{stdMbrFullName}

{stdMbrAdrCorStreet1}

{x stdMbrAdrCorStreet2}

{stdMbrAdrCorCity} {stdMbrAdrCorState} {stdMbrAdrCorZip}

November 21, 2024 Member ID: {stdMbrPERSLinkID}

{stdMbrFullName}

{stdMbrAdrCorStreet1}

{x stdMbrAdrCorStreet2}

{stdMbrAdrCorCity} {stdMbrAdrCorState} {stdMbrAdrCorZip}

**RE: optional special Election – Transfer from Main DEfined Benefit Plan to Defined Contribution Plan**

Dear {stdMbrSalutation}:

As a permanent state employee with no more than five (5) years of service\*, you have a special election opportunity created by House Bill (HB) 1040. This bill was passed during the 68th legislative assembly and allows you to elect to transfer from your current Main Defined Benefit Plan {CurrentPlanTierName} into the existing Defined Contribution Retirement Plan {FuturePlanTierName} with NDPERS. *This is not the newly created Defined Contribution 2025 Tier 3 plan*.

Reference the *Plan Tier: Transfer Election Summary* to compare your current plan tier and the one available to you if you elect to transfer.

*\*Your eligibility will be verified at the time of your application.*

***Do I need to take any action?***

If you wish to remain in the Main Defined Benefit Retirement Plan, no action is needed, and you can disregard this notice. If you are interested in learning more about this opportunity, please take the time to carefully review the information enclosed.

***When does the application need to be returned?***

You have a three (3) month window from January 1, 2025 until March 31, 2025 to make an election by submitting the enclosed Defined Contribution Retirement Plan Special Election Form SFN 62523 to the NDPERS office.

* Completed forms must be submitted to NDPERS by fax, mail or as a scanned PDF. Digital signatures are not accepted by NDPERS.
* The form must be:
  + Hand delivered and date stamped by the NDPERS office at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 5:00 PM CT.
  + Electronically received by the NDPERS info account at ndpers-info@nd.gov between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 11:59 PM CT.
  + Deposited into the NDPERS drop box at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025.
  + Postmarked by a delivery service between January 1, 2025 and Monday, March 31, 2025.
* Upon NDPERS receipt of your election form, you may not amend your election.
* If NDPERS does not receive a completed election form from you by the date and time for any of the methods above, you will remain in the Defined Benefit Retirement Plan.

***Will my Defined Benefit Beneficiary Designations transfer to the Defined Contribution plan if I elect to transfer?***

No. If you choose to transfer your Defined Benefit Plan into the existing Defined Contribution Plan, your current beneficiary designations previously made for your Main Defined Benefit plan will not transfer to your Defined Contribution benefits. A new Designation of Beneficiary Form SFN 2560 will need to be completed and will be mailed to you if you elect to transfer.

***What are the differences between the Defined Benefit and Defined Contribution Plans?***

See the enclosed Empower Brochure for a comparison and additional details on the key differences between the plans.

***What amount transfers if I elect to transfer from my current Main DB Plan into the existing DC Plan?***

A lump sum amount based on the actuarial present value of your accrued benefit as of January 1, 2025 plus interest from January 1, 2025 to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election will be transferred into this account.

***What is the transfer incentive?***

A qr code on a white background

Description automatically generatedIf you elect to transfer to the Defined Contribution Retirement Plan and remain employed by an eligible state agency, your employer will contribute an additional employer contribution in the amount of $3,333 annually into the Defined Contribution Retirement Plan for up to three (3) years with the first payment being made in January 2026. Incentive payments are not pro-rated. If you transfer to a political subdivision or terminate employment prior to the additional employer contribution(s) being made, you will no longer be eligible for the additional annual employer incentive payment(s). *Scan the QR code to watch the Transfer Incentive Details.*

***Where can I find more information?***

Enclosed in this mailing, you will find a personalized, hypothetical comparison of your potential benefits under each plan, as well as a Plan Tier: Transfer Election Summary, the current 401(a) Defined Contribution plan Investment Lineup and the Defined Contribution Retirement Plan Special Election SFN 62523. Please read these materials and be sure you understand the information and your options before you make your decision.

We encourage you to consult your retirement plan advisor, attorney, tax consultant or personal accountant to analyze this information and decide what’s the best option for you. *NDPERS cannot advise members*.

**Questions about this material?**

Contact NDPERS at {stdNDPERSPhoneNumber} or {stdNDPERSTollFreePhoneNumber}, email us at ndpers-info@nd.gov or send us a confidential message through your Member Self Service (MSS).

