

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

EFFECTIVE AUGUST 1, 2011 TO JULY 31, 2013

North Dakota Public Employees Retirement System

DEFINED CONTRIBUTION PLAN

Effective August 1, 2011 to July 31, 2013

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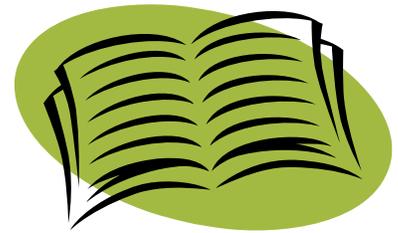


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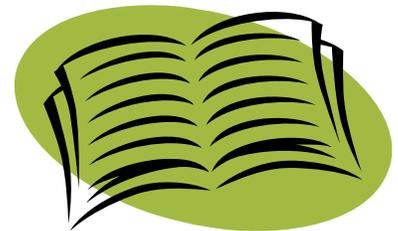
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INTRODUCTION

The North Dakota Public Employees Retirement System Defined Contribution Plan (the “Plan”) was adopted as of January 1, 2000 (the “Effective Date”) as a voluntary plan available to non-classified state employees, appointed and elected state officials. This Plan is intended to be a qualified retirement plan under the Internal Revenue Code. This booklet is called a Summary Plan Description (SPD) and it contains a summary of your rights and benefits under the Plan. If you have difficulty understanding any part of this SPD, you should contact NDPERS as provided on page seven during normal business hours for assistance.

This SPD is not intended to interpret, extend or change the Plan Document in any way. A copy of the Plan Document is on file with NDPERS and you may review it during normal business hours or you may view it on the NDPERS website. The Plan Document will govern in the event of any discrepancy between this SPD and the actual provisions of the Plan.

Introduction

This publication is intended to provide general information and may not be considered to be a legal interpretation of retirement law. Statements contained in this handbook do not supercede the North Dakota Century Code and rules and regulations established by the Board of the North Dakota Public Employees Retirement System (NDPERS).

When Calling the NDPERS Office:

While NDPERS staff makes every effort to take your calls and answer your questions immediately, it is not always possible to do so. In an effort to serve you more efficiently, a voice mail system has been implemented. If it is necessary for you to leave a voice mail message, please provide the following information: your name, social security number, a telephone number, and a brief explanation for your call. If PERS staff has this information at the outset, we are able to address your concerns more quickly and efficiently the first time! To serve you better, NDPERS benefit administrators are available to assist you. These individuals are trained to assist you in any of the programs offered through NDPERS. The first letter of your last name will determine which specialist you will work with.

Remember all your benefit information is confidential, with the exception of your employer being able to access your age and service credit. For your protection, staff cannot release benefit information to any party without first obtaining your written authorization or upon being subpoenaed. Although you may request information over the phone, only you may do so and only after you have provided the correct response to at least three of five criteria established by the NDPERS Board.

When Visiting the NDPERS Office:

It is always a good idea to make an appointment before stopping by the NDPERS office. Although staff will accommodate walk-ins when possible, an appointment will ensure that someone is available to assist you at the time you arrive.

When Writing the NDPERS Office:

Always include your name and social security number on your correspondence.

NDPERS Website:

The address for the PERS website is www.nd.gov/ndpers

NDPERS E-mail Address:

The PERS address is NDPERS@state.nd.us

In compliance with the Americans with Disabilities Act, this document can be provided in alternate formats. To request an alternate format, please call the NDPERS ADA coordinator at (701) 328-3918 or call toll-free at 1-(800) 803-7377 if you are outside the Bismarck local calling area.

GOVERNING AUTHORITY

The North Dakota Public Employees Retirement Board is the governing authority of the Public Employees Retirement System (NDCC chapter 54-52), the Highway Patrol Retirement System (NDCC chapter 39-03.1), the Uniform Group Insurance Program (NDCC chapter 54-52.1), the Deferred Compensation Program (NDCC chapter 54-52.2), the Flex-Comp Program (NDCC 54-52.3), the Retiree Health Insurance Credit Program (NDCC 54-52.1-03.2), the Dental Plan (NDCC chapter 54-52.1-04.7), the Long-Term Care Plan (NDCC chapter 54-52.1-04.8), the Vision Plan (NDCC chapter 54-52.1-04.7), the Employee Assistance Program (NDCC chapter 54-52.1-04.9) and the Defined Contribution Plan (NDCC 54-52.6). The Board generally meets monthly and is composed of seven voting members who serve staggered terms.

