



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Board Meeting Agenda

Location: WSI Board Room, 1600 East Century Avenue, Bismarck ND
By phone: 701.328.0950 Conference ID: 106 610 662#
Date: Friday, April 4, 2025
Time: 2:30 P.M. [Join the meeting now](#)

I. MINUTES

- A. March 4, 2025

II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

III. PRESENTATIONS

- A. GRS Experience Study Report (Board Action)

IV. DEFERRED COMPENSATION / DEFINED CONTRIBUTION WITH BOARD ACTION

- A. Defined Contribution Plan Document Amendment – Marcy (Board Action)

V. DEFERRED COMPENSATION / DEFINED CONTRIBUTION WITHOUT BOARD ACTION

- A. 457(b) Deferred Compensation Plan Private Letter Ruling – Rebecca (Information)
- B. Defined Contribution (DC) 2025 Plan Enrollment and Special Election Window Update – Marcy (Information)

VI. GROUP INSURANCE / FLEXCOMP WITH BOARD ACTION

- A. Employee Assistance Program (EAP) Evaluation & Vendor Selection – Katheryne (Board Action) ***EXECUTIVE SESSION**
- B. Vision Plan Renewal – Katheryne (Board Action)

VII. GROUP INSURANCE / FLEXCOMP WITHOUT BOARD ACTION

- A. Employee Assistance Program Utilization Report 2024 – Katheryne (Information)
- B. 2024 Medicare Part D Plan (Humana) Performance Guarantees Report – Rebecca (Information)
- C. Sanford Health Plan Update - Formulary Change For Diabetic Test Strips – Rebecca (Information)

VIII. LEGISLATION / ADMINISTRATIVE RULES

- A. Legislation Update – Rebecca (Information)

IX. OPERATIONS / ADMINISTRATIVE

- A. Executive Director Performance Review – Shawna (Information)
- B. Contracts Under \$10,000 – Rebecca (Information)
- C. Next Meeting Date: Tuesday, May 13, 2025

*Executive Session pursuant to N.D.C.C. §44-04-19.1(9) and §44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator.



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Public Employees Retirement System**
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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: April 4, 2025

SUBJECT: GRS Experience Study Report

Bonnie Wurst from GRS will be attending to review the Experience Study they just completed. We will most likely need Board Action regarding any changes the Board would like to make to our actuarial assumptions as a result of the Experience Study.

Board Action Requested:

Consider and approve the actuarial assumptions as a result of the experience study to be effective for the July 1, 2025 actuarial valuation.



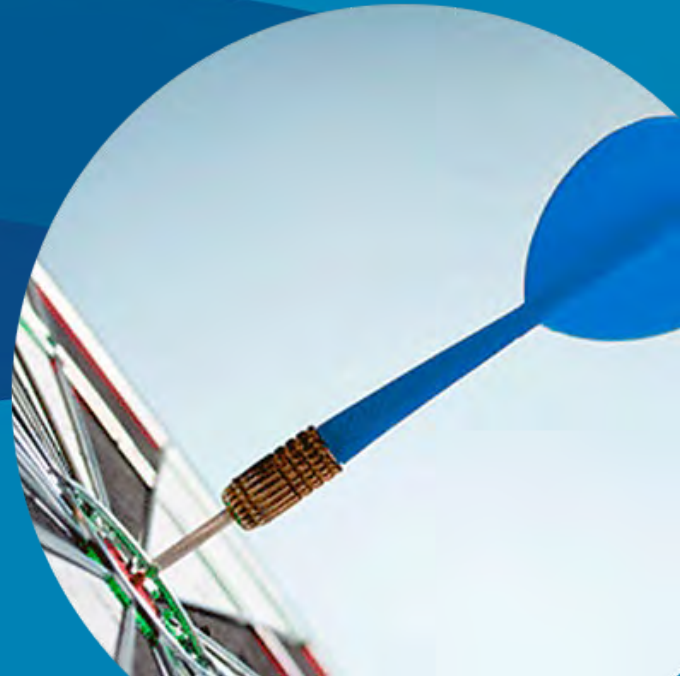
North Dakota Public Employees Retirement System

Experience Review for the Period
July 1, 2019 to July 1, 2024

Bonita Wurst, ASA, EA, MAAA, FCA

Abra Hill, ASA, MAAA, FCA

April 4, 2025



Agenda

- Introduction
- Economic Assumptions
- Demographic Assumptions
- RHIC Participation Assumptions
- Other Assumptions and Methods
- Cost Impact of Changes

Introduction

- Each year, the actuarial liabilities of NDPERS are calculated as part of the June 30th valuation
- In order to perform the valuation, we must make assumptions about the future experience of the System with regard to various risk areas
- The results of the liability calculations depend upon those assumptions

Introduction – Risk Areas

- Demographic Risk Areas
 - Rates of withdrawal
 - Rates of disability
 - Rates of retirement
 - Rates of mortality
- Economic Risk Areas
 - Investment return
 - Inflation
 - Patterns of salary increases

Introduction

- Assumptions should be carefully chosen and continually monitored
 - Continued use of outdated assumptions can lead to ...

Introduction

- Understated costs resulting in:
 - Sharp increases in required contributions at some point in the future leading to a large burden on future taxpayers
 - In extreme cases, an inability to pay benefits when due

Introduction

- Overstated costs resulting in:
 - An unnecessarily large burden on the current generation of members, employers and taxpayers
 - Benefit levels that are kept below the level that could be supported by the employer and member contribution rates

Introduction

- No single set of assumptions will be suitable indefinitely
- Things change, and our understanding of things (whether or not they are changing) also changes
- The suggested time period for reviewing assumptions is about every 3 to 5 years
- A systematic review of assumptions is called an “Experience Study”

Introduction

- Our analysis was based upon data submitted for the 2019 through 2024 annual valuations
- We compared trends with those observed in prior studies
- Generally, we give confirmed trends more credibility than non-confirmed trends

Introduction

- Philosophy: Do not overreact to results from any single experience period
 - It is better to make a series of small changes in the right direction, rather than a single large change that could turn out, with hindsight, to be in the wrong direction
- However, assumptions must be considered reasonable at each valuation date

Introduction

- Economic assumptions are generally based on expectations of future economic conditions, with input from investment experts.
- Demographic assumptions are generally based on plan experience, taking into account emerging trends.
- A very large amount of data is required to develop a credible mortality assumption. For this reason, we also rely on published mortality tables.

Economic Assumptions – ASOP No. 27

- Guidance regarding the selection of economic assumptions is governed by Actuarial Standard of Practice (ASOP) No. 27
- ASOP No. 27 requires that the selected economic assumptions be consistent with one another
- That is, the selection of the investment return assumption should be consistent with the selection of the wage inflation and price inflation assumptions

Economic Assumptions

- Price Inflation
 - Recommend an increase from 2.25% to 2.40%
 - Brings assumption closer to recent inflation levels and to levels expected in the financial markets
 - In a sample of 12 national firms, inflation assumptions ranged from 2.13% to 2.70% with an average of 2.39%
 - In conjunction with this change, we recommend that the Job Service COLA assumption be set equal to 2.40%

Economic Assumptions – Investment Return

- Analysis of investment return assumption based on forward-looking measures of likely investment return
 - Reflects NDPERS investment policy
 - Capital market assumptions from 12 national investment consulting firms
 - Utilizes 2.40% price inflation assumption

Economic Assumptions – Investment Return – PERS and Highway Patrol

Firm	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of Exceeding 6.50%
	40 th	50 th	60 th	
(1)	(2)	(3)	(4)	(5)
1	4.48%	5.50%	6.54%	40.33%
2	5.29%	6.32%	7.36%	48.27%
3	5.44%	6.43%	7.44%	49.34%
4	5.73%	6.75%	7.77%	52.47%
5	6.00%	6.97%	7.95%	54.92%
6	5.97%	6.98%	8.00%	54.82%
7	6.08%	7.01%	7.94%	55.51%
8	6.02%	7.03%	8.06%	55.31%
9	6.05%	7.05%	8.07%	55.55%
10	6.17%	7.15%	8.13%	56.64%
11	6.64%	7.56%	8.49%	61.44%
12	6.67%	7.68%	8.70%	61.70%
Average	5.88%	6.87%	7.87%	53.86%
Average from last 3 CMAMs		6.43%		

Economic Assumptions – Investment Return

– PERS and Highway Patrol

- We recommend maintaining the investment return assumption at 6.50%.
- For the closed Main System, (1) it may not be possible to develop a portfolio that earns a 6.5% return throughout the remaining life of the plan; and (2) at some point, the asset allocation will be changed, and lower returns should be expected. In reality, the asset allocation will most likely be changed gradually over time.

Economic Assumptions – Investment Return – RHIC

Firm	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of Exceeding 5.75%
	40 th	50 th	60 th	
(1)	(2)	(3)	(4)	(5)
1	4.36%	5.35%	6.34%	45.89%
2	4.91%	5.87%	6.85%	51.30%
3	5.25%	6.11%	6.97%	54.18%
4	5.42%	6.33%	7.25%	56.39%
5	5.33%	6.35%	7.37%	55.92%
6	5.57%	6.52%	7.48%	58.12%
7	5.62%	6.56%	7.52%	58.62%
8	5.74%	6.69%	7.64%	59.94%
9	5.74%	6.69%	7.65%	59.87%
10	6.03%	7.02%	8.03%	62.78%
11	6.25%	7.20%	8.15%	65.15%
12	6.30%	7.26%	8.23%	65.52%
Average	5.54%	6.50%	7.46%	57.81%
Average from last 3 CMAMs		6.08%		

Economic Assumptions – Investment Return – Job Service

Firm	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of Exceeding 3.00%
	40 th	50 th	60 th	
(1)	(2)	(3)	(4)	(5)
1	4.19%	4.69%	5.18%	80.79%
2	4.86%	5.26%	5.66%	92.52%
3	4.91%	5.39%	5.86%	90.00%
4	4.99%	5.42%	5.85%	92.52%
5	5.04%	5.48%	5.92%	92.46%
6	4.98%	5.48%	5.98%	89.94%
7	5.03%	5.50%	5.97%	91.45%
8	5.17%	5.65%	6.14%	92.00%
9	5.30%	5.73%	6.16%	94.90%
10	5.43%	5.87%	6.31%	95.22%
11	5.51%	6.14%	6.77%	90.03%
12	5.73%	6.31%	6.90%	92.79%
Average	5.10%	5.58%	6.06%	91.22%
Average from last 3 CMAMs		4.67%		

Economic Assumptions – Investment Return

– RHIC and Job Service

- We recommend maintaining the investment return assumptions for RHIC and Job Service
 - 5.75% for RHIC
 - 3.00% for Job Service
- Job Service is a closed plan with only one active member remaining; our recommendation reflects future liquidity needs for paying benefit payments

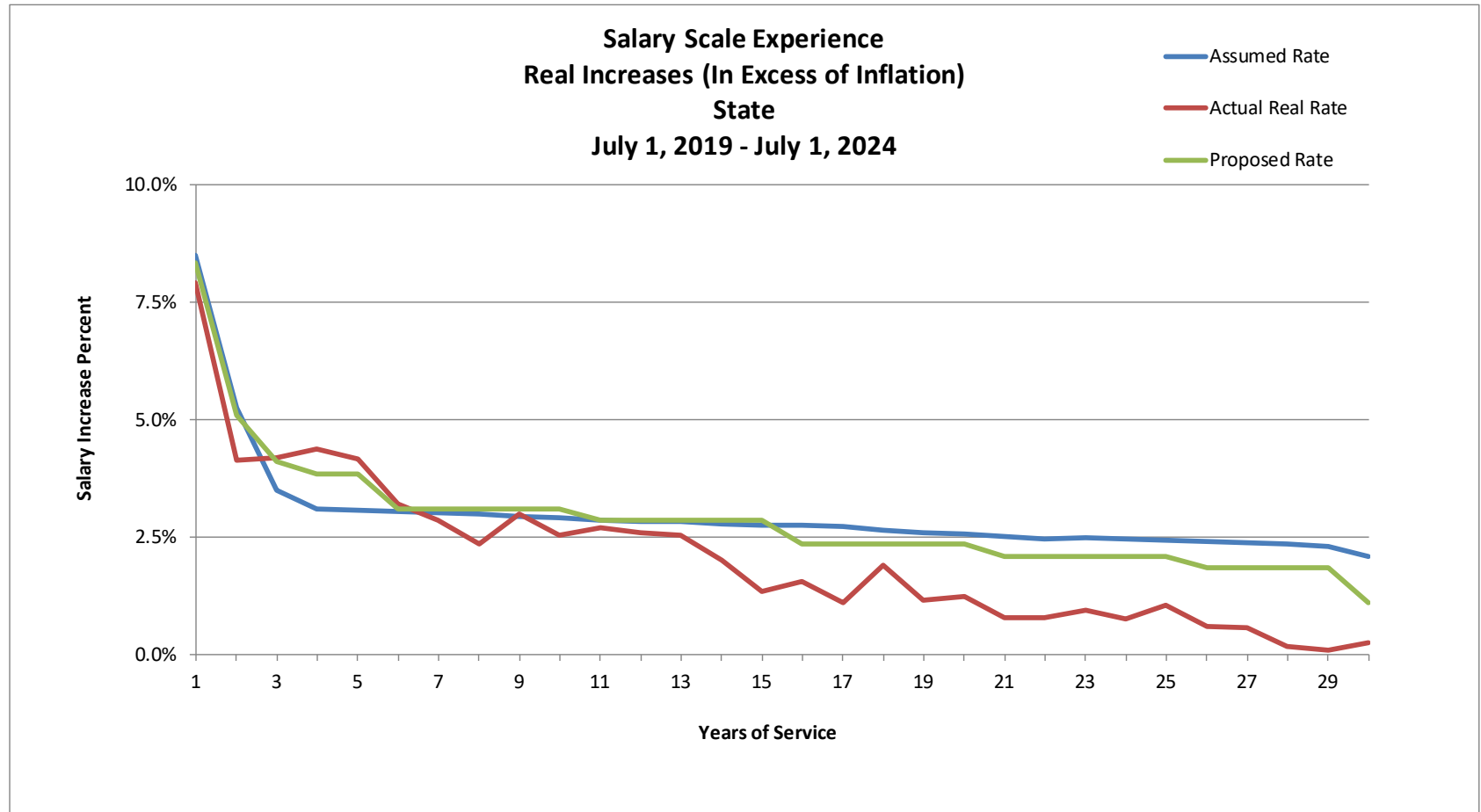
Economic Assumptions

- Payroll Growth Assumption
 - Recommend maintaining wage growth assumption at 3.50% (3.00% for Judges)
 - Used in amortizing the unfunded liability as a level percentage of pay for the actuarial contribution rate

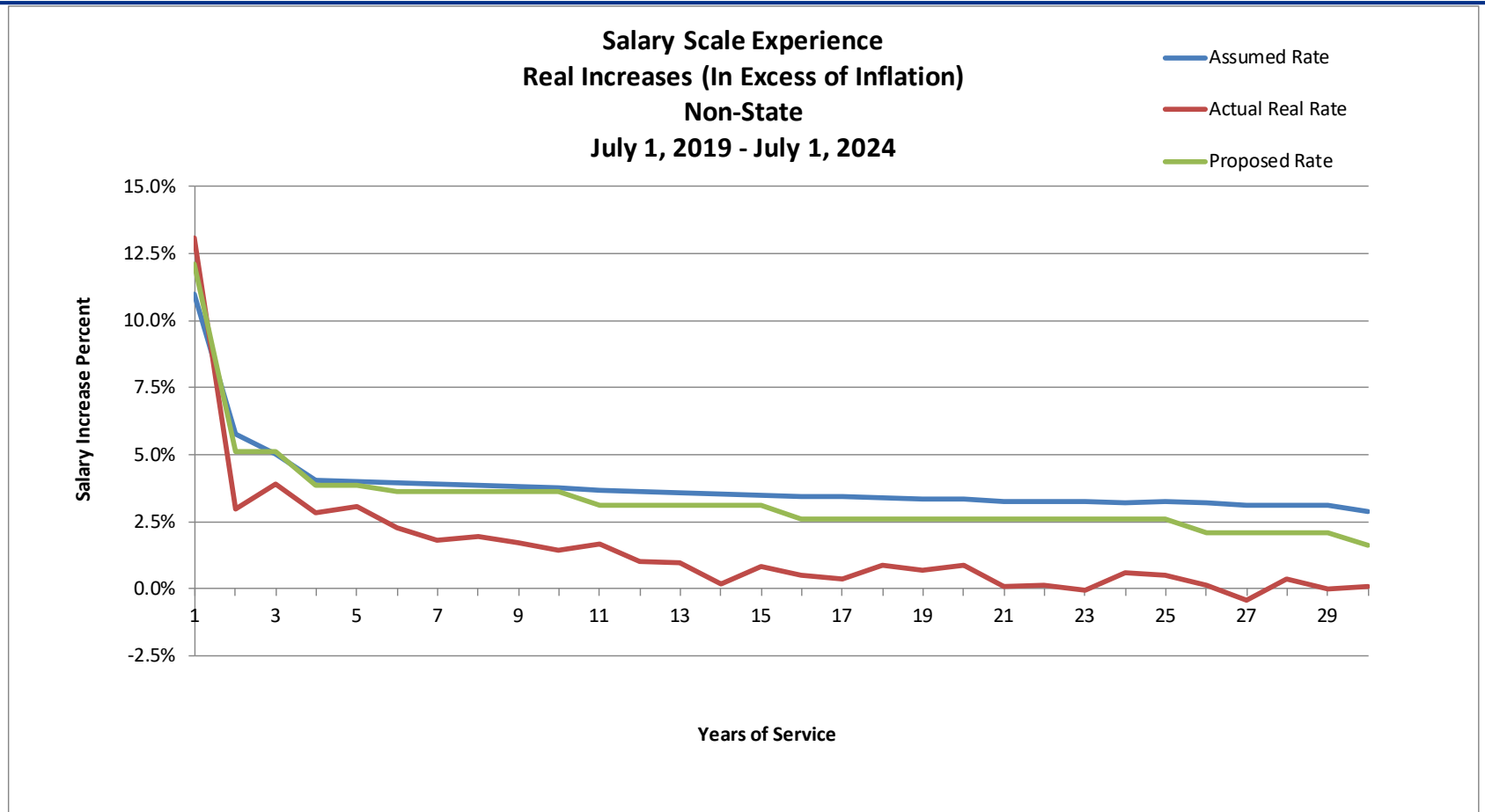
Economic Assumptions – Salary Increases

- Total pay increases for an individual consist of a portion due to payroll growth (wage inflation) and a portion due to an individual's job performance (i.e., merit and seniority).
- The current assumptions have a service-based rate of increase for the first few years of service and an age-based rate of increase thereafter. (Single salary increase rate for Judges that applies to all years of service and ages).
- We recommend updating the current structure for rates of salary increase to be based on years of service (except for Judges).
- Observed merit and seniority increases during past 5 years were lower than predicted by current assumptions.
- Recommend decreasing merit and seniority increase assumptions for all plans.

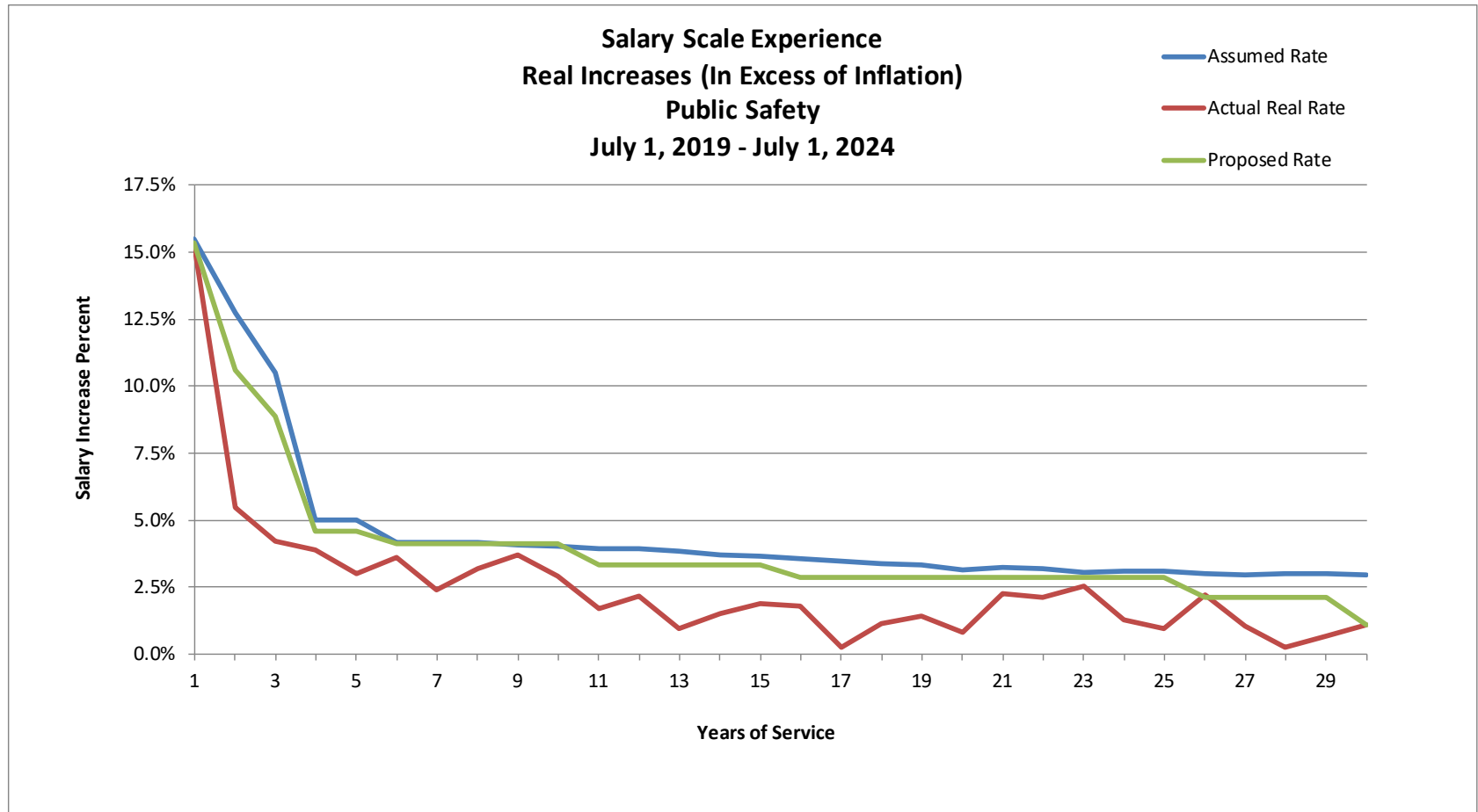
Economic Assumptions – Salary Increases



Economic Assumptions – Salary Increases



Economic Assumptions – Salary Increases



Demographic Assumptions – ASOP No. 27

- Guidance regarding the selection of demographic and other noneconomic assumptions is governed by Actuarial Standard of Practice (ASOP) No. 27
- Reasonable assumptions
 - Reflect the actuary's professional judgment
 - Take into account historical and current demographic data
 - Reflect estimates of future experience
 - Have no significant bias

Liability Weighting

- Traditionally, assumptions have been analyzed on the basis of population counts.
 - How many people were expected to terminate/retire versus how many people actually did?
 - Using population weighting to set assumptions does not always reduce the size of actuarial gains or losses.
- Liability weighting takes into account the relative magnitude of the liability of the members that decrement, rather than population counts alone.
 - More highly correlated with withdrawal and retirement
 - Decisions made based on how much the members have to gain or lose if they retire or change jobs.

