



## **North Dakota Public Employees Retirement System (NDPERS)**

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This publication contains information for enrolling in the NDPERS Plans administered by NDPERS.

This publication is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this publication do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board.

The information in this publication is subject to changes made by the North Dakota legislature, by the Board of the North Dakota Public Employees Retirement System (NDPERS), and its agents.

# GROUP RETIREMENT PLAN



In the Defined Benefit Hybrid Retirement plan, an account is established on your behalf and contributions are made to the account by you and your employer. If you are vested, you are guaranteed a benefit at retirement, which is generally based on your compensation, the benefit multiplier, and your years of service. The more years of service you have accumulated, the greater the benefit. You will receive the benefit determined under the plan regardless of the performance of the plan's investments.

## **Mandatory Participation Requirements**

If you work for a participating employer in the Defined Benefit Plan, and work a minimum of 20 hours (32 hours for law enforcement retirement plan) per week for 20 or more weeks of the year, are at least eighteen years of age, filling a permanent position that is regularly funded and not of limited duration, and are not a non-classified state employee, you must participate in the defined benefit plan unless you waived participation in writing when your employer joined NDPERS.

If you meet the above requirements and are a non-classified state employee, you must elect to participate in either the defined benefit plan or the defined contribution plan. Upon receipt of your membership application as a non-classified state employee, NDPERS will verify eligibility to participate in the defined contribution plan and will mail you a packet of information comparing the two retirement plans. You will have six (6) months to elect to transfer to the defined contribution plan. A Defined Contribution Retirement Program Election Form SFN 52170 is required. This form is included in the comparison packet. If an election is not submitted to NDPERS within six (6) months of your hire date, you will automatically remain in the defined benefit retirement plan. The form must be signed by you and your spouse (if married) and notarized.

You should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit applicable for enrollment purposes.

## **Participation Requirements for State Elected and Appointed Officials**

If you are a state official elected on or after December 31, 1999, and meet the mandatory participation requirements you may enroll or waive participation in the defined benefit plan within the first 6 months of your term. If you elect to join NDPERS, you must be a participating member of the defined benefit plan unless an election is made within six (6) months to join the defined contribution plan.

If you are a state appointed official initially appointed on or after July 1, 1979 you must be a participating member of the defined benefit plan. You must be a participating member of the defined benefit plan unless an election is made within six (6) months to join the defined contribution plan.

## **Participation Requirements for Other [Non-State] Elected Officials**

If you are an elected official of a participating county, at your individual option, you may enroll or waive participation in the defined benefit plan within the first six (6) months of your term. All other elected officials who meet the above mandatory participation requirements must be enrolled in the defined benefit plan within the first six (6) months of their term.

## **Participation Requirements for Other [Non-State] Appointed Officials**

If you are an official of any other participating employer appointed on or after August 1, 1999, and you meet the above mandatory participation requirements, you must be enrolled in the defined benefit plan effective with the first month of taking office.

## **Optional Participation Requirements**

If you are at least eighteen years old, and do not meet the mandatory participation requirements, you may elect to participate in NDPERS within the first 180 days of employment, or within 180 days of changing from permanent to temporary/part-time employment. Retirement participation is at your expense. You can not participate in NDPERS if you are actively contributing to another employer-sponsored plan. This applies to both private and public pension funds.

The law expressly prohibits the employer from paying any portion of an optional participant's contribution.

In order to participate as a temporary/part-time employee, an Agreement/Waiver of Participation for Optional Participant Defined Benefit Plan SFN 17627 is required.

## **Enrollment**

Eligible employees must enroll at the date of hire and retirement contributions must begin with the employee's first paycheck. Employees who do not meet the eligibility requirements can participate at their own cost, but must elect to enroll within the first six (6) months of beginning employment or experiencing an employment change in status.

## **Contributions**

<b>Retirement Plan</b>	<b>Employee Contribution</b>	<b>Employer Contribution</b>
Main	5.00%	6.26%
Judges	6.00%	16.66%
Highway Patrol	11.30%	18.31%
National Guard	4.00%	7.64%
BCI – Law Enforcement	5.00%	10.45%
Law Enforcement with Prior Service	4.50%	9.95%
Law Enforcement without Prior Service	4.50%	8.07%

## **Vesting**

To be vested in the Defined Benefit Hybrid Plan means that you have become legally entitled to a monthly benefit when you terminate employment and reach retirement age or qualify for long-term disability. You will receive one (1) month of service credit for each month a deposit is made to your member account.