A North Dakota citizen who is neither a state nor a school district employee is appointed by the Governor to serve as Chairman of the Board. A member of the Attorney General's legal staff and the State Health Officer are also appointed to serve on the Board. One member is elected by retired NDPERS members and the remaining three Board members are elected from active employees currently contributing to NDPERS.

All questions, comments and correspondence can be directed to the following address:

North Dakota Public Employees Retirement System
400 E Broadway, Suite 505
PO Box 1657
Bismarck, ND 58502-1657
(701) 328-3900 – Telephone
(701) 328-3920 – Fax
(800) 803-7377 – Toll-Free Outside the Bismarck Calling Area

CONFIDENTIALITY LAW

All records of a member or beneficiary are confidential and not public records. Information and records may be disclosed under limited circumstances:

- A person to whom a member/beneficiary has given written consent.
- A person legally representing the member/beneficiary upon proper proof of representation, unless member/beneficiary withholds consent.
- A person authorized by court order.
- A member's spouse or former spouse, that individual's legal representative, and the judge presiding over the member's dissolution of marriage proceedings for the purpose of drafting a **Qualified Domestic Relations Order**.
- A member's participating employer's authorized agent, under limited circumstances.
- A member's designated beneficiaries after the member's death. Information relating to beneficiaries may be disclosed to other beneficiaries of the same member.
- The general public, but only after the board has been unable to locate the member for a period in excess of two years, and limited to the member's name and the fact that NDPERS has been unable to locate the member.
- Any person whom the NDPERS board determines disclosure is necessary for treatment, operational, or payment purposes, including the completion of necessary documents.

A penalty for disclosure of confidential information is a Class C felony, which includes a five-(5) year prison term and a \$5,000 fine (N.D.C.C. 12.1-13-01).



BASIC PLAN INFORMATION AND PLAN DEFINITIONS

Account

Your account contains employee contributions, vested employer contributions and transferred contributions made on your behalf and any income, expenses, gains or losses therein. It may also be referred to as your “account balance”.

Beneficiary

The person or persons you designate to receive your benefits in the event of your death. You may designate more than one beneficiary. In the event you have not designated a beneficiary or your beneficiary predeceases you, your account will be paid to your estate.

Board

The North Dakota Public Employees Retirement System Board of Trustees administers this plan.

Deferred Member

A member of NDPERS who has not elected to receive a refund and is eligible to receive benefits under the Defined Contribution Retirement Plan remains in deferred status until application for distribution is received and processed.

Defined Benefit Retirement Plan

Retirement program for governmental employees under chapter 54-52 of the North Dakota Century Code.

Defined Contribution Retirement Plan

A retirement program available to eligible employees who opt to participate under chapter 54-52.6 of the North Dakota Century Code.

Eligible Employee

All permanent employees who meet the eligibility requirements set by chapter 54-52.6, except an employee of the judicial branch, member of the highway patrol, or an employee of the board of higher education and state institutions under the jurisdiction of the board, who are eighteen years or more of age and who are in a position not classified by the Human Resource Management Services or a permanent employee of a political subdivision who has previously elected to participate in the defined contribution program.

Employee

Any person employed by the state or participating political subdivision if applicable, whose compensation is paid out of state funds, or funds controlled or administered by the state, political subdivision or paid by the federal government through any of its executive or administrative officials.

NDPERS

NDPERS is the North Dakota Public Employees Retirement System.

Participating Member or Participant

An eligible Employee who elects to participate in the Plan and has satisfied the Plan's eligibility and entry date requirements.

Permanent Employee

An employee whose services are not limited in duration and who is filling an approved and regularly funded position and is employed twenty or more hours per week for at least twenty weeks each year.

Plan Administrator

The name, address and business telephone number of the Plan Administrator are:

North Dakota Public Employees Retirement System
400 E Broadway, Suite 505
PO Box 1657
Bismarck, ND 58502-1657
(701) 328-3900 – Telephone
(800) 803-7377 – Toll-Free Outside the Bismarck Calling Area

Plan Year

The plan year is the twelve month fiscal period beginning July 1 and ending June 30.

