process for the benefit programs, member services, information technology and accounting divisions. 5. Conduct an annual review of the Internal Audit division to determine if it is complying with the Internal Audit Charter and issue a report to the Audit Committee and Board. 6. Periodically review the Internal Audit Charter and update if necessary. 7. Develop internal quality assessment program to assure the internal audit division achieves the "generally conforms to standards" rating. 8. Schedule an external quality assurance review in accordance with IIA Standards.		3. 12/31/2009 4. 11/30/2009 5. Daily 6. 11/30/2009 7. 05/31/2009 8. 05/31/2009

Goals and Objectives

Participate in assigned committees.

Projects	Progress	Due Date
1. Attend meetings 2. Provide input as required 3. Periodically provide reports to executive director and Audit Committee regarding internal audit's involvement in committees and other consulting services.		As scheduled.

Goals and Objectives

Conduct special examinations at the request of management, including the reviews of representations made by clients outside the agency.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Develop questionnaires that address control and risk issues for each program to be audited with input from management and staff. 2. Develop action plan based on the results of responses on questionnaires. 3. Conduct special examinations requested by management and staff in a timely manner. 4. Issue a report summarizing results of engagement. 		As needed.

Goals and Objectives

Provide consulting services at the request of management to improve effectiveness of risk management, control, and governance processes, including the integrated business system, P³ methodology and mainframe migration.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Develop questionnaires that address control and risk issues for each program with input from management and staff. 2. Develop consulting engagement plan based on the results of responses on questionnaires. 3. Conduct consulting services requested by management and staff in a timely manner. 4. Write summary of results of consulting engagement. 5. Participate in Loss Committee activities. 6. P3 Methodology Project: <ol style="list-style-type: none"> a. Identify Internal Audit Policies and Procedures b. Define how processes are completed c. Flow chart process 		As needed.

Goals and Objectives

Work with Information Technology Division to provide access to electronic data for automated computer assisted audit techniques. .

Projects	Progress	Due Date
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<ol style="list-style-type: none"> 1. Meet with IT to discuss availability of information for each program. 2. Determine best access to information 3. Develop plan to obtain data 4. Develop and implement ACL audit projects. 5. Complete ACL audit projects. 6. Issue a report summarizing results. 		As needed.

Goals and Objectives

Ensure compliance with federal and state tax reporting regulations.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Deposit federal and state tax withholding by established deadlines. 2. File quarterly and annual federal returns with the Internal Revenue Service by established deadlines. 3. File W-2 and 1099R forms with the appropriate agencies and provide copies to recipients by established deadlines. 4. Reconcile monthly 1099R reports. 5. Implement procedure to reconcile 1099R files with general ledger. 6. Conduct annual Section 415 testing on service purchase contributions by April 15 of each year. 7. Follow up with employers who internal audit has identified as having retirement contribution reporting discrepancies. Make corrections to member records, as necessary. 		

Agency Driver and Philosophy

Driver

Research and evaluate benefit products & services

Philosophy

- Listen to our members.
- Have the best Employee Benefit package in the upper Midwest.

Goals and Objectives

Improve the efficiency and convenience of the enrollment process through the use of e-business applications.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Continue to test and make recommendations for enhancements to on-line services program and promote the service to increase employee awareness through education and communication. 2. Investigate on-line enrollment options for all benefit programs and implement effective with 2008 annual enrollment season. 3. Develop and implement a web based new employee orientation program on PERS Group Insurance Plans. 	<p>Will be incorporated as part of PERSLink.</p> <p>Will be incorporated as part of PERSLink</p>	<p>Fall 2009</p>

Goals and Objectives

Monitor investment options available under NDPERS Companion Plan and Defined Contribution plan to ensure the needs and expectations of the members are met.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Collect and communicate investment returns quarterly to the NDPERS Board for the Companion Plan in the 457 program. 2. Collect and communicate investment returns quarterly to the NDPERS Board for the Defined Contribution Plan retirement program. 3. Post quarterly investment return reports on NDPERS website to insure access for membership. 4. Realign 401(a) and 457 Companion Plan lineup with investment subcommittee to adequately cover the investment spectrum. 5. Review statement of investment policy for 401(a), 457, Defined Benefit and Job Service retirement systems. Annually – 		<ol style="list-style-type: none"> 4. 10/2009 5. 10/2009

Goals and Objectives

Investigate alternative methods of delivering/receiving benefit information.