Vesting in Disability Benefit:            6 months

### Vesting in Retirement Benefit:

<b>Retirement Plan</b>	<b>Months</b>
Main National Guard BCI-Law Enforcement Law Enforcement	36
Judges	60
Highway Patrol	120

### **Portability Enhancement Provision (PEP)**

#### **-Excludes Judges & Highway Patrol Retirement Plans**

### Vesting in the Employer Contribution:

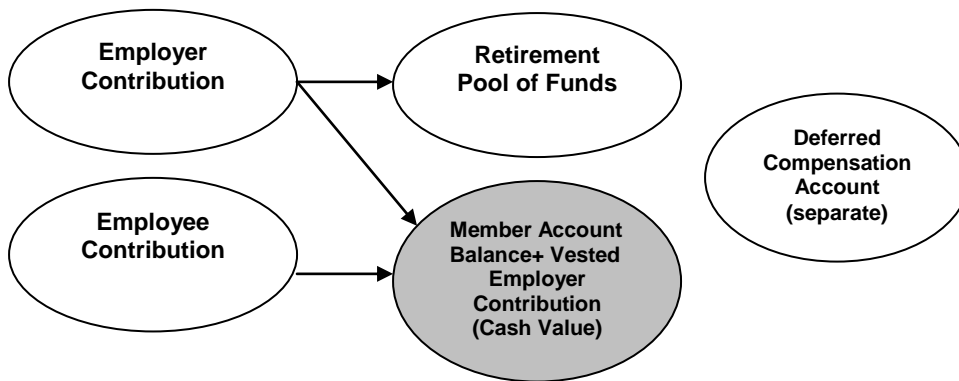
As an active member in the Defined Benefit Hybrid Plan, you are able to vest in the employer contribution for cash distribution purposes by participating in a deferred compensation (457) program, 403(b) or other qualified retirement savings program approved by the NDPERS Board. The vesting schedule for the PEP contributions is based upon your existing service credit in the retirement program and the amount you defer into a qualified deferred compensation plan. See the following schedule for details:

<b>Retirement Service Credit</b>	<b>Minimum Vesting Contribution</b>	<b>Maximum Vesting Contribution</b>
0 – 12 months	\$25	1% of gross salary
13 – 24 months	\$25	2% of gross salary
25 – 36 months	\$25	3% of gross salary
37 + months	\$25	4% of gross salary

### **How PEP works**

It allows you the option to vest in a portion of the employer contribution paid into the retirement pool of funds and have this vesting percentage credited to your member account. For every dollar you put in a Deferred Compensation plan, NDPERS will add one dollar to your member account balance, subject to a vesting schedule. This can significantly increase the amount of money available if you choose to “cash in” your retirement account, or roll it over into another pension plan, if your North Dakota public service ends. PEP reallocates the employer contributions into your member account balance as shown below.

As you can see, a portion of the employer contribution may be paid into the member account rather than the retirement pool of funds as shown in the model.



## **BENEFITS AT TERMINATION OF EMPLOYMENT**

### **Member Account Balance:**

Refund/Rollover of your member account balance, which consists of the monthly employee contributions, the vested portion of the employer contributions, and interest. This interest is compounded monthly up to the time you receive a refund/rollover of your account or begin receiving a monthly benefit. The interest paid on your account is based on a rate established by the NDPERS Board and builds on a tax deferred basis. You may also leave your money at NDPERS to receive a distribution at a later date.

### **Disability Retirement Benefits:**

If you are deemed eligible for disability benefits, you will receive a percentage of your final average salary each month for as long as you are disabled under the basic disability payment option.

Retirement Plan	Percentage of Final Average Salary
Main, National Guard BCI – Law Enforcement Law Enforcement	25
Judges	70, minus Social Security or Workforce Safety & Insurance payments
Highway Patrol	70, minus Workforce Safety & Insurance payments

## Surviving Spouse Benefits:

If you die after you are vested in your retirement plan, your spouse may elect to receive:

Retirement Plan	Surviving Spouse Benefit Options
Main, National Guard, BCI- Law Enforcement Law Enforcement	(a) Refund/Rollover of your account; or (b) 50% of your unreduced retirement benefit for life; or (c) Equivalent of 100% joint & survivor option if you had reached your normal retirement date.
Judges, Highway Patrol	(a) Refund/Rollover of your account; or (b) 100% of your unreduced retirement benefit for life

## **BENEFITS AT RETIREMENT:**

**\*Rule of 80/85:** Age + Years of Service = 80/85 or more

\*No reduction in benefits; there is no minimum age requirement.

### **Retirement Formula:**

Final Average Salary (FAS) X Benefit Multiplier % X Years of Credited Service (YOS)

Final Average Salary = Average of highest 36 salaries of the last 180 months you worked.

Benefit Multiplier = The rate established by the legislature at which you earn benefits.

### **Retirement Age and Retirement Formula:**

PLAN	RULE	EARLY RETIREMENT AGE	NORMAL RETIREMENT AGE	RETIREMENT FORMULA
Main System	85	55	65 or Rule of 85	FAS X MULTIPLIER X YOS 2% Multiplier
Judges	85	55	65 or Rule of 85	FAS X MULTIPLIER X YOS 3.50% Multiplier percent of final average salary for the first 10 years 2.80% Multiplier percent of final average salary for the second 10 years 1.25% Multiplier percent of final average for each year of service over 20 years