Temporary Employee

A Participating Member who loses permanent employee status and becomes a temporary/part-time employee who elects to continue participation in the Plan within 6 months of the change in employment status.

Trust Fund

The Plan is administered under a trust fund arrangement. There is a written Plan and Trust Agreement entered between NDPERS and the Trust Company under which the Plan's assets are held.

Trust Company

The Trust Company is responsible for holding the Plan assets. The Company's duties are specifically identified in the Trust Agreement and relate only to the assets in the Trust Company's possession.

PARTICIPATION

Eligibility Requirements

Every Permanent Employee who is at least 18 years old and who is in a position not classified by the central personnel division of the State of North Dakota may be eligible to participate in the Defined Contribution Plan (the Plan). Employees of the judicial branch, a member of the Highway Patrol or the Board of Higher Education and State institutions under the jurisdiction of the Board are not eligible to participate in the Plan.

Every Eligible Employee may participate in the Plan at the later of his or her first day of employment or the effective date of this Plan. Such eligibility, however, shall terminate at any time employment with the employer is terminated.

Election to Participate

An Eligible Employee who is first employed and entered upon the payroll of that person's employer after December 31, 1999, may make an election at any time during the first six months after the date of employment to participate in this plan. An Eligible Employee's participation in the Plan shall be further governed by the following:

- An election made by an Eligible Employee is irrevocable, except that an Employee who terminates employment with the State after making an election to participate in the Plan but before the amount held in the Defined Benefit Plan is transferred to this Plan shall not participate in this Plan and shall remain under the NDPERS Defined Benefit Plan.
- An Eligible Employee who does not make a written election under the plan by the applicable deadline shall continue to be a member of the NDPERS Defined Benefit Plan.
- An Eligible Employee who is married on the date he or she makes the election to participate in the Plan must have his or her spouse's notarized signature on the election form in order for that election to be effective.
- A Participant in the Plan shall remain a participant in the Plan regardless of whether the participant returns to classified service or becomes employed by a political subdivision that participates in the public employees retirement system. However, this rule does not apply to participants who are reemployed with the State as a judge of the supreme or district courts, as a highway patrolman, or as an employee of the board of higher education, or a State institution under the jurisdiction of that board which would otherwise require participation in a defined benefit plan.
- If an individual who is a Deferred Member of the NDPERS Defined Benefit Plan on December 31, 1999 is reemployed and by virtue of that employment is again eligible for membership in NDPERS, the individual may elect in writing to remain a member of the NDPERS Defined Benefit Plan, or if eligible to participate in this

Plan, to terminate membership in NDPERS Defined Benefit Plan and become a Participant in this Plan. An election made by a Deferred Member under this Section is irrevocable. The Board shall accept written elections under this Section from a Deferred Member any time during the **first six months after the date of reemployment**. A Deferred Member who does not make a written election or who does not file the election within the six-month period continues to be a member of NDPERS Defined Benefit Plan.

- A Participating Member who becomes a Temporary Employee may still participate in the Plan upon filing an election with the board within 180 days of transferring to Temporary Employee status.





CONTRIBUTIONS

The definition of “compensation” is found in NDCC 54-52.6-01(8). Your eligible compensation generally means the taxable compensation for a Plan Year reportable by your Employer on your IRS Form W-2 for a Plan Year, plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. Compensation does not include unused sick leave, personal leave, vacation paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, worker’s compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the Participant and the State of North Dakota.

Tax laws limit the amount of compensation that may be taken into account each Plan Year. For example, the maximum amount for the 2005 Plan Year is \$210,000 (this amount is subject to annual cost of living adjustments in \$5,000 increments).

Mandatory Employee Contributions

Each participant shall contribute four percent (4%) of his or her compensation to the Plan. Effective January 1, 2012, the contribution will increase to five (5%). Effective January 1, 2013, the contribution will increase to six (6%). These are called “Mandatory Employee Contributions”. This percentage of compensation may presently be contributed by your employer under 414(h) of the Internal Revenue Code and is paid in equal monthly installments commencing with the first month of participation in this Plan.

Employer Contributions

Each calendar month your employer will make a contribution to the Plan on your behalf in an amount equal to four and twelve-hundredths percent (4.12%) of your compensation. Effective January 1, 2012, the contribution will increase to five and twelve-hundredths percent (5.12%) of your compensation. Effective January 1, 2013, the contribution will increase to six and twelve-hundredths percent (6.12%). In addition, the employer makes a contribution to the retiree health credit fund on your behalf in an amount equal to one and fourteen-hundredths percent (1.14%) of your compensation.