Projects	Progress	Due Date
1. Keep benefit estimate program updated and accessible on website for new employer groups to use and explore changes as requested pursuant to employer advisory group input. 2. Provide support through helpdesk inquiries and as needed if Peoplesoft e-benefits are used to allow state/higher education employees to enroll in benefits for the Fall annual enrollment.		

Goals and Objectives

Assist in the Development of the PERSLink Legacy System

Projects	Progress	Due Date
9. Act as project administrator for the PERSLink Legacy System. <ul style="list-style-type: none"> a. Review and provide input for system and documentation b. Provide project management, guidance and oversight. c. Act as a liaison between NDPERS Staff and Sagitec. d. Provide quarterly reporting to ITD Large Project Committee e. Provide reporting to SITEC committee as requested. 		

Agency Driver and Philosophy

Driver

Educate members, employers and the public on the value of PERS policies & programs

Philosophy

- Listen with concern to understand and be responsive to our clients.
- Treat our clients with courtesy, dignity and respect.
- Make ourselves and our services as accessible as possible by eliminating physical barriers.
- Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.

Goals and Objectives

Facilitate member understanding of benefits and application processes by developing comprehensive communication materials.

Projects	Progress	Due Date
<ol style="list-style-type: none">1. Update all communication materials as may be indicated by legislation, plan design, administrative or federal changes and have available on web site by August 1, 2009.2. Produce annual statements for actives and retirees. 8/09 & 12/093. Develop and distribute consolidated annual enrollment notifications for health, life, dental, vision, LTC and FlexComp plans fall 2009.4. Gather product information and coordinate revision of Investment Summary booklet for the 457 program.5. Promote updated Investment Summary in newsletter.6. Send updates in newsletter format, as needed, to deferred comp providers in 20097. Conduct quarterly website committee meetings.8. Update website within 3 business days of receiving new information or changes.9. Work with Web Committee to determine ways to attract visitors to our website. Discuss possibility of "auto enrolling" new hires.		4.11/2009

Goals and Objectives

Provide members with information on financial planning, supplemental retirement savings, estate planning, and other topics relevant to successful transition to retirement.

Projects	Progress	Due Date
1. Conduct agency based Pre-retirement Education Programs (PREP) by request. 2. Conduct two PERS sponsored pre-retirement seminars in 2008.		Spring and Fall 2009

Goals and Objectives

Act as liaison for different NDPERS pension plans and the retirement board (Judges, Law Enforcement, Job Service, HP, Main system).

Projects	Progress	Due Date
1. Publish every 3 to 5 months a newsletter for the active and retired members 2. Meet with pension plan contacts concerning proposed legislation, to communicate progress and discuss actuarial review and technical comments and discuss any necessary amendments.		11/2009

Agency Driver and Philosophy

Driver

Earn the respect and trust of our clients

Philosophy

- Operate at the highest ethical and professional standards.
- Treat every person with dignity, respect, courtesy, concern and understanding.
- Provide the highest quality services and benefit programs.
- Listen with concern to understand and be responsive to our clients.
- Treat our clients with courtesy, dignity and respect.
- Make ourselves and our services as accessible as possible by eliminating physical barriers.
- Provide timely, accurate information that recognizes our clients' expectations and meets our clients' requirements.

Goals and Objectives

Provide liaison services to members with insurance claim and coverage disputes, pension service and benefit issues, and compliance issues arising from provider performance.