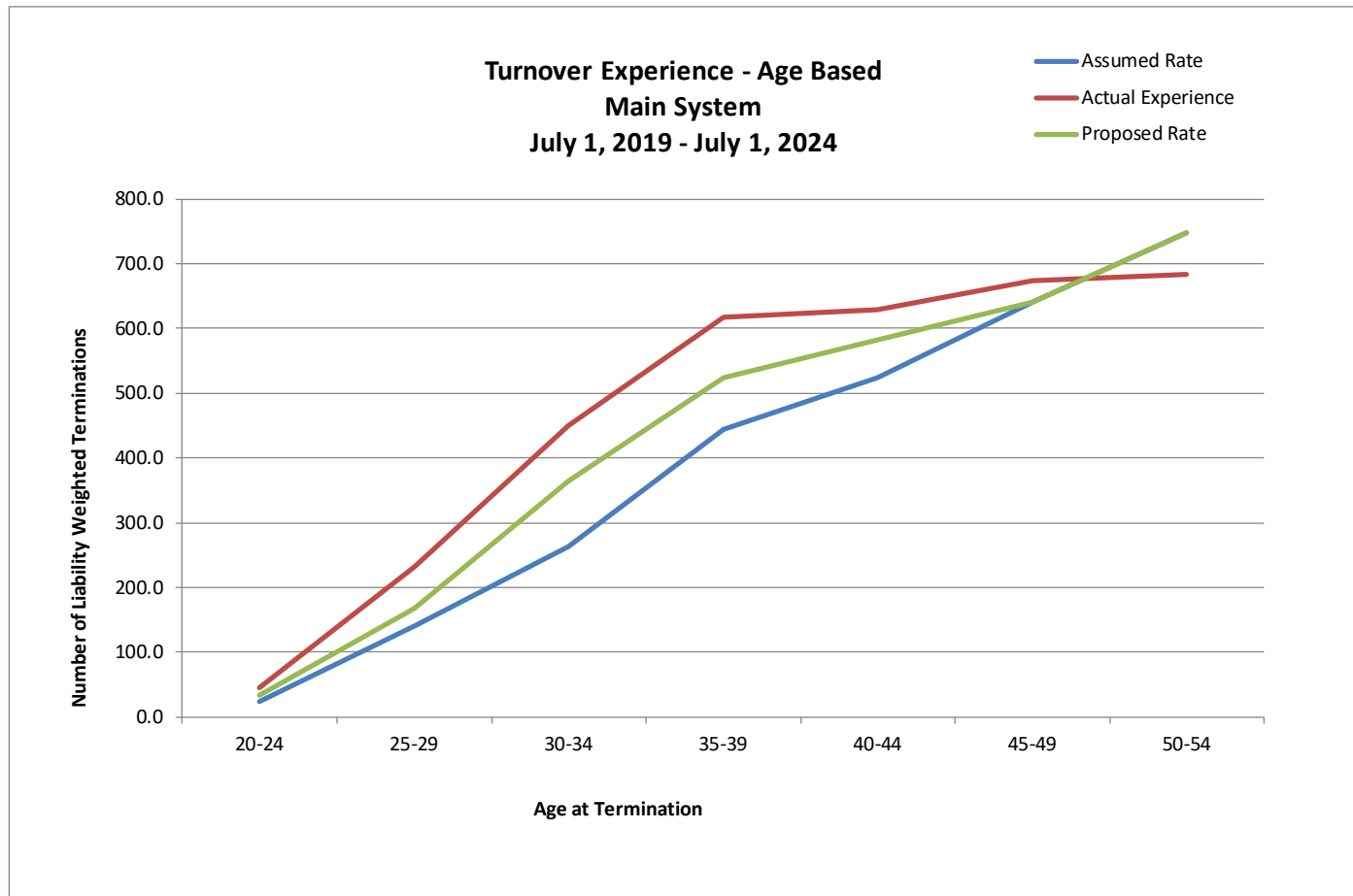
Retirement

- Retirement rates are age-based, with separate rates for members meeting the Rule of 90/85/80
- We recommend updating the retirement rates to reflect observed experience
- We recommend setting the retirement rates for Inactive Members (Terminated Vested) to use the same retirement rates as for Active Members, for Public Safety, Judges and Highway Patrol

Turnover

- Turnover rates are based on both age and service, with higher turnover rates during the first five years of service
- We recommend updating the turnover rates to reflect observed experience

Turnover



Disability

- Disability rates are age-based
- The actual number of disabilities during the past 5 years was lower than predicted by current assumptions
- Recommend decreasing the current rates to reflect observed experience

Mortality

- We reviewed mortality experience for the period from July 1, 2014 to June 30, 2024
- Recommend maintaining Pub-2010 Public Retirement Plans Mortality Tables
- Recommend updating projection scale from MP-2019 to MP-2021, projected from 2010 (i.e., generational mortality)
- Post-retirement mortality rates
 - For males, proposed rates are higher
 - For females, proposed rates are lower

RHIC Participation Assumptions

- Recommend the following methodology and assumptions:
 - Update participation rates for current active and terminated vested members based on observed experience
 - Update participation rates for retired members eligible but not currently receiving RHIC benefits

Amortization Method

- The current amortization policy for the Judges, Public Safety, and Highway Patrolmen's Systems is to use a 20-year open period with level percentage of payroll amortization. The remaining amortization method will be reset to 20 years in each future actuarial valuation.
- Under current amortization policy:
 - The funded ratio is not expected to reach 100 percent (assuming no actuarial gains or losses).
 - The Current open 20-year period will not fully amortize the unfunded actuarial accrued liability within a reasonable time period.
- For the Judges and Public Safety Systems, recommend updating from a 20-year open amortization period to a 20-year closed amortization period beginning with the actuarial valuation as of July 1, 2025.
- For Highway Patrolmen's System, recommend no change to the current amortization policy at this time.
 - Legislature is currently considering supplemental contributions
 - Recommend consideration of alternative methods before the next experience study

Other Assumptions and Methods

- We recommend continued use of:
 - Actuarial cost method
 - Asset smoothing method
 - Administrative expense assumption
 - Percent married assumption
 - Form of payment assumptions
 - Pay increase timing assumption
 - Decrement timing assumption

Cost Impact of Proposed Changes

	Main System	
	Current Assumptions	Proposed Assumptions
Actuarial Accrued Liability (\$000's)	\$5,848,415	\$5,737,338
Actuarial Value of Assets (\$000's)	3,961,181	3,961,181
Unfunded Actuarial Accrued Liability (\$000's)	1,887,234	1,776,156
Funded Ratio	67.7%	69.0%
Contributions (% of pay)		
Statutory Contribution Rate	15.52%	15.52%
Actuarial Contribution Rate	21.07%	20.07%
Statutory Rate Excess/(Deficiency)	(5.55%)	(4.55%)

The Additional State Contribution Requirement for 2026 decreased from 5.92% of State employer payroll (\$44.0 million per year) to 4.23% (\$30.5 million per year) based on the proposed assumptions. This requirement is based on amortization over a closed period ending June 30, 2056.

Cost Impact of Proposed Changes

	Judges	
	Current Assumptions	Proposed Assumptions
Actuarial Accrued Liability (\$000's)	\$62,678	\$61,803
Actuarial Value of Assets (\$000's)	70,269	70,269
Unfunded Actuarial Accrued Liability (\$000's)	(7,590)	(8,466)
Funded Ratio	112.1%	113.7%
Contributions (% of pay)		
Statutory Contribution Rate	25.52%	25.52%
Actuarial Contribution Rate	19.81%	18.89%
Statutory Rate Excess/(Deficiency)	5.71%	6.63%

Note that the change to a closed 20-year amortization period does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Proposed Changes

Public Safety with Prior Main System service

Current Assumptions	Proposed Assumptions
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Actuarial Accrued Liability (\$000's)	\$282,551	\$267,224
Actuarial Value of Assets (\$000's)	191,720	191,720
Unfunded Actuarial Accrued Liability (\$000's)	90,831	75,504
Funded Ratio	67.9%	71.7%
Contributions (% of pay)		
Statutory Contribution Rate	17.89%	17.97%
Actuarial Contribution Rate	18.25%	16.61%
Statutory Rate Excess/(Deficiency)	(0.36%)	1.36%

Note that the change to a closed 20-year amortization period does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Proposed Changes

Public Safety without Prior Main System Service

	Current Assumptions	Proposed Assumptions
Actuarial Accrued Liability (\$000's)	\$25,325	\$24,264
Actuarial Value of Assets (\$000's)	24,021	24,021
Unfunded Actuarial Accrued Liability (\$000's)	1,303	243
Funded Ratio	94.9%	99.0%
Contributions (% of pay)		
Statutory Contribution Rate	14.66%	14.66%
Actuarial Contribution Rate	14.31%	13.31%
Statutory Rate Excess/(Deficiency)	0.35%	1.35%

Note that the change to a closed 20-year amortization period does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Proposed Changes

	Highway Patrol	
	Current Assumptions	Proposed Assumptions
Actuarial Accrued Liability (\$000's)	\$156,411	\$157,451
Actuarial Value of Assets (\$000's)	107,292	107,292
Unfunded Actuarial Accrued Liability (\$000's)	49,119	50,159
Funded Ratio	68.6%	68.1%
Contributions (% of pay)		
Statutory Contribution Rate	36.00%	36.00%
Actuarial Contribution Rate	51.79%	52.23%
Statutory Rate Excess/(Deficiency)	(15.79%)	(16.23%)

Cost Impact of Proposed Changes

	Job Service	
	Current Assumptions	Proposed Assumptions
Actuarial Accrued Liability (\$000's)	\$70,291	\$70,021
Actuarial Value of Assets (\$000's)	84,286	84,286
Unfunded Actuarial Accrued Liability (\$000's)	(13,995)	(14,265)
Funded Ratio	119.9%	120.4%
Contributions (% of pay)		
Statutory Contribution Rate	7.00%	7.00%
Actuarial Contribution Rate	NA	NA
Statutory Rate Excess/(Deficiency)	NA	NA

Cost Impact of Proposed Changes

	RHIC	
	Current Assumptions	Proposed Assumptions
Actuarial Accrued Liability (\$000's)	\$272,982	\$270,166
Actuarial Value of Assets (\$000's)	\$183,344	\$183,344
Unfunded Actuarial Accrued Liability (\$000's)	89,637	86,822
Funded Ratio	67.2%	67.9%
Contributions (% of pay)		
Statutory Contribution Rate	1.14%	1.14%
Actuarial Contribution Rate	1.34%	1.32%
Statutory Rate Excess/(Deficiency)	(0.20%)	(0.18%)

Disclosures

- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- The actuaries submitting this presentation are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.
- The purpose of the presentation is to review the assumptions recommended in the experience study for the period July 1, 2019 to July 1, 2024 for the North Dakota Public Employees Retirement System.

Disclosures

- Future actuarial measurements may differ significantly from the current and projected measurements presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.
- This is one of multiple documents comprising the experience review for the NDPERS. Additional information regarding actuarial assumptions and methods, and important additional disclosures, are provided in the full actuarial valuation reports as of July 1, 2024 and the experience study report for experience from July 1, 2019 to July 1, 2024.
- If you need additional information to make an informed decision about the contents of this presentation, or if anything appears to be missing or incomplete, please contact us before relying on this presentation.

North Dakota Public Employees Retirement System

2024 Experience Review

for the Five-Year Period July 1, 2019 to July 1, 2024





April 1, 2025

Board Members
North Dakota Public Employees Retirement System
Bismarck, North Dakota

Subject: Experience Review for the Five-Year Period July 1, 2019 to July 1, 2024

Members of the Board:

At your request, we have performed a review of the actuarial assumptions used in the annual actuarial valuation of the North Dakota Public Employees Retirement System ("NDPERS"). The primary purpose of the study is to determine the continued appropriateness of the current actuarial assumptions by comparing actual experience to expected experience. Our study was based on census information for the five-year period from July 1, 2019 to July 1, 2024.

Our study includes a review of the experience associated with the following actuarial assumptions:

- Investment Return;
- Price Inflation;
- Retiree Cost of Living Increases;
- General Payroll Growth;
- Salary Increases;
- Mortality;
- Disability;
- Withdrawal;
- Retirement; and
- Retiree Health Insurance Credit Fund participation experience.

We have reviewed experience for the following systems and groups:

- North Dakota Public Employees Retirement System ("PERS")
 - Main (State and Non-State)
 - Judges
 - Public Safety
- North Dakota Highway Patrolmen's Retirement System ("HPRS" or "Highway Patrol")
- North Dakota Retiree Health Insurance Credit Fund ("RHIC")
- Retirement Plan for Employees of Job Service North Dakota ("Job Service")
 - Investment return and COLA assumptions only

The results of this analysis are set forth in Section II of this report. Section III contains the cost impact on the actuarial contribution rate and funded status of the Systems as a result of the proposed assumption modifications.

Bonita J. Wurst and Abra Hill are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This report should not be relied on for any purpose other than the purpose stated. This report may be provided to parties other than the NDPERS staff and Board only in its entirety and only with the permission of the NDPERS staff and Board. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by the NDPERS staff, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different, please let us know. This information was checked for internal consistency, but it was not audited.

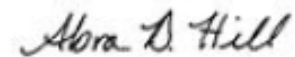
The results of the experience study and recommended assumptions set forth in this report are based on the data and actuarial techniques and methods described above, and upon the provisions of the Systems as of the most recent actuarial valuation date, July 1, 2024. To the best of our knowledge, the information contained in this report is accurate and fairly presents the experience of members participating in the Systems for the period July 1, 2019 to July 1, 2024. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, MAAA, FCA
Senior Consultant



Abra D. Hill, ASA, MAAA, FCA
Consultant



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SECTION I

EXPERIENCE REVIEW SUMMARY

Experience Review Summary

Background

For any pension plan, actuarial assumptions are selected that are intended to provide reasonable estimates of future expected events, such as plan investment returns, and patterns of retirement, turnover and mortality. These assumptions, along with an actuarial cost method, the employee census data and the plan's provisions are used to determine the actuarial liabilities and overall actuarially determined funding requirements for the plan. The true cost to the plan over time will be the actual benefit payments and expenses required by the plan's provisions for the participant group under the plan. To the extent the actual experience deviates from the actuarial assumptions, experience gains and losses will occur. These gains (losses) then serve to reduce (increase) future actuarially determined contributions and increase (reduce) the funded ratio. The actuarial assumptions should be individually reasonable and consistent in the aggregate. They should also be reviewed periodically to ensure that they remain appropriate. The actuarial cost method, for plan sponsors that use actuarially based funding policies, automatically adjusts contributions over time for differences between what is assumed and the actual experience under the plan.

Actuarial Standards of Practice ("ASOPs")

The Actuarial Standards Board ("ASB") provides guidance on measuring the costs of financing a retirement program through the following Actuarial Standards of Practices ("ASOPs"):

- (1) ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*;
- (2) ASOP No. 27, *Selection of Assumptions for Measuring Pension Obligations*;
- (3) ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations*; and
- (4) ASOP No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*.

The recommendations provided in this report are consistent with the preceding actuarial standards of practice.

Actuarial Standard of Practice No. 27

ASOP No. 27 provides guidance related to selecting and recommending economic assumptions, including the investment return, discount rate, inflation, postemployment benefit increases, compensation increases and any other related economic assumptions, and demographic assumptions, such as retirement, turnover, mortality, etc.

In developing specific actuarial assumptions, ASOP No. 27 requires the actuary to follow a general process of:

- (1) Identify the types of assumptions used in the measurement;
- (2) Take into account other general considerations, when applicable; and
- (3) Select a reasonable assumption.

After completing these steps for each assumption, the actuary should review the set of assumptions for consistency and make appropriate adjustments if necessary.

Experience Review Summary

Further, under ASOP No. 27, an assumption is considered reasonable if:

- It is appropriate for the purpose of the measurement;
- It reflects current and historical data that is relevant to selecting the assumption for the measurement date, to the extent such relevant data is reasonably available;
- It reflects the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data, or a combination thereof; and
- It is expected to have no significant bias (i.e., it is not significantly optimistic or pessimistic), except when provisions for adverse deviation or plan provisions that are difficult to measure are included or when alternative assumptions are appropriate for the purpose of the measurement.

Also, according to the ASOP No. 27, the actuary should recognize the uncertain nature of the items for which assumptions are selected and, as a result, may consider several different assumptions reasonable for a given measurement. The actuary should also recognize that different actuaries will apply different professional judgment and may choose different reasonable assumptions. As a result, a narrow range of reasonable assumptions may develop both for an individual actuary and across actuarial practice.

Assumptions Reviewed

The actuarial assumptions are usually divided into two categories:

- Economic assumptions (i.e., the “money” assumptions), which include the following:
 - Assumed rate of price inflation (as measured by the change in the Consumer Price Index for all urban consumers)
 - Underlies all other economic assumptions
 - Assumed long-term rate of return on investments
 - Rate at which projected benefits are reduced to present value
 - General payroll growth
 - Reflects inflationary forces on increases in pay for all members
 - Merit/Seniority/Promotion pay increases
 - Increases in pay for plan members in addition to those due to inflationary forces
 - Rate of retiree cost of living increases

The economic assumptions are generally chosen on the basis of the actuary's expectations as to the effect of future economic conditions on the operation of the plan, with input from the NDPERS Staff, the plan's investment consultant, the Board, and other legal, accounting and investment advisors.

- Demographic assumptions (i.e., the “people” assumptions), which include the following:
 - Mortality;
 - Retirement;
 - Withdrawal (other termination of employment);
 - Disablement; and
 - RHIC Participation Assumptions

Experience Review Summary

Demographic assumptions are generally based on the plan's own experience, taking into account emerging trends. Rates of salary increase due to merit, promotion and longevity are also related to the plan's experience.

The accuracy and extent of the data is an important consideration in assessing demographic experience. We have no reason to doubt the accuracy of the data provided to us by NDPERS Staff and the prior actuary that was used in previous actuarial valuations. With regard specifically to the mortality assumption, a very large amount of data is required to develop a credible assumption. For this reason, we do not give full credibility to the mortality experience of the System participants, but instead factor in general experience from a wider universe of pension plans and retirement systems.

Key Findings and Recommendations

Gabriel, Roeder, Smith & Company ("GRS") has performed an experience study for the North Dakota Public Employees Retirement System ("NDPERS") for the five-year period from July 1, 2019 to July 1, 2024. The primary purpose of the study was to compare the actual demographic and economic experience of PERS with the actuarial assumptions used in the actuarial valuations. Our study was based on the information used to perform the annual actuarial valuations for the five-year period from July 1, 2019 to July 1, 2024.

Following is a summary of our key findings and recommendations:

- **Price Inflation:** We recommend increasing the current rate of assumed price inflation of 2.25 percent to 2.40 percent.
- **Post-Retirement Cost of Living Increases (COLA):** We recommend the COLA assumption be set equal to the inflation assumption for the Job Service Plan at 2.40 percent.
- **Investment Return:** We recommend maintaining the current investment return assumption at 6.50 percent for PERS and Highway Patrol, 5.75 percent for RHIC and 3.00 percent for Job Service.
- **Payroll Growth:** We recommend maintaining the payroll growth assumptions used to calculate the actuarial contribution rates.
- **Salary Increase:** We recommend an overall decrease in assumed rates of real salary increases.
- **Retirement Rates:** We recommend updating the retirement rates to reflect observed experience.
- **Turnover Rates:** We recommend updating the turnover rates to reflect observed experience.
- **Mortality Rates:** We recommend continued use of the Pub-2010 Public Retirement Plans Mortality Tables with rates projected from 2010 using projection scale MP-2021 (generational mortality) and updated scaling factors based on experience and credibility.
- **Disability Rates:** We recommend updating the disability rates to reflect observed experience.
- **RHIC Participation Rates:** We recommend updating the RHIC participation rates to reflect observed experience.
- **Amortization Methods:** We recommend updating the amortization method used for calculating the Actuarially Determined Employer Contribution (ADEC) for the Judges and Public Safety Systems, from an open 20-year period to a closed 20-year period, effective July 1, 2025. We also recommend that NDPERS consider alternate amortization methods for the Highway Patrolmen's System before the next experience study in 5 years.

Experience Review Summary

- **Other Assumptions and Methods:** We recommend maintaining the current actuarial cost method, asset smoothing method, administrative expense assumption, percent married, form of payment election, decrement timing, and pay increase timing assumptions.

The impact of adopting the recommended assumptions is summarized in Section III of this report. The change in assumptions decreases the actuarial liability, increases the funded ratio and decreases the actuarial contribution rate.

In our professional judgment, these assumptions are a better estimate of expected System activities going forward.

SECTION II

EXPERIENCE ANALYSIS

Economic Actuarial Assumptions

Background

Economic actuarial assumptions reflect the effects of economic forces on the projections of retirement benefits payable from the plan and in the discounting of those benefits to present value.

These assumptions are based, at their core, on the assumed level of price inflation. Each economic assumption is then developed from expected spreads over price inflation. Since price inflation is relatively volatile and is subject to a number of influences not based on recent history, economic assumptions are less reliably based on recent past experience than are the demographic assumptions.

The key economic assumptions are:

1. **Assumed Rate of Inflation** – The rate of price inflation (as measured by the Consumer Price Index for all Urban consumers) which underlies the remainder of the economic assumptions.
2. **Assumed Rate of Investment Return** – The rate at which projected future benefits under the System are reduced to present value.
3. **Assumed Rate of Total Payroll Growth** – This reflects inflationary forces on total payroll for the total System.
4. **Assumed Rate of General Payroll Growth** – This reflects inflationary forces on increases in pay for individual members.

Inflation

By “inflation,” we mean price inflation, as measured by annual increases in the Consumer Price Index (CPI). This inflation assumption underlies all of the other economic assumptions we employ. It not only impacts investment return, but also salary increase rates and the payroll growth assumption. The current annual inflation assumption is 2.25 percent.

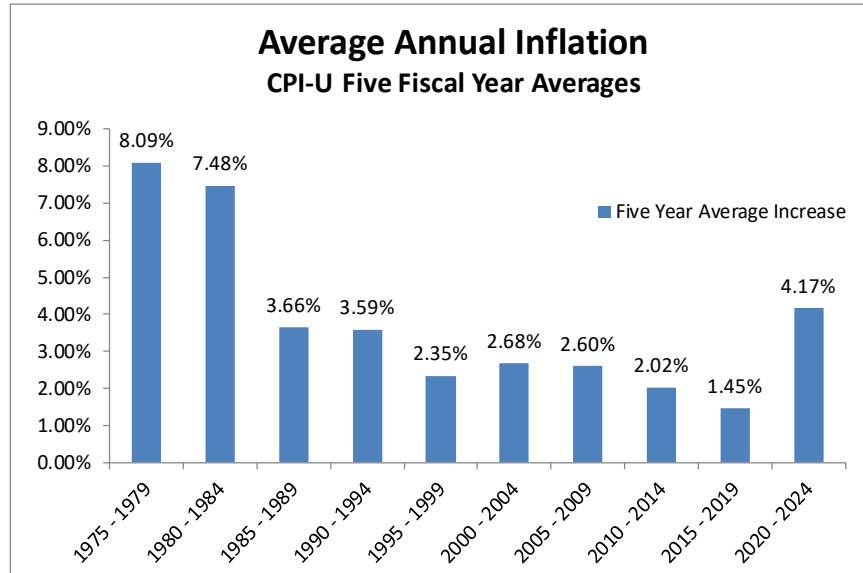
Over the five-year period from June 2019 through June 2024, the CPI-U has increased at an average rate of 4.17 percent. However, please remember that the assumed inflation rate is only weakly tied to past results.

The following table shows the average inflation over various periods, ending June 2024.