Employer Payment of Employee Contributions

The Employer, at its option, may “pick up” or pay for the employee contributions for all compensation earned after December 31, 1999. The amount to be paid must be paid by the employer in lieu of contributions by the employee. Employee contributions paid by the employer must be treated as employer contributions in determining tax treatment under state tax law and the federal Code.

Temporary Employee Contributions

A Temporary Employee who participates in the plan is required to pay monthly to the fund an amount equal to 8.12% of the monthly salary for the retirement portion.

Effective January 1, 2012, the amount increases to 10.12%. Effective January 1, 2013, the amount increases to 12.12%. This amount will be forwarded to the Trust Company. In addition, the Temporary Employee is required to pay monthly to the retiree health credit fund. The contribution rate for this fund is an amount equal to 1.14% of the monthly salary. An employer may not pay any portion of the required Temporary Employee contributions.

Transferred Pension Account

For an individual who elects to terminate membership in the NDPERS Defined Benefit Plan and becomes a Participant in this Plan, the Board shall transfer a lump sum amount from the retirement fund to the Participant's account under this Plan. The provision found in NDCC 54-52.6-03 determine the amount transferred.

USERRA

Special provisions under the Uniformed Services Employment and Re-employment Rights Act (USERRA) may apply if your covered employment under NDPERS was interrupted because you were drafted or you enlisted for active service in the Armed Forces of the United States.

Upon return from active duty, the member may be entitled to have their credit while on active duty recognized by NDPERS for vesting in the employer contribution and benefit eligibility purposes in the retiree health credit (i.e. meeting Rule of 85). A reservist should make application to NDPERS by submitting a written request for the above along with a photocopy of their DD214 form.

In addition, a returning reservist has the option to purchase the service credit not accrued during the leave. Retirement credit may be granted for this purpose upon proper documentation and receipt of past contributions. If the employee elects to purchase the months of service, the credited service is only used in the retiree health credit benefit calculation as the Defined Contribution plan does not provide retirement benefits based on a benefit calculation. The service credit is also counted towards vesting in the employer contribution.

If application is made to the employer, then the employer is required to pay the employer portion of the retirement contributions on behalf of a reservist that applies to purchase the missed service. The employer is also required to pay any portion of the employee contribution in the same manner that it would have been paid had the reservist not been activated. If the employer does not pay any or all of the employee contribution on behalf of its employees, then the reservist is required to pay the employee contribution in order to receive the service credit.

The salary to be used in determining the cost to receive the credit must be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary can not be determined, then the employee's average rate of compensation during the 12-month period immediately preceding their call to active duty should be used. The following applies to the payment of purchased credit:

- 1) The timeframe that the reservist has to pay any required employee contributions to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not apply and/or purchase during this

- timeframe, then the employee will not have opportunity to purchase the service in the future as there are not purchase provisions within this plan.
- 2) If a reservist chooses to make installment payments to the plan to purchase the service, the plan can not charge interest on the unpaid balance.
 - 3) If the reservist elects to make monthly payments through payroll deduction, then the employer will be required to submit the same amount of monthly payments towards the required employer contribution, as well as any employee contribution that the employer is required to pay. If the reservist elects any other type of installment payment or is not having payments payroll deducted, then the employer will be billed upon the completion of the purchase by the employee for all required employer paid contributions (employee or employer depending on reporting option).

Upon receipt of the Purchase Agreement for USERRA Covered Military Active Duty SFN 17758, PERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist and/or employer.

VESTING

The term “vesting” refers to your non-forfeitable right to the money in your Account. You are always immediately 100% vested in your Mandatory Employee Contributions, even if your Employer has paid them.

Employer Contributions will be vested in accordance with the following schedule:

Years of Service	Percentage Vested
Less than 2 years	0%
2 years	50%
3 years	75%
4 years	100%

For purposes of vesting, you will be credited for years of service earned as a participant in the NDPERS Defined Benefit Plan at the time of transfer. However, if you terminate employment with the State, are paid a distribution from this Plan, and are later reemployed by the State, your years of service upon reemployment will be zero (i.e., your prior years of service will not count towards vesting).