If there are questions about the investment options available, please contact the {stdCPOR\_Name} web site at {stdCPOR\_Web}.

Join us for one of these virtual events. The information discussed during both events is the same. You will have an opportunity to ask questions.

* December 11, 2024 at 11 AM CT
* January 15, 2025 at 10:30 AM CT

To add an event to your calendar, join the event live or watch a recording of the presentation at a later date, visit https://www.ndpers.nd.gov/special-election.

Sincerely,

NDPERS Benefits Division

Enclosures

Hypothetical Illustration

Plan Tier: Transfer Election Summary

Defined Contribution Retirement Plan Special Election SFN 62523

Empower Brochure

**State of North Dakota**

**Hypothetical Retirement Benefit Comparison**

**For**

**{stdMbrFullName}**

**ID:** **{stdMbrPERSLinkID}**

This estimate was prepared with projected data as of 1/1/2025

To assist you with your decision, we have enclosed a personalized, hypothetical pension illustration. This illustration provides you with a comparison of the potential retirement benefits you might receive from either the current Defined Benefit plan or the corresponding Defined Contribution plan. The purpose of this illustration is to help you decide which plan to choose. This information is provided for educational purposes only, it is only an estimate and should not be considered investment advice, nor should it be the only factor that you consider. Please refer to your Plan Highlights for additional plan features which may affect your decision.

This illustration is based on your specific personal information that was provided by you and your employer as well as the following assumptions:

* You will remain employed and participate in the plan until you reach Normal Retirement Date
  + Members hired before January 1, 2016 must meet age 65 or the “Rule of 85”
  + Members hired on or after January 1, 2016 must meet age 65 or the “Rule of 90 with a minimum age of 60”
* You will receive a 3.5% salary increase annually in July
* The $3,333 employer incentive payments are included in the projections
* Vesting in employer contributions under the Portability Enhancement Provision (PEP) were not factored into these calculations
* There will be a 6% growth rate in the Defined Contribution plan while employed
* There will be a 4.5% growth rate in the Defined Contribution plan when distributions begin
* You will begin receiving benefit payments at your Normal Retirement Date

Please review your information and the assumptions carefully, as changing any of the assumptions will change the result of the illustration. Also, separating from eligible service prior to your Normal Retirement Date will impact the benefit you can anticipate from either plan.

|  |  |
| --- | --- |
| ***Participant Information*** |  |
|  |  |
| PERSLink ID | {stdMbrPERSLinkID} |
| Date of Birth | {MemberDOB} |
| Gender | {MemberGender} |
| Current Plan | {PlanName} |
| Current Tier | {CurrentPlanTierName} |
| Current Salary | {CurrentSalary} |
| Current Years of Service | {PSC} |
| Actuarial Present Value of accumulated benefit obligation as of 1/1/2025 | {Jan25DBAcctBal} |

|  |  |  |
| --- | --- | --- |
| ***Retirement Assumptions*** |  |  |
|  |  |  |
| Normal Retirement Date: {NRD} | |  |
| Normal Retirement Age: {AgeAtNRDYearMonth} | |  |
| Projected Years of Service at Retirement: {PSCAtRetirement} | | |
|  |  |  |
| ***Salary Increase and Contribution Assumptions*** | |  |
|  |  |  |
| Assumed Annual Salary Increase: 3.50%\* | |  |
| *\* Increases are assumed to occur annually in July* | |  |
|  |  |  |
|  | DB | DC |
| Mandatory Employee Contribution Rate | {EEContributionRateDB} | {EEContributionRateDC} |
| Fixed Employer Contribution Rate | {ERContributionRateDB} | {ERContributionRateDC} |

*In order to fund your retirement benefits, you and your employer will make contributions equal to the above percentages of your gross pay (for the plan you have chosen). These rates are established in the North Dakota Century Code and may change in the future.*

**Rate of Return Assumptions**

DC Plan Accumulation Rate of Return (prior to retirement): 6.00%

DC Plan Distribution Rate of Return (during retirement): 4.50%

*The rates of return shown above are hypothetical and are not based on your actual investments in the plan. Your actual returns will be based on your asset allocation and investment choices and will fluctuate from year to year. It is important to consider the potential risks and rewards involved when choosing your investments. You may wish to seek the advice of your financial planner in this matter.*

*Tax Implications*

*All benefits are shown prior to any taxes. Applicable Federal Income Tax will be withheld when benefits are paid to you. Tax will not be withheld if benefits are rolled over into a "like" plan or IRA.*