Fiscal Year	Annual Increase in CPI-U
2019-20	0.65%
2020-21	5.39%
2021-22	9.06%
2022-23	2.97%
2023-24	2.97%
3-Year Average	4.96%
5-Year Average	4.17%
10-Year Average	2.80%
20-Year Average	2.55%
25-Year Average	2.58%
30-Year Average	2.54%
40-Year Average	2.81%
50-Year Average	3.79%

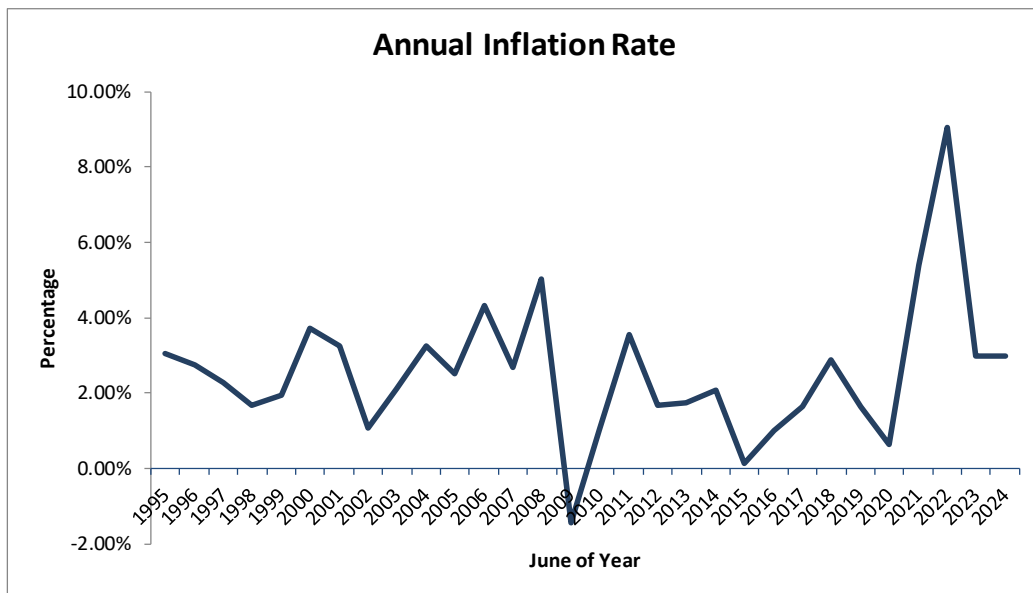
Economic Actuarial Assumptions

The following graph shows the average annual inflation, as measured by the increase in CPI-U, in each of the 10 consecutive five-year periods over the last 50 years.



As the above chart illustrates, while the high inflation of the 1970s and early 1980s is well in the past, there was a recent spike in the inflation rate from 2020 to 2022. The inflation rate became more moderate in 2023 and 2024. The geometric average annual increase in price inflation was 2.54 percent per year over the last 30 years from June 1994 to June 2024, 2.55 percent over the last 20 years and 2.80 percent over the last 10 years.

The following graph illustrates the rate of inflation on a year by year basis over the last 30 years.



Economic Actuarial Assumptions

Since price inflation is relatively volatile and is subject to a number of influences not based on recent history, economic assumptions are less reliably based on recent past experience than are the demographic assumptions. Therefore, it is important not to give undue weight to recent experience. We must also consider future expectations as well.

We surveyed the inflation assumption used by nationally recognized firms (investment consultants, asset managers and insurance companies) across the country. In our sample of these firms, the inflation assumption ranged from 2.13 percent to 2.70 percent, with an average of 2.39 percent.

Another point of reference is the Social Security Administration's (SSA) 2024 Trustees Report, in which the Office of the Chief Actuary is projecting a long-term average ultimate annual inflation rate of 1.80 percent in the high cost projection scenario, 2.40 percent under the intermediate cost projection scenario and 3.00 percent in the low-cost projection scenario. The Social Security Trustees report uses the ultimate rates for their 75-year projections, much longer than the longest horizon we can discern from Treasuries and TIPS.

The table on the following page presents a summary of inflation rate forecasts from various professional organizations.

Economic Actuarial Assumptions

Forward-Looking Price Inflation Forecasts ^a	
Congressional Budget Office^b	
5-Year Annual Average	2.44%
10-Year Annual Average	2.32%
Federal Reserve Bank of Philadelphia^c	
5-Year Annual Average	2.40%
10-Year Annual Average	2.23%
Federal Reserve Bank of Cleveland^d	
10-Year Expectation	2.32%
20-Year Expectation	2.38%
30-Year Expectation	2.44%
Federal Reserve Bank of St. Louis^e	
10-Year Breakeven Inflation	2.30%
20-Year Breakeven Inflation	2.42%
30-Year Breakeven Inflation	2.27%
U.S. Department of the Treasury^f	
10-Year Breakeven Inflation	2.27%
20-Year Breakeven Inflation	2.45%
30-Year Breakeven Inflation	2.30%
50-Year Breakeven Inflation	2.37%
100-Year Breakeven Inflation	2.42%
Social Security Trustees^g	
Ultimate Intermediate Assumption	2.40%

^aEnd of the Fourth Quarter, 2024. Version 2025-01-27 by Gabriel, Roeder, Smith & Company

^bAn Update to the Budget and Economic Outlook: 2024 to 2034, Release Date: June 2024, Consumer Price Index (CPI-U), Percentage Change from Year to Year, 5-Year Annual Average (2024 - 2028), 10-Year Annual Average (2024 - 2033).

^cFourth Quarter 2024 Survey of Professional Forecasters, Release Date: November 15, 2024, Headline CPI, Annualized Percentage Points, 5-Year Annual Average (2024 - 2028), 10-Year Annual Average (2024 - 2033).

^dInflation Expectations, Model output date: December 1, 2024.

^eThe breakeven inflation rate represents a measure of expected inflation derived from X-Year Treasury Constant Maturity Securities and X-Year Treasury Inflation-Indexed Constant Maturity Securities. Observation date: December, 2024.

^fThe Treasury Breakeven Inflation (TBI) Curve, Monthly Average Rates, December, 2024.

^gThe 2024 Annual Report of The Board of Trustees of The Federal Old-Age And Survivors Insurance and Federal Disability Insurance Trust Funds, May 6, 2024, p. 10, Key Assumptions and Summary Measures for Long-Range (75-year) Projections, Intermediate, Consumer Price Index (CPI-W).

Economic Actuarial Assumptions

Based on this information, it would be reasonable to increase the current inflation assumption of 2.25 percent to 2.40 percent. A reasonable range falls between 2.25 percent and 2.50 percent. This increase recognizes higher inflation expectations in the near term (closer to recent inflation levels) and longer term (closer to levels expected in the financial markets). As you will see, this change also affects all of the other economic assumptions.

Post-Retirement Cost of Living Increases (COLA)

The Job Service Plan grants a CPI-based COLA. Therefore, we recommend that the COLA assumption be set equal to the inflation assumption.

Interest Crediting Rate for Member Contributions

Member contributions are credited with interest at a rate equal to 0.5% less than the assumed rate of investment return. The closure of the Main Plan may lead to future de-risking, and reductions in the assumed rate of investment return over time. We recommend reviewing this provision and potentially separating the member contribution crediting rate from the actuarial assumption for investment return.

Projected Increase in IRC Section 415 Limits

Benefits payable from the Systems are limited by the Internal Revenue Code Section 415 limits. Due to the retirement ages of the members and the benefit accrual rates, the projected 415 limits mainly affect projected benefits and liabilities for the Highway Patrol System. The current assumption is 2.25 percent (equal to the inflation assumption). We recommend keeping the rate for projected increases in the 415 limits equal to the inflation assumption at 2.40 percent.

Final Average Salary Indexing for Highway Patrol

North Dakota Century Code § 39-03.1-11(5) provides:

The final average salary used for calculating deferred vested retirement benefits must be increased annually, from the later of the date of termination of employment or July 1, 1991, until the date the contributor begins to receive retirement benefits from the fund, at a rate as determined by the board not to exceed a rate that would be approximately equal to annual salary increases provided state employees pursuant to action by the legislative assembly.

The current assumption is 3.00 percent. Following is a history of the indexing rates over the past five years. The indexing rate exceeded 3.00 percent in 2023 and 2024. As of July 1, 2024, the average indexing rates over the past five years, ten years, and fifteen years are 3.00%, 2.20% and 2.47%.

Economic Actuarial Assumptions

7/1/2020	2.50%
7/1/2021	1.50%
7/1/2022	2.00%
7/1/2023	5.00%
7/1/2024	4.00%

We recommend maintaining the indexing rate of 3.00 percent.

Investment Return

As previously stated, actuaries are required to comply with Actuarial Standard of Practice No. 27 (ASOP No. 27) in setting economic assumptions for retirement plans, including the assumed investment return rate.

In a public retirement system like the North Dakota Public Employees Retirement System, it is ultimately the Board's responsibility to approve the actuarial assumptions used in the actuarial valuations. It is the actuary's duty to provide the Board with information needed to make those decisions and to make recommendations to the Board. Although the Board is the ultimate decision-making body, we are still bound by ASOP No. 27 in providing advice or recommendations to the Board.

For purposes of calculating contributions using the actuarial rate, the assumed rate of investment return is used as the discount rate to determine the present value of the System's pension obligations. It is important to note that an actuarial investment return assumption based on expected future experience is a single estimate for all years and therefore implicitly assumes that returns above and below expectations will "average out" over time. In other words, the expected risk premium is reflected in the assumed rate of investment return in advance of being earned, while the investment risk is not reflected until actual experience emerges with each actuarial valuation.

The analysis of the investment return assumption in this report is based on forward-looking measures of expected investment return outcomes for the asset classes in the System's current investment policy. For purposes of this analysis, we have analyzed the System's investment policy with the capital market assumptions from twelve nationally recognized investment firms.

Our analysis is based on the GRS 2024 Capital Market Assumption Modeler (CMAM). The purpose of the CMAM is to assess the reasonability of the assumed rate of return for use in the actuarial valuations for the plan. In our professional judgment, the CMAM has the capability to provide results that are consistent with this purpose. A description of the strengths, limitations and weaknesses of the model are incorporated in this report. In our opinion, the limitations and weaknesses are not material. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training, and Processes Team who developed and maintain the model.

Economic Actuarial Assumptions

Because GRS is a benefits consulting firm and does not develop or maintain its own capital market expectations, we request and monitor forward-looking expectations developed by several major investment firms. We update our CMAM on an annual basis. The capital market assumptions in the 2024 CMAM are from the following investment firms (in alphabetical order): Aon, Blackrock, BNY Mellon, Callan, Cambridge, JPMorgan, Meketa, Mercer, NEPC, Northern Trust, Verus, and Wilshire. We believe that the benefit of performing this analysis using multiple investment firms is to recognize the uncertain nature of the items affecting the selection of the investment return assumption. While there may be differences in asset classes, investment horizons, inflation assumptions, treatment of investment expenses, excess manager performance (i.e., alpha), etc., we have attempted to align the various assumption sets from the different investment firms to be as consistent as possible. In some cases, we have made minor adjustments or assumptions to align the various assumptions sets with our model.

To the best of our ability, we have adapted the System's investment policy to fit with the various investment firms' assumptions adjusting for these known differences in asset classes and methodology. In the following charts, to the extent possible all returns are net of passive investment expenses and have no assumption for excess manager performance (alpha) in excess of active management fees.

Importantly, the information in this report is not intended to be construed as investment advice.

Real Return

The allocation of assets within the universe of investment options will significantly impact the overall performance. Therefore, it is meaningful to identify the range of expected returns based on each System's targeted allocation of investments and an overall set of capital market assumptions.

Based on information provided by Staff, following is a table with the Systems' current target asset allocations:

Asset Category	Current Target Asset Allocation			
	PERS/Highway	RHIC	Asset Category	Job Service
Domestic Equities				
Lg Cap Domestic Equities	30.3%	33.0%	US Low Beta Equities	2.0%
Sm Cap Domestic Equities	1.6%	6.0%	Global Low Beta Equities	18.0%
International Equities		26.0%		
Developed International Equities	15.8%			
Emerging Market Equities	3.3%			
Private Equity	7.0%			
Total Equities	58.0%	65.0%		20.0%
US High Yield			US High Yield	3.0%
Emerging Markets Debt			Emerging Markets Debt	3.0%
Core Fixed Income		35.0%	Core Fixed Income	38.0%
Investment Grade Fixed Income	16.0%		Limited Duration Fixed Income	16.0%
Below Investment Grade Fixed Income	7.0%		Diversified Short Term Fixed Income	5.0%
			Short Term Corporate Fixed Income	15.0%
Total Fixed Income	23.0%	35.0%		80.0%
Global Real Estate	11.0%			
Infrastructure	8.0%			
Total Real Assets	19.0%	0.0%		0.0%
Total	100.0%	100.0%		100.0%

Economic Actuarial Assumptions

The following tables provide the 40th, 50th and 60th percentiles of the geometric average (10-year investment horizon) of the expected nominal return, net of expenses based on the recommended inflation assumption of 2.40 percent. The tables also show the probability of exceeding the current assumption.

PERS/Highway Patrol

Firm	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of Exceeding 6.50%
	40 th	50 th	60 th	
(1)	(2)	(3)	(4)	(5)
1	4.48%	5.50%	6.54%	40.33%
2	5.29%	6.32%	7.36%	48.27%
3	5.44%	6.43%	7.44%	49.34%
4	5.73%	6.75%	7.77%	52.47%
5	6.00%	6.97%	7.95%	54.92%
6	5.97%	6.98%	8.00%	54.82%
7	6.08%	7.01%	7.94%	55.51%
8	6.02%	7.03%	8.06%	55.31%
9	6.05%	7.05%	8.07%	55.55%
10	6.17%	7.15%	8.13%	56.64%
11	6.64%	7.56%	8.49%	61.44%
12	6.67%	7.68%	8.70%	61.70%
Average	5.88%	6.87%	7.87%	53.86%
Average from last 3 CMAMs		6.43%		

Economic Actuarial Assumptions

RHIC

Firm	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of Exceeding
	40 th	50 th	60 th	
(1)	(2)	(3)	(4)	(5)
1	4.36%	5.35%	6.34%	45.89%
2	4.91%	5.87%	6.85%	51.30%
3	5.25%	6.11%	6.97%	54.18%
4	5.42%	6.33%	7.25%	56.39%
5	5.33%	6.35%	7.37%	55.92%
6	5.57%	6.52%	7.48%	58.12%
7	5.62%	6.56%	7.52%	58.62%
8	5.74%	6.69%	7.64%	59.94%
9	5.74%	6.69%	7.65%	59.87%
10	6.03%	7.02%	8.03%	62.78%
11	6.25%	7.20%	8.15%	65.15%
12	6.30%	7.26%	8.23%	65.52%
Average	5.54%	6.50%	7.46%	57.81%
Average from last 3 CMAMs		6.08%		

Job Service

Firm	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of Exceeding
	40 th	50 th	60 th	
(1)	(2)	(3)	(4)	(5)
1	4.19%	4.69%	5.18%	80.79%
2	4.86%	5.26%	5.66%	92.52%
3	4.91%	5.39%	5.86%	90.00%
4	4.99%	5.42%	5.85%	92.52%
5	5.04%	5.48%	5.92%	92.46%
6	4.98%	5.48%	5.98%	89.94%
7	5.03%	5.50%	5.97%	91.45%
8	5.17%	5.65%	6.14%	92.00%
9	5.30%	5.73%	6.16%	94.90%
10	5.43%	5.87%	6.31%	95.22%
11	5.51%	6.14%	6.77%	90.03%
12	5.73%	6.31%	6.90%	92.79%
Average	5.10%	5.58%	6.06%	91.22%
Average from last 3 CMAMs		4.67%		

Economic Actuarial Assumptions

As these tables indicate, the average expected rate of return at the 50th percentile based on (1) NDPERS' current target asset allocations, (2) the recommended inflation assumption of 2.40 percent and (3) the capital market assumptions from our sample of firms who develop capital market assumptions is 6.87 percent for PERS, 6.50 percent for RHIC, and 5.58 percent for Job Service. The average from the last three CMAMs over a 10-year horizon is 6.43 percent for PERS, 6.08 percent for RHIC, and 4.67 percent for Job Service.

Recommendation

Based on (1) the GRS analysis of the expected investment returns for the North Dakota Public Employees Retirement System, RHIC and Job Service Plan, (2) our recommended assumption for inflation of 2.40 percent and (3) the current target asset allocations, we recommend maintaining the current investment return assumptions.

For PERS/Highway Patrol, we recommend maintaining the investment return assumption at 6.50 percent. The probability of exceeding the current 6.50 percent assumption over 10 years is 54 percent.

Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan. For a closed plan it may not be possible to develop a portfolio that earns 6.5% return throughout the remaining life of the plan. The asset allocation will most likely be changed gradually over time.

For RHIC, we recommend maintaining the investment return assumption at 5.75 percent. The probability of exceeding the current 5.75 percent assumption over 10 years is 58 percent. Note that as of January 1, 2020, this plan is, for the most part, a closed plan, with members first enrolled in the Main System and the Defined Contribution Plan on or after that date not eligible to participate in RHIC.

For Job Service, we recommend maintaining the investment return assumption of 3.00 percent. While the probability of exceeding the current 3.00 percent assumption over 10 years is 91 percent, because Job Service is a closed plan with only one active member remaining, we recommend maintaining a 3.00 percent investment return assumption to reflect future liquidity needs for paying benefit payments.

We recommend that the assumed investment return assumptions be monitored for continued appropriateness between full experience reviews. Also, any significant changes in the target asset allocations of the Systems may warrant an additional review of the rate of return assumption.

We believe that the recommended assumptions can be supported by Actuarial Standard of Practice No. 27. Under the Standard, all economic assumptions must be selected to be consistent with the purpose of the measurement. The purpose of the measurement is to determine the contribution rate which will lead to the accumulation of assets to pay benefits when due.

Payroll Growth Assumption

Total Payroll Growth Assumption

The total payroll growth assumption is used in the actuarial valuation to project how total payroll will increase (and therefore affects the amortization of the unfunded liability payment which is calculated as a level percentage of projected total payroll).

Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan. Even though the Main System is closed, for the purpose of calculating the Actuarially Determined Employer Contribution (ADEC), the amortization of the unfunded liability is determined on a level percent of payroll basis, including the total payroll for current employees and future new hires under both Main System and Defined Contribution Plan.

The current and recommended inflation and total payroll growth assumptions are shown in the following summary table. Actual payroll growth experience is shown on the table on the next page.

System	Current Inflation	Current Payroll Growth	Recommended Inflation	Recommended Payroll Growth
Main, Public Safety	2.25%	3.50%	2.40%	3.50%
Judges	2.25%	3.00%	2.40%	3.00%
Highway Patrol	2.25%	3.50%	2.40%	3.50%
RHIC	2.25%	3.50%	2.40%	3.50%

Payroll Growth Assumption

		Main System				Judges			
	Inflation	Total Covered Payroll	# Active Members	Implied Increase in Payroll (0% Member Growth)	Excess over Inflation of Implied Increase in Payroll	Total Covered Payroll	# Active Members	Implied Increase in Payroll (0% Member Growth)	Excess over inflation of Implied Increase in Payroll
Average Change (3-Year)	4.96%	5.02%	0.66%	4.33%	-0.63%	4.90%	1.72%	3.12%	-1.84%
Average Change (5-Year)	4.17%	4.75%	0.87%	3.84%	-0.32%	4.12%	1.39%	2.69%	-1.48%
Average Change (10-Year)	2.80%	3.32%	0.89%	2.41%	-0.39%	3.67%	1.84%	1.80%	-1.00%
Average Change (15-Year)	2.54%	4.43%	1.28%	3.11%	0.57%	4.14%	1.64%	2.45%	-0.08%
Average Change (20-Year)	2.55%	5.00%	1.55%	3.39%	0.84%	4.17%	1.34%	2.79%	0.24%
		Public Safety with prior Main System Service				Public Safety w/o prior Main Service			
	Inflation	Total Covered Payroll	# Active Members	Implied Increase in Payroll (0% Member Growth)	Excess over Inflation of Implied Increase in Payroll	Total Covered Payroll	# Active Members	Implied Increase in Payroll (0% Member Growth)	Excess over Inflation of Implied Increase in Payroll
Average Change (3-Year)	4.96%	23.98%	19.47%	3.77%	-1.19%	12.66%	7.87%	4.45%	-0.52%
Average Change (5-Year)	4.17%	22.22%	17.64%	3.90%	-0.27%	17.48%	12.39%	4.53%	0.37%
Average Change (10-Year)	2.80%	21.50%	18.00%	2.96%	0.16%	15.86%	11.70%	3.72%	0.92%
Average Change (15-Year)	2.54%	20.66%	15.91%	4.09%	1.55%	20.65%	15.21%	4.72%	2.18%
Average Change (20-Year)	2.55%	22.97%	18.43%	3.83%	1.28%	21.34%	16.42%	4.23%	1.68%
		Total PERS				Highway Patrol			
	Inflation	Total Covered Payroll	# Active Members	Implied Increase in Payroll (0% Member Growth)	Excess over Inflation of Implied Increase in Payroll	Total Covered Payroll	# Active Members	Implied Increase in Payroll (0% Member Growth)	Excess over Inflation of Implied Increase in Payroll
Average Change (3-Year)	4.96%	6.23%	1.61%	4.55%	-0.41%	8.77%	3.41%	5.18%	0.22%
Average Change (5-Year)	4.17%	5.78%	1.67%	4.05%	-0.12%	7.44%	3.01%	4.30%	0.13%
Average Change (10-Year)	2.80%	4.10%	1.49%	2.58%	-0.23%	3.86%	0.68%	3.16%	0.36%
Average Change (15-Year)	2.54%	5.02%	1.73%	3.23%	0.70%	5.12%	1.53%	3.54%	1.00%
Average Change (20-Year)	2.55%	5.48%	1.92%	3.49%	0.93%	5.18%	1.18%	3.95%	1.40%

Historical total covered payroll and number of active members for years prior to GRS being the actuary are from the prior actuary's reports or the ACFRs.

Salary Increase Assumption

Salary Increase

The components that determine the total salary increase are price inflation and productivity (i.e., general payroll growth) and merit and longevity increase. We recommend a change to the merit and longevity increase portion of the salary increase assumption to better reflect actual experience. In addition, the inflation assumption was increased from 2.25 percent to 2.40 percent. Over the experience study period, inflation was much higher than assumed. While the actual experience showed higher salary increases than assumed, the real salary increases were lower than assumed. We are proposing a decrease to the real salary increase rates that are slightly offset due to the increase in the inflation assumption.

The current assumptions have a service-based rate of increase for the first few years of service and an age-based rate of increase thereafter. There is a single salary increase rate for Judges that applies to all years of service and ages. We recommend updating the current structure for rates of salary increase to be based on years of service, except for Judges for which we recommend no change to the assumed total salary increase assumption.

The observed experience in Tables I(a) through I(e) shows that total salary increases were higher than the current assumptions during the experience study period for the Main System – State and Highway Patrol and lower than the current assumptions for the other plans. However, average inflation over the experience study period was relatively high, at about 4.17 percent. Therefore, our recommended rates of salary increases in excess of inflation are based on reviewing the real salary increase experience. The recommended rates result in an overall decrease in assumed rates of real salary increase.

In the tables, the real salary increases (in excess of inflation) and the total salary increases are shown.