Projects	Progress	Due Date
1. Research members problems or internal issues detected by staff by referencing codes, rules, contract provisions, performance guidelines, or seeking Attorney General's opinion. Apply appropriate compliance procedures or assist member in attaining resolution. (Ongoing)		

Goals and Objectives

Maintain a customer service center that provides accurate, comprehensive information to member inquiries regarding the provisions and requirements related to the benefit programs managed and administered by NDPERS.

Projects	Progress	Due Date
1. Maintain a qualified, fully trained member services staff by providing ongoing training on benefit program changes. 2. Evaluate ability of member service staff to assist office in other administrative areas. 3. Meet goal of assisting at least 68% of incoming calls. 4. Identify and document items for P3 Methodology project in conjunction with Use Case Scenarios as defined by PERSLink project:		

<ul style="list-style-type: none"> a. Appointment Scheduling b. Log out main ACD phone line c. Login main ACD pone line d. Maintain Agency Phone Directory e. Phone Directory 	a-e: Completed and saved to Sharepoint	2/2009
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Goals and Objectives

Provide a one-on-one counseling service that provides members with benefit options and assists them with the enrollment process.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. To continue to provide 500 to 700 one on one counseling sessions annually. 2. Investigate other communication media for the delivery of NDPERS services to members. 3. Monitor employer response to the Onsite Benefit Counseling Program. 		

Goals and Objectives

Communicate with our members and clients via NDPERS web site.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Maintain current information and update as needed the information regarding the Internal Audit division and the Audit Committee on the NDPERS web site. 		Immediately after each Audit Committee meeting.

Goals and Objectives

Produce an Internal Audit Annual Report following the end of each calendar year.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Develop an audit report by the February Audit Committee meeting. 2. Review the audit report with Executive Management and the Audit 	<ul style="list-style-type: none"> 1. Completed and presented to the 2/18/2009 Audit Committee meeting. 	2/15/2009

Committee and obtain the Audit Committee's approval.	2. Audit Committee approved audit report.	
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Goals and Objectives

Participate in professional organizations.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Maintain membership in professional organizations. 2. Volunteer services for organizations. 3. Network with other professionals. 	<ol style="list-style-type: none"> 1. Member of the APPFA, NDSCPA, and IIA. 2. Volunteer on the APPFA Best Practices Committee. 3. Network with IA professionals at seminars and conferences. 	As needed.

Goals and Objectives

Assist the Audit Committee in managing their function of the Board.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Plan quarterly Audit Committee meetings. 2. Attend quarterly Audit Committee meetings. 3. Provide Audit Committee agenda to the Audit Committee members a minimum of one week prior to meeting. 4. Review annually the Audit Committee charter, determine if the Audit Committee has met their responsibility and issue a report to the board. 5. Periodically review the Audit Committee charter and update if necessary. 6. Build and strengthen relationship with executive management and the Audit Committee. 	<ol style="list-style-type: none"> 1. Quarterly meetings 2. Attended February meeting 3. Agenda was mailed one week prior to meeting 4. Reviewed Audit Committee charter for whether the Audit Committee had met their responsibility and provided to the Audit Committee at the 2/18/09 meeting. A report will be issued to the board for the 3/09 board meeting. 5. Reviewed charter, no update necessary at this time. 	<ol style="list-style-type: none"> 1. 11/30/2009 2. February, May, August and November 3. Agenda due 1 week prior to meeting. 4. 2/18/2009 5. 2/18/2009

Goals and Objectives

Maintain a support team for PeopleSoft Benefit Administration that provides consistent and timely responses to inquiries from agency users.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Assist in developing a log of common questions/problems and document appropriate action. 2. Respond to problems logged through the ITD help desk within 24 hours. 3. Continue to update a log of common questions/problems and document 		

appropriate response. 4. Respond to problems logged through the ITD Service desk within 24 hours.		
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Goals and Objectives

Work with employers to ensure satisfaction with NDPERS service and provide excellent service to our members.