*Monthly withdrawals during retirement from either plan will be taxed as ordinary income in the year received. If you receive benefits from the defined contribution plan before you turn age 59 1/2, a 10% early withdrawal penalty may apply under certain circumstances.*

*Be sure that you understand the tax consequences of any distribution or rollover before you initiate one. You may wish to consult your tax advisor if you are not sure.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Your Benefits Comparison* | |  |  |  |
|  |  |  |  |  |
| Normal Retirement Date: {NRD} | | Normal Retirement Age: {AgeAtNRDYearMonth} | | |
|  | |  | | |
|  | Defined Benefit Plan 2 | | Defined Contribution Plan | |
| Lump Sum Distribution 1 | {ProjectedDBAccountBalance} | | {ProjectedDCAccountBalance} | |
| Final Average Salary | {ProjectedYearlyFASatRetirement} | | N/A | |
| Benefit as a % of Final Average Salary | {BenefitASPercentileOfFAS} | | N/A | |
| Vesting | 100.00% | | 100.00% | |
|  |  | |  | |
|  | Defined Benefit Plan 2 | | Defined Contribution Plan 3 | |
|  |
| Years in Retirement4 | Monthly Benefit 5, 6 | Lifetime Benefit | Monthly Benefit | Lifetime Benefit |
| 10 | {MonthlyDBBenefitAmount} | {DB10YearDBLifeTimeBenefit} | {DC10YearDCMonthlyBenefit} | {DC10YearDCLifeTimeBenefit} |
| 15 | {MonthlyDBBenefitAmount} | {DB15YearDBLifeTimeBenefit} | {DC15YearDCMonthlyBenefit} | {DC15YearDCLifeTimeBenefit} |
| 20 | {MonthlyDBBenefitAmount} | {DB20YearDBLifeTimeBenefit} | {DC20YearDCMonthlyBenefit} | {DC20YearDCLifeTimeBenefit} |
| 25 | {MonthlyDBBenefitAmount} | {DB25YearDBLifeTimeBenefit} | {DC25YearDCMonthlyBenefit} | {DC25YearDCLifeTimeBenefit} |
| 30 | {MonthlyDBBenefitAmount} | {DB30YearDBLifeTimeBenefit} | {DC30YearDCMonthlyBenefit} | {DC30YearDCLifeTimeBenefit} |
| 35 | {MonthlyDBBenefitAmount} | {DB35YearDBLifeTimeBenefit} | {DC35YearDCMonthlyBenefit} | {DC35YearDCLifeTimeBenefit} |
| 40 | {MonthlyDBBenefitAmount} | {DB40YearDBLifeTimeBenefit} | {DC40YearDCMonthlyBenefit} | {DC40YearDCLifeTimeBenefit} |
| {LifeExpDBBenefit}\* | {MonthlyDBBenefitAmount} | {LifeExpDBLifeTimeBenefit} | {LifeExpDCMonthlyBenefit} | {LifeExpDCLifeTimeBenefit} |

*\* This figure represents normal life expectancy and is projected from 2010 with generational mortality improvement using the MP-2019 two-dimensional mortality improvement scales.*

*The benefits shown above are prior to any reductions that would apply if you were less than 100% vested.*

*Notes:*

*1 This represents the potential lump sum available at the date shown. The projected balance in the DC account is hypothetical and is based on the return assumptions shown above.*

*2 Please note that you will forfeit any potential ongoing DB monthly benefit if you choose the lump sum option.*

*3 Regarding the defined contribution plan, when determining how much to withdraw it is important to keep in mind*

*that you may live longer than your life expectancy. In that case you run the risk of consuming your entire balance*

*during your lifetime and not having anything left to withdraw.*

***4 Each line is to be read individually assuming the years in retirement listed is the exclusive duration of time that you will receive benefit distributions***

*5 The DB plan monthly benefit is assumed to be paid under the normal annuity form (single life annuity).*

*6 Prior service from other defined benefit plans is subject to the early retirement reductions and YOS Service used in monthly benefit calculation is reflective of Main plan service only. If you have dual service in any other plans, this amount does not include those benefits.*

**This illustration provides only a single scenario under the North Dakota Public Employees' Defined Contribution Retirement System and the North Dakota Public Employees Retirement System.**