Group	Salary Experience Table – Service Based	Salary Experience Graph – Service Based
Main System – State	I(a)	I(a)
Main System – Non-State	I(b)	I(b)
Public Safety	I(c)	I(c)
Judges	I(d)	I(d)
Highway Patrol	I(e)	I(e)

Salary Increase Assumption

State – Service-Based

Table I(a)

Summary based on 2019-2024 Experience										
Service at Assumed Pay Increase	Number	Actual Payroll		Expected Current Year	Actual Real Increase ¹	Actual Total Increase	Expected Real Increase ²	Expected Total Increase	Proposed Real Increase ³	Proposed Total Increase
		Prior Year	Current Year							
1	1,611	\$ 71,525,876	\$ 80,177,432	\$ 79,214,941	7.93%	12.10%	8.50%	10.75%	8.35%	10.75%
2	3,368	160,581,191	173,915,762	172,624,745	4.14%	8.30%	5.25%	7.50%	5.10%	7.50%
3	2,748	137,459,828	148,965,881	145,363,772	4.20%	8.37%	3.50%	5.75%	4.10%	6.50%
4	2,297	115,640,572	125,525,525	121,818,194	4.38%	8.55%	3.09%	5.34%	3.85%	6.25%
5	2,155	108,908,560	117,978,107	114,704,233	4.16%	8.33%	3.07%	5.32%	3.85%	6.25%
6	1,992	102,373,940	109,923,234	107,800,164	3.21%	7.37%	3.05%	5.30%	3.10%	5.50%
7	1,954	101,716,025	108,864,911	107,067,556	2.86%	7.03%	3.01%	5.26%	3.10%	5.50%
8	1,894	100,797,618	107,370,112	106,070,972	2.35%	6.52%	2.98%	5.23%	3.10%	5.50%
9	1,834	100,487,412	107,677,162	105,710,570	2.99%	7.15%	2.95%	5.20%	3.10%	5.50%
10	1,689	95,140,347	101,529,821	100,049,982	2.55%	6.72%	2.91%	5.16%	3.10%	5.50%
11	1,576	90,319,987	96,518,211	94,944,967	2.69%	6.86%	2.87%	5.12%	2.85%	5.25%
12	1,475	85,852,164	91,657,559	90,224,778	2.59%	6.76%	2.84%	5.09%	2.85%	5.25%
13	1,408	84,111,766	89,762,707	88,381,228	2.55%	6.72%	2.83%	5.08%	2.85%	5.25%
14	1,341	80,989,385	86,001,731	85,059,214	2.02%	6.19%	2.78%	5.03%	2.85%	5.25%
15	1,281	77,871,736	82,156,347	81,777,033	1.33%	5.50%	2.77%	5.02%	2.85%	5.25%
16	1,178	72,413,428	76,554,297	76,043,446	1.55%	5.72%	2.76%	5.01%	2.35%	4.75%
17	1,071	67,325,416	70,880,830	70,671,246	1.11%	5.28%	2.72%	4.97%	2.35%	4.75%
18	990	61,700,140	65,451,936	64,716,230	1.91%	6.08%	2.64%	4.89%	2.35%	4.75%
19	971	61,571,778	64,855,421	64,553,058	1.16%	5.33%	2.59%	4.84%	2.35%	4.75%
20	934	59,138,731	62,342,778	61,981,688	1.25%	5.42%	2.56%	4.81%	2.35%	4.75%
21	898	57,261,381	60,102,248	59,984,628	0.79%	4.96%	2.51%	4.76%	2.10%	4.50%
22	892	56,891,350	59,710,172	59,578,636	0.79%	4.95%	2.47%	4.72%	2.10%	4.50%
23	872	56,880,330	59,789,297	59,578,704	0.95%	5.11%	2.49%	4.74%	2.10%	4.50%
24	751	48,923,054	51,336,044	51,231,287	0.76%	4.93%	2.47%	4.72%	2.10%	4.50%
25	673	44,164,705	46,470,953	46,233,784	1.05%	5.22%	2.43%	4.68%	2.10%	4.50%
26	611	41,134,140	43,097,597	43,055,113	0.60%	4.77%	2.42%	4.67%	1.85%	4.25%
27	537	36,915,155	38,664,674	38,622,027	0.57%	4.74%	2.37%	4.62%	1.85%	4.25%
28	469	32,917,107	34,344,037	34,433,750	0.17%	4.33%	2.36%	4.61%	1.85%	4.25%
29	497	35,558,993	37,078,868	37,175,231	0.11%	4.27%	2.30%	4.55%	1.85%	4.25%
30 +	3,530	249,483,775	260,483,495	260,285,737	0.24%	4.41%	2.08%	4.33%	1.10%	3.50%
Total	43,497	\$ 2,496,055,890	\$ 2,659,187,149	\$ 2,628,956,914	2.37%	6.54%	3.07%	5.32%	2.98%	5.38%

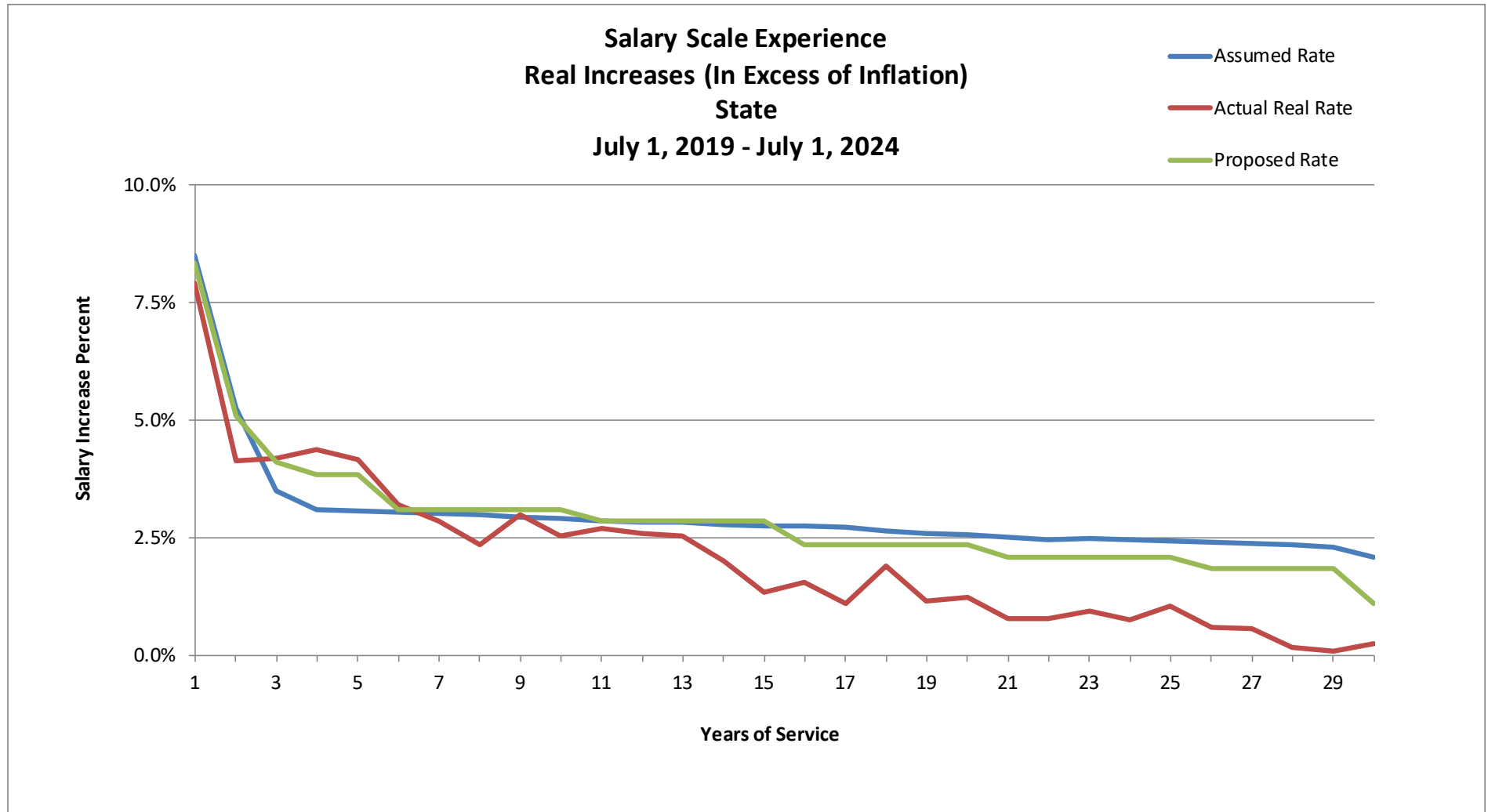
¹Total increase less average inflation of 4.17% over 2024 experience study period.

²Total increase less average assumed inflation of 2.25%.

³Total increase will equal the real increase plus the proposed inflation assumption.

Salary Increase Assumption

Graph I(a)



Real increases are equal to total increases less inflation of 4.17% for actual rates, 2.25% for assumed rates and 2.40% for proposed rates.

Salary Increase Assumption

Non-State – Service-Based

Table I(b)

Summary based on 2019-2024 Experience										
Service at Assumed Pay Increase	Number	Actual Payroll		Expected Current Year	Actual Real Increase ¹	Actual Total Increase	Expected Real Increase ²	Expected Total Increase	Proposed Real Increase ³	Proposed Total Increase
		Prior Year	Current Year							
1	3,137	\$ 102,423,107	\$ 120,096,836	\$ 115,994,201	13.09%	17.26%	11.00%	13.25%	12.10%	14.50%
2	7,160	243,017,107	260,393,019	262,458,461	2.98%	7.15%	5.75%	8.00%	5.10%	7.50%
3	5,520	199,263,529	215,328,666	213,710,167	3.89%	8.06%	5.00%	7.25%	5.10%	7.50%
4	4,589	175,772,683	188,095,189	186,849,658	2.84%	7.01%	4.05%	6.30%	3.85%	6.25%
5	4,089	163,217,533	175,021,380	173,432,868	3.06%	7.23%	4.01%	6.26%	3.85%	6.25%
6	3,526	145,267,892	154,640,722	154,279,530	2.28%	6.45%	3.95%	6.20%	3.60%	6.00%
7	3,186	135,942,539	144,048,358	144,308,536	1.79%	5.96%	3.90%	6.15%	3.60%	6.00%
8	2,878	128,150,798	135,969,760	135,953,224	1.93%	6.10%	3.84%	6.09%	3.60%	6.00%
9	2,540	117,207,813	124,107,974	124,289,626	1.72%	5.89%	3.79%	6.04%	3.60%	6.00%
10	2,113	99,683,490	105,284,897	105,665,940	1.45%	5.62%	3.75%	6.00%	3.60%	6.00%
11	1,813	84,818,916	89,753,974	89,846,731	1.65%	5.82%	3.68%	5.93%	3.10%	5.50%
12	1,747	85,662,182	90,099,213	90,702,456	1.01%	5.18%	3.63%	5.88%	3.10%	5.50%
13	1,650	84,925,212	89,278,500	89,874,191	0.96%	5.13%	3.58%	5.83%	3.10%	5.50%
14	1,476	77,696,094	81,062,325	82,186,156	0.16%	4.33%	3.53%	5.78%	3.10%	5.50%
15	1,373	73,585,612	77,277,138	77,819,790	0.85%	5.02%	3.50%	5.75%	3.10%	5.50%
16	1,285	71,180,282	74,499,628	75,239,603	0.49%	4.66%	3.45%	5.70%	2.60%	5.00%
17	1,031	56,366,088	58,920,427	59,558,430	0.36%	4.53%	3.41%	5.66%	2.60%	5.00%
18	825	42,954,344	45,119,825	45,368,294	0.87%	5.04%	3.37%	5.62%	2.60%	5.00%
19	758	40,052,559	41,993,341	42,293,715	0.68%	4.85%	3.35%	5.60%	2.60%	5.00%
20	657	35,244,023	37,017,907	37,208,471	0.86%	5.03%	3.32%	5.57%	2.60%	5.00%
21	662	35,563,354	37,069,727	37,522,259	0.07%	4.24%	3.26%	5.51%	2.60%	5.00%
22	645	33,722,313	35,172,956	35,572,435	0.13%	4.30%	3.24%	5.49%	2.60%	5.00%
23	551	30,265,049	31,513,262	31,922,594	-0.04%	4.12%	3.23%	5.48%	2.60%	5.00%
24	505	27,944,377	29,274,477	29,463,955	0.59%	4.76%	3.19%	5.44%	2.60%	5.00%
25	408	23,864,025	24,979,897	25,171,006	0.51%	4.68%	3.23%	5.48%	2.60%	5.00%
26	349	20,828,021	21,720,903	21,962,840	0.12%	4.29%	3.20%	5.45%	2.10%	4.50%
27	292	17,294,919	17,938,109	18,222,500	-0.45%	3.72%	3.11%	5.36%	2.10%	4.50%
28	257	15,848,581	16,563,461	16,697,823	0.34%	4.51%	3.11%	5.36%	2.10%	4.50%
29	218	13,922,015	14,500,151	14,666,230	-0.02%	4.15%	3.10%	5.35%	2.10%	4.50%
30 +	1,296	81,577,771	85,053,566	85,767,858	0.09%	4.26%	2.89%	5.14%	1.60%	4.00%
Total	56,536	\$ 2,463,262,228	\$ 2,621,795,588	\$ 2,624,009,548	2.27%	6.44%	4.28%	6.53%	3.91%	6.31%

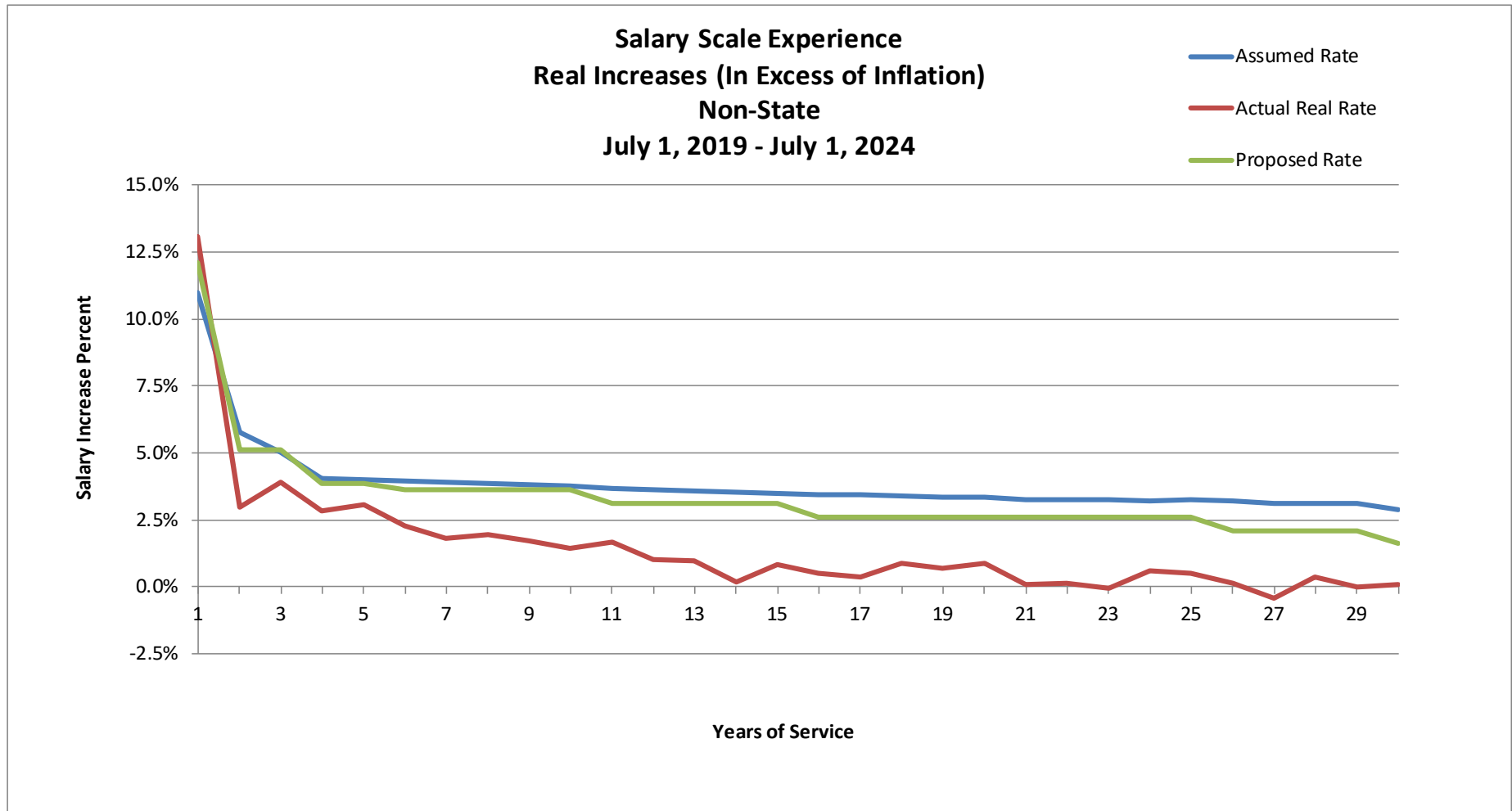
¹Total increase less average inflation of 4.17% over 2024 experience study period.

²Total increase less average assumed inflation of 2.25%.

³Total increase will equal the real increase plus the proposed inflation assumption.

Salary Increase Assumption

Graph I(b)



Real increases are equal to total increases less inflation of 4.17% for actual rates, 2.25% for assumed rates and 2.40% for proposed rates.

Salary Increase Assumption

Public Safety – Service-Based

Table I(c)

Summary based on 2019-2024 Experience										
Service at Assumed Pay Increase	Number	Actual Payroll		Expected Current Year	Actual Real Increase ¹	Actual Total Increase	Expected Real Increase ²	Expected Total Increase	Proposed Real Increase ³	Proposed Total Increase
		Prior Year	Current Year							
1	224	\$ 10,723,797	\$ 12,811,844	\$ 12,627,260	15.30%	19.47%	15.50%	17.75%	15.35%	17.75%
2	459	24,491,787	26,851,776	28,165,562	5.47%	9.64%	12.75%	15.00%	10.60%	13.00%
3	466	25,708,234	27,858,207	28,986,033	4.19%	8.36%	10.50%	12.75%	8.85%	11.25%
4	441	25,482,793	27,531,939	27,330,291	3.87%	8.04%	5.00%	7.25%	4.60%	7.00%
5	409	24,746,724	26,522,775	26,540,871	3.01%	7.18%	5.00%	7.25%	4.60%	7.00%
6	366	22,623,363	24,384,675	24,070,344	3.62%	7.79%	4.15%	6.40%	4.10%	6.50%
7	324	20,467,453	21,806,890	21,783,234	2.38%	6.54%	4.18%	6.43%	4.10%	6.50%
8	293	18,952,191	20,349,137	20,164,536	3.20%	7.37%	4.15%	6.40%	4.10%	6.50%
9	278	18,010,295	19,424,006	19,150,411	3.68%	7.85%	4.08%	6.33%	4.10%	6.50%
10	227	15,111,620	16,178,332	16,056,958	2.89%	7.06%	4.01%	6.26%	4.10%	6.50%
11	190	13,101,059	13,870,863	13,913,781	1.71%	5.88%	3.95%	6.20%	3.35%	5.75%
12	155	10,968,378	11,661,945	11,646,725	2.15%	6.32%	3.93%	6.18%	3.35%	5.75%
13	126	9,008,004	9,467,462	9,554,845	0.93%	5.10%	3.82%	6.07%	3.35%	5.75%
14	110	7,852,368	8,297,309	8,318,934	1.50%	5.67%	3.69%	5.94%	3.35%	5.75%
15	116	8,421,899	8,933,049	8,918,755	1.90%	6.07%	3.65%	5.90%	3.35%	5.75%
16	104	7,709,340	8,170,017	8,155,921	1.81%	5.98%	3.54%	5.79%	2.85%	5.25%
17	79	5,922,764	6,185,264	6,261,336	0.26%	4.43%	3.47%	5.72%	2.85%	5.25%
18	72	5,382,249	5,669,206	5,684,652	1.16%	5.33%	3.37%	5.62%	2.85%	5.25%
19	65	4,988,361	5,267,274	5,266,909	1.42%	5.59%	3.33%	5.58%	2.85%	5.25%
20	57	4,545,882	4,771,795	4,791,810	0.80%	4.97%	3.16%	5.41%	2.85%	5.25%
21	55	4,280,370	4,555,213	4,515,874	2.25%	6.42%	3.25%	5.50%	2.85%	5.25%
22	44	3,489,095	3,709,026	3,678,376	2.13%	6.30%	3.17%	5.42%	2.85%	5.25%
23	38	3,203,284	3,417,902	3,373,603	2.53%	6.70%	3.07%	5.32%	2.85%	5.25%
24	34	2,873,193	3,030,057	3,026,355	1.29%	5.46%	3.08%	5.33%	2.85%	5.25%
25	33	2,768,394	2,910,199	2,916,776	0.95%	5.12%	3.11%	5.36%	2.85%	5.25%
26	27	2,291,804	2,437,774	2,412,424	2.20%	6.37%	3.01%	5.26%	2.10%	4.50%
27	17	1,446,811	1,522,590	1,522,171	1.07%	5.24%	2.96%	5.21%	2.10%	4.50%
28	11	945,737	987,633	995,388	0.26%	4.43%	3.00%	5.25%	2.10%	4.50%
29	12	914,981	959,209	963,018	0.66%	4.83%	3.00%	5.25%	2.10%	4.50%
30 +	65	5,487,621	5,777,063	5,773,759	1.11%	5.27%	2.96%	5.21%	1.10%	3.50%
Total	4,897	\$ 311,919,851	\$ 335,320,431	\$ 336,566,912	3.33%	7.50%	5.65%	7.90%	5.08%	7.48%

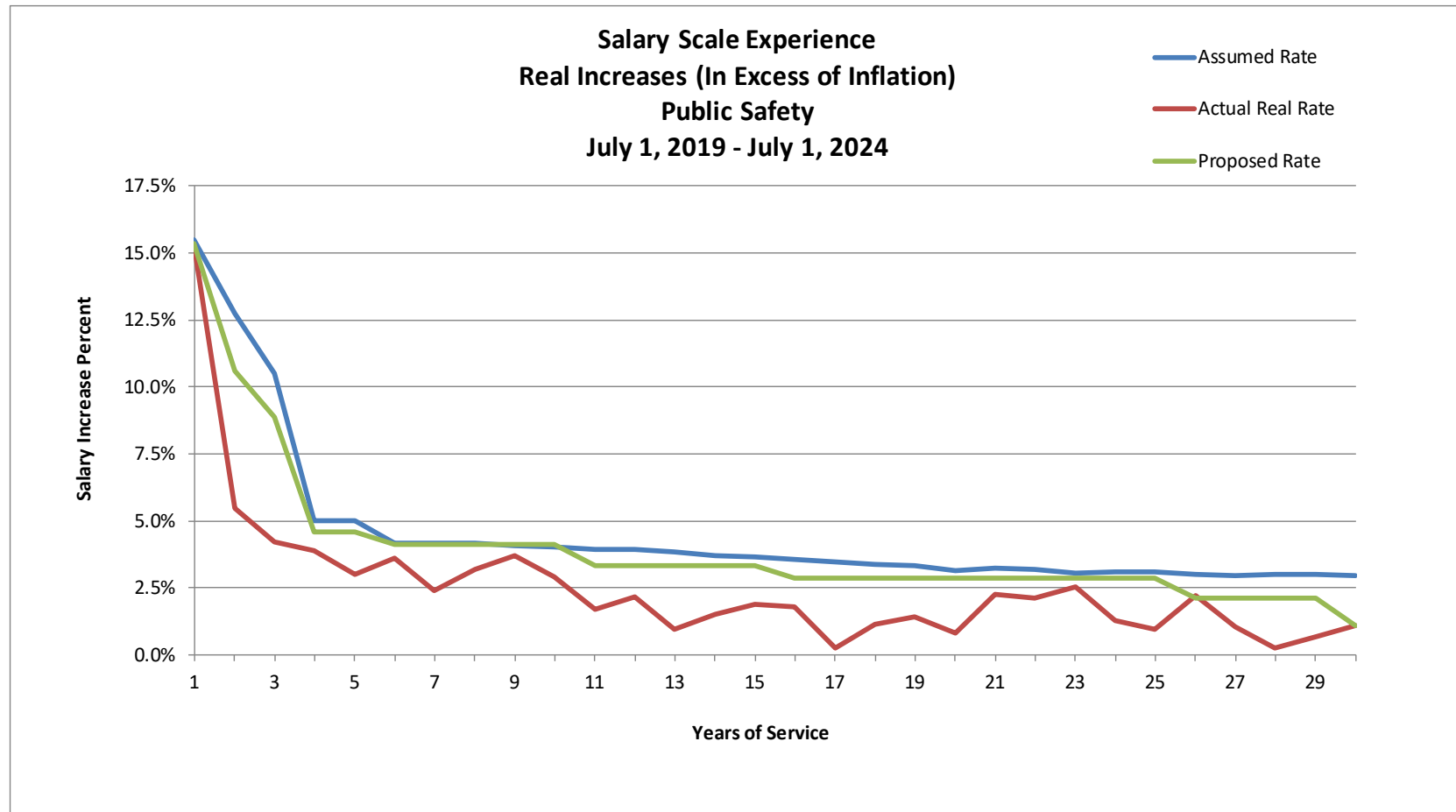
¹Total increase less average inflation of 4.17% over 2024 experience study period.

²Total increase less average assumed inflation of 2.25%.

³Total increase will equal the real increase plus the proposed inflation assumption.