Projects	Progress	Due Date
1. Set agendas and conduct meetings of Employer Advisory Group periodically, not to exceed quarterly, seeking input and guidance from established NDPERS user group. 2. Coordinate and review suggestions and ensure that feedback is provided to the appropriate staff at NDPERS.		

Agency Driver and Philosophy

Driver

Attract and retain a competent and highly motivated work force

Philosophy

- Foster a climate where staff supports team efforts focuses on positive solutions and assumes responsibility for team results.
- Encourage staff to question, innovate and grow by authorizing staff to assume responsibility.
- Support and encourage continuous personal and professional growth.
- Contribute to each others success by offering training, guidance, support, assistance and opportunities for growth.
- Demonstrate respect for coworkers and recognize the value of our diversity.

Goals and Objectives

Conduct recruitment activities using a standard screening and rating process that identifies the candidates whose qualifications best fit our requirements.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Coordinate recruitment activities with HRMS and provide assistance to management staff in developing job postings, interview questionnaires, evaluation criteria and rating sheets to fill vacancies within time period specified in posting. 2. Identify and document items for P3 Methodology project in conjunction with use case scenarios as defined by the PERSLink project: <ol style="list-style-type: none"> a. Recruitment 	Completed and saved to Sharepoint	2/2009

Goals and Objectives

Maintain a performance evaluation system that is comprehensive and equitable.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Monitor system to ensure 6 month probationary reviews are conducted for new hires. 2. Ensure reviews are conducted at least annually for all classified staff and filed in respective employee file. 3. Update PIQs for management positions. 4. Identify and document essential functions for all classified positions and retain for records in compliance with risk management program requirements. 5. Monitor performance evaluation system and make adjustments as identified by management. 		

<ul style="list-style-type: none"> a. Develop a system that incorporates aspects of equity, performance, and a COLA for 7/1/09 and within the increase granted by the legislature. 6. Identify and document items for P3 Methodology project in conjunction with use case scenarios as defined by the PERSLink project: <ul style="list-style-type: none"> a. Performance Evaluations 	Completed and saved to Sharepoint	2/2009
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Goals and Objectives

Maintain an updated internal policy and procedure manual.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Monitor changes affecting policies as mandated by state or federal law, Board action, or precedence as established by HRMS or internally and update as necessary. 		

Goals and Objectives

Maintain file of Position Information Questionnaires that accurately reflects the responsibilities and duties of each agency FTE position.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Update PIQ records for all classified positions as indicated by adjustments to job tasks/duties. 2. Submit PIQs to HRMS for reclassification as necessary. Retain records in personnel files. 		

Goals and Objectives

Process payroll accurately and timely and maintain an accurate accounting of accrued leave.

Projects	Progress	Due Date
<ul style="list-style-type: none"> 1. Process monthly payroll and leave reporting within the timeframes established by OMB. 2. Reconcile source documents to accrued leave report, monthly. 3. Attend payroll training sessions provided by OMB. (ongoing) 		

Goals and Objectives

Maintain professional proficiency through continuing professional education and training to meet GAO, AICPA, and IIA standards.

Projects	Progress	Due Date
<ol style="list-style-type: none">1. Budget for continuing education program to obtain no less than 20 hours per fiscal year (120 hours every three years).2. Provide annual professional development opportunities to each audit staff member to meet requirements of professional auditing standards.		6/30/2009

Agency Driver and Philosophy

Driver

Maintain actuarial and financial soundness of the funds

Philosophy

- Prudent risk taking
- Efficient administration
- Effectively manage resources for the benefit of our clients
- Meet or exceed published quality standards

Goals and Objectives

Monitor cost management and utilization review reports and assist in developing and reviewing options for cost management of plans.

