



# **NDPERS MANDATORY 457 PROVIDER TRAINING**

**2014**

# Today's Presentation

- Temporary window for Defined Contribution Plan expands eligibility
- Review of Defined Benefit Hybrid Plan (DBH) and Defined Contribution Plan (DC) provisions
- Retiree Health Credit Program
- PERSLink Tools through MSS



**Temporary  
Election Window  
provided by  
HB1452**

# House Bill 1452 expands eligibility for the defined contribution plan

1

- State employees hired as a permanent employee on or after October 1, 2013 but before 7/31/2017.

2

- Includes Judges, Air National Guard, Law Enforcement and Main System employees

3

- Does not include Highway Patrol, political subdivisions, schools or counties or existing state employees in DBH Plan

# Mechanics of Expanded DC Election

- New hires are required to start in the DBH and will be mailed materials from the NDPERS office within 30 days of hire and will be given a **six month window** to make the election.
  - **If no election is received, the new hire stays in the DBH.**
  - **If an election to participate in the DC is made, a lump sum amount will be transferred from the DBH plan to the DC plan.**

# Election into the DC Plan is **IRREVOCABLE!**

- Once the election to move to the DC is made, a participant must remain in it for as long as eligible employment continues. This is true even if employment changes to a different, non-state employer.
- The only exception is if an election is made, but the employee terminates before the transfer can be made from the DBH to the DC Plan. If this occurs, the election to transfer is void.