Salary Increase Assumption

Graph I(c)



Real increases are equal to total increases less inflation of 4.17% for actual rates, 2.25% for assumed rates and 2.40% for proposed rates.

Salary Increase Assumption

Judges – Service-Based

Table I(d)

Summary based on 2019-2024 Experience										
Service at Assumed Pay Increase	Number	Actual Payroll		Expected Current Year	Actual Real Increase ¹	Actual Total Increase	Expected Real Increase ²	Expected Total Increase	Proposed Real Increase ³	Proposed Total Increase
		Prior Year	Current Year							
1	3	\$ 389,003	\$ 451,415	\$ 400,672	11.88%	16.04%	0.75%	3.00%	0.60%	3.00%
2	4	595,283	612,900	613,142	-1.21%	2.96%	0.75%	3.00%	0.60%	3.00%
3	6	891,658	914,387	918,407	-1.62%	2.55%	0.75%	3.00%	0.60%	3.00%
4	6	893,723	918,047	920,535	-1.45%	2.72%	0.75%	3.00%	0.60%	3.00%
5	8	1,185,119	1,212,827	1,220,673	-1.83%	2.34%	0.75%	3.00%	0.60%	3.00%
6	10	1,484,051	1,525,692	1,528,573	-1.36%	2.81%	0.75%	3.00%	0.60%	3.00%
7	14	2,114,619	2,178,775	2,178,058	-1.13%	3.03%	0.75%	3.00%	0.60%	3.00%
8	14	2,102,003	2,151,897	2,165,064	-1.80%	2.37%	0.75%	3.00%	0.60%	3.00%
9	14	2,134,368	2,185,969	2,198,399	-1.75%	2.42%	0.75%	3.00%	0.60%	3.00%
10	15	2,301,263	2,369,188	2,370,302	-1.22%	2.95%	0.75%	3.00%	0.60%	3.00%
11	12	1,850,253	1,912,447	1,905,762	-0.81%	3.36%	0.75%	3.00%	0.60%	3.00%
12	8	1,229,793	1,272,250	1,266,688	-0.72%	3.45%	0.75%	3.00%	0.60%	3.00%
13	8	1,216,735	1,249,410	1,253,238	-1.48%	2.69%	0.75%	3.00%	0.60%	3.00%
14	8	1,193,302	1,230,863	1,229,102	-1.02%	3.15%	0.75%	3.00%	0.60%	3.00%
15	13	1,936,993	1,975,968	1,995,105	-2.16%	2.01%	0.75%	3.00%	0.60%	3.00%
16	14	2,099,172	2,141,700	2,162,147	-2.14%	2.03%	0.75%	3.00%	0.60%	3.00%
17	15	2,285,568	2,353,444	2,354,137	-1.20%	2.97%	0.75%	3.00%	0.60%	3.00%
18	11	1,682,337	1,733,364	1,732,808	-1.14%	3.03%	0.75%	3.00%	0.60%	3.00%
19	10	1,540,644	1,597,927	1,586,864	-0.45%	3.72%	0.75%	3.00%	0.60%	3.00%
20	7	1,064,212	1,100,375	1,096,139	-0.77%	3.40%	0.75%	3.00%	0.60%	3.00%
21	8	1,207,067	1,235,055	1,243,280	-1.85%	2.32%	0.75%	3.00%	0.60%	3.00%
22	8	1,214,391	1,246,073	1,250,823	-1.56%	2.61%	0.75%	3.00%	0.60%	3.00%
23	8	1,228,140	1,262,011	1,264,985	-1.41%	2.76%	0.75%	3.00%	0.60%	3.00%
24	6	912,107	936,084	939,470	-1.54%	2.63%	0.75%	3.00%	0.60%	3.00%
25	5	771,552	812,731	794,700	1.17%	5.34%	0.75%	3.00%	0.60%	3.00%
26	3	437,664	445,919	450,794	-2.28%	1.89%	0.75%	3.00%	0.60%	3.00%
27	3	443,519	455,675	456,824	-1.43%	2.74%	0.75%	3.00%	0.60%	3.00%
28	3	455,675	470,964	469,346	-0.81%	3.36%	0.75%	3.00%	0.60%	3.00%
29	3	450,300	458,067	463,809	-2.44%	1.72%	0.75%	3.00%	0.60%	3.00%
30 +	26	3,960,754	4,069,358	4,079,579	-1.43%	2.74%	0.75%	3.00%	0.60%	3.00%
Total	273	\$ 41,271,268	\$ 42,480,782	\$ 42,509,425	-1.24%	2.93%	0.75%	3.00%	0.60%	3.00%

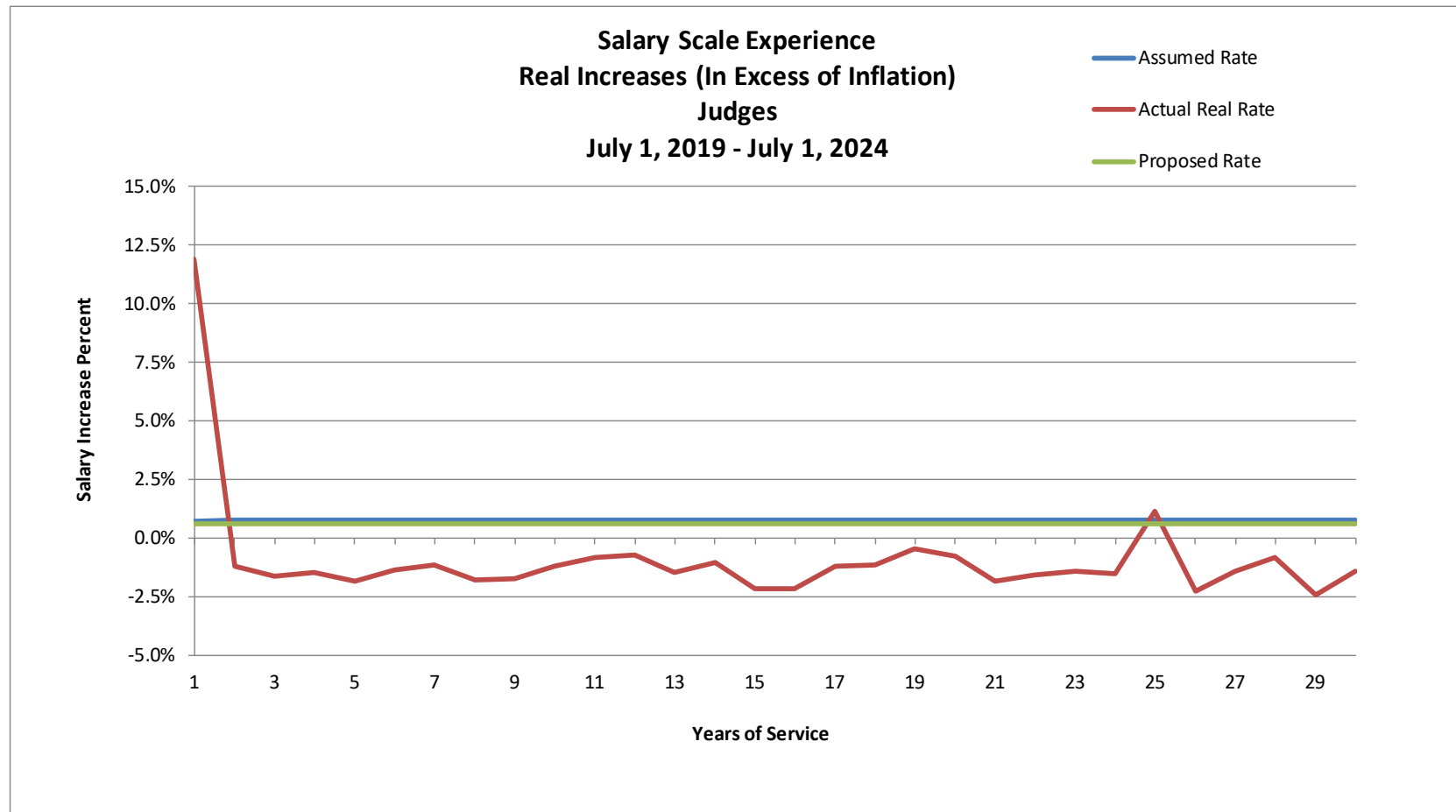
¹Total increase less average inflation of 4.17% over 2024 experience study period.

²Total increase less average assumed inflation of 2.25%.

³Total increase will equal the real increase plus the proposed inflation assumption.

Salary Increase Assumption

Graph I(d)



Real increases are equal to total increases less inflation of 4.17% for actual rates, 2.25% for assumed rates and 2.40% for proposed rates.

Salary Increase Assumption

Highway Patrol – Service-Based

Table I(e)

Summary based on 2019-2024 Experience										
Service at Assumed Pay Increase	Number	Actual Payroll		Expected Current Year	Actual Real Increase ¹	Actual Total Increase	Expected Real Increase ²	Expected Total Increase	Proposed Real Increase ³	Proposed Total Increase
		Prior Year	Current Year							
1	1	\$ 64,807	\$ 64,449	\$ 71,773	-4.72%	-0.55%	8.50%	10.75%	7.60%	10.00%
2	18	1,106,207	1,206,107	1,202,993	4.86%	9.03%	6.50%	8.75%	5.60%	8.00%
3	23	1,413,391	1,568,190	1,508,794	6.78%	10.95%	4.50%	6.75%	5.60%	8.00%
4	22	1,315,862	1,481,026	1,402,889	8.38%	12.55%	4.36%	6.61%	5.60%	8.00%
5	21	1,381,612	1,514,956	1,474,305	5.48%	9.65%	4.46%	6.71%	5.60%	8.00%
6	35	2,323,989	2,440,553	2,476,506	0.85%	5.02%	4.31%	6.56%	4.10%	6.50%
7	42	2,782,412	3,033,129	2,964,362	4.84%	9.01%	4.29%	6.54%	4.10%	6.50%
8	41	2,848,847	3,070,697	3,033,302	3.62%	7.79%	4.22%	6.47%	4.10%	6.50%
9	52	3,795,591	4,083,219	4,039,574	3.41%	7.58%	4.18%	6.43%	4.10%	6.50%
10	51	3,818,280	4,162,074	4,059,448	4.84%	9.00%	4.07%	6.32%	4.10%	6.50%
11	33	2,532,837	2,734,669	2,688,541	3.80%	7.97%	3.90%	6.15%	3.60%	6.00%
12	30	2,308,793	2,436,455	2,448,282	1.36%	5.53%	3.79%	6.04%	3.60%	6.00%
13	34	2,698,710	2,836,811	2,858,283	0.95%	5.12%	3.66%	5.91%	3.60%	6.00%
14	29	2,242,462	2,394,935	2,369,383	2.63%	6.80%	3.41%	5.66%	3.60%	6.00%
15	31	2,460,583	2,560,392	2,597,129	-0.11%	4.06%	3.30%	5.55%	3.60%	6.00%
16	33	2,655,379	2,822,734	2,801,211	2.13%	6.30%	3.24%	5.49%	2.85%	5.25%
17	32	2,644,388	2,807,687	2,787,183	2.01%	6.18%	3.15%	5.40%	2.85%	5.25%
18	26	2,152,995	2,283,782	2,267,539	1.91%	6.07%	3.07%	5.32%	2.85%	5.25%
19	24	1,994,274	2,124,136	2,099,647	2.34%	6.51%	3.03%	5.28%	2.85%	5.25%
20	24	2,074,889	2,189,550	2,184,747	1.36%	5.53%	3.04%	5.29%	2.85%	5.25%
21	18	1,582,938	1,665,275	1,664,655	1.03%	5.20%	2.91%	5.16%	2.10%	4.50%
22	17	1,507,124	1,577,529	1,582,947	0.50%	4.67%	2.78%	5.03%	2.10%	4.50%
23	18	1,690,434	1,772,039	1,772,508	0.66%	4.83%	2.61%	4.86%	2.10%	4.50%
24	15	1,505,159	1,607,806	1,578,188	2.65%	6.82%	2.60%	4.85%	2.10%	4.50%
25	12	1,161,885	1,212,274	1,217,186	0.17%	4.34%	2.51%	4.76%	2.10%	4.50%
26	11	1,029,331	1,077,250	1,076,397	0.49%	4.66%	2.32%	4.57%	1.60%	4.00%
27	2	175,536	185,376	183,436	1.44%	5.61%	2.25%	4.50%	1.60%	4.00%
28	4	372,240	399,648	389,532	3.19%	7.36%	2.40%	4.65%	1.60%	4.00%
29	2	173,400	181,956	181,637	0.77%	4.93%	2.50%	4.75%	1.60%	4.00%
30 +	2	228,934	253,008	239,808	6.35%	10.52%	2.50%	4.75%	1.10%	3.50%
Total	703	\$ 54,043,289	\$ 57,747,712	\$ 57,222,185	2.69%	6.85%	3.63%	5.88%	3.50%	5.90%

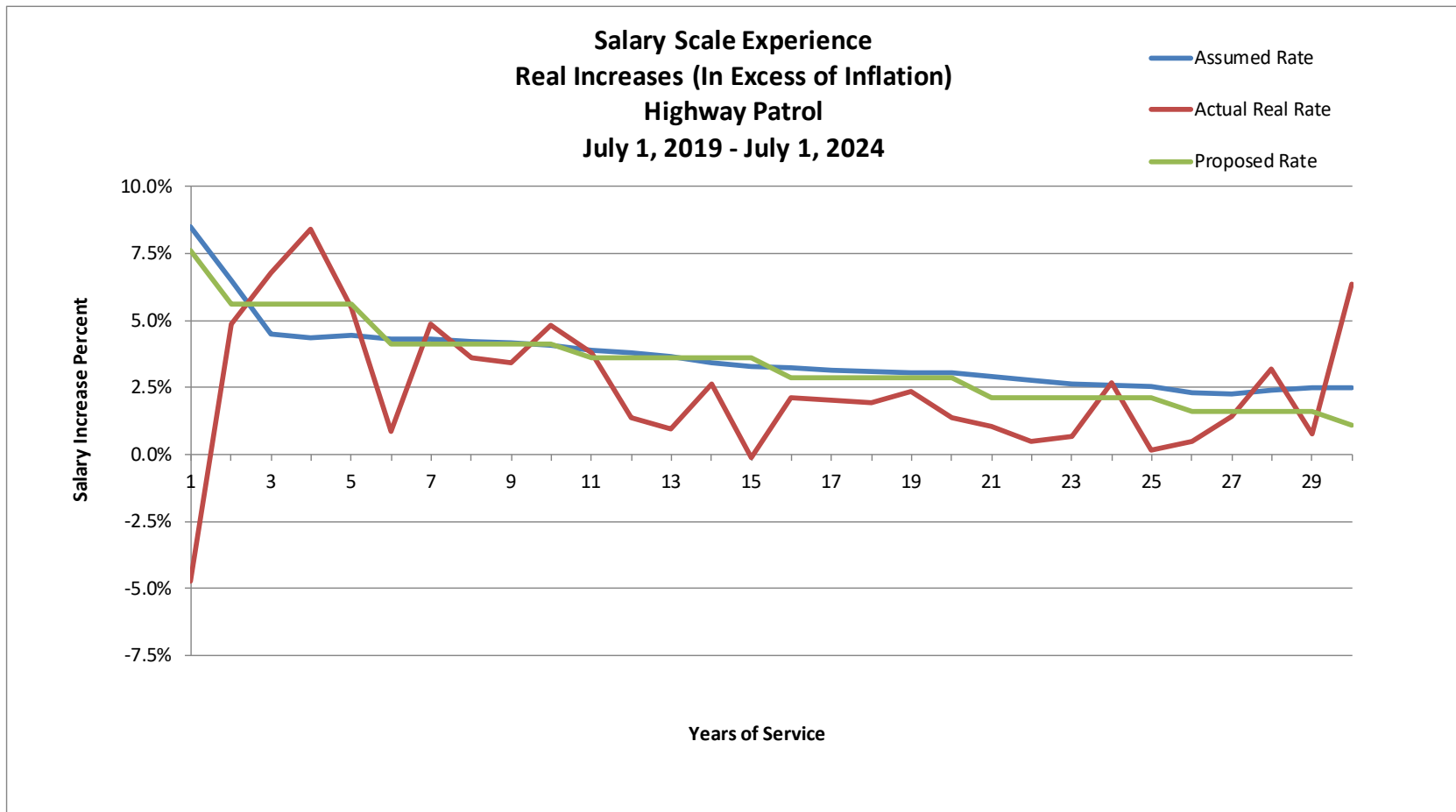
¹Total increase less average inflation of 4.17% over 2024 experience study period.

²Total increase less average assumed inflation of 2.25%.

³Total increase will equal the real increase plus the proposed inflation assumption.

Salary Increase Assumption

Graph I(e)



Real increases are equal to total increases less inflation of 4.17% for actual rates, 2.25% for assumed rates and 2.40% for proposed rates.

Salary Increase Assumption

Following is a summary of the current salary increase assumptions:

Service At Beginning of Year	Main System		Public Safety	Judges	Highway Patrol
	State Employee	Non-State Employee			
0	10.75%	13.25%	17.75%		10.75%
1	7.50%	8.00%	15.00%		8.75%
2	5.75%	7.25%	12.75%		6.75%
3			7.25%		
4			7.25%		
Age*					
Under 30	5.75%	7.25%	6.75%	3.00%	6.75%
30-34	5.75%	6.75%	6.75%	3.00%	6.75%
35-39	5.75%	6.75%	6.25%	3.00%	6.00%
40-44	5.25%	6.25%	6.25%	3.00%	5.50%
45-49	5.25%	6.25%	5.25%	3.00%	4.75%
50-54	4.75%	5.75%	5.25%	3.00%	4.50%
55-59	4.50%	5.50%	5.25%	3.00%	3.75%
60-64	4.00%	4.75%	5.25%	3.00%	3.75%
65-69	4.00%	4.75%	4.50%	3.00%	3.75%
70+	3.50%	4.50%	4.25%	3.00%	3.75%

Salary Increase Assumption

Following is a summary of the recommended salary increase assumptions:

Service At Beginning of Year	Main System		Public Safety	Judges	Highway Patrol
	State Employee	Non-State Employee			
0	10.75%	14.50%	17.75%	3.00%	10.00%
1	7.50%	7.50%	13.00%	3.00%	8.00%
2	6.50%	7.50%	11.25%	3.00%	8.00%
3	6.25%	6.25%	7.00%	3.00%	8.00%
4	6.25%	6.25%	7.00%	3.00%	8.00%
5	5.50%	6.00%	6.50%	3.00%	6.50%
6	5.50%	6.00%	6.50%	3.00%	6.50%
7	5.50%	6.00%	6.50%	3.00%	6.50%
8	5.50%	6.00%	6.50%	3.00%	6.50%
9	5.50%	6.00%	6.50%	3.00%	6.50%
10	5.25%	5.50%	5.75%	3.00%	6.00%
11	5.25%	5.50%	5.75%	3.00%	6.00%
12	5.25%	5.50%	5.75%	3.00%	6.00%
13	5.25%	5.50%	5.75%	3.00%	6.00%
14	5.25%	5.50%	5.75%	3.00%	6.00%
15	4.75%	5.00%	5.25%	3.00%	5.25%
16	4.75%	5.00%	5.25%	3.00%	5.25%
17	4.75%	5.00%	5.25%	3.00%	5.25%
18	4.75%	5.00%	5.25%	3.00%	5.25%
19	4.75%	5.00%	5.25%	3.00%	5.25%
20	4.50%	5.00%	5.25%	3.00%	4.50%
21	4.50%	5.00%	5.25%	3.00%	4.50%
22	4.50%	5.00%	5.25%	3.00%	4.50%
23	4.50%	5.00%	5.25%	3.00%	4.50%
24	4.50%	5.00%	5.25%	3.00%	4.50%
25	4.25%	4.50%	4.50%	3.00%	4.00%
26	4.25%	4.50%	4.50%	3.00%	4.00%
27	4.25%	4.50%	4.50%	3.00%	4.00%
28	4.25%	4.50%	4.50%	3.00%	4.00%
29+	3.50%	4.00%	3.50%	3.00%	3.50%

Demographic Assumptions

Background

The following pages present the analysis of the demographic assumptions. These assumptions include assumed rates of mortality among active and retired members, retirement patterns, disability incidence and turnover patterns. These patterns generally take the form of tables of rates of incidence based on age and/or years of service.

Absent any significant changes in benefit provisions, these assumptions generally exhibit relative consistency over periods of time. As a result, each demographic assumption is normally reviewed by relating actual experience to that assumed over the recent past.

Actuarial Standard of Practice No. 27 – Selection of Assumptions for Measuring Pension Obligations

ASOP 27 applies to actuaries when they are selecting demographic assumptions, to measure obligations under any defined benefit pension plan that is not a social insurance program as described in section 1.2, Scope, of ASOP No. 32, Social Insurance.

In accordance with ASOP 27, the actuary should identify the types of demographic assumptions to use for a specific measurement. In doing so, the actuary should determine the following:

- (a) The purpose of the measurement;
- (b) The plan provisions or benefits and factors that will affect the timing and value of any potential benefit payments;
- (c) The characteristics of the obligation to be measured (such as measurement period, pattern of plan payments over time, open or closed group, materiality, and volatility);
- (d) The contingencies that give rise to benefits or result in loss of benefits; and
- (e) The characteristics of the covered group.

Not every contingency requires a separate assumption. For example, for a plan that is expected to provide benefits of equal value to employees who voluntarily terminate employment or become disabled, retire or die, the actuary may use an assumption that reflects some or all of the above contingencies in combination rather than selecting a separate assumption for each.

Analysis Approach

Our analysis of demographic experience is conducted for each assumption using a measure known as the “Actual to Expected (A/E) Ratio.” The A/E Ratio is simply the ratio of the actual number of occurrences of the event to which the assumption applies (e.g., deaths or retirements) to the number expected to occur in accordance with the actuarial assumption. An A/E Ratio of 1.00 indicates that the actuarial assumption precisely predicted the number of occurrences. An A/E Ratio exceeding 1.00 indicates that the actuarial assumption underestimated actual experience. Conversely, an A/E Ratio lower than 1.00 indicates that the actuarial assumption overestimated actual experience.

Demographic Assumptions

Demographic assumptions can be analyzed on a population-weighted, liability-weighted, or benefits-weighted basis. Although each basis was considered in our review, in this report, we present population-weighted information for retirement, disability and mortality. We present liability-weighted information for all decrements other than mortality, which is presented on population-weighted and benefits-weighted basis. Both benefits-weighted and liability-weighted basis are presented with a scaling factor of \$100,000.

These are statistical analyses. As a result, there are several considerations we must keep in mind as we analyze these ratios:

- (1) An actuarial assumption is designed to reflect average experience over long periods of time (30 - 50 years). As a result:
 - (a) A deviation between actual experience and that expected from our assumptions for one or two years does not necessarily mean that the assumption should be changed.
 - (b) A change in actuarial assumption should result if the experience indicates a consistent pattern which is different from that assumed over a period of years.
- (2) The larger the amount of data available, the more reliable the statistics used in the analysis. As a result:
 - (a) Events that occur with great frequency (e.g., general employment turnover) are more credibly predictable than those occurring less frequently (e.g., active member death).
 - (b) In all cases, data covering the entire study period produce more credible results than data for a single year.
 - (c) Year by year experience is helpful only in identifying trends and determining whether the five-year data is truly reflective of the entire period.

This analysis is based on the actuarial valuation data for the five-year period from July 1, 2019 to July 1, 2024.