Projects	Progress	Due Date
<ol style="list-style-type: none">1. Have prepared annually an actuarial report of the PERS Defined Benefit plans. (initiated by accounting)2. Review financial projections and annual actuarial reports and develop strategies to address areas of concern and present information to PERS Board for review, consideration, and input.3. Prepare information as requested on potential cost management and utilization management programs developing for health plan and report to the PERS Board. (ongoing, ad hoc)4. Review disease management services, monitor effectiveness of program and evaluate service provider. (Monthly)5. Monitor implementation of prescription drug program, including generic vs. name brand usage, mail order prescriptions usage, etc and report annually to NDPERS Board.6. Review, revise and identify procurement policy that does not pertain to NDPERS and draft proposed policy.		6. 12/2009

Goals and Objectives

Conduct and evaluate vendor renewal proposals for 457 deferred comp plan, Programs Division and 401(a) defined contribution plan and assess feasibility of initiating the Request for Proposal process.

Projects	Progress	Due Date
1. Participate in RFP process for all programs, as necessary, analyzing responses received from vendors and participating in the selection of successful vendor.		

Goals and Objectives

Administer the DB Plan utilizing the principles of excellence established for the pension community by the Pension Benefit Coordinating Council.

Projects	Progress	Due Date
1. Review requirements for Pension Benefit Coordinating Council Award and submit if NDPERS plan qualifies.		

Goals and Objectives

Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting annually.

Projects	Progress	Due Date
1. Publish a comprehensive annual financial report and submit it to the GFOA by December 31 of each year.		

Goals and Objectives

Receive an unqualified opinion on the annual financial statement audit performed by external auditors and no reportable conditions or material weaknesses on the report of compliance and internal controls.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Prepare monthly bank account reconcilements. 2. Prepare monthly reconciliation of retirement contributions and deferred comp contributions posted to mainframe database. 3. Prepare monthly reconciliation of insurance premiums received and remitted to insurance carriers. 4. Prepare monthly reconciliation of retirement check write. 5. Prepare quarterly reconciliation of deferred comp provider reports and transfers, and monitor distribution compliance. 6. Reconcile deferred comp contributions reported on provider reports to cash receipts journal. 7. Prepare monthly FlexComp reconciliation 8. Prepare monthly reconcilements of contributor account balances and annuitant minimum guarantees 9. Develop and implement procedures to reconcile FlexComp FICA savings received from Central Payroll when preparing the monthly financial statements. 10. Prepare monthly reconciliation of Central Payroll retirement contributions reported from OMB, to report on Filenet. 11. Implement audit recommendations from internal and external auditors. 12. Document all security requests to ITD and their responses. 13. Conduct annual review of who has access to PERS' systems and what those privileges are. 14. Monitor and record monthly reporting of all access to PERS' production environment. 		

Goals and Objectives

Prepare the agency's biennial budget for submission to the legislature by the due date specified by OMB

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Prepare a budget that is consistent with the agency's business plan and reflects the Board's priorities for each program. Submit the budget in the format specified by OMB in June of each even-numbered year. 		

Goals and Objectives

Monitor budgeted expenditures to actual expenditures, monthly

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Update actual expenditures each month within one week of receiving accounting reports. Report unusual variances to Executive Director immediately. 2. Monitor cash flows for FICA tax savings to determine adequacy as a funding source for the FlexComp and Deferred Comp programs and LASR project 3. Monitor consultant expenses and report to Board, quarterly. 		

Goals and Objectives

Allocate costs to accurately reflect the administrative expenses for each program.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Prepare monthly retirement plan allocation for RIO 2. Allocate expenditures to appropriate benefit program, monthly and annually. 3. Review existing expenses allocation policy each year and update if necessary 		

Goals and Objectives

Prepare information technology plan for submission to the legislature by the due date specified by ITD.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Monitor information technology plan implementation. Submit the plan in the format specified by ITD in July of each even-numbered year. 		July 2010

Goals and Objectives

Maximize the investment return on deposits through an effective cash management program.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Deposit cash receipts daily. 2. Transfer excess cash balances from the Bank of North Dakota to be invested by RIO. 3. Allocate deposits to appropriate bank accounts, daily. 		

