



EMPLOYER PAYMENT PLAN
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SFN 52799 (Rev. 12-2016)

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This form is used by a participating employer in the NDPERS retirement plan to advise NDPERS who is paying the employee contribution and how it is being taxed. This payment plan does not refer to the employer contribution, which is always paid by the employer. **Refer to page 2 of this form for information and examples of the models available to the employer.**

PART A ORGANIZATION INFORMATION

Organization Name	NDPERS Organization ID
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PART B PAYMENT ELECTION

Effective Date of Election: _____/1/_____

Plan: Main Retirement Plan Law Enforcement Retirement Plan

Payment Plan: Please answer the following questions to determine your payment plan

1. Is the **entire** employee contribution being deducted from the employee's paycheck?
 - Yes
 - No **If no, go to question #3**

2. Is federal withholding computed on the employee's salary before retirement contributions are deducted?
 - Yes **If yes**, then Basic Model applies. The employee contributions are being paid on an after-tax basis. Sign and date bottom of form.
 - No **If no**, then Model 1 applies. Employee contributions are tax deferred. Sign and date bottom of form.

3. Is the employer paying the **entire** employee contribution for the employee?
 - Yes **If yes**, then Model 2 applies. Employee contributions are tax deferred. Sign and date bottom of form.
 - No **If no, go to question #4**

4. If questions 1 or 3 were answered no, then Model 3 applies. Please complete the following information:
 - A. What **portion** of the employee contribution is the employer paying for the employee?
 _____% Employee contributions for this portion are tax deferred.

 - B. What **portion** of the employee retirement contribution is being deducted from the employee's paycheck? _____%

 - Note: The sum of the percentages in 4A and 4B can not exceed total employee contribution rate**

 - C. Is federal withholding computed on the employee's salary before the portion of retirement contributions in question 4B are deducted?
 - Yes Employee contributions for this portion are after tax.
 - No Employee contributions for this portion are tax deferred.

I understand the terms and conditions of the Model selected above under which the employer will report employee and employer contributions. I understand that this Employer Payment Plan will remain in effect until a written notice of cancellation or a new plan is filed. I also understand that any penalties levied by the Internal Revenue Service or Social Security Administration for improper reporting are the liability of the employer, not NDPERS.

Authorized Signature for Employer

Date of Signature

State law requires that employee contributions be paid on an after-tax basis (Basic Model) unless the employer elects to pay the employee contributions on a tax deferred basis. Section 414(h)(2) of the Internal Revenue Code (IRC) and subsection 3 of section 54-52-05 of the North Dakota Century Code allow for employee contributions to a qualified retirement plan, such as NDPERS, to be made on a tax deferred basis. Tax deferred means that the contributions are not taxed as income to the employee at the time they are made, rather they are taxed at the time the employee receives a distribution from the retirement plan. Presently, the State of North Dakota is paying 4.0% of the employee contribution for state employees on a tax-deferred basis, in lieu of a salary increase (Model 2).

The IRC states that in order to pay employee contributions on a tax deferred basis, the contributions must be "picked-up" by the employer and treated as employer contributions. Employee contributions are considered to be "employer" contributions, and thus tax deferred, in the following instances:

Model 1:

Salary reduction - The employee contribution is deducted from the employee's paycheck and deducted from the employee's gross wages when computing federal withholding.

Model 2:

Offset against future salary increase -The employer is paying the employee contribution.

Model 3:

Combination of Models 1 and 2.

Any specific questions concerning the tax status or Social Security status of member assessments should be directed to the IRS or Social Security Administration (SSA) since any penalties levied by those agencies for improper reporting are the liability of the employer, not NDPERS.