DISTRIBUTION OF BENEFITS

Eligibility for Benefits

A distribution of your account can only be made if you request distribution due to your termination of employment, retirement or disability retirement from your employer or upon your death.

Distributable Events

You are eligible to request a distribution of your vested Account balance upon the occurrence of any of the following events:

Termination of Employment

Termination of employment means a severance of employment and being off the payroll of a participating employer for a minimum of at least one month. Termination of employment does not include an approved leave of absence. If you terminate your eligible employment, you may elect to receive a distribution of your vested account balance from the Plan after being off the payroll for 31 days.

If your vested account balance is less than \$1,000, the entire amount will be automatically distributed to you unless you request in writing within 120 days after termination that the vested account balance remain in the Plan.

If your vested account balance exceeds, or at the time of any prior distribution exceeded \$1,000, or you request that your account remain in the Plan, you may delay your distribution until you are required by law to receive minimum required distributions (MRD). You will have a continuing election to request a distribution if you elect to postpone your distribution unless you are reemployed in eligible employment with a participating employer. The value of your account balance will continue to experience gains and losses based on your investment returns. Your written consent will be required for any distribution. Your Beneficiary or Beneficiaries may request a distribution of your vested account balance in the event of your death.

You should consult with your tax advisor to determine the tax consequences before you request a distribution.

Death

If you die before any or all benefits are paid to you, then your Beneficiary or Beneficiaries will be entitled to receive your vested Account balance. You may designate a Beneficiary or Beneficiaries on a designation of beneficiary form ([SFN 2560](#)). The completed beneficiary designation form must be filed with NDPERS. If you are married and want to designate someone other than or in addition to your spouse as your primary beneficiary, your spouse must consent to this designation by signing the form.

Disability

If you become totally and permanently disabled while you are employed by the State, you are eligible to receive a distribution of your vested Account balance. Whether you are totally and permanently disabled shall be determined by procedures established by the Board.

You should consult with your tax advisor to determine the tax consequences before you request a distribution.

QDRO Distributions

A QDRO is a special order issued by the court in a divorce, child support or similar proceeding and approved under the Plan. In this situation, your spouse (or former spouse) or someone other than you or your beneficiary, may be entitled to a portion or all of your Account balance based on the court order. Upon the order becoming qualified, an alternate payee will receive his or her share of the participant's benefit in the Plan in the form of a lump sum cash payment payable as soon as administratively practicable after the order is determined to be qualified. You may obtain, without charge, a copy of the QDRO procedures from NDPERS by contacting the NDPERS office or viewing the [QDRO information](#) on the NDPERS website.

Required Beginning Date

Note: You are required by law to receive a minimum required distribution from the Plan no later than April 1 of the calendar year following the calendar year in which you turn 70 ½ or terminate your employment, whichever is later. If you terminate employment prior to age 70 ½ and leave your Account balance in the Plan, you must begin to receive your benefits no later than April of the year following the year you turn age 70 ½.

If you are an eligible active employee, working beyond age 70 ½, you may continue to participate in the Plan. Upon termination of employment, your minimum distribution becomes payable and taxable to you.

Distribution Options

You must contact the NDPERS office to obtain the necessary paperwork to apply for a distribution. The following distribution options are available under the Plan:

Lump sum distributions

If you elect this option, your entire vested Account balance will be paid to you as a lump-sum distribution. You may elect to roll this lump-sum distribution into another eligible employer plan or traditional IRA.

Periodic distributions

If you elect this option, your vested Account balance will be paid to you in monthly, quarterly, semiannual or annual periodic payments until your account is exhausted.

DISTRIBUTION RULES

1) Cash Distributions

Any taxable distribution paid by the Trustee Company directly to you will be subject to mandatory Federal income tax withholding of 20% of the requested distribution. You cannot elect out of this tax withholding but you can avoid it by electing a direct rollover distribution. This withholding is not a penalty but rather a prepayment of your Federal income taxes, although there may also be an IRS penalty assessed in certain circumstances. If you are under age 59 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution.

2) Direct Rollover Distribution

As an alternative to a cash distribution, you may request that your entire distribution be rolled directly into a traditional IRA or another eligible employer plan (if it accepts rollover contributions). Federal income taxes will not be withheld on any direct rollover distribution.