# Contribution Rates

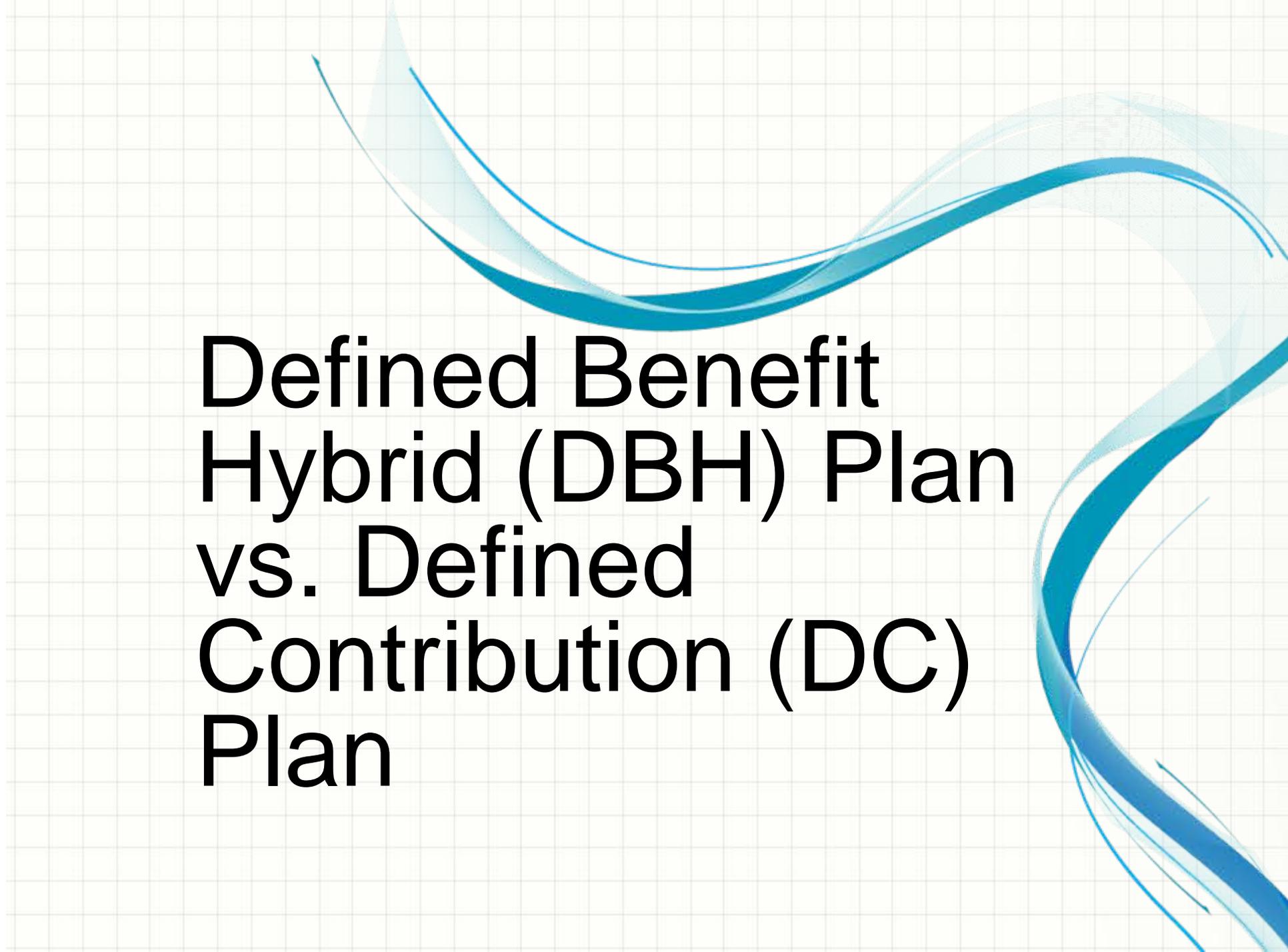
## Defined Benefit Hybrid\*

- Main System
  - Employer - 7.12%
  - Employee – 7.00%
- Judges
  - Employer – 17.52%
  - Employee – 8.00%
- Law Enforcement
  - Employer – 10.31%
  - Employee – 6.00%
- Air National Guard
  - Employer – 7.00%
  - Employee – 4.50%

## Defined Contribution\*

- Employer - 7.12%
- Employee – 7.00%

***\*Rates will return to 2013 levels when the DBH reaches fully funded status.***



# Defined Benefit Hybrid (DBH) Plan vs. Defined Contribution (DC) Plan

# Vesting in DB Hybrid Plan

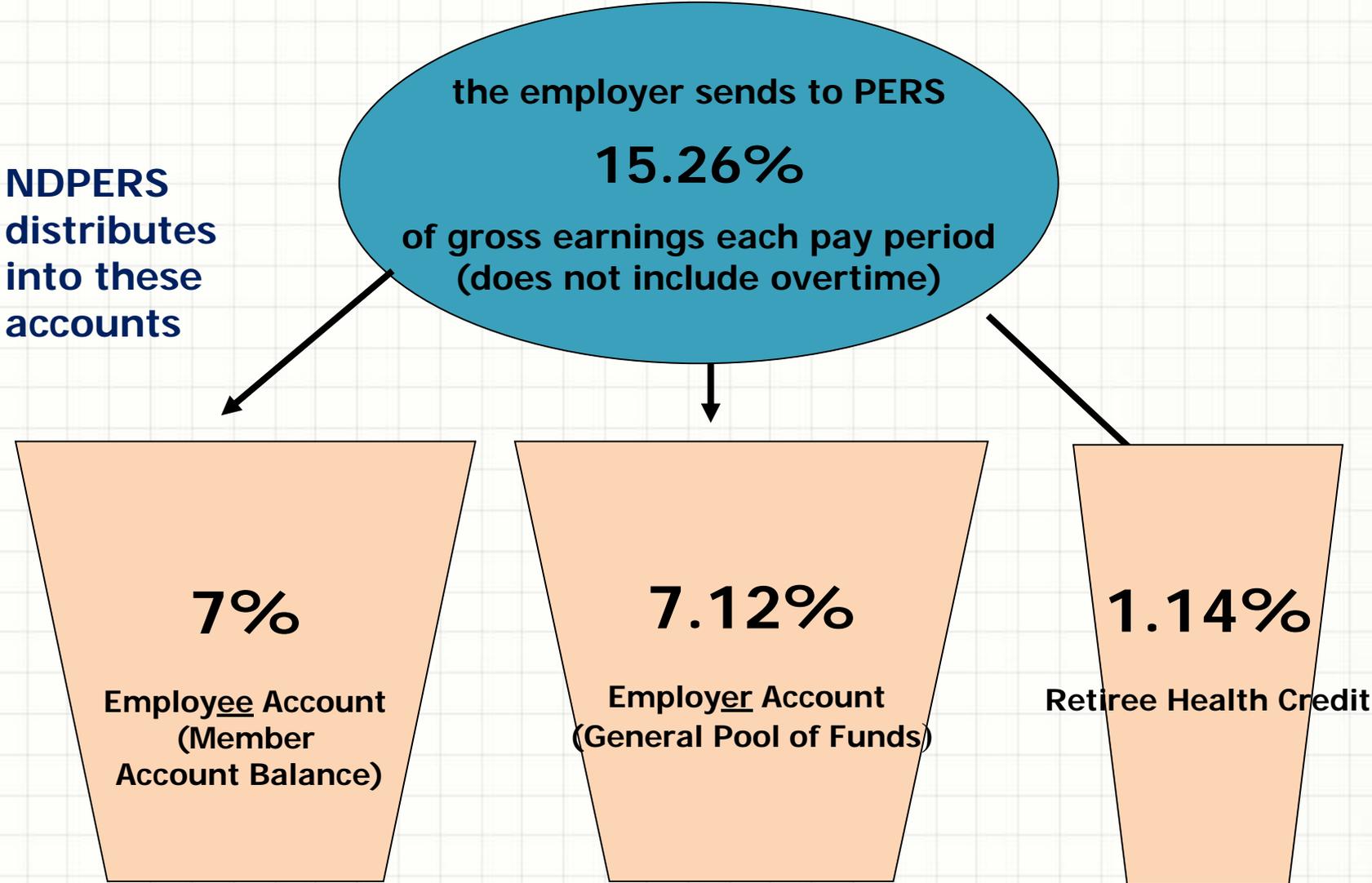
*You become vested the earlier of :*

- *Achieving 36 months (3 years) of service credit*  
*or*
- *Attaining 65 years of age*



