

## **Updates for Deferred Compensation Provider Representatives**

### **EGTRRA Provisions**

As you are probably aware, a great many positive changes were provided in the deferred compensation area by the **Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)**. Changes pertinent to the NDPERS program were reviewed and discussed at the training programs conducted in December 2001 and are summarized here for your review. See the back of this newsletter for the highlights.

### **NDPERS Training Opportunities in 2002**

We are happy to report that we had over 160 provider representatives attend the EGTRRA training offered by NDPERS staff in early December. This represented approximately half of the provider representative population! Please note that each active provider company has contractually agreed that it's representatives will attend training within the first 12 months of a representative beginning to participate in selling products to NDPERS members and every two years thereafter. The next training

offered will be in Devils Lake (April 2), Bismarck (April 16th & 17th) and Fargo (April 9th). Check the NDPERS website for registration information after February 1, 2002. Note: Individuals who do not attend a training session as required in the existing contract will no longer be eligible to provide services to NDPERS Deferred Compensation participants. You will receive notification from your provider company if you become ineligible to provide services to NDPERS members as a result of not meeting this requirement.

### **Provider Representative Handbook Revised**

The red Provider Representative Handbook has been revised to reflect the changes to the NDPERS program pursuant to EGTRRA and due to contractual changes between NDPERS and Deferred Compensation Provider Companies. These handbooks were passed out to those who attended the December trainings. If you were unable to attend the training in December, you may wish to request an updated handbook.

### **Investment Options Booklet Revised**

The Investment Options Booklet containing the summary of products available in the NDPERS Deferred Compensation Program is now available. Watch for your copy in the mail!

### **NDPERS Website**

Remember, you can download the Investment Options booklet and the Provider Representative Handbook from the NDPERS website. NDPERS retirement handbooks are also out on the web for your reference and convenience. The address for the NDPERS website is [www.state.nd.us/ndpers](http://www.state.nd.us/ndpers)

### **New Participant Agreement Form 3803**

Beginning April 1st NDPERS will no longer collect new beneficiary data. Therefore, only forms revised April 2002 will be accepted after that date. Obsolete forms received after March 29th will be returned.



## Summary of Changes Effective January 1, 2002—EGTRRA

- The maximum contribution limit has increased to the lesser of 50% of taxable income or the maximum annual limit listed below:

<u>Year</u>	<u>Contribution Limits</u>
2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006	\$15,000

- Beginning in 2002, participants utilizing the regular catch-up provision may defer the lesser of 1) twice the applicable dollar limit on elective deferrals or 2) the sum of the applicable dollar limit plus the amount by which the preceding years' deferrals were less than the applicable dollar limit. Maximum deferral limit tables are found on page 14 of the red provider representative handbook.
- A new catch—up provision for individuals age 50 or older has been added. This provision is not tied to under-utilization of the plan and cannot be used at the same time the regular catch-up provision is in use. Maximum deferral limit tables for this provision are on page 5 of the red provider representative handbook.
- Upon separation from employment, 457 distributions are now eligible for rollover to a 403(b) plan, 401(a) retirement plan, profit sharing or stock bonus plan or an IRA that accepts such rollovers in addition to existing transfer provisions. Rollovers will not be allowed into NDPERS retirement plans until enabling state legislation can be passed. The NDPERS Board will propose such legislation for the next session in 2003.
- Substantially non-increasing distribution rules have been eliminated. Through March 31st, a participant must elect a benefit commencement date upon termination of employment. Opportunity to defer the date of distribution is no longer limited and participants will be allowed to change their distribution amounts and/or patterns after benefits have commenced subject to annuity contract provisions, if applicable.
- Requirement that non-spousal beneficiaries receive their benefit distributions within 15 years has been removed.

## Summary of Changes Effective April 1, 2002

- Elective deferrals are not allowed for 6 months following a hardship withdrawal.
- Beneficiary designations will be obtained and maintained by the Provider Companies.
- NDPERS will stop requiring a completed "Benefit Selection" form and participants will not be required to select a distribution date at termination. Instead, NDPERS will notify the provider company that an individual has terminated employment and is eligible to take distribution. The provider company will be responsible for maintaining the administration of this function.

## Tentative Training Dates—Fall 2002

*Grand Forks—October 9*

*Minot—October 8*

*Bismarck—October 15 & 16*

*Watch the NDPERS website for more details.*