- a) *Rollover to a Traditional IRA* – You must complete a Qualified Plan Distribution Form and indicate the name and address of the custodian or trustee, and account number for your IRA. After authorizing your distribution, the Plan Administrator will forward the form to the Trustee Company. A check will be issued by the Trust Company payable to the IRA custodian or trustee for your benefit. The check will contain the notation “Direct Rollover” and it will be mailed directly to you. You will be responsible for forwarding it on to your custodian or trustee. You must provide the Plan Administrator with complete information to facilitate your direct rollover distribution.
- b) *Rollover to Another Eligible Employer Plan* – You should check with your new employer to determine if its plan will accept rollover contributions. If allowed, then you must complete a Qualified Plan Distribution Form and indicate the name, address and plan number of your new employer’s eligible plan. After authorizing your distribution, your Plan Administrator will forward the form to the Trustee Company. A check will be issued by the Trustee Company payable to the trustee of your new eligible employer plan. The check will contain the notation “Direct Rollover” and it will be mailed directly to you. You will be responsible for forwarding it on to the new trustee. You must provide NDPERS with complete information to facilitate your direct rollover distribution.

3) Combination Cash Distribution and Direct Rollover Distribution

You may request that part of your distribution be paid directly to you and the balance be directly rolled into a traditional IRA or an eligible employer plan. Any cash distribution

you receive will be subject to the Federal income tax withholding rules referred to in (1). Any direct rollover distribution will be made in accordance with (2).

You will pay income tax withholding on the amount of any taxable distribution you receive from the Plan unless it is rolled into a traditional IRA or your eligible employer plan. A 10% IRS premature distribution penalty tax may also apply to your taxable distribution unless it is rolled into a traditional IRA or another eligible plan. The 20% Federal income tax withheld under this section may not cover your entire income tax liability. Consult your tax advisor for further details.

RETIREE HEALTH INSURANCE CREDIT

Pursuant to N.D.C.C. 54-52.1-03.2, your employer contributes 1.14 percent of your gross monthly salary to the retiree health insurance credit program. The program offers you a credit, which reduces your health insurance premiums upon retirement. This credit can only be used if you choose to participate in the NDPERS Dakota Plan (the NDPERS Group Health insurance Plan) and are drawing a periodic payment from the NDPERS Defined Contribution Plan. The Dakota Plan is available to you even if you did not participate in the Dakota Plan prior to your retirement. You may enroll in the Dakota Plan without evidence of insurability if you do so within 31 days of eligibility. You receive \$5.00 for every year of retirement service credit, subject to reduction for early retirement (see table below for age reduction factors). Your retiree health insurance credit will not be reduced if you are age 65, meet the Rule of 85, or are receiving a disability benefit.



For instance, if you are 55 years old at retirement and have 30 years of service, you will receive \$150 towards your NDPERS health insurance because you meet the Rule of 85. However, if you are 55 and have 29 years of service, your retiree health insurance credit will be \$62.35 (29 x \$5.00, reduced by 43 percent age reduction).

Your retiree health insurance credit will be applied automatically when you retire and participate in the Dakota Plan. To apply for health insurance coverage when retiring, complete a [“Retirement Kit SFN 53723”](#).

Age at Retirement	Reduction Factor
64 to 65	3%
63 to 64	9%
62 to 63	15%
61 to 62	21%
60 to 61	27%
59 to 60	33%
58 to 59	39%
57 to 58	45%
56 to 57	51%
55 to 56	57%

RETIREE HEALTH INSURANCE CREDIT OPTIONS

Under the **Standard Option**, upon your death, your retiree health insurance credit will be transferred to your surviving spouse if your surviving spouse receives a periodic payment from NDPERS and participates in the Dakota Plan. He or she can use the health insurance credit for as long as the benefit payments continue.

Under the **Alternate Health Credit Options**, if you are married you have the opportunity to elect an alternate form of retiree health insurance credit. You may choose an actuarially reduced 50% or 100% Joint & Survivor retiree health credit option that applies only to the health credit portion of your retirement benefits.

The alternate option is actuarially reduced based upon your age and the age of your spouse. If you elect an alternate health credit option, upon your death, your surviving spouse will receive a health insurance credit amount, if covered by the NDPERS health insurance plan, for the spouse's lifetime.

See Retiree Health Insurance Credit Program example on next page.