Retirement Assumption

Retirement

The plan provisions establish the minimum eligibility requirements for retirement. Following is a summary of the retirement eligibility conditions by Plan:

Main System	Retirement Eligibility Conditions
Normal Retirement	Age 65 or Rule of 85
Normal Retirement enrolled after December 31, 2015	Age 65 or Age 60 with Rule of 90
Early Retirement	Age 55 with 3 years of service
Public Safety	Retirement Eligibility Conditions
Normal Retirement	Age 55 with 3 consecutive years of service (10 years for BCI members hired on or after August 1, 2023) or Rule of 85
Early Retirement	Age 50 with 3 years of service (10 years for BCI members hired on or after August 1, 2023)
Judges	Retirement Eligibility Conditions
Normal Retirement	Age 65 or Rule of 85
Early Retirement	Age 55 with 5 years of service
Highway Patrol	Retirement Eligibility Conditions
Normal Retirement	Age 55 with 10 years of service or Rule of 80
Early Retirement	Age 50 with 10 years of service

Retirement cost, however, is determined not by the minimum eligibility requirements, but by the ages at which members actually retire. The actuarial valuation does not assume that everyone retires at earliest eligibility. The actuarial assumption about the timing of retirement, once eligibility has been established, is a major component in cost calculations. Note that higher rates of retirement at earlier retirement ages or years of service generally result in higher actuarially determined contributions, and vice versa.

Experience during the last five years was considered in the analysis shown below and on the following pages. The "Exposure" column shows the number of employees eligible to retire at various years of service or ages throughout the experience period. An individual could potentially be counted up to five times if eligible each year in the period. By tabulating employees in this fashion we are able to answer the question "For all employees eligible at condition X, how many retired?"

Retirement Experience – From Active Status

Current experience has shown that retirement rates under this System are correlated with age and if members have met the Rule of 90/85/80 (correlated with having more service). Currently, the System uses age-based rates, with separate rates when a member meets the Rule of 90/85/80.

Tables II(a) to II(e) and Graphs II(a) to II(e) compare actual retirement experience, current assumptions and recommended assumptions for each of the following:

Group	Retirement Experience Table	Retirement Experience Graph
Main System Normal Retirement	II(a)	II(a)
Main System Early Retirement	II(b)	II(b)
Public Safety	II(c)	II(c)
Judges	II(d)	II(d)
Highway Patrol	II(e)	II(e)

Retirement Assumption

Main System – Normal (Unreduced) Retirement

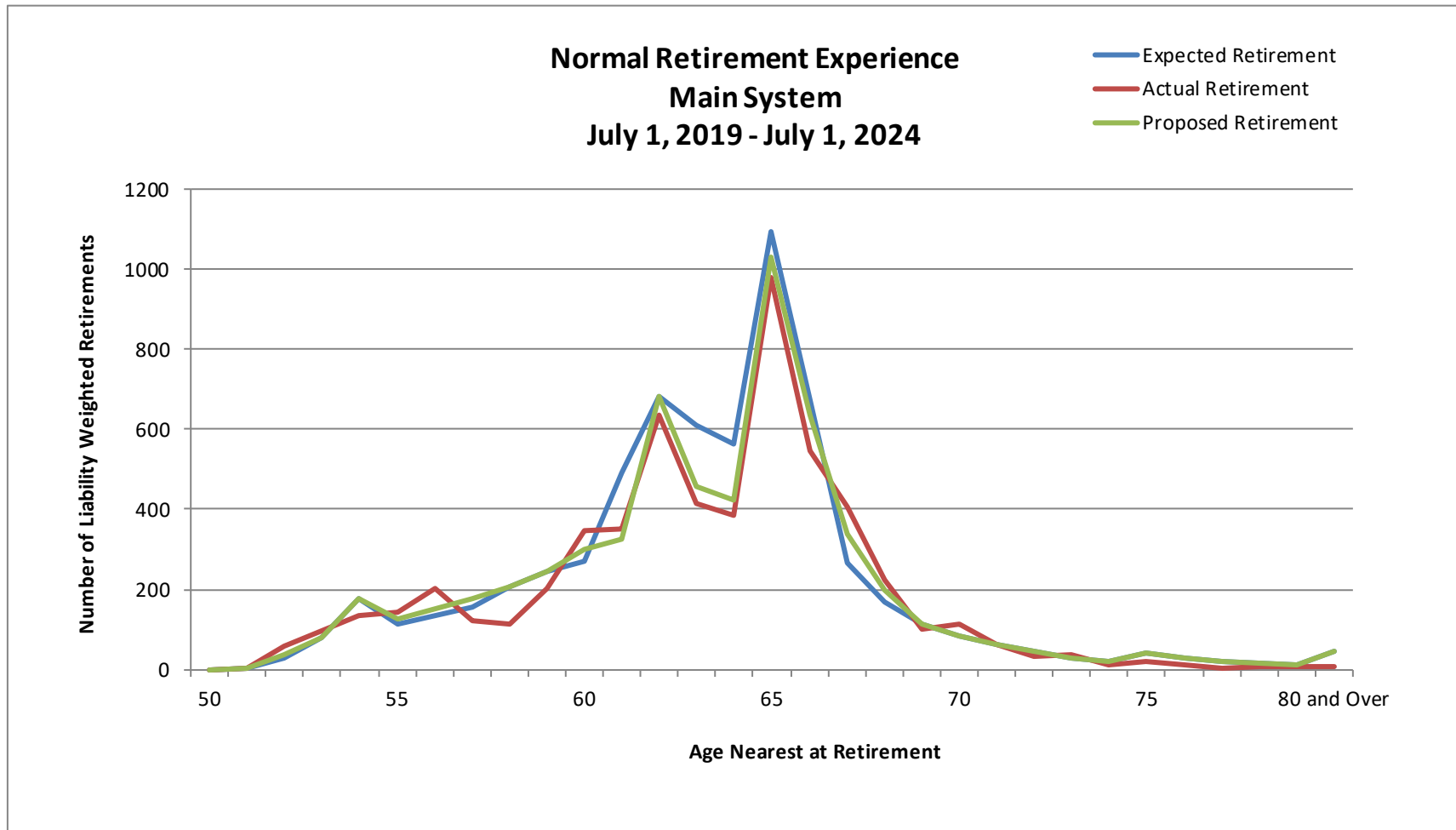
Table II (a)

Normal (Unreduced) Retirement Experience																															
Age at Retirement	Actual Experience									Current Assumptions (LW)						Proposed Assumptions (LW)															
	Count Weighted (CW)						Liability Weighted (LW)						Expected Retirements			Assumed Rate			Actual / Expected			Expected Retirements			Assumed Rate			Actual / Expected			
	Exposures		Retirements		Actual Rate		Exposures		Retirements		Actual Rate		Retirements		Rate		Actual / Expected		Retirements		Rate		Actual / Expected		Retirements		Rate		Actual / Expected		
	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	Rule of X	Not Rule of X	
50	0.0		0.0				0.0		0.0				0.0		50%				0.0		50.0%										
51	2.0		1.0		50%		13.9		3.8		28%		2.8		20%		1.4		3.5		25.0%			1.1							
52	24.0		8.0		33%		150.0		56.0		37%		30.0		20%		1.9		37.5		25.0%			1.5							
53	71.0		16.0		23%		389.0		97.1		25%		77.8		20%		1.2		77.8		20.0%			1.2							
54	167.0		25.0		15%		880.9		134.8		15%		176.2		20%		0.8		176.2		20.0%			0.8							
55	279.0		28.0		10%		1,405.0		143.8		10%		112.4		8%		1.3		126.4		9.0%			1.1							
56	342.0		41.0		12%		1,678.6		202.5		12%		134.3		8%		1.5		151.1		9.0%			1.3							
57	415.0		30.0		7%		1,959.1		123.1		6%		156.7		8%		0.8		176.3		9.0%			0.7							
58	506.0		27.0		5%		2,289.7		112.3		5%		206.1		9%		0.5		206.1		9.0%			0.5							
59	605.0		46.0		8%		2,731.4		200.8		7%		245.8		9%		0.8		245.8		9.0%			0.8							
60	691.0		72.0		10%		3,015.5		348.8		12%		271.4		9%		1.3		301.6		10.0%			1.2							
61	780.0		81.0		10%		3,261.4		351.3		11%		489.2		15%		0.7		326.1		10.0%			1.1							
62	859.0		142.0		17%		3,415.4		636.1		19%		683.1		20%		0.9		683.1		20.0%			0.9							
63	824.0		114.0		14%		3,057.2		414.1		14%		611.4		20%		0.7		458.6		15.0%			0.9							
64	803.0		99.0		12%		2,827.3		385.8		14%		565.5		20%		0.7		424.1		15.0%			0.9							
65	758.0	1,334.0	228.0	212.0	30%	16%	2,535.2	1,035.3	757.5	220.3	30%	21%	887.3	207.1	35%	20%	0.9	1.1	823.9	207.1	32.5%	20%	0.9	1.1							
66	477.0	902.0	129.0	128.0	27%	14%	1,570.7	615.4	432.6	114.3	28%	19%	549.7	123.1	35%	20%	0.8	0.9	510.5	123.1	32.5%	20%	0.8	0.9							
67	347.0	626.0	102.0	108.0	29%	17%	1,041.4	385.1	316.0	91.5	30%	24%	208.3	57.8	20%	15%	1.5	1.6	260.4	77.0	25.0%	20%	1.2	1.2							
68	241.0	464.0	57.0	57.0	24%	12%	665.1	226.9	188.0	34.8	28%	15%	133.0	34.0	20%	15%	1.4	1.0	166.3	34.0	25.0%	15%	1.1	1.0							
69	197.0	326.0	36.0	36.0	18%	11%	447.0	148.6	83.7	18.6	19%	12%	89.4	22.3	20%	15%	0.9	0.8	89.4	22.3	20.0%	15%	0.9	0.8							
70	161.0	229.0	39.0	28.0	24%	12%	341.7	93.4	100.9	13.8	30%	15%	68.3	14.0	20%	15%	1.5	1.0	68.3	14.0	20.0%	15%	1.5	1.0							
71	140.0	170.0	27.0	17.0	19%	10%	265.7	58.2	56.5	7.4	21%	13%	53.1	8.7	20%	15%	1.1	0.8	53.1	8.7	20.0%	15%	1.1	0.8							
72	116.0	117.0	16.0	16.0	14%	14%	192.8	33.9	27.9	6.2	14%	18%	38.6	5.1	20%	15%	0.7	1.2	38.6	5.1	20.0%	15%	0.7	1.2							
73	89.0	81.0	20.0	8.0	22%	10%	141.0	14.0	36.7	1.1	26%	8%	28.2	2.1	20%	15%	1.3	0.5	28.2	1.4	20.0%	10%	1.3	0.8							
74	70.0	57.0	8.0	3.0	11%	5%	97.7	8.5	9.2	0.5	9%	6%	19.5	1.3	20%	15%	0.5	0.4	19.5	0.8	20.0%	10%	0.5	0.6							
75	61.0	50.0	10.0	5.0	16%	10%	78.3	6.6	19.2	0.9	24%	14%	39.1	3.3	50%	50%	0.5	0.3	39.1	3.3	50.0%	50%	0.5	0.3							
76	49.0	33.0	11.0	4.0	22%	12%	53.9	4.4	11.5	0.9	21%	21%	27.0	2.2	50%	50%	0.4	0.4	27.0	2.2	50.0%	50%	0.4	0.4							
77	39.0	23.0	3.0	7.0	8%	30%	39.8	2.6	2.9	0.9	7%	36%	19.9	1.3	50%	50%	0.1	0.7	19.9	1.3	50.0%	50%	0.1	0.7							
78	31.0	12.0	3.0	0.0	10%	0%	28.2	1.4	5.6	0.0	20%	0%	14.1	0.7	50%	50%	0.4	0.0	14.1	0.7	50.0%	50%	0.4	0.0							
79	31.0	8.0	4.0	1.0	13%	13%	22.3	0.8	6.4	0.03	29%	4%	11.2	0.4	50%	50%	0.6	0.1	11.2	0.4	50.0%	50%	0.6	0.1							
80 and Over	90.0	17.0	16.0	0.0	18%	0%	43.7	0.6	7.6	0.0	17%	0%	43.7	0.6	100%	100%	0.2	0.0	43.7	0.6	100.0%	100%	0.2	0.0							
Totals:	9,265.0	4,449.0	1,439.0	630.0	16%	14%	34,639.1	2,635.5	5,272.1	511.2	15%	19%	5,993.2	483.9	17%	18%	0.9	1.1	5,607.4	502.0	16%	19%	0.9	1.0							
Excluding 75 and Over	8,964.0	4,306.0	1,392.0	613.0	16%	14%	34,372.8	2,619.3	5,219.0	508.4	15%	19%	5,838.2	475.4	17%	18%	0.9	1.1	5,452.4	493.6	16%	19%	1.0	1.0							

The proposed rates assume a 50% rate from age 75-79 and 100% at age 80.

Retirement Assumption

Graph II (a)



Retirement Assumption

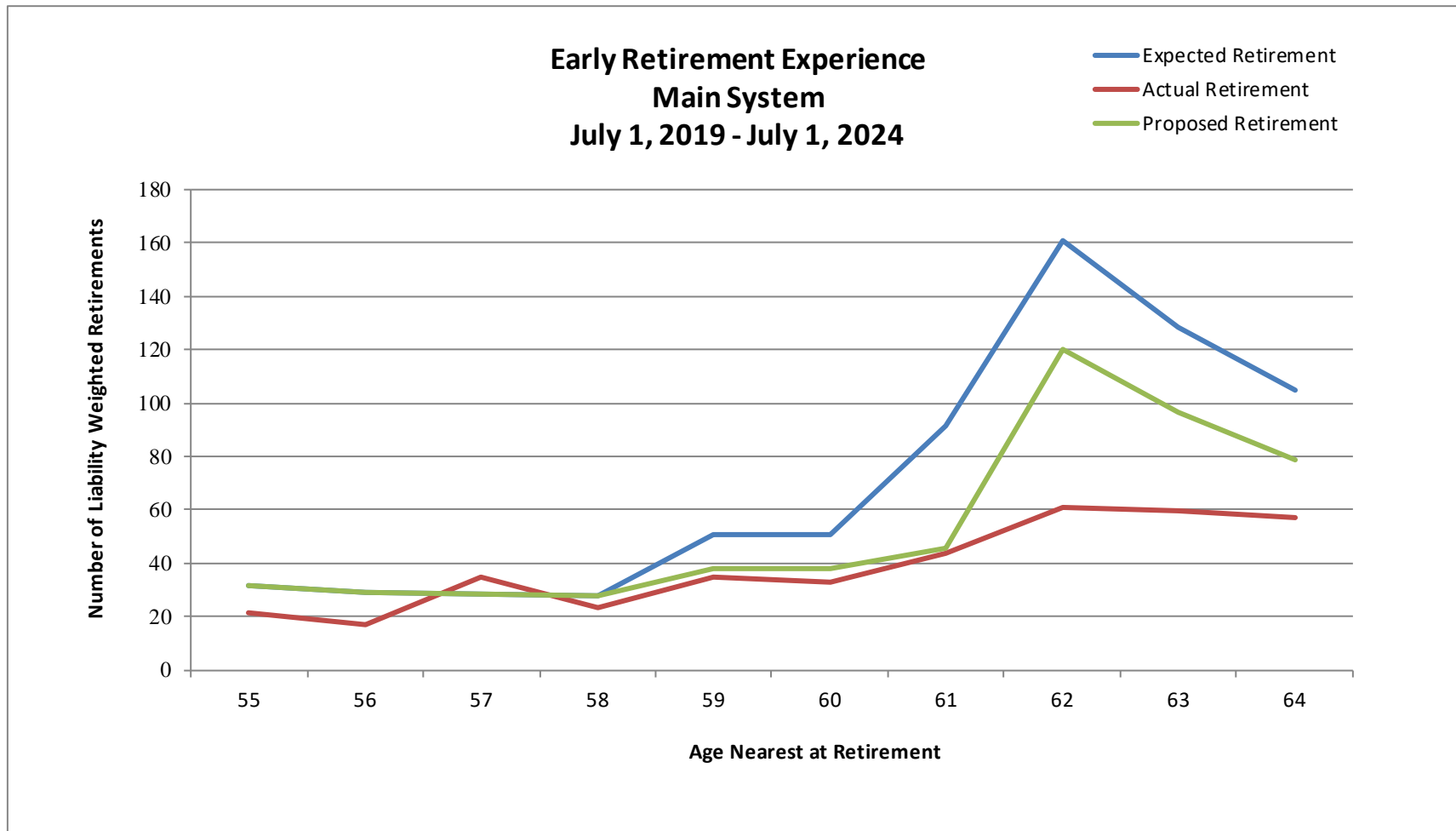
Main System – Early (Reduced) Retirement

Table II (b)

Early (Reduced) Retirement Experience												
Age at Retirement	Actual Experience						Current Assumptions (LW)			Proposed Assumptions (LW)		
	Exposures	Count Weighted Retirements	Actual Rate	Exposures	Liability Weighted Retirements	Actual Rate	Expected Retirements	Assumed Rate	Actual / Expected	Expected Retirements	Assumed Rate	Actual / Expected
55	1,829.0	4.0	0.2%	3,145.6	21.5	0.7%	31.5	1%	0.7	31.5	1.0%	0.7
56	1,794.0	6.0	0.3%	2,887.4	17.1	0.6%	28.9	1%	0.6	28.9	1.0%	0.6
57	1,864.0	12.0	0.6%	2,843.1	34.9	1.2%	28.4	1%	1.2	28.4	1.0%	1.2
58	1,875.0	9.0	0.5%	2,803.8	23.1	0.8%	28.0	1%	0.8	28.0	1.0%	0.8
59	1,843.0	10.0	0.5%	2,549.6	34.7	1.4%	51.0	2%	0.7	38.2	1.5%	0.9
60	2,232.0	27.0	1.2%	2,538.0	32.9	1.3%	50.8	2%	0.6	38.1	1.5%	0.9
61	2,124.0	32.0	1.5%	2,291.4	44.0	1.9%	91.7	4%	0.5	45.8	2.0%	1.0
62	1,939.0	58.0	3.0%	2,007.8	60.7	3.0%	160.6	8%	0.4	120.5	6.0%	0.5
63	1,691.0	62.0	3.7%	1,606.0	59.7	3.7%	128.5	8%	0.5	96.4	6.0%	0.6
64	1,448.0	56.0	3.9%	1,307.5	56.9	4.3%	104.6	8%	0.5	78.5	6.0%	0.7
Totals:	18,639.0	276.0	1.5%	23,980.4	385.5	1.6%	703.9	3%	0.5	534.2	2%	0.7

Retirement Assumption

Graph II (b)



Retirement Assumption

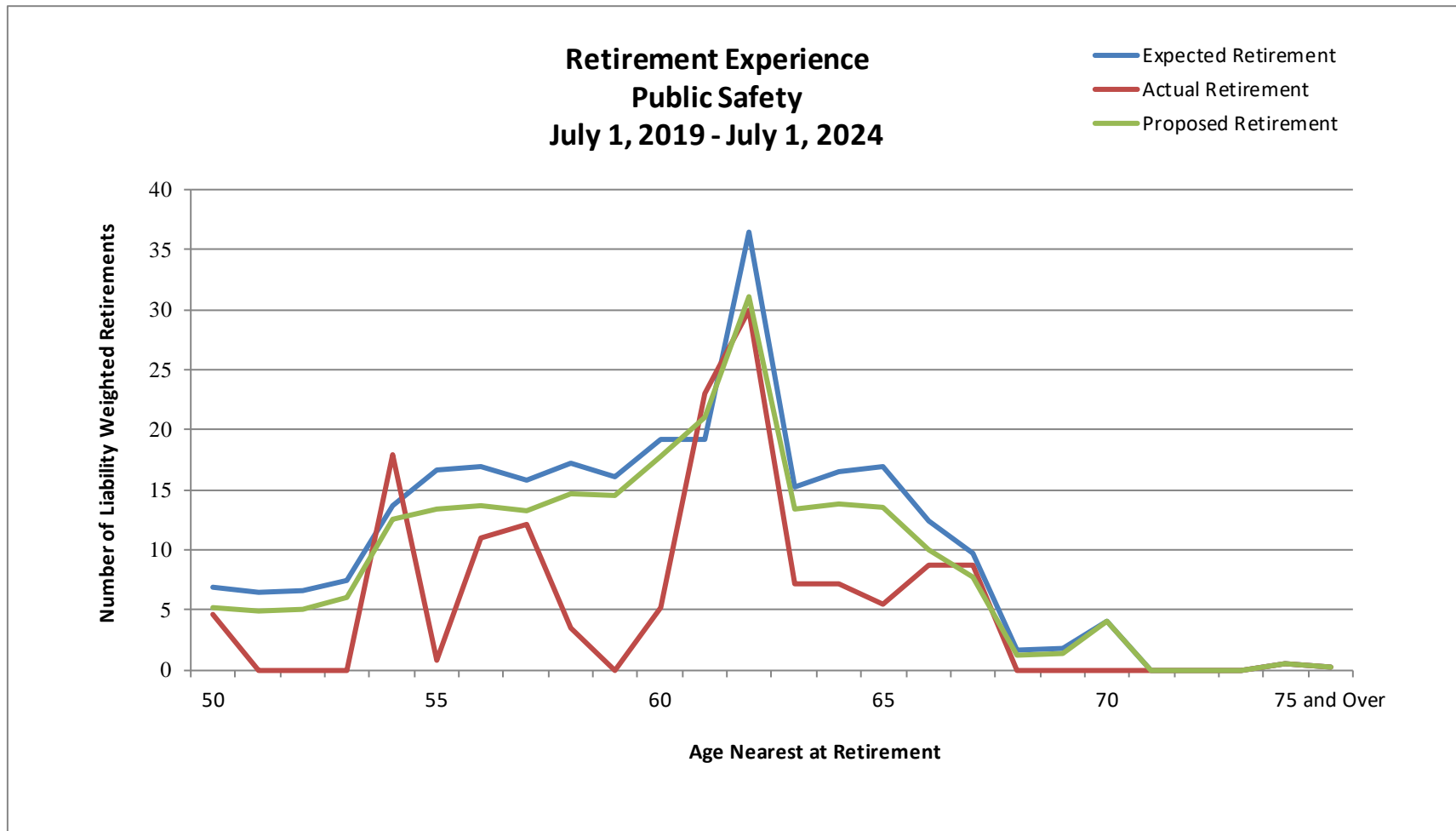
Public Safety – Reduced and Unreduced Retirement

Table II (c)