# Defined Benefit Hybrid (DB) Plan

How Retirement Contributions are Allocated without PEP

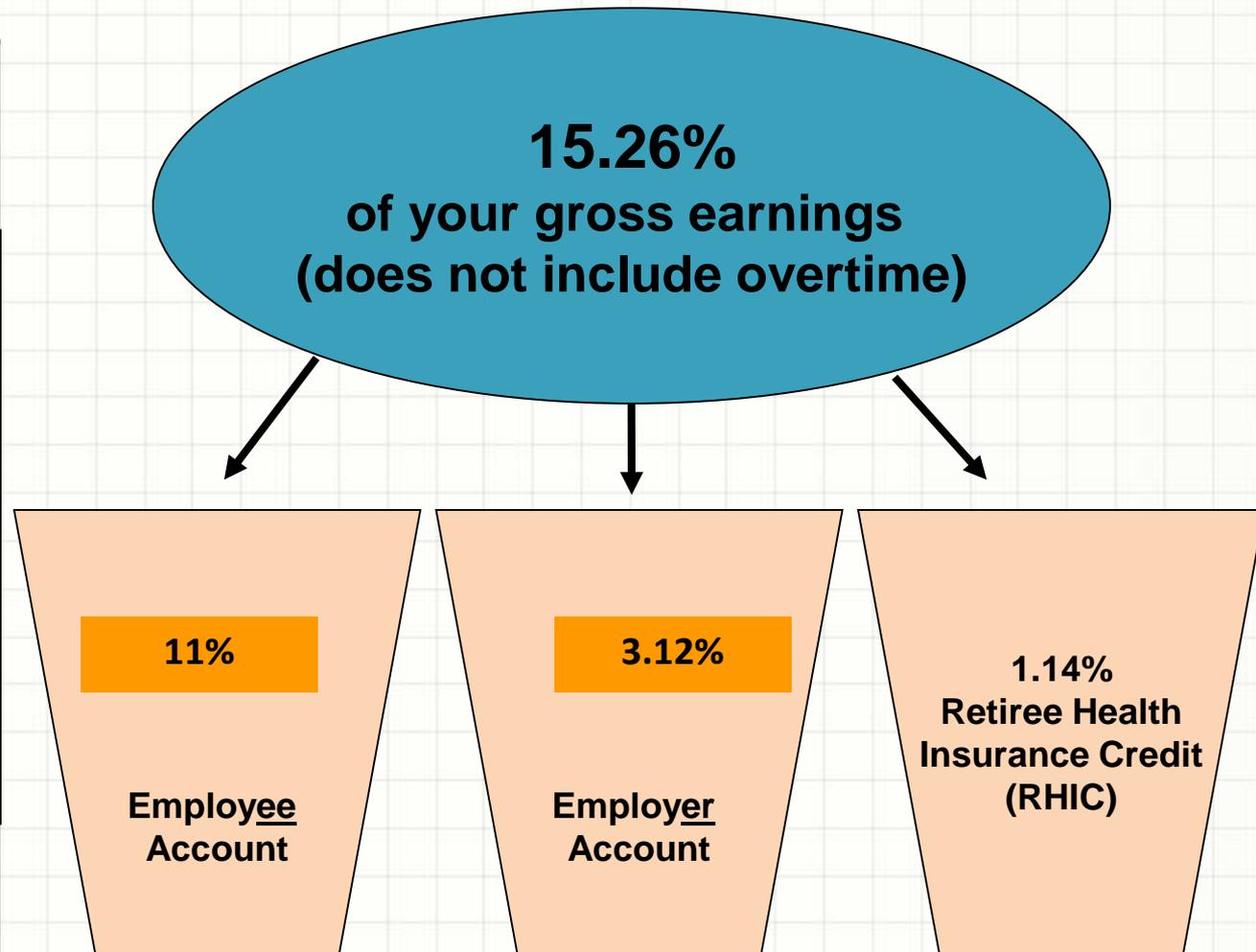


# Portability Enhancement Provision (PEP)

- PEP is an optional program that allows a member to vest in the employer contribution
  - *Requires participation in a Deferred Compensation Plan (457/403(b))*
- Vested employer contributions are added to the member's account balance
- The result is increased portability

# How PEP Works . . .

Years of Service	Your Investment in Deferred Comp
0-12 months	1% of gross pay or minimum of \$25
13-24 months	2% or minimum of \$25
25-36 months	3% or minimum of \$25
37 + months	4% or minimum of \$25



NDPERS distributes into these accounts

# DBH Benefits at Termination

## DBH Member Account Balance Options:

- Lump Sum Refund (before age 59 ½)
  - 20% federal tax withholding
  - 14% state tax withholding
    - of the federal amount
  - 10% penalty for early withdrawal
- Direct Rollover
  - Taxable amount only
  - Avoid tax & early withdrawal penalties
- Combination rollover/refund