Goals and Objectives

Prepare accurate monthly financial statements within 45 days of months end.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Prepare cash receipts journals, cash disbursement journals, subsidiary ledgers and other supporting schedules, monthly. 2. Allocate expenditures to appropriate benefit program, monthly and annually. 		

Goals and Objectives

Provide accurate and timely census data and financial information to the agency's actuary for preparation of the annual actuarial valuations.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Provide the actuary with electronic census data by July 31 and financial data by September 5 of each year. 2. Test programming changes that will allow electronic preparation of census data for Job Service retirees who are paid through PERS. Work with Benefits/Audit divisions to gather information to be populated 3. Provide actuary with information necessary to compute the asset transfer for members of the Law Enforcement Plan 4. Provide the actuary with electronic census data every 2 years, as required, for implicit subsidy valuation 		<ol style="list-style-type: none"> 1. Census data by July 31, 2009; financial data by September 5, 2009 2. June 15, 2009 3. January 2009 4. July 2009

Goals and Objectives

Evaluate and execute a comprehensive control self-assessment program for the Accounting and Information Technology area.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Develop or evaluate questionnaires that address control and risk issues for each program to be examined with input from management and staff every two years (off years after new legislation is in place). 2. Determine if it is meeting needs of the accounting division. 3. Make adjustments as needed. 4. Facilitate a control self-assessment program with the input of senior management, Audit Committee and the Board to be completed by October of each odd year (2009). 5. Issue report to Management. 		10/1/2009

Goals and Objectives

Develop and execute a working audit plan utilizing the control self-assessment results that will provide value added services to management.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Determine areas considered to be higher risk with the assistance of management and prioritize audits to address those risks. 2. Develop and audit plan by the November Audit Committee meeting. 3. Review audit plan with Executive Management and Audit Committee and obtain their approval. 4. Implement the audit plan. 		11/1/2009

Goals and Objectives

Test NDPERS actuarial data at mid and fiscal year end of accuracy.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Obtain from IT actuary data in January and July. 2. Conduct tests on actuary data utilizing ACL software 3. Follow up on discrepancies found 4. Provide management with a report. 		1/30/2009 7/30/2009

Goals and Objectives

Develop and execute an improved audit process for accounting and information technology.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Improve communications with staff regarding upcoming audits and throughout audit process. 2. Develop and document understanding of work process before conducting audit, including flowcharting processes 3. Utilize the risk evaluation worksheet for each audit before developing audit program. 4. Examine internal accounting and application controls to ensure efficiency and effectiveness. 5. Conduct audit focusing on high risk areas, including health insurance premium, claims and interest report and pharmacy benefit managers. 6. Issue final report in a timely manner for value added services to management and staff. 		12/31/2009

Goals and Objectives

Coordinate and supplement external audit efforts.

Projects	Progress	Due Date
<ol style="list-style-type: none"> 1. Assist State Auditors Office with review of RFP as requested 2. Provide input to State Auditors Office on proposals. 3. Contact audit firm to schedule conference room 4. Discuss with audit firm coordination of audits to minimize duplicated efforts. 5. Communicate with audit firm as necessary. 6. Provide information to audit firm as requested. 7. Coordinate reporting of audit results to executive management and the Audit Committee. 		<ol style="list-style-type: none"> 1. 12/31/2011 2. 12/31/2011 3. 4/30/2009 4. 6/15/2009



North Dakota Public Employees Retirement System 2009 Business Plan

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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: March 11, 2009
SUBJECT: Legislative Update

Attached please find the update on those bills affecting the PERS plan.
We will review this at the Board meeting.