Age at Retirement	Retirement Experience																	
	Actual Experience Count Weighted (CW)						Actual Experience Liability Weighted (LW)						Current Assumptions (LW)					
	Exposures		Retirements		Actual Rate		Exposures		Retirements		Actual Rate		Expected Retirements		Assumed Rate		Actual / Expected	
	Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85	
	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85
50	0.0	80.0	0.0	1.0		1%	0.0	172.0	0.0	4.6		3%		6.9	25%	4%		0.7
51	0.0	77.0	0.0	0.0		0%	0.0	162.7	0.0	0.0		0%		6.5	25%	4%		0.0
52	0.0	72.0	0.0	0.0		0%	0.0	166.0	0.0	0.0		0%		6.6	25%	4%		0.0
53	1.0	61.0	0.0	0.0	0%	0%	6.6	144.5	0.0	0.0	0%	0%	1.7	5.8	25%	4%	0.0	0.0
54	6.0	48.0	3.0	0.0	50%	0%	38.1	102.5	17.9	0.0	47%	0%	9.5	4.1	25%	4%	1.9	0.0
55	7.0	44.0	0.0	1.0	0%	2%	34.0	82.1	0.0	0.8	0%	1%	8.5	8.2	25%	10%	0.0	0.1
56	6.0	46.0	1.0	2.0	17%	4%	34.7	82.3	6.8	4.2	20%	5%	8.7	8.2	25%	10%	0.8	0.5
57	7.0	39.0	2.0	1.0	29%	3%	37.7	63.3	12.0	0.2	32%	0%	9.4	6.3	25%	10%	1.3	0.0
58	9.0	34.0	1.0	3.0	11%	9%	43.9	62.5	2.3	1.2	5%	2%	11.0	6.3	25%	10%	0.2	0.2
59	12.0	25.0	0.0	0.0	0%	0%	48.6	39.5	0.0	0.0	0%	0%	12.1	4.0	25%	10%	0.0	0.0
60	13.0	24.0	2.0	0.0	15%	0%	62.2	36.5	5.2	0.0	8%	0%	15.6	3.7	25%	10%	0.3	0.0
61	13.0	20.0	3.0	4.0	23%	20%	62.9	35.1	16.5	6.5	26%	19%	15.7	3.5	25%	10%	1.0	1.9
62	9.0	16.0	3.0	2.0	33%	13%	53.6	38.8	21.5	8.5	40%	22%	26.8	9.7	50%	25%	0.8	0.9
63	4.0	15.0	1.0	3.0	25%	20%	19.8	21.7	3.3	3.9	17%	18%	9.9	5.4	50%	25%	0.3	0.7
64	5.0	9.0	1.0	1.0	20%	11%	26.9	12.4	5.8	1.3	21%	11%	13.5	3.1	50%	25%	0.4	0.4
65	4.0	10.0	1.0	1.0	25%	10%	20.2	13.5	4.7	0.9	23%	6%	10.1	6.8	50%	50%	0.5	0.1
66	4.0	5.0	1.0	2.0	25%	40%	17.3	7.7	5.5	3.3	32%	42%	8.6	3.8	50%	50%	0.6	0.8
67	4.0	1.0	2.0	1.0	50%	100%	17.0	2.3	6.5	2.3	38%	100%	8.5	1.2	50%	50%	0.8	2.0
68	1.0	0.0	0.0	0.0	0%		3.2	0.0	0.0	0.0	0%		1.6		50%	50%	0.0	
69	1.0	0.0	0.0	0.0	0%		3.5	0.0	0.0	0.0	0%		1.7		50%	50%	0.0	
70	1.0	0.0	0.0	0.0	0%		4.1	0.0	0.0	0.0	0%		4.1		100%	50%	0.0	
71	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0					100%	50%		
72	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0					100%	50%		
73	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0					100%	50%		
74	1.0	0.0	1.0	0.0	100%		0.6	0.0	0.6	0.0	100%		0.6		100%	50%	1.0	
75 and Over	1.0	0.0	1.0	0.0	100%		0.2	0.0	0.2	0.0	100%		0.2		100%	100%	1.0	
Totals:	109.0	626.0	23.0	22.0	21%	4%	535.0	1,245.5	108.6	37.8	20%	3%	177.8	100.0	33%	8%	0.6	0.4
Excluding 75 and Over	108.0	626.0	22.0	22.0	20%	4%	534.8	1,245.5	108.4	37.8	20%	3%	177.6	100.0	33%	8%	0.6	0.4

Retirement Assumption

Graph II (c)



Retirement Assumption

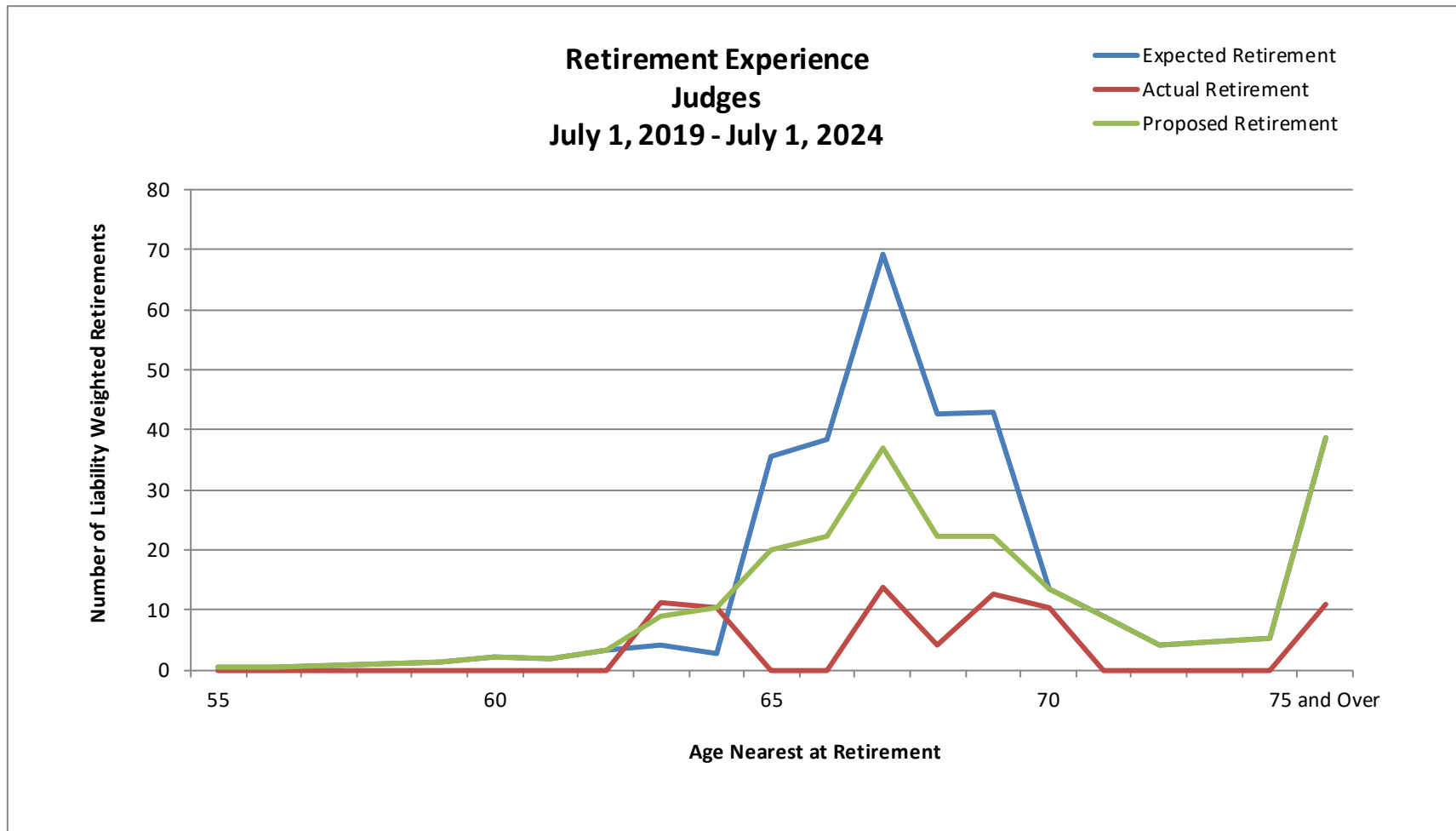
Judges

Table II (d)

Retirement Experience																									
Age at Retirement	Actual Experience											Current Assumptions (LW)						Proposed Assumptions (LW)							
	Count Weighted (CW)						Liability Weighted (LW)					Expected Retirements		Assumed Rate		Actual / Expected		Expected Retirements		Assumed Rate		Actual / Expected			
	Exposures		Retirements		Actual Rate		Exposures		Retirements		Actual Rate	Not Rule	Not Rule	Not Rule	Not Rule	Not Rule	Not Rule	Not Rule	Not Rule	Not Rule	Not Rule				
	Rule of 85	of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85											Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85
55	0.0	5.0	0.0	0.0		0%	0.0	21.9	0.0	0.0				0.4	10%	2%		0.0	0.0	0.4	10.0%	2.0%		0.0	
56	0.0	7.0	0.0	0.0		0%	0.0	21.6	0.0	0.0				0.4	10%	2%		0.0	0.0	0.4	10.0%	2.0%		0.0	
57	1.0	7.0	0.0	0.0		0%	1.5	27.6	0.0	0.0			0%	0.1	0.6	10%	2%		0.0	0.1	0.6	10.0%	2.0%		0.0
58	1.0	9.0	0.0	0.0		0%	2.0	40.9	0.0	0.0			0%	0.2	0.8	10%	2%		0.0	0.2	0.8	10.0%	2.0%		0.0
59	1.0	10.0	0.0	0.0		0%	2.6	53.6	0.0	0.0			0%	0.3	1.1	10%	2%		0.0	0.3	1.1	10.0%	2.0%		0.0
60	2.0	8.0	0.0	0.0		0%	12.2	44.4	0.0	0.0			0%	1.2	0.9	10%	2%		0.0	1.2	0.9	10.0%	2.0%		0.0
61	2.0	4.0	0.0	0.0		0%	13.7	27.6	0.0	0.0			0%	1.4	0.6	10%	2%		0.0	1.4	0.6	10.0%	2.0%		0.0
62	3.0	3.0	0.0	0.0		0%	28.8	18.7	0.0	0.0			0%	2.9	0.4	10%	2%		0.0	2.9	0.4	10.0%	2.0%		0.0
63	4.0	7.0	1.0	0.0	25%	0%	32.7	43.9	11.2	0.0	34%	0%		3.3	0.9	10%	2%	3.4	0.0	8.2	0.9	25.0%	2.0%	1.4	0.0
64	2.0	8.0	1.0	0.0	50%	0%	19.0	45.6	10.5	0.0	55%	0%		1.9	0.9	10%	2%	5.5	0.0	9.5	0.9	50.0%	2.0%	1.1	0.0
65	3.0	8.0	0.0	0.0	0%	0%	31.0	46.4	0.0	0.0	0%	0%		31.0	4.6	100%	10%	0.0	0.0	15.5	4.6	50.0%	10.0%	0.0	0.0
66	3.0	10.0	0.0	0.0	0%	0%	32.4	60.4	0.0	0.0	0%	0%		32.4	6.0	100%	10%	0.0	0.0	16.2	6.0	50.0%	10.0%	0.0	0.0
67	6.0	10.0	1.0	1.0	17%	10%	64.8	45.1	11.1	2.7	17%	6%		64.8	4.5	100%	10%	0.2	0.6	32.4	4.5	50.0%	10.0%	0.3	0.6
68	4.0	6.0	0.0	1.0	0%	17%	40.7	20.3	0.0	4.1	0%	20%		40.7	2.0	100%	10%	0.0	2.0	20.4	2.0	50.0%	10.0%	0.0	2.0
69	4.0	4.0	1.0	1.0	25%	25%	41.6	14.0	9.0	3.6	22%	26%		41.6	1.4	100%	10%	0.2	2.6	20.8	1.4	50.0%	10.0%	0.4	2.6
70	1.0	4.0	1.0	0.0	100%	0%	10.5	14.4	10.5	0.0	100%	0%		10.5	2.9	100%	20%	1.0	0.0	10.5	2.9	100.0%	20.0%	1.0	0.0
71	2.0	2.0	0.0	0.0	0%	0%	7.3	7.8	0.0	0.0	0%	0%		7.3	1.6	100%	20%	0.0	0.0	7.3	1.6	100.0%	20.0%	0.0	0.0
72	1.0	1.0	0.0	0.0	0%	0%	3.5	3.1	0.0	0.0	0%	0%		3.5	0.6	100%	20%	0.0	0.0	3.5	0.6	100.0%	20.0%	0.0	0.0
73	1.0	1.0	0.0	0.0	0%	0%	4.0	3.6	0.0	0.0	0%	0%		4.0	0.7	100%	20%	0.0	0.0	4.0	0.7	100.0%	20.0%	0.0	0.0
74	1.0	1.0	0.0	0.0	0%	0%	4.5	4.2	0.0	0.0	0%	0%		4.5	0.8	100%	20%	0.0	0.0	4.5	0.8	100.0%	20.0%	0.0	0.0
75 and Over	4.0	0.0	1.0	0.0	25%		38.8	0.0	10.8	0.0	28%			38.8	100%	100%	0.3		38.8	0.0	100.0%	100.0%	0.3		
Totals:	46.0	115.0	6.0	3.0	13%	3%	391.7	565.3	63.1	10.4	16%	2%		290.4	32.2	74%	6%	0.2	0.3	197.7	32.2	50.5%	5.7%	0.3	0.3
Excluding 75 and Over	42.0	115.0	5.0	3.0	12%	3%	352.8	565.3	52.2	10.4	15%	2%		251.6	32.2	71%	6%	0.2	0.3	158.8	32.2	45.0%	5.7%	0.3	0.3

Retirement Assumption

Graph II (d)



Retirement Assumption

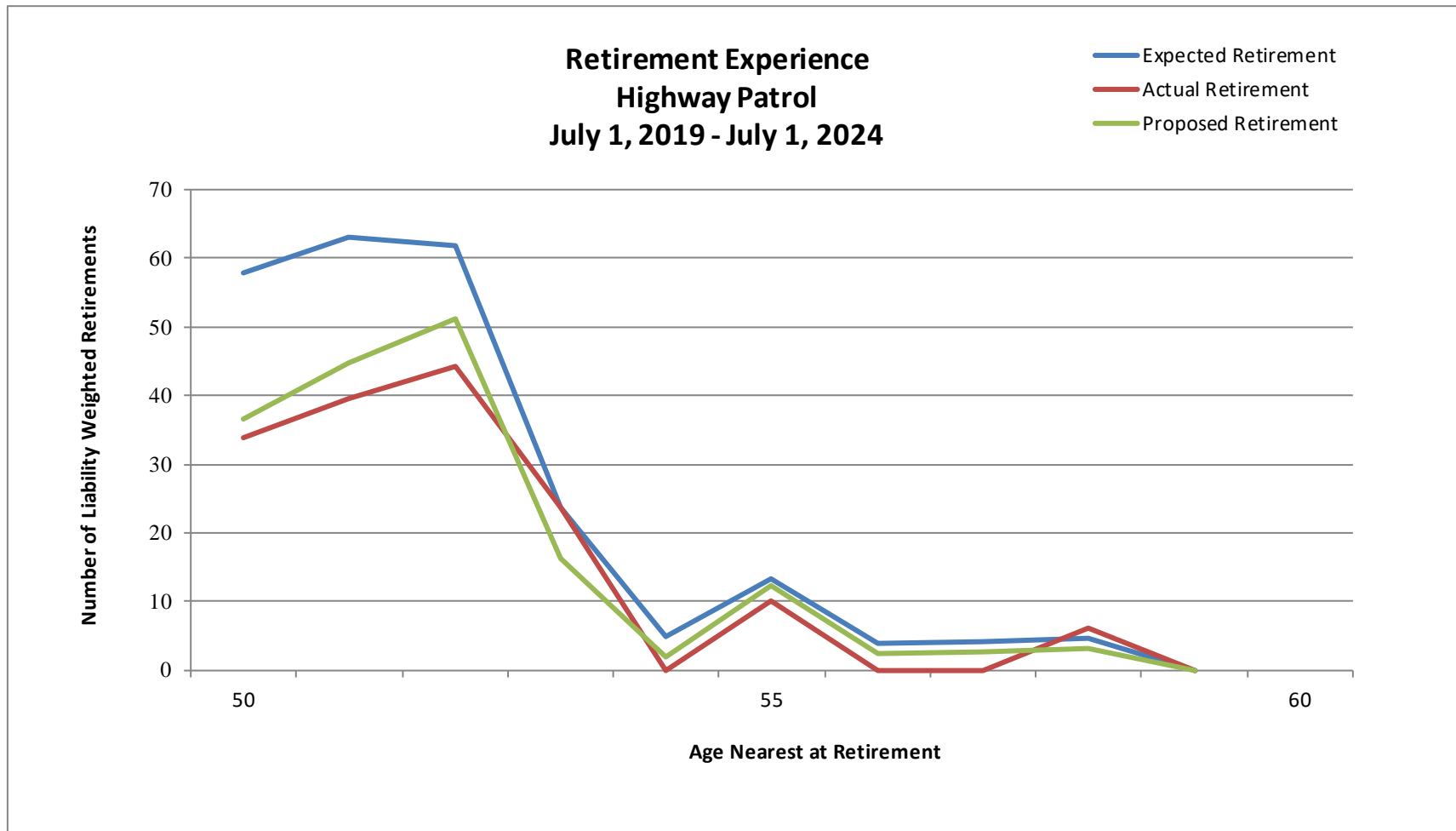
Highway Patrol

Table II (e)

Retirement Experience																								
Age at Retirement	Actual Experience												Current Assumptions (LW)						Proposed Assumptions (LW)					
	Count Weighted (CW)						Liability Weighted (LW)						Expected		Assumed		Actual /		Expected		Assumed		Actual /	
	Exposures		Retirements		Actual Rate		Exposures		Retirements		Actual Rate		Retirements		Rate		Expected		Retirements		Rate		Expected	
	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80	Rule of 80	Not Rule of 80
50	2.0	21.0	2.0	1.0	100%	4.8%	22.4	141.5	22.4	11.5	100%	8.1%	22.4	35.4	100%	25%	1.0	0.3	22.4	14.2	100%	10%	1.0	0.8
51	3.0	16.0	3.0	1.0	100%	6.3%	32.4	122.3	32.4	7.0	100%	5.7%	32.4	30.6	100%	25%	1.0	0.2	32.4	12.2	100%	10%	1.0	0.6
52	4.0	10.0	4.0	0.0	100%	0.0%	44.3	69.9	44.3	0.0	100%	0.0%	44.3	17.5	100%	25%	1.0	0.0	44.3	7.0	100%	10%	1.0	0.0
53	1.0	7.0	1.0	1.0	100%	14.3%	11.3	49.9	11.3	12.3	100%	24.6%	11.3	12.5	100%	25%	1.0	1.0	11.3	5.0	100%	10%	1.0	2.5
54	0.0	3.0	0.0	0.0		0.0%	0.0	19.8	0.0	0.0		0.0%		5.0	100%	25%		0.0	0.0	2.0	100%	10%		0.0
55	1.0	1.0	1.0	0.0	100%	0.0%	10.1	4.4	10.1	0.0	100%	0.0%	10.1	3.3	100%	75%	1.0	0.0	10.1	2.2	100%	50%	1.0	0.0
56	0.0	1.0	0.0	0.0		0.0%	0.0	5.0	0.0	0.0		0.0%		3.8	100%	75%		0.0	0.0	2.5	100%	50%		0.0
57	0.0	1.0	0.0	0.0		0.0%	0.0	5.4	0.0	0.0		0.0%		4.0	100%	75%		0.0	0.0	2.7	100%	50%		0.0
58	0.0	1.0	0.0	1.0		100.0%	0.0	6.1	0.0	6.1		100.0%		4.6	100%	75%		1.3	0.0	3.1	100%	50%		2.0
59	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0					100%	75%			0.0	0.0	100%	50%		
60	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0					100%	100%			0.0	0.0	100%	100%		
Totals:	11.0	61.0	11.0	4.0	100%	6.6%	120.5	424.3	120.5	36.9	100%	8.7%	120.5	116.5	100%	27%	1.0	0.3	120.5	50.8	100%	12%	1.0	0.7

Retirement Assumption

Graph II (e)



Retirement Assumption – Inactive Members

Retirement Experience – From Inactive Status

For the Judges, Highway Patrol, and Public Safety groups, we determined there was not enough credible data to develop separate retirement assumptions from inactive status. For those groups, terminated vested members are assumed to commence their benefits in accordance with the retirement rates that apply to active members.

For the Main System, the following tables compare actual retirement experience, current assumptions and recommended assumptions by age of service for terminated vested members.

Retirement Assumption – Inactive Members

Main System – Normal (Unreduced) Retirement

Normal (Unreduced) Retirement Experience - Terminated Vested																							
Age at Retirement	Actual Experience										Current Assumptions (LW)						Proposed Assumptions (LW)						
	Count Weighted Retirements					Liability Weighted Retirements					Expected Retirements		Assumed Rate		Actual / Expected		Expected Retirements		Assumed Rate		Actual / Expected		
	Exposures		Not Rule of 85		Actual Rate	Exposures		Not Rule of 85		Actual Rate	Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		Not Rule of 85		
	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	Rule of 85	of 85	
50	0.0		0.0			0.0		0.0			2.6		70%		0.0		70%		2.6		70%		0.0
51	1.0		0.0		0%	3.7		0.0		0%			70%				70%		5.0		70%		0.2
52	2.0		1.0		50%	7.2		3.5		48%	5.0		70%		0.2		70%		20.6		70%		0.3
53	8.0		6.0		75%	29.5		20.3		69%	20.6		70%		0.3		70%		11.0		70%		0.2
54	7.0		2.0		29%	15.7		1.5		9%	61.6		70%		0.2		70%		74.4		70%		0.2
55	18.0		14.0		78%	87.9		68.4		78%	90.3		70%		0.2		70%		105.9		70%		0.1
56	30.0		15.0		50%	106.3		69.3		65%	99.9		70%		0.1		70%		150.0		70%		0.2
57	35.0		21.0		60%	128.9		83.7		65%	203.9		70%		0.2		70%		168.5		70%		0.2
58	42.0		25.0		60%	151.3		108.6		72%	238.6		70%		0.2		70%		234.7		70%		0.3
59	46.0		13.0		28%	142.7		50.2		35%	299.8	128.2	70%	25%	0.4	4.1	70%	40%	285.7	108.9	70%	40%	1.9
60	67.0		37.0		55%	214.3		131.9		62%	153.2	37.4	70%	25%	0.5	2.7	70%	25%	110.0	25.1	70%	25%	2.7
61	90.0		48.0		53%	291.3		186.1		64%	110.0	25.1	70%	25%	0.4	1.5	70%	25%	59.3	14.9	70%	20%	1.5
62	83.0		36.0		43%	240.7		128.8		53%	43.6	14.4	70%	25%	0.5	2.1	70%	20%	36.3	7.3	70%	20%	2.3
63	116.0		63.0		54%	340.9		211.5		62%	34.6	5.2	70%	25%	0.6	3.1	70%	25%	25.5	2.0	70%	25%	5.5
64	132.0		71.0		54%	335.3		219.7		66%	25.5	2.0	70%	25%	0.6	5.5	70%	25%	13.9	0.5	70%	25%	10.8
65	177.0	1,387.0	134.0	521.0	76%	428.3	512.7	359.8	285.6	84%	9.4	0.6	70%	50%	1.0	3.6	70%	50%	9.1	0.1	70%	50%	3.6
66	162.0	879.0	122.0	211.0	75%	408.1	272.4	352.6	126.3	86%	2.5	0.1	70%	50%	1.0	12.1	70%	50%	2.8	0.0	70%	50%	12.1
67	107.0	598.0	80.0	100.0	75%	218.9	149.5	186.6	48.6	85%	1.0	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
68	72.0	475.0	40.0	38.0	56%	157.1	100.4	120.1	21.5	76%	2.8	0.1	70%	50%	2.0	17.4	70%	50%	2.8	0.0	70%	50%	17.4
69	59.0	402.0	29.0	34.0	49%	84.7	74.6	56.2	14.6	66%	2.8	0.0	70%	50%	1.8	0.0	70%	50%	2.8	0.0	70%	50%	0.0
70	43.0	332.0	21.0	30.0	49%	62.3	57.7	39.2	11.9	63%	13.9	0.5	70%	25%	0.9	10.8	70%	25%	13.9	0.5	70%	25%	10.8
71	36.0	250.0	22.0	28.0	61%	51.8	36.3	34.3	8.1	66%	9.4	0.6	70%	50%	1.0	3.6	70%	50%	9.4	0.6	70%	50%	3.6
72	31.0	158.0	22.0	17.0	71%	49.4	20.8	41.2	6.2	83%	9.1	0.1	70%	50%	1.0	12.1	70%	50%	9.1	0.1	70%	50%	12.1
73	23.0	77.0	16.0	11.0	70%	36.4	8.1	29.5	2.6	81%	2.5	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
74	15.0	23.0	12.0	5.0	80%	19.8	1.9	15.1	0.5	76%	2.5	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
75	11.0	13.0	9.0	2.0	82%	13.4	1.1	11.5	0.4	86%	2.5	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
76	12.0	5.0	9.0	1.0	75%	13.1	0.2	12.0	0.0	92%	2.5	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
77	6.0	8.0	6.0	1.0	100%	3.6	0.2	3.6	0.1	100%	2.5	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
78	2.0	4.0	2.0	1.0	100%	1.5	0.1	1.5	0.0	100%	2.5	0.1	70%	50%	2.4	9.2	70%	50%	2.5	0.1	70%	50%	9.2
79	5.0	2.0	5.0	0.0	100%	3.9	0.0	3.9	0.0	100%	2.8	0.0	70%	50%	1.8	0.0	70%	50%	2.8	0.0	70%	50%	0.0
80 and Over	34.0	5.0	11.0	0.0	32%	16.9	0.0	9.0	0.0	53%	16.9	0.0	100%	100%	0.7	0.0	70%	100%	16.9	0.0	70%	100%	0.0
Totals:	1,472.0	4,618.0	892.0	1,000.0	61%	3,664.9	1,235.9	2,559.4	526.3	70%	2,570.5	309.4	70%	25%	1.0	1.7	70%	34%	2,570.5	418.7	70%	34%	1.3
Excluding 75 and Over	1,402.0	4,581.0	850.0	995.0	61%	3,612.5	1,234.2	2,517.8	525.8	70%	2,528.8	308.5	70%	25%	1.0	1.7	70%	34%	2,528.8	417.9	70%	34%	1.3