# Retirement Benefit Formula

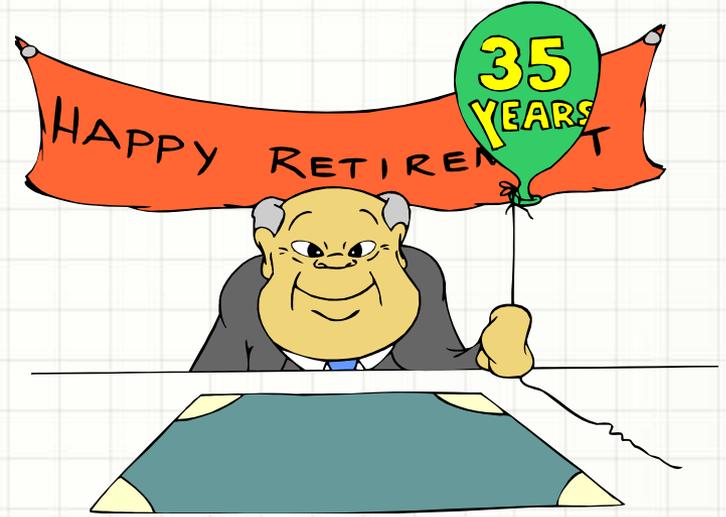
## Defined Benefit Hybrid Plan

- Final average salary (FAS)
  - The average of your highest 36 salaries during the last 180 months worked
- Benefit multiplier
  - 2.00%
- Credited service
  - One month of service for each contribution

**(FAS x 2.00% x Service Credit)**

# “Normal” Retirement in DBH

- Attain Age 65
- Achieve the Rule of 85
  - Member’s Age + Service Credit



# Benefit Options in DBH

- Single Life
- Joint & Survivor 50%
- Joint & Survivor 100%
- Ten Year Term Certain
- Twenty Year Term Certain
  - Graduated Benefit (1% or 2%)
  - Partial Lump Sum Option



# Disability Benefits in DBH

- Vested after 6 months
- Long Term Disability
- 25% of Final Average Salary (FA
- \$100 per month minimum



# Surviving Spouse Benefits in DBH

## **Assumption: Member is Active Prior to Death**

- Lump Sum Payment
  - Also available to single and non-vested members
- Lifetime Payments
  - 50% of Normal Single Life or
  - 100% Joint & Survivor Payment (If deceased was age 65 or met Rule of 85)



# Defined Benefit Hybrid Plan vs. Defined Contribution Plan

- Now we're going to do a quick review of the Defined Contribution Plan...

# Defined Contribution (DC) Plan

How Your Retirement Contributions are Allocated

**NDPERS**  
distributes  
into these  
accounts

Your employer sends to PERS  
**15.26%**  
of your gross earnings each pay period  
(does not include overtime)

**14.12%**  
**TIAA-CREF**

Member Account Balance  
+  
Vested Employer Contribution\*  
+  
Expenses, Gains & Losses

**1.14%**

**Retiree Health Credit**

# Defined Contribution Plan Vesting

- Years of Service:
  - Less than 2 years
  - 2 years
  - 3 years
  - 4 years
- Percentage vested:
  - 0%
  - 50%
  - 75%
  - 100%

# Defined Contribution Options at Termination

## Defined Contribution Member Account Balance Options:

- Lump Sum Refund (before 59 ½)
  - 20% federal tax withholding
  - 14% state tax withholding
    - of the federal amount
  - 10% penalty for early withdrawal
- Direct Rollover
  - Taxable amount only
  - Avoid tax & early withdrawal penalties
- Combination rollover/refund
- Systematic withdrawals



# Retirement Benefit Formula

## Defined Contribution Plan

- Work with TIAA-CREF representative to develop income stream scenarios
  - Select payment type and stream of income
- Monitor account balance
  - Adjust income stream if necessary
- Same process for Early Retirement or Disability retirement

# Surviving Spouse Benefits in Defined Contribution Plan

- If death occurs for an active member, then the named beneficiary is entitled to receive member's vested balance.
- If death occurs after retirement has commenced, the named beneficiary is also entitled to receive member's vested balance. However, if benefits have been annuitized, they would be subject to the provisions of the annuity contract.



# Quick Recap of Retirement Plan Features

**Defined Benefit  
Hybrid  
Retirement Plan**

**Defined  
Contribution  
Retirement Plan**

# Differences Between the DBH & DC Plans

## Defined Benefit Hybrid:

- No control over investment of funds
- Cliff vesting after 3 years
- Benefits are based on FAS.
- Benefit duration is based on the lifetime of the member.

## Defined Contribution:

- Investment of funds is determined by employee
- Gradual vesting over 4 years
- Benefits not based on pre-retirement income
- Benefit duration is based on account balance.