**Plan documents will govern in the event of any discrepancy.**

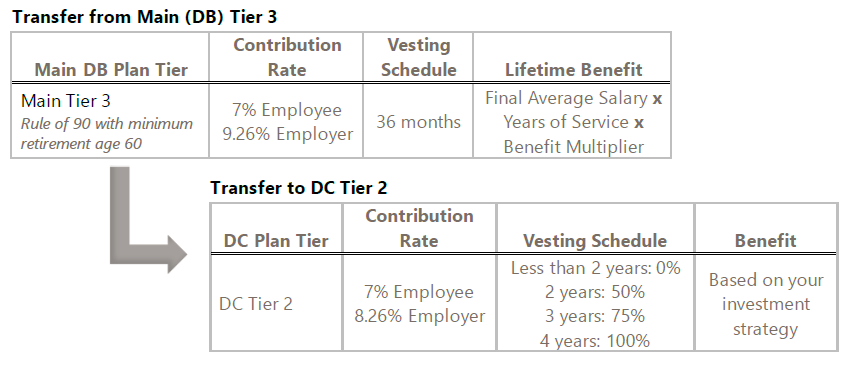
**Plan Tier: Transfer Election Summary**

Reference the first paragraph on the cover letter to view your current Main Defined Benefit (DB) tier and your Defined Contribution (DC) transfer option. This summary is the same information listed on the *instructions* of the enclosed Defined Contribution Retirement Plan Special Election (SFN 62523).

A table with numbers and text

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*\* These are the only plans with the Retiree Health Insurance Credit (RHIC) benefit.*



|  |  |
| --- | --- |
| Icon  Description automatically generated | **62523-****{stdMbrPERSLinkID}** |
| **DEFINED CONTRIBUTION RETIREMENT PLAN SPECIAL ELECTION** |
| NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM |
| SFN 62523 (Rev. 01-2025) |

|  |  |
| --- | --- |
| **PART A: MEMBER INFORMATION** | |
| Name (Last, First, Middle){stdMbrFullNameLFM} | NDPERS Member ID{stdMbrPERSLinkID} |
| Last Four Digits of Social Security Number  {stdMbrLastFourDigitsOfSSN} | Date of Birth (mm/dd/yyyy)  {stdMbrDateOfBirth} |
| Member Email | Member Phone Number |
| **PART B: ELIGIBILITY AND ACKNOWLEDGEMENT** | |
| Per NDCC 4-52.6-02.2, eligible employee means a permanent state employee of a state employer who on December 31, 2024, is a participating member of the Public Employees Retirement System Main Defined Benefit Plan (see Tiers on page 3) under chapter 54-52, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.  For the purpose of identifying employer obligations under the provisions of NDCC 54-52-06(1)(a), NDCC 54-52.6-02.2, and NDCC 54-52.6-09.5, and determining employee eligibility under NDCC 54-52.6-02.2, per NDAC 71-08-11-08, “state governmental unit” and “state employer” are those state entities that receive budgetary approval from the state legislature.  I have been given the opportunity to elect to remain in the Main Defined Benefit retirement plan under NDCC 54-52 or terminate membership and become a participating member in the Defined Contribution Retirement Plan under NDCC 54-52.6 during the special election window of January 1, 2025 – March 31, 2025.  If I elect to terminate membership and participate in the Defined Contribution Plan, **I understand my election is irrevocable and permanent** and I will not be able to rejoin the Main Defined Benefit Plan in the future under any circumstance. Further, if I elect to transfer to the Defined Contribution Plan, I voluntarily waive all of my rights to a pension, annuity, retirement allowance, disability benefit, dual service or any other benefit under the NDCC 54-52 Main Defined Benefit Plan. I understand that if I terminate state employment before receiving the lump sum transfer, my election is invalid, and I will remain a member of Main Defined Benefit Plan.  I acknowledge that by electing the Defined Contribution Retirement Plan, I may be eligible for an additional annual contribution payment to my account in the Defined Contribution Retirement Plan for the prior year. The first payment will be $3,333.00 paid by my state employer in January 2026, with subsequent payments for up to two (2) remaining years each January, as long as I continue permanent employment with an eligible state employer. Annual contribution payments will extend no further than January 2028. I understand that if I terminate employment with an eligible state employer before receiving up to the three (3) allowable additional annual contribution payments, I will forfeit any subsequent payments.  I have had the opportunity to speak with an attorney and financial planner of my choosing at my own expense, and to review NDCC 54-52 and 54-52.6 and the information available from NDPERS, and to ask any questions I may have concerning this election. I further understand that under the NDCC 54-52.6 Defined Contribution Retirement Plan, I will be responsible for directing the investment of any transferred fund balance as well as future retirement contributions. I will be solely responsible for the investment results of my account. NDPERS and its governing board will not be liable for any election or investment decision I make or any default investment as a result of my failure to timely make an investment election.  I understand that my election to terminate membership and join the Defined Contribution Plan must be either:   * Hand delivered and date stamped by the NDPERS office at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 5:00 PM CT. * Electronically received by the NDPERS info account at ndpers-info@nd.gov between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 11:59 PM CT. * Deposited into the NDPERS drop box at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025. * Postmarked by a delivery service between January 1, 2025 and Monday, March 31, 2025.   If I fail to provide my election by the date and time for any of the methods above, I shall remain a member of the Main Defined Benefit Retirement Plan. | |
| DEFINED CONTRIBUTION RETIREMENT PLAN SPECIAL ELECTION  SFN 62523 (Rev. 01-2025) Page 2 of 3 | |
| **PART C: EMPLOYEE ELECTION** | |
| I have reviewed and understand each of the above provisions, and I hereby elect to remain in the Main Defined Benefit Retirement Plan.  Remain | |
| Member’s Signature (Electronic Signatures will not be accepted) | Effective Date |
| I have reviewed and understand each of the above provisions, and I hereby elect to terminate my membership in the Main Defined Benefit Retirement Plan and transfer to the Defined Contribution Retirement Plan.  Terminate | |
| Member’s Signature (Electronic Signatures will not be accepted) | Termination Date |