PLAN	RULE	EARLY RETIREMENT AGE	NORMAL RETIREMENT AGE	RETIREMENT FORMULA
Highway Patrol	80	50	55 or Rule of 80	FAS X MULTIPLIER X YOS 3.6% Multiplier for the first 25 years 1.75% Multiplier for years above 25
National Guard	No Rule	50 with 36 months of consecutive service in the National Guard	55 with 36 months of consecutive service in the National Guard	FAS X MULTIPLIER X YOS 2% Multiplier
Law Enforcement	85	50 with 36 months of consecutive service in the Law Enforcement	55 with 36 months of consecutive service in the Law Enforcement OR Rule of 85	FAS X MULTIPLIER X YOS 2% Multiplier
BCI Law Enforcement	85	50 with 36 months of consecutive service in the Law Enforcement	55 with 36 months of consecutive service in the Law Enforcement OR Rule of 85	FAS X MULTIPLIER X YOS 2% Multiplier

### **Retirement Benefit Options:**

Retirement Plan	Retirement Benefit Options	
Main, National Guard, BCI Law Enforcement, Law Enforcement	Single Life 50% Joint & Survivor 100% Joint & Survivor 10 Year Term Certain 20 Year Term Certain	Level Social Security Income Partial Lump Sum Graduated Benefit
Judges,	Normal Retirement 100% Joint & Survivor 10 Year Term Certain 20 Year Term Certain	Level Social Security Income Partial Lump Sum Graduated Benefit
Highway Patrol	Normal Retirement 100% Joint & Survivor 10 Year Term Certain 20 Year Term Certain	Partial Lump Sum Graduated Benefit

# DEFINED CONTRIBUTION PLAN



In the defined contribution plan, an account is established on your behalf and contributions are made to the account by you and your employer. Upon an employee's retirement or termination the total amount or value of your account is available for payment. The amount of your benefit will be affected by the investments you select, the amount of time you have to invest, your vesting status, and the performance of the investment options you choose.

## **Eligibility**

If you are a permanent state employee at least 18 years old and in a position not classified by the central personnel division of the State of North Dakota, you may be eligible to participate in the Defined Contribution Retirement 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 Defined Contribution Plan. If you are eligible for this plan, NDPERS will prepare a comparison packet which will be sent to you within two (2) weeks of NDPERS receipt of your eligibility determination. The necessary form for you to make your election will be enclosed in the packet.

## **Enrollment**

Every eligible employee may participate in the Defined Contribution Plan at the later of his/her first day of employment or the effective date of this Defined Contribution Plan. Such eligibility, however, shall terminate at any time employment with the employer is terminated. An eligible employee's participation in the Defined Contribution 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 Hybrid Plan is transferred to the Defined Contribution Plan shall not participate in the Defined Contribution Plan and shall remain under the Defined Benefit Hybrid 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 Defined Benefit Hybrid Plan.
- An employee who is married on the date he/she makes the election to participate in the Defined Contribution Plan must receive his/her spouse's notarized signature on the election form in order for that election to be effective.
- If a member of the defined contribution retirement plan begins employment in a position covered under the judges retirement plan, the highway patrol retirement plan, the law enforcement plan, the teacher's fund for retirement plan or the alternate retirement plan of the board of higher education, the member's status as a member of the Defined Contribution Plan is suspended and the member becomes a new member of the retirement plan for which that member's new position is eligible. The member's account balance remains in the Defined Contribution Plan, but no new contributions may be made to that account. The member's service credit and salary history that were forfeited as a result of the member's transfer to the Defined Contribution Plan remain forfeited, and service credit accumulation in the new retirement plan begins from the first day of employment in the new position. If the member later returns to employment that is eligible for the Defined Contribution Plan, the member's suspension is terminated, the member again becomes a member of the Defined Contribution Plan, and the member's account shall resume



accepting contributions. The contributions to the alternate retirement plan shall remain with the plan unless at the member's option, the member may transfer any available balance as determined by the provisions of the alternate retirement plan into the member's account in the Defined Contribution Plan.

### **Vesting**

The term "vesting" refers to your non-forfeitable right to the money in your account. You are always fully vested in the employee contributions, even if your employer has paid them. You will vest in the employer contributions in accordance with the following schedule:

<b><u>Years of Service</u></b>	<b><u>Percentage Vested</u></b>
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 Defined Benefit Hybrid Plan at the time of transfer. However, if you terminate employment with the State, are paid a distribution from the Defined Contribution 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 toward vesting).

# RETIREE HEALTH INSURANCE CREDIT



## **Eligibility**

If you elect and receive a retirement allowance from the Defined Benefit Hybrid Plan or the Defined Contribution Plan, you are eligible to receive a credit towards your monthly health insurance premium for the state health plan equal to \$5.00 for each of your years of credited service, subject to early retirement reductions. For example, a member with 20 years of service at normal retirement age would receive a monthly credit of \$100.00, which is a tax-free benefit. A receiving member is eligible for coverage under the state health plan [Blue Cross Blue Shield Dakota Plan and Dakota Retiree Plan] even if the employer is not participating in the state health plan prior to the member's retirement if the member is enrolled during eligible "qualifying events".

## **Contributions**

Employer Contribution: 1.14% of covered payroll

**Benefit Formula** \$5.00 x Years of Credited Service

## **BENEFITS AT RETIREMENT**

**Retiree Health Credit Options:** Single Life  
Joint & Survivor 50% & 100%