# Differences Between the DBH & DC Plans

## Defined Benefit Hybrid:

- Rule of 85
- Fixed monthly benefit amount
- Fixed Disability benefit
- PEP available
- Option to vest in portion of employer contribution

## Defined Contribution:

- No Rule of 85
- Variable benefit amount and payment schedule
- Variable disability benefit.
- PEP not available
- Ability to vest in 100% of employer contribution



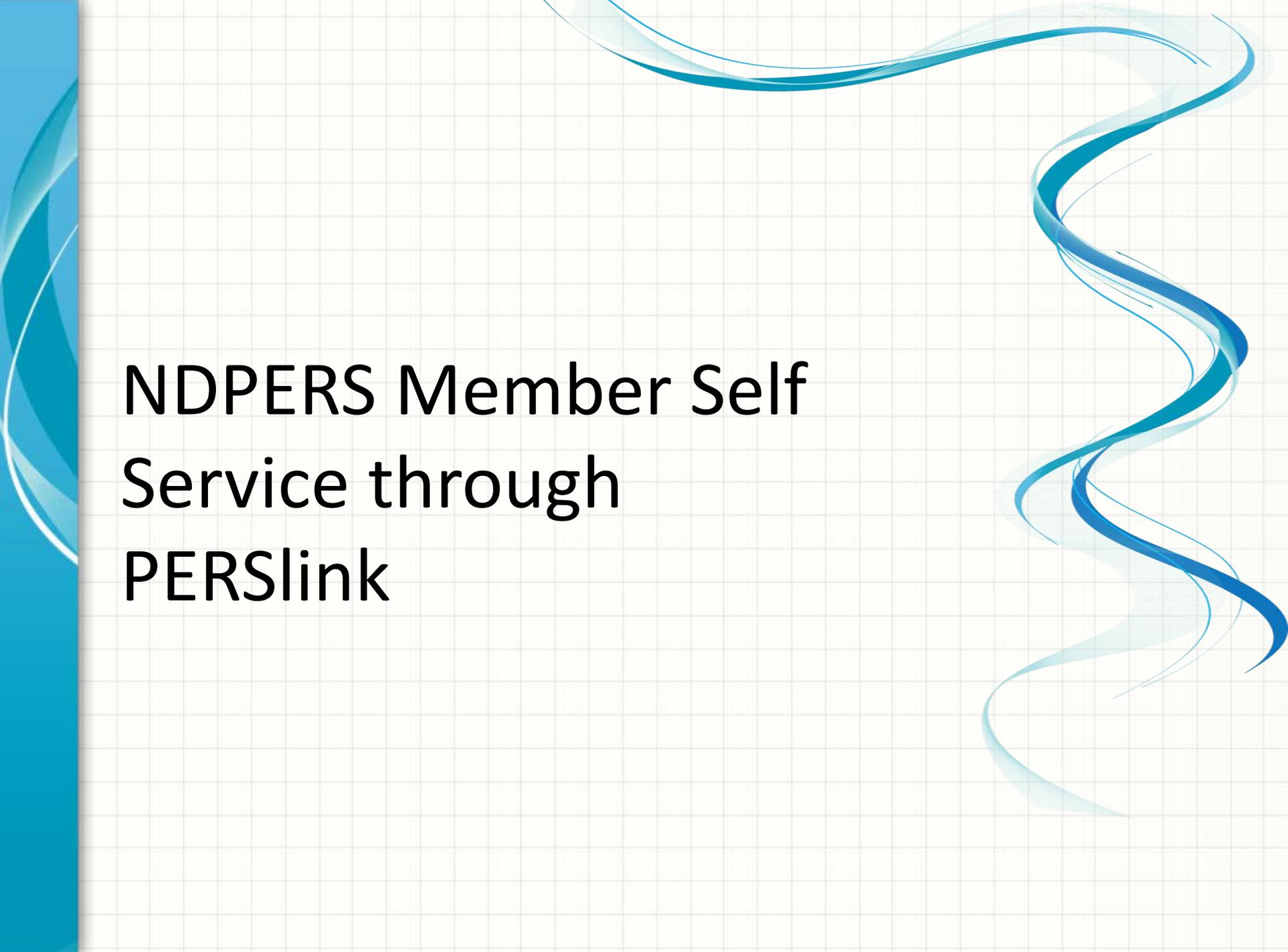
# Retiree Health Insurance Credit

# Retiree Health Insurance Credit Program (RHIC)

- Provided by an employer paid contribution (1.14% of gross pay) for the purpose of prefunding retiree health insurance credit.
  - Provides a monthly non-taxable benefit applied towards NDPERS Health Insurance premium.
  - Based on retirement service credit ( $\$5 \times \text{YOS}^* =$  monthly benefit)
  - **Benefit forfeited** if assets are moved out of NDPERS Retirement Plans

# Retiree Health Insurance Credit Program (RHIC)

- Retirees and surviving spouses of DBH & DC Plans are eligible for RHIC
- Reduced for Early Retirement
- Options for married members who select a single life, 10 or 20 Year Term Certain benefit
  - ❖ 50% Joint & Survivor
  - ❖ 100% Joint & Survivor