DEFINED CONTRIBUTION RETIREMENT PLAN SPECIAL ELECTION

SFN 62523 (Rev. 01-2025) Page 3 of 3

**INSTRUCTIONS**

**PART A: MEMBER INFORMATION**

For member identification, please provide all requested information.

**PART B: ELIGIBILITY AND ACKNOWLEDGEMENT**

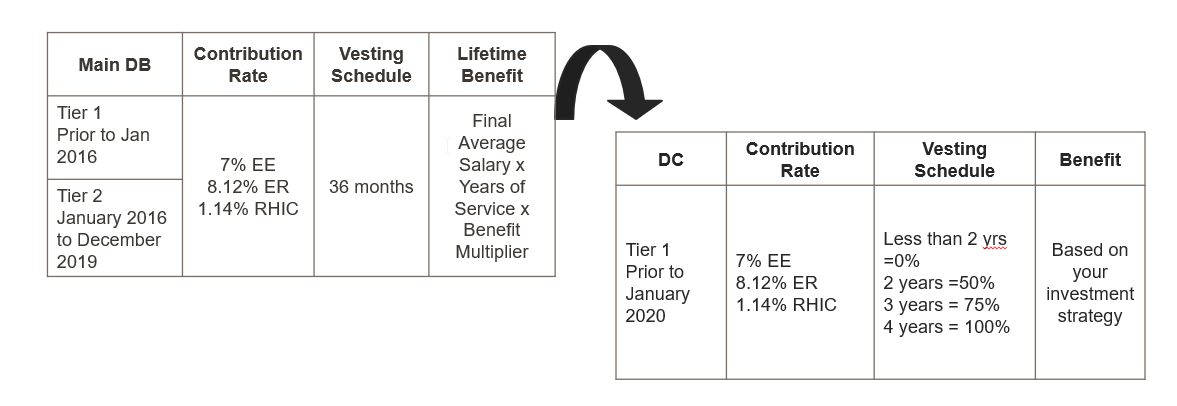
Per NDCC 4-52.6-02.2, eligible employee means a permanent state employee of a state employer who on December 31, 2024, is a participating member of the NDPERS Main Defined Benefit Plan under NDCC 54-52, who has been a participating member under NDCC 54-52 for no more than five years, and who is at least eighteen years of age.

For the purpose of identifying employer obligations under the provisions of NDCC 54-52-06(1)(a), NDCC 54-52.6-02.2, and NDCC 54-52.6-09.5, and determining employee eligibility under NDCC 54-52.6-02.2, per NDAC **71-08-11-08,** “state governmental unit” and “state employer” are those state entities that receive budgetary approval from the state legislature.

**PART C: EMPLOYEE ELECTION**

Member must select which plan they elect to participate. Election is irrevocable. The Defined Contribution Retirement Plan Special Election Form must be executed properly and received on or before Monday, March 31, 2024 at 5:00 PM CT. The Main Defined Benefit Retirement Plan Tiers are outlined below based upon member “first enrolled” date at NDPERS. The arrow provides the applicable Defined Contribution Retirement Plan that you will move to if you elect to transfer your participation from the Main Defined Benefit Retirement Plan to the Defined Contribution Retirement Plan.

First enrolled in the Main Defined Benefit Retirement Plan prior to January 1, 2020.



First enrolled in the Main Defined Benefit Retirement Plan on or after January 1, 2020.