Retiree Health Credit Program Example

Member's Age: 62

Spouse's Age: 60

Service Credit: 20 Years

Benefit Calculation:

$\$5.00 \times 20 \text{ Years} = \$100.00 \times 85\% \text{ age Reduction} = \$85.00 \text{ Reduced Health Credit}$

HEALTH CREDIT OPTION	MEMBER'S BENEFIT	SURVIVING SPOUSE BENEFIT
Standard	\$85.00	\$ 0.00
50% J/S	\$79.26	\$39.63
100% J/S	\$74.26	\$74.26

BENEFITS & RETURN TO WORK

To be eligible for benefits, you must terminate employment or terminate membership. "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). Approved leave of absence does not constitute termination of employment. "Termination of participation" means termination of eligibility to participate in the retirement plan.

Refunds/Rollovers

If you applied for a refund/rollover distribution of your member account balance and became re-employed with a participating employer before 31 days have passed, no refund/direct rollover will be issued and your retirement account will pick up where it left off with your previous employment.

If you are transferring to another job where you will be covered by one of the other state sponsored retirement plans, see "portability" and "dual membership" provisions. If you are transferring to another job, you are not eligible to apply for a refund/rollover distribution.

Periodic Payment Distributions

- a) If you return to permanent employment with a NDPERS participating employer, your hours of employment must be restricted if you wish to continue receiving your periodic payment distribution. Your employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. You may work more than 20 hours per week if employed less than 20 weeks per year.

If you are employed for 20 or more hours a week for 20 or more weeks per year then your retirement benefit will be suspended. Upon termination of employment, you may resume periodic payment distributions.

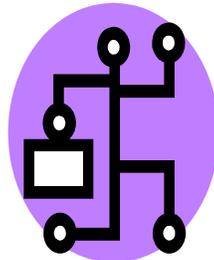
- b) If you have accepted a periodic payment distribution and become reemployed with a NDPERS participating employer other than the employer with which you were employed at the time you retired and have reached normal retirement age, you may, before reenrolling in the retirement plan, elect to permanently waive future participation in the Defined Contribution plan and the Retiree Health Insurance Credit program.

If you make this election you are not required to make any future employee contributions to NDPERS nor will your employer be required to make any further contributions on your behalf.

Under N.D.C.C. 54-52-01(8), a "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision thereof. Therefore, North Dakota state agencies are considered one employer group and any member retiring with one state agency and becoming reemployed with another state agency **would not be eligible** for this return to work provision.

The following retired members may be eligible for this provision:

<u>Past Employer</u>	to	<u>New Employer</u>
State		Political Subdivision
Political Subdivision		State
Political Subdivision		Political Subdivision



MISCELLANEOUS INFORMATION

Attachment of Your Account

Your Account may not be attached, garnished, assigned or used as collateral for a loan except to the extent required by law. Creditors may not attach, garnish or otherwise interfere with your Account balance, except in the case of a proper IRS tax levy or a Qualified Domestic Relations Order (QDRO).

Plan to Plan Transfers of Assets

The NDPERS board may direct the Trust Company to transfer all or a portion of the assets in the Account of designated Participants to another plan or plans maintained by NDPERS subject to certain restrictions. The plan receiving the Trust Funds must contain a provision allowing the transfer and preserve any benefits required to be protected under existing laws and regulations. In addition, a Participant's vested Account balance may not be decreased as a result of the transfer to another plan.

Plan Amendment

Certain provisions of the Plan are subject to amendment by NDPERS that may directly or indirectly modify certain Plan rights and benefits. If NDPERS amends the Plan, you will be notified in writing.

Plan Termination

The employer has no legal or contractual obligation to make annual contributions to or to continue the Plan. With the approval of the designated principal(s), the employer may at any time reduce or suspend its contributions, if applicable. While NDPERS intends to continue the Plan, it reserves the right to change or terminate the Plan at any time as circumstances may dictate.

Fees

There are two types of fees under the Defined Contribution plan. Neither of these fees are fixed and may vary over time. The first type of fee is the plan administration fee. The second fee is the investment fee. Investment fees vary based upon the type of investments you select.

Interpretation of Plan

The NDPERS board has the power and discretionary authority to construe the terms of the Plan and to determine all questions that arise under it. Such power and authority includes, for example, the administrative discretion necessary to resolve issues with respect to an Employee's eligibility for benefits, credited service for determining retiree health credit, disability and retirement, or to interpret any other term contained in Plan documents. The Board's interpretations and determinations are binding on all Participants, employees, former employees, and their beneficiaries.