# NDPERS Member Self Service through PERSlink

Mark Collins  
Executive Director

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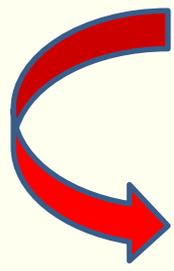
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- Prescription Drug



# Welcome to the North Dakota Public Employees Retirement System (NDPERS)



**NDPERS  
PERSLink  
MEMBER  
Self Service**



**NDPERS  
Upcoming  
Events**

Lt. Governor Drew Wrigley Presents



**Daily Dose of wellness**

A series of wellness webinars available at [www.NDPERSHealthyBlue.com](http://www.NDPERSHealthyBlue.com).

Click below to view the introductory video. Watch your email for announcements as more Daily Dose of Wellness episodes become available.

**Log into HealthyBlue today!**

**Daily Dose of Wellness Topic 1:  
Introduction**

For leaders of NDPERS member organizations:  
Worksite Wellness Leadership Webinar  
with Lt. Governor Drew Wrigley



**NDPERS  
PERSLink  
EMPLOYER  
Self Service**

2014 Retirement Contribution Increase Notice

Defined Contribution Option for State Employees Hired on or after 10/01/2013



**NDPERS  
Pre-Retirement  
Education Program**

Bismarck  
April 16, 2014



**ADP**  
FlexComp  
Information



**About the Patient**  
[www.aboutthepatient.net](http://www.aboutthepatient.net)

**Diabetes Management Program**

**North Dakota Public Employees Retirement System**

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- PERSLINK MEMBER

We are pleased to welcome you to PERSLink Member Se

**Already Registered?** [Access PERSLink Member Self Service \(MSS\)](#)



**Not Registered Yet?** See below for instructions and other important information.

[Instructions for Logging in to PERSLink MSS](#)



**Non-Retired Members**

Following are a Member Self Service Guide and Video Tutorials to assist you:

[NDPERS Member Self Service Employee Guide](#)

Video Tutorials

1. [Welcome to PERSLink Member Self Service Features](#)
2. [Welcome to PERSLink Member Self Service Plan Enrollment](#)

(Windows Media Player® Required - [download](#))

**Retired Members**

# Member Self Service Login

North Dakota  
*login*

## Already Registered - [Not Sure?](#)

North Dakota Login:

[Forgot Login](#)

Password:

[Forgot Password](#)

**Login**

[Update your account](#)

## New to North Dakota Online Services?

**Register Now!**

### Benefits of North Dakota Login

- One North Dakota Login and password to access multiple [ND Online Services](#)
- Register once for secure access to State services

Need help? Read through the [FAQ](#).

# ND Public Employees Retirement System Member Self Service

Home Forms Contact Us Switch Member Logoff

Member ID : 107905 Welcome, **Employee Demo** Change Font Size: A A A

- Alerts & Messages  
You have 3 messages
- Your Account(s)
  - Home Page
  - NDPERS Plans
  - Member Account Balance
  - Service Purchase Contract
  - Benefit Estimates
  - Annual Statements
- Related Tasks
  - Personal Profile

Welcome to the PERSLink Member Self Service (MSS). MSS is a secure website where you can view and update your NDPERS benefit plans and personal profile. If applicable, you can also perform retirement and service purchase benefit estimates.

<b>Alerts &amp; Messages</b> You have 3 messages	<b>Personal Profile</b> View or Edit Your Personal Profile		<b>NDPERS Plans</b> Enroll, Update or View Plans	<b>Member Account Balance</b> View Member Account Balance
<b>Benefit Estimates</b> Perform, Request or View Benefit Estimates	<b>Service Credit Purchase</b> Perform, Request or View Service Purchase	<b>Annual Statements</b> View Your Annual Statements		

# Benefit Estimates

## Step 1

- Your Account(s)
  - Home Page
  - NDPERS Plans
  - Member Account
  - Service Purchase
  - Benefit Estimates
- Related Tasks
  - Personal Profile
  - Spouse/Designat
  - Upcoming Semin

 **You have 1 messages**

**Personal Profile**  
 [View or Edit Your Personal Profile](#)

**Benefit Estimates**  
 [Perform, Request or View Benefit Estimates](#)

**NDPERS Plans**  
 [Enroll, Update or View Plans](#)

**Service Credit Purchase**  
 [Perform, Request or View Service Purchase](#)

## Step 2

### Your Benefit Estimate

What would you like to do?

# Step 3: Enter Retirement Date

Plan : Main Retirement

Benefit Account Type : Retirement

Last Date of Employment : 04/20/2034

Retirement Date : May 2034

Spouse Date of Birth :



If you do not indicate a Termination Date and Retirement Date, the benefit estimate will project continued employment until you reach your Normal Retirement Date.

