{stdlongdate} Member ID: {stdMbrPERSLinkID}

{stdMbrFullName}

{stdMbrAdrCorStreet1}

{x stdMbrAdrCorStreet2}

{stdMbrAdrCorCity} {stdMbrAdrCorState} {stdMbrAdrCorZip}

**RE: Minimum Distribution DEADLINE**

Dear {stdMbrSalutation}:

According to the Internal Revenue Service (IRS) Code Chapter 401(a)(9), participants in retirement plans who have attained age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born on or after January 1, 1951) are subject to “minimum distribution” requirements. Since you have terminated employment, you must begin drawing your monthly benefits from NDPERS to avoid potential penalties from the IRS. Your retirement benefits must begin no later than April 1st of the calendar year following the calendar year in which you attain the age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born on or after January 1, 1951) or terminate employment, whichever occurs later.

**Option 1: Monthly Lifetime Retirement Benefit**

Under this option, you receive a monthly benefit for as long as you live. Enclosed is a benefit estimate of the payment options available to you.

In addition, under the NDPERS retirement plan you reached your Normal (full) retirement date on { NormalRetirementDate }. We are required to back pay benefits to you from this date in a lump sum or the date of your employment termination, whichever is later.

In lieu of a lump sum, you may elect the option to receive an actuarially increased monthly benefit payment to account for the lump sum. Please refer to the enclosed Deferred Normal Retirement Option (DNRO) benefit estimate for details on the actuarial increase.

To specify your preference, you must complete and return the enclosed “Application for the Deferred Normal Retirement Option SFN 58631”. Please return the enclosed application by {qu DueDateForNDPERSApplication}. If NDPERS does not receive your completed application, your first retirement payment will be delayed. If no election is made by March 1 of the calendar year following date of eligibility, NDPERS will automatically issue payment on April 1 according to IRS guidelines.

**Option 2: Refund Account Balance**

You may take a lump sum distribution of your retirement account. The amount in the account as of this date is { MemberAccountBalance}, of which { MemberAccountBalanceTaxableAmount } is taxable and {MemberAccountBalanceNonTaxableAmount} is non‑taxable. Any non-taxable income reflects after-tax employee contributions.

Because NDPERS is a qualified retirement plan, there are tax consequences imposed by the IRS if the lump sum is paid directly to you. Under the law, NDPERS is required to withhold 20% of the taxable amount for federal income tax. Therefore, NDPERS would withhold approximately { TaxableMemberAccountBalance20Percentage } for federal income tax. Please refer to the "Special Tax Notice Regarding Plan Payments" enclosed regarding the tax consequences for lump sum distributions.

**Option 3: Rollover Account Balance**

You may elect to have either the total or part of the account rolled over into another qualified plan without tax liabilities. Federal law allows an individual to rollover both the taxable and non-taxable income into a traditional/roth IRA or eligible employer plan that will accept the income.

If you are rolling over any non-taxable income, a letter of acceptance is required from your financial institution indicating they will accept the funds and are able to provide the required separate accounting and record-keeping for the funds. Please check with your financial institution to make sure they can accept the funds and request a letter of acceptance.

Any portion of the account not rolled over will be sent directly to you and subject to taxes as outlined in Option 2. Again, please refer to the "Special Tax Notice Regarding Plan Payments" regarding the rollover option.

By taking a refund or rollover of your member account balance, you forfeit:

• Retirement

• Disability Benefits

• Non-Vested Employer Contributions

{x if Main2020orDC2020 = 0}

• Retiree Health Credit

{x endif}

• Health Insurance Coverage

• Dental Insurance Coverage

• Vision Insurance Coverage

Please review the “Retirement Guide/Forms” on our website at <https://ndpers.nd.gov/change-in-ndpers-membership/> for explanation of your retirement options and continued group insurance coverage.

**The enclosed forms must be completed to begin receiving your retirement benefits.**

**IF YOU CHOOSE OPTION 1:**

1. Complete the Retirement Forms and return to NDPERS by {qu DueDateForRefundRolloverKitToNDPERS}.
2. Please complete the Deferred Normal Retirement Option SFN 58631 to elect either paid a lump sum or an actuarially increased benefit.
3. Please also send a photocopy of your Birth Certificate.

**IF YOU CHOOSE OPTION 2 OR 3:**

Complete a Refund/Rollover Forms packet. Please complete the Application for Refund or Direct Rollover SFN 53879 and return it to NDPERS by {qu DueDateForRefundRolloverKitToNDPERS}.

If NDPERS does not receive a benefit application from you, we will begin disbursing benefits to you effective on April 1st of the calendar year following the calendar year in which you attain age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born on or after January 1, 1951). Your monthly benefit payments will be made in the form of a *Single Life* benefit and will include a lump sum payment for the months since you met your Normal Retirement Date. According the North Dakota Century Code Chapter 54-52-17(9), unless you choose to receive an alternative retirement benefit, all retirement benefits must be in the form of a Single Life benefit.

If you have any questions, please call NDPERS at {stdNDPERSPhoneNumber} or {stdNDPERSTollFreePhoneNumber}.

Sincerely,

NDPERS Benefits Division

Enclosure – Benefit Estimates

{tmp PER-0106}