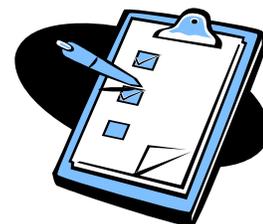
Electronic Delivery

This Summary Plan Description and other important information may be delivered to you through electronic means. This Summary Plan Description (SPD) contains important information concerning your rights and benefits under the Plan. If you receive this SPD (or any other Plan information) through electronic means, you are entitled to request a paper copy of this document, free of charge, from the employer. The electronic version of this document contains substantially the same style, format and content as the paper version.

INDEX OF FORMS YOU MAY REQUEST FROM YOUR PERSONNEL/PAYROLL OFFICER OR OBTAIN ON-LINE

IF YOU ARE TRYING TO	OBTAIN THIS FORM
Change your address	Notice of Change SFN 10766
Change your name	Notice of Change SFN 10766
Change your marital status	Notice of Change SFN 10766
Change your beneficiary for retirement benefits	Designation of Beneficiary SFN 2560
Notify NDPERS of your retirement and election to receive a periodic payment	Retirement Kit SFN 53723 TIAA-CREF Distribution form also required.*
Notify NDPERS of your termination of employment and election to withdraw retirement money	Refund/Rollover Kit SFN 53725 TIAA-CREF Distribution form also required.*
Notify NDPERS of your termination of employment and election to directly rollover your retirement funds	Refund/Rollover Kit SFN 53725 TIAA-CREF Distribution form also required.*
Notify NDPERS of your termination of employment and election to defer distribution of your retirement account to a later date	Deferred Retirement Kit SFN 53724 TIAA-CREF Distribution form also required.*

* A **TIAA-CREF Distribution form** can be obtained by contacting NDPERS.



REFUND/ROLLOVER CHECKLIST

Suggested procedure for terminating employees who wish to cash out of NDPERS.

- Before leaving employment, see your payroll officer or the NDPERS website for a **Refund/Rollover Kit SFN 53725** and a TIAA-CREF Distribution form.
- Be sure to read all the information contained Refund/Rollover Kit SFN 53725 and TIAA-CREF Distribution form very carefully before completing any forms.
- Be sure all the applicable forms in the Refund/Rollover Kit SFN 53725 and TIAA-CREF Distribution form are fully and accurately completed. Incomplete or incorrectly completed forms may cause a delay in issuing funds from NDPERS.
- If you are having your NDPERS retirement account directly rolled over into an IRA or eligible employer plan, be certain the other Plan/Financial Institution will accept a direct rollover of your NDPERS retirement account before submitting your forms to NDPERS.
- If you wish, call TIAA-CREF at (800) 842-2252 for a statement of your member account balance.
- Before leaving employment, check with your payroll officer to make sure your completed Refund/Rollover Kit SFN 53725 and TIAA-CREF Distribution form has been sent to the NDPERS office.
- Be sure your address is correct with the NDPERS office. NDPERS staff must send all benefit information to your last recorded address and cannot make address changes over the telephone. *Please submit any address changes in writing or complete a **Notice of Change SFN 10766**.*

RETIREMENT CHECKLIST

Suggested procedures for retiring employees who wish to draw periodic payments from NDPERS.

At least six (6) months prior to retirement:

- * Review:
 - distribution options and amount of benefits
 - date pension payment begins
 - direct deposit policy of pension check
 - taxes on pension benefit
- * Review participation in NDPERS:
 - health insurance plan/retiree health insurance
 - dental insurance
 - vision insurance
 - long-term care plan
- * Review continuation of term life insurance (if applicable)
- * Review return to work provisions
- * Have realistic plans for day-to-day living in retirement
- * Review what your financial needs will be after retirement. Be sure to consider your long range financial requirements



Three (3) months prior to retirement, register with your Social Security office (if you are 62 or older)

Sixty (60) days prior to retirement date:

- submit completed **Retirement Kit SFN 53723** and TIAA-CREF Distribution form.
- submit photocopy of birth record with application (if married, submit copy of spouse's birth record and marriage certificate)
- check with your payroll office on accrued vacation and sick leave pay available