Would you like to factor annual salary increases into your Final Average Salary? If yes, please enter

Monthly Salary Percent Increase : 3

Month Salary Increase Effective : July

*Enter the typical salary percent increase you receive annually. Example: If you receive 4%, enter a 4*

# Step 4: Add Service Purchases

**Member Details**

Plan : Main Retirement

Benefit Account type : Retirement

Termination Date : 04/20/2034

Retirement Date : 05/01/2034

Monthly Salary Percent Increase : 3

Month Salary Increase Effective : July

Spouse Date of Birth :

Service Credit Change :  Unused Sick Leave Purchase  Additional Service Months



# Step 5: Benefit Estimate Results

Benefit Calculation ID : 46137

Plan : Main Retirement

Employment Termination Date : 04/20/2034

Spouse Date of Birth :

Benefit Type : Retirement

Retirement Date : 05/01/2034

Normal Retirement Date : 05/01/2034

## Service Credit Details

Credited Service on File :	100.000000	Unused Sick Leave Converted (Months) :	0.00
Unused Sick Leave Conversion Cost :	\$0.00		
Service Months Purchased :		Service Months Purchase Cost :	\$0.00
Estimated Credited Service (months) :	335.0000		
Estimated Credited Service (years) :	27 Years 11.0000 Months		
Age at Retirement :	+ 57 Years 2 Months		
Service Age :	85 Years 1.0004 Months		

## Benefit Calculation and Options

Final Average Salary	Benefit Multiplier %	Years of Service Credit
\$5,666.02	2.0000	27.9167

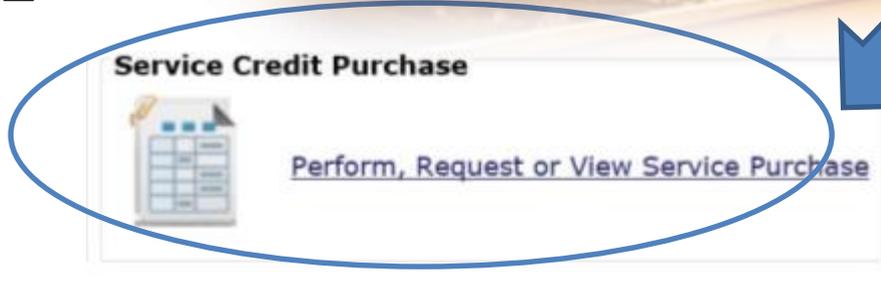
Payee	Benefit Option	Gross Benefit Amount	Monthly Non Taxable Amount	Monthly Taxable Amount	Benefit Amount After Deductions	Total Deductions
Member	Single Life	\$3,163.53	\$0.00	\$3,163.53	\$3,163.53	<b>\$0.00</b>
Member	20 Year Term Certain	\$2,969.61	\$0.00	\$2,969.61	\$2,969.61	<b>\$0.00</b>
Member	10 Year Term Certain	\$3,106.27	\$0.00	\$3,106.27	\$3,106.27	<b>\$0.00</b>

## Retiree Health Insurance Credit

RHIC Option	Member RHIC Amount
Standard Health Credit	\$139.58

# Service Purchases

## Step 1



## Step 2

### Service Credit Purchase

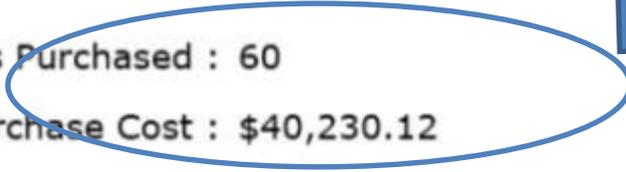
What would you like to do? **Calculate a service purchase cost estimate**

## Step 3: Enter number of months

Purchase Type	From Date	To Date	Additional Service Credits
Additional Service Credit			<input type="text" value="60"/>
Leave of Absence	<input type="text"/>	<input type="text"/>	
Military Service	<input type="text"/>	<input type="text"/>	
Previous Public Employment	<input type="text"/>	<input type="text"/>	
Previous NDPERS Employment	<input type="text"/>	<input type="text"/>	

## Step 4: Results

Service Months Purchased : 60  
Service Months Purchase Cost : \$40,230.12



\*Cost varies for each individual based upon actuarial components:  
Date of Birth, Final Average Salary, Age eligible for unreduced retirement benefits, Number months purchased

## Step 5: Submit to NDPERS

### Service Purchase Payment Schedule

*Your purchase payment election amount must be higher to complete your purchase within 180 Months, please enter in a higher amount.*



Please read the [Provisions for the Purchase of Service Credit & Conversion of Unused Sick Leave](#).

If you would like to request an official service credit purchase estimate from NDPERS, submit your [Request for a Service Purchase Estimate](#)



## Step 6: Notification

- You will receive a letter verifying request, along with required forms
- Specified amount eligible for rollover
- Partial amount must be paid after-tax
- Estimate valid for 90 days

# We have reviewed

- Temporary window for Defined Contribution Plan expands eligibility
- Review of Defined Benefit Hybrid Plan (DBH) and Defined Contribution Plan (DC) provisions
- Retiree Health Credit Program
- PERSLink Tools through MSS

# NDPERS Website Page for Provider Representatives

**North Dakota Public Employees Retirement System**  
For Deferred Comp Providers

**Sparb Collins**  
Executive Director

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This following pages are designed to provide information specifically geared to the needs of NDPERS Section 457 Deferred Compensation Program provider representatives. [Specific requirements](#) must be met for you to become an authorized provider representative.

**NDPERS 457 Plan Provider Training** All provider representatives are contractually required to attend periodic education programs that are either provided or approved by the NDPERS Board, every two years after initial training has occurred.

- [Resource Documents](#)
- [Summary of Investment Options](#)
- [Updated Provider Representatives Listing](#)
- [Investment Options for the Companion Plan](#)
- [Provider Representative Handbook](#)
- [Defined Benefit Hybrid Retirement Plan Handbook](#)

**NOTE: Each link to the handbooks below will open in a new window. Be sure to close each new window BEFORE selecting another link.**

**Deferred Compensation Plan Summary**



- [Deferred Compensation Eligibility](#)
- [Deferred Compensation Enrollment](#)

**Deferred Compensation Plan Document**



<http://www.nd.gov/ndpers/providers-consultants/providers/provider-training.htm>

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Welcome to HealthyBlue (...), ConnectND, Best of the Web, Customize Links(1), Free Hotmail, Internet Explorer News, Internet Start, Legislative Bill Tracking Sy..., MSS Home (2), MSS Home, Plan Sponsor Log in - Ho..., Suggested Sites, Web Slice Gallery, Welcome to HealthyBlue

**North Dakota** nd.gov Official Portal for North Dakota State Government

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 For Deferred Comp Providers

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**Provider Training**

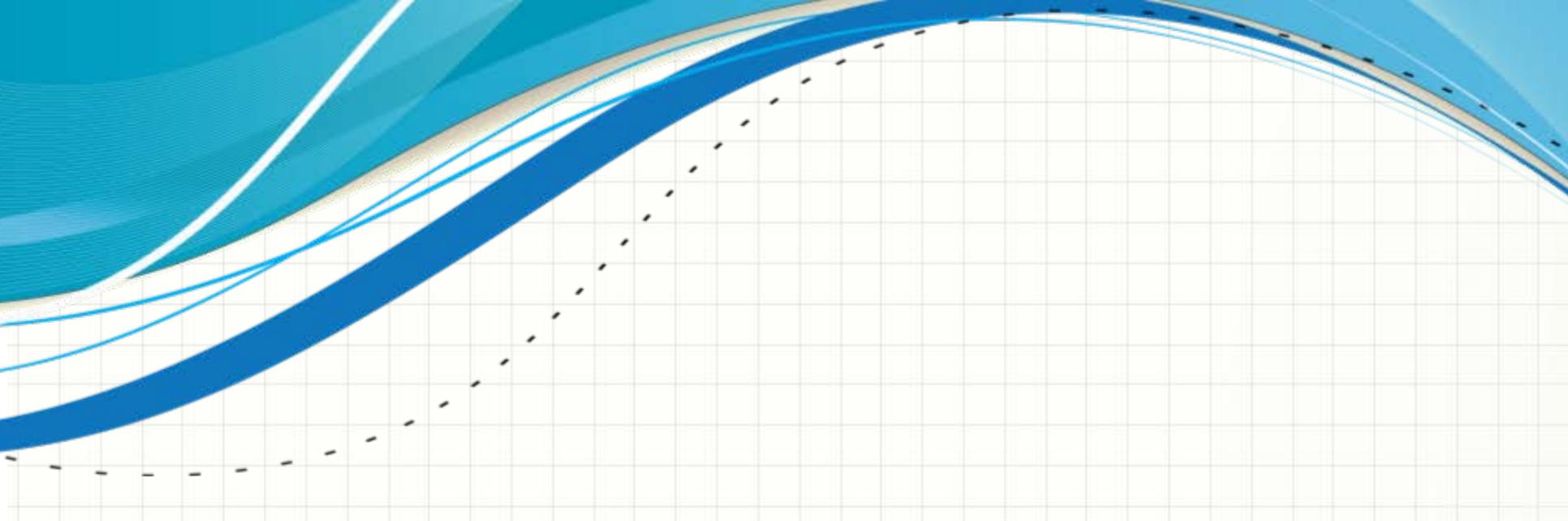
To assist in fulfilling this requirement, NDPERS staff will conduct 457 Deferred Compensation Provider/Agent training sessions. In addition to satisfying contractual requirements, participants may receive continuing education credits, depending on the course offered.

**2014 Agent Training**

- [Invitation & Training Schedule](#)
- [NDPERS Mandatory 457 Provider Training 2014 \(training slides\)](#)
- [GoToWebinar Troubleshooting Guide](#)
- [Recertification Form](#)
- [Evaluation Form](#)

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