Retirement Assumption – Inactive Members

Main System – Early (Reduced) Retirement

Early (Reduced) Retirement Experience - Terminated Vested												
Age at Retirement	Actual Experience						Current Assumptions (LW)			Proposed Assumptions (LW)		
	Count Weighted (CW)			Liability Weighted (LW)			Expected Retirements	Assumed Rate	Actual / Expected	Expected Retirements	Assumed Rate	Actual / Expected
	Exposures	Retirements	Actual Rate	Exposures	Retirements	Actual Rate						
55	1,679.0	4.0	0.2%	501.1	3.5	0.7%	5.0	1%	0.7	5.0	1.0%	0.7
56	1,600.0	4.0	0.3%	500.8	3.5	0.7%	5.0	1%	0.7	5.0	1.0%	0.7
57	1,650.0	5.0	0.3%	572.6	5.7	1.0%	5.7	1%	1.0	5.7	1.0%	1.0
58	1,672.0	5.0	0.3%	600.7	2.2	0.4%	6.0	1%	0.4	6.0	1.0%	0.4
59	1,734.0	11.0	0.6%	649.5	15.8	2.4%	13.0	2%	1.2	13.0	2.0%	1.2
60	1,725.0	23.0	1.3%	657.4	21.6	3.3%	13.1	2%	1.6	19.7	3.0%	1.1
61	1,739.0	33.0	1.9%	667.5	40.3	6.0%	26.7	4%	1.5	40.1	6.0%	1.0
62	1,634.0	68.0	4.2%	633.9	56.3	8.9%	50.7	8%	1.1	50.7	8.0%	1.1
63	1,619.0	82.0	5.1%	635.1	74.9	11.8%	50.8	8%	1.5	50.8	8.0%	1.5
64	1,487.0	54.0	3.6%	569.8	49.5	8.7%	45.6	8%	1.1	45.6	8.0%	1.1
Totals:	16,539.0	289.0	1.7%	5,988.4	273.2	4.6%	221.7	4%	1.2	241.6	4.0%	1.1

Retirement Assumption – Active Members

Current Retirement Rates

Age	Main System			Public Safety		Judges		Highway Patrol	
	Reduced	Unreduced - Rule of 85	Unreduced - Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 80	Not Rule of 80
50		50.0%		25.0%	4.0%			100.0%	25.0%
51		20.0%		25.0%	4.0%			100.0%	25.0%
52		20.0%		25.0%	4.0%			100.0%	25.0%
53		20.0%		25.0%	4.0%			100.0%	25.0%
54		20.0%		25.0%	4.0%			100.0%	25.0%
55	1.0%	8.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
56	1.0%	8.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
57	1.0%	8.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
58	1.0%	9.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
59	2.0%	9.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
60	2.0%	9.0%		25.0%	10.0%	10.0%	2.0%	100.0%	100.0%
61	4.0%	15.0%		25.0%	10.0%	10.0%	2.0%		
62	8.0%	20.0%		50.0%	25.0%	10.0%	2.0%		
63	8.0%	20.0%		50.0%	25.0%	10.0%	2.0%		
64	8.0%	20.0%		50.0%	25.0%	10.0%	2.0%		
65		35.0%	20.0%	50.0%	50.0%	100.0%	10.0%		
66		35.0%	20.0%	50.0%	50.0%	100.0%	10.0%		
67		20.0%	15.0%	50.0%	50.0%	100.0%	10.0%		
68		20.0%	15.0%	50.0%	50.0%	100.0%	10.0%		
69		20.0%	15.0%	50.0%	50.0%	100.0%	10.0%		
70		20.0%	15.0%	100.0%	50.0%	100.0%	20.0%		
71		20.0%	15.0%	100.0%	50.0%	100.0%	20.0%		
72		20.0%	15.0%	100.0%	50.0%	100.0%	20.0%		
73		20.0%	15.0%	100.0%	50.0%	100.0%	20.0%		
74		20.0%	15.0%	100.0%	50.0%	100.0%	20.0%		
75		50.0%	50.0%	100.0%	100.0%	100.0%	100.0%		
76		50.0%	50.0%						
77		50.0%	50.0%						
78		50.0%	50.0%						
79		50.0%	50.0%						
80+		100.0%	100.0%						

The Main System proposed rates assume a 50% rate from age 75-79 and 100% at age 80.

Retirement Assumption – Inactive Members

Current Retirement Rates – Terminated Vested

Age	Main System			Public Safety		Judges		Highway Patrol	
	Reduced	Unreduced - Rule of 85	Unreduced - Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 80	Not Rule of 80
50		70.0%		25.0%	10.0%			100.0%	25.0%
51		70.0%		25.0%	10.0%			100.0%	25.0%
52		70.0%		25.0%	10.0%			100.0%	25.0%
53		70.0%		25.0%	10.0%			100.0%	25.0%
54		70.0%		25.0%	10.0%			100.0%	25.0%
55	1.0%	70.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
56	1.0%	70.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
57	1.0%	70.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
58	1.0%	70.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
59	2.0%	70.0%		25.0%	10.0%	10.0%	2.0%	100.0%	75.0%
60	2.0%	70.0%		25.0%	25.0%	10.0%	2.0%	100.0%	100.0%
61	4.0%	70.0%		25.0%	25.0%	10.0%	2.0%		
62	8.0%	70.0%		50.0%	25.0%	10.0%	2.0%		
63	8.0%	70.0%		50.0%	25.0%	10.0%	2.0%		
64	8.0%	70.0%		50.0%	25.0%	10.0%	2.0%		
65		70.0%	25.0%	50.0%	50.0%	100.0%	10.0%		
66		70.0%	25.0%	50.0%	50.0%	100.0%	10.0%		
67		70.0%	25.0%	50.0%	50.0%	100.0%	10.0%		
68		70.0%	25.0%	50.0%	50.0%	100.0%	10.0%		
69		70.0%	25.0%	50.0%	50.0%	100.0%	10.0%		
70		70.0%	25.0%	100.0%	50.0%	100.0%	20.0%		
71		70.0%	25.0%	100.0%	50.0%	100.0%	20.0%		
72		70.0%	25.0%	100.0%	50.0%	100.0%	20.0%		
73		70.0%	25.0%	100.0%	50.0%	100.0%	20.0%		
74		70.0%	25.0%	100.0%	50.0%	100.0%	20.0%		
75		70.0%	50.0%	100.0%	100.0%	100.0%	100.0%		
76		70.0%	50.0%						
77		70.0%	50.0%						
78		70.0%	50.0%						
79		70.0%	50.0%						
80+		100.0%	100.0%						

Retirement Assumption – Active Members

Proposed Retirement Rates

Age	Main System			Public Safety		Judges		Highway Patrol	
	Reduced	Unreduced - Rule of 85	Unreduced - Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 80	Not Rule of 80
50		50.0%		25.0%	3.0%			100.0%	10.0%
51		25.0%		25.0%	3.0%			100.0%	10.0%
52		25.0%		25.0%	3.0%			100.0%	10.0%
53		20.0%		25.0%	3.0%			100.0%	10.0%
54		20.0%		25.0%	3.0%			100.0%	10.0%
55	1.0%	9.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
56	1.0%	9.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
57	1.0%	9.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
58	1.0%	9.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
59	1.5%	9.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
60	1.5%	10.0%		25.0%	6.0%	10.0%	2.0%	100.0%	100.0%
61	2.0%	10.0%		25.0%	15.0%	10.0%	2.0%		
62	6.0%	20.0%		40.0%	25.0%	10.0%	2.0%		
63	6.0%	15.0%		40.0%	25.0%	25.0%	2.0%		
64	6.0%	15.0%		40.0%	25.0%	50.0%	2.0%		
65		32.5%	20.0%	40.0%	40.0%	50.0%	10.0%		
66		32.5%	20.0%	40.0%	40.0%	50.0%	10.0%		
67		25.0%	20.0%	40.0%	40.0%	50.0%	10.0%		
68		25.0%	15.0%	40.0%	40.0%	50.0%	10.0%		
69		20.0%	15.0%	40.0%	40.0%	50.0%	10.0%		
70		20.0%	15.0%	100.0%	100.0%	100.0%	20.0%		
71		20.0%	15.0%	100.0%	100.0%	100.0%	20.0%		
72		20.0%	15.0%	100.0%	100.0%	100.0%	20.0%		
73		20.0%	10.0%	100.0%	100.0%	100.0%	20.0%		
74		20.0%	10.0%	100.0%	100.0%	100.0%	20.0%		
75		50.0%	50.0%	100.0%	100.0%	100.0%	100.0%		
76		50.0%	50.0%						
77		50.0%	50.0%						
78		50.0%	50.0%						
79		50.0%	50.0%						
80+		100.0%	100.0%						

The Main System proposed rates assume a 50% rate from age 75-79 and 100% at age 80.



Retirement Assumption – Inactive Members

Proposed Retirement Rates – Terminated Vested

Age	Main System			Public Safety		Judges		Highway Patrol	
	Reduced	Unreduced - Rule of 85	Unreduced - Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 80	Not Rule of 80
50		70.0%		25.0%	3.0%			100.0%	10.0%
51		70.0%		25.0%	3.0%			100.0%	10.0%
52		70.0%		25.0%	3.0%			100.0%	10.0%
53		70.0%		25.0%	3.0%			100.0%	10.0%
54		70.0%		25.0%	3.0%			100.0%	10.0%
55	1.0%	70.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
56	1.0%	70.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
57	1.0%	70.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
58	1.0%	70.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
59	2.0%	70.0%		25.0%	6.0%	10.0%	2.0%	100.0%	50.0%
60	3.0%	70.0%		25.0%	6.0%	10.0%	2.0%	100.0%	100.0%
61	6.0%	70.0%		25.0%	15.0%	10.0%	2.0%		
62	8.0%	70.0%		40.0%	25.0%	10.0%	2.0%		
63	8.0%	70.0%		40.0%	25.0%	25.0%	2.0%		
64	8.0%	70.0%		40.0%	25.0%	50.0%	2.0%		
65		70.0%	40.0%	40.0%	40.0%	50.0%	10.0%		
66		70.0%	40.0%	40.0%	40.0%	50.0%	10.0%		
67		70.0%	25.0%	40.0%	40.0%	50.0%	10.0%		
68		70.0%	25.0%	40.0%	40.0%	50.0%	10.0%		
69		70.0%	20.0%	40.0%	40.0%	50.0%	10.0%		
70		70.0%	20.0%	100.0%	100.0%	100.0%	20.0%		
71		70.0%	20.0%	100.0%	100.0%	100.0%	20.0%		
72		70.0%	25.0%	100.0%	100.0%	100.0%	20.0%		
73		70.0%	25.0%	100.0%	100.0%	100.0%	20.0%		
74		70.0%	25.0%	100.0%	100.0%	100.0%	20.0%		
75		70.0%	50.0%	100.0%	100.0%	100.0%	100.0%		
76		70.0%	50.0%						
77		70.0%	50.0%						
78		70.0%	50.0%						
79		70.0%	50.0%						
80+		100.0%	100.0%						

Turnover Assumption

Turnover

Turnover experience during the last five years was considered in the analysis shown below and on the following pages. The “Exposure” column shows the liability-weighted turnover at various years of service and/or age throughout the experience period. The liability exposures exclude members who were eligible to retire.

The “Turnover” column shows the liability-weighted turnover at various years of service and/or age who have left active status for reasons other than retirement, disability and death.

The liability-weighted numbers are presented with a scaling factor of \$100,000.

Based on our analysis, we recommend maintaining service-based and age-based turnover rates for the first five years of service and using age-based rates thereafter. The recommendations give partial credibility to turnover experience during the last five years and partial credibility to current rates. Due to the limited credibility of experience for Judges, we recommend maintaining the current assumption that there are no assumed pre-retirement terminations.

Tables and Graphs III(a) through III(f) compare actual turnover experience, current assumptions and recommended assumptions by years of service for each of the following:

Group	Service/Age Based Experience (Under 5 Years)	Age Based Experience
Main System	III(a)	III(b)
Public Safety	III(c)	III(d)
Highway Patrol	III(e)	III(f)

Turnover Assumption

Main System – Service-Based Turnover

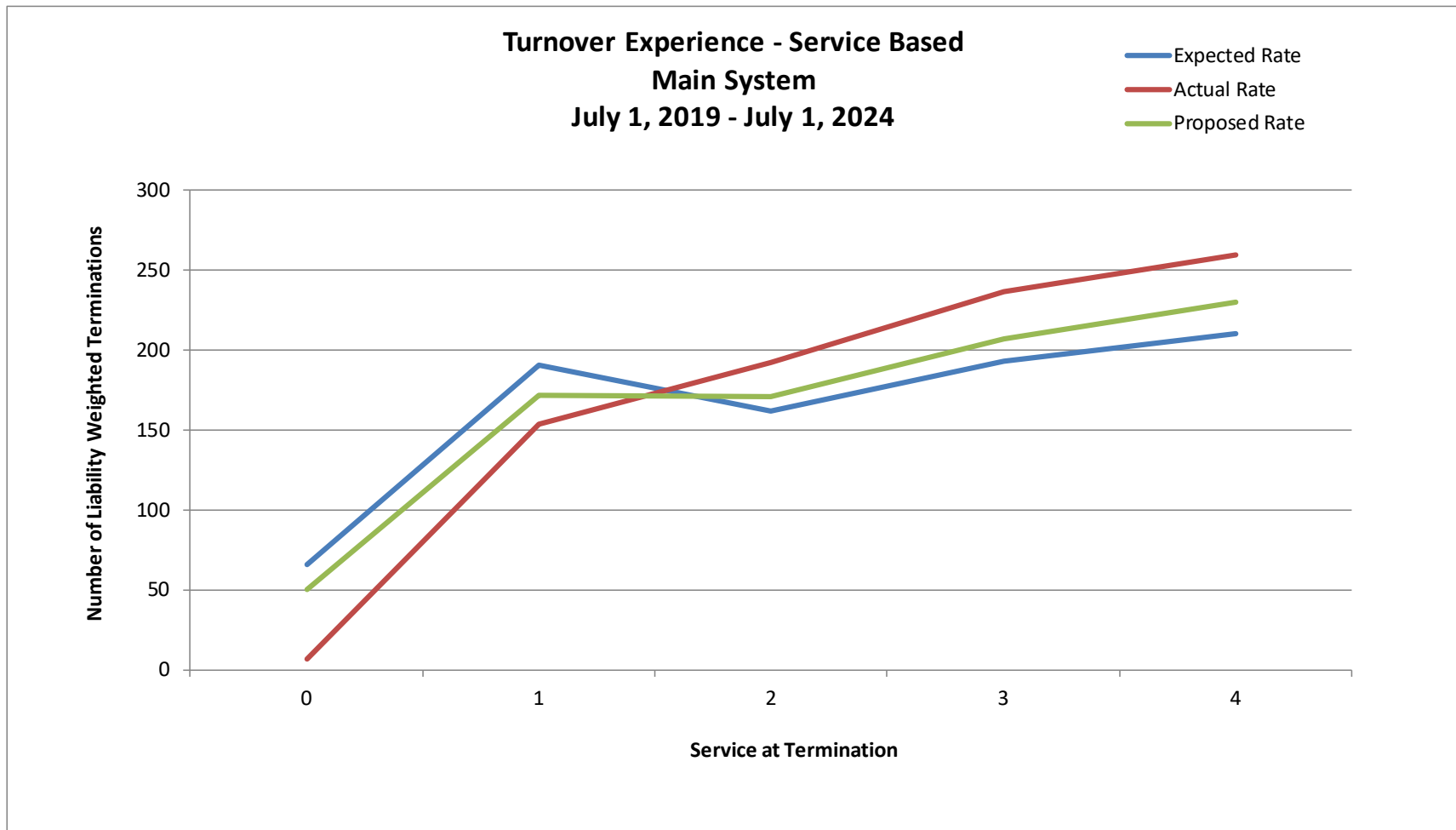
Table III (a)

Main System Turnover Experience (LW)																
Age at Termination	Under 30 Years Old				30 to 39 Years Old				Over 39 Years Old				Total			
Service at Termination	Actual Turnover (LW)		Expected Turnover Under Current Assumption	Expected Turnover Under Proposed Assumption	Actual Turnover (LW)		Expected Turnover Under Current Assumption	Expected Turnover Under Proposed Assumption	Actual Turnover (LW)		Expected Turnover Under Current Assumption	Expected Turnover Under Proposed Assumption	Actual Turnover (LW)		Expected Turnover Under Current Assumption	Expected Turnover Under Proposed Assumption
	Exposures				Exposures				Exposures				Exposures			
0	85.5	3.3	23.9	18.8	89.6	1.8	17.9	13.4	137.3	2.0	23.5	17.8	312.4	7.1	65.4	50.1
1	272.8	53.6	65.5	60.0	327.5	43.1	56.8	49.1	482.5	57.3	67.9	62.7	1,082.8	154.0	190.2	171.9
2	239.4	57.5	43.1	47.9	380.4	56.0	54.0	53.3	534.6	78.4	64.5	69.5	1,154.4	191.9	161.6	170.6
3	246.1	47.8	39.4	41.8	536.1	78.4	70.4	75.1	691.6	110.3	83.2	89.9	1,473.8	236.5	193.0	206.8
4	255.5	45.7	33.2	38.3	712.2	93.4	79.2	85.5	887.1	120.1	97.6	106.5	1,854.8	259.1	210.0	230.2
Totals:	1,099.4	207.8	205.1	206.9	2,045.8	272.8	278.3	276.3	2,733.1	368.0	336.8	346.4	5,878.2	848.6	820.2	829.6
Age at Termination	Under 30 Years Old				30 to 39 Years Old				Over 39 Years Old				Total			
Service at Termination	Actual Rate		Current Rate	Proposed Rate	Actual Rate		Current Rate	Proposed Rate	Actual Rate		Current Rate	Proposed Rate	Actual Rate		Current Rate	Proposed Rate
0	4%		28%	22%	2%		20%	15%	1%		17%	13%	2%		21%	16%
1	20%		24%	22%	13%		17%	15%	12%		14%	13%	14%		18%	16%
2	24%		18%	20%	15%		14%	14%	15%		12%	13%	17%		14%	15%
3	19%		16%	17%	15%		13%	14%	16%		12%	13%	16%		13%	14%
4	18%		13%	15%	13%		11%	12%	14%		11%	12%	14%		11%	12%

Expected terminations under the current and proposed assumptions are on a liability weighted basis.

Turnover Assumption

Graph III(a)



Turnover Assumption

Main System – Age-Based Turnover (5+ Years of Service)

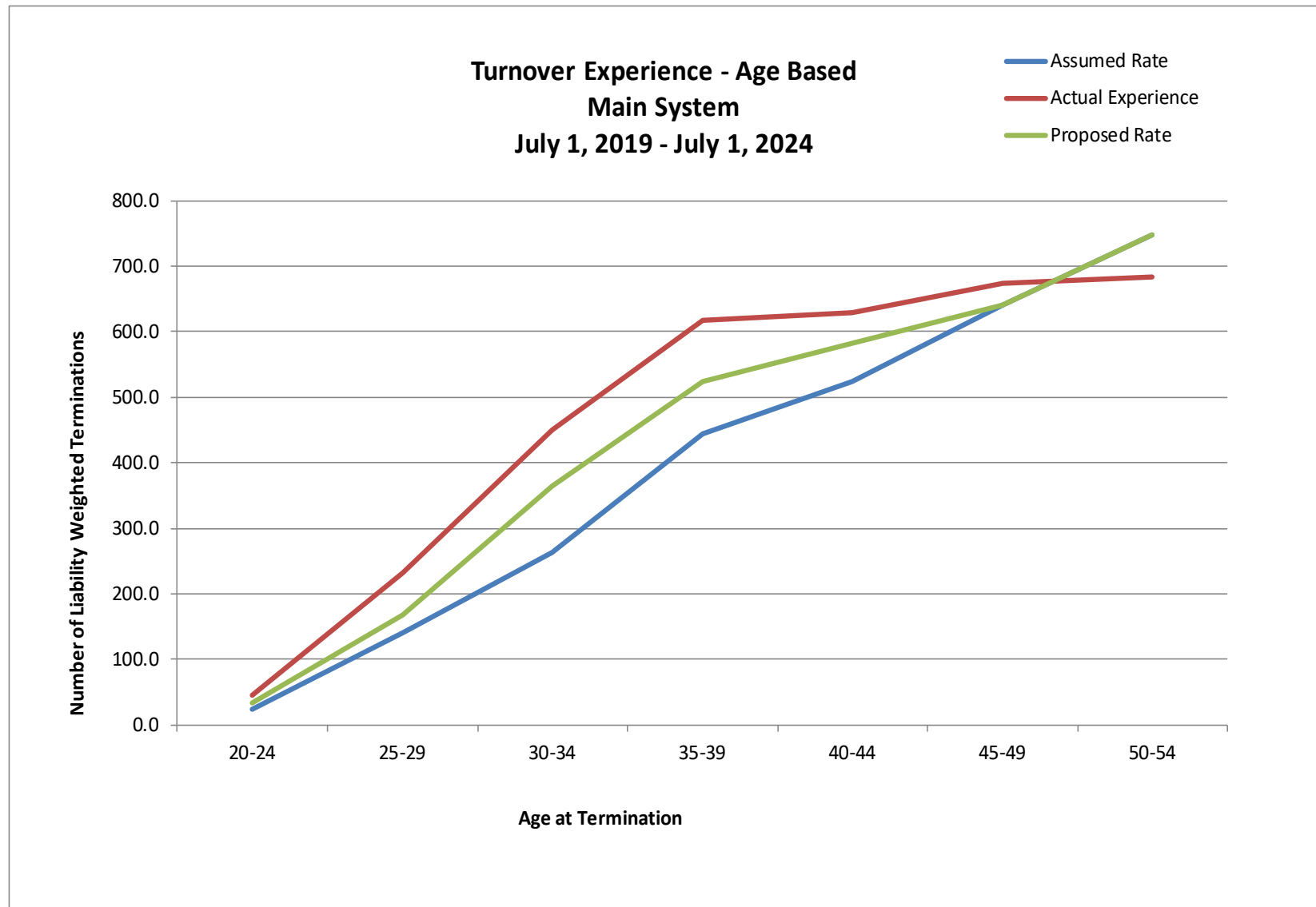
Table III (b)

Age at Termination	Main System Turnover Experience (LW)								
	Actual Experience			Current Assumptions			Proposed Assumptions		
	Exposures	Termination	Actual Rate	Expected Termination	Assumed Rate	Actual / Expected	Expected Termination	Proposed Rate	Actual / Expected
20-24	221.3	46.2	20.88%	24.3	11.00%	1.9	33.2	15.00%	1.4
25-29	1,403.1	232.8	16.59%	140.3	10.00%	1.7	168.4	12.00%	1.4
30-34	4,050.7	450.8	11.13%	263.3	6.50%	1.7	364.6	9.00%	1.2
35-39	8,061.6	617.7	7.66%	443.4	5.50%	1.4	524.0	6.50%	1.2
40-44	11,662.6	628.2	5.39%	524.8	4.50%	1.2	583.1	5.00%	1.1
45-49	15,246.5	673.3	4.42%	640.4	4.20%	1.1	640.4	4.20%	1.1
50-54	19,151.0	683.2	3.57%	746.9	3.90%	0.9	746.9	3.90%	0.9
Totals:	59,796.7	3,332.3	5.57%	2,783.4	4.65%	1.2	3,060.5	5.12%	1.1

Expected terminations under the current and proposed assumptions are on a liability weighted basis.

Turnover Assumption

Graph III(b)



Turnover Assumption

Public Safety – Service-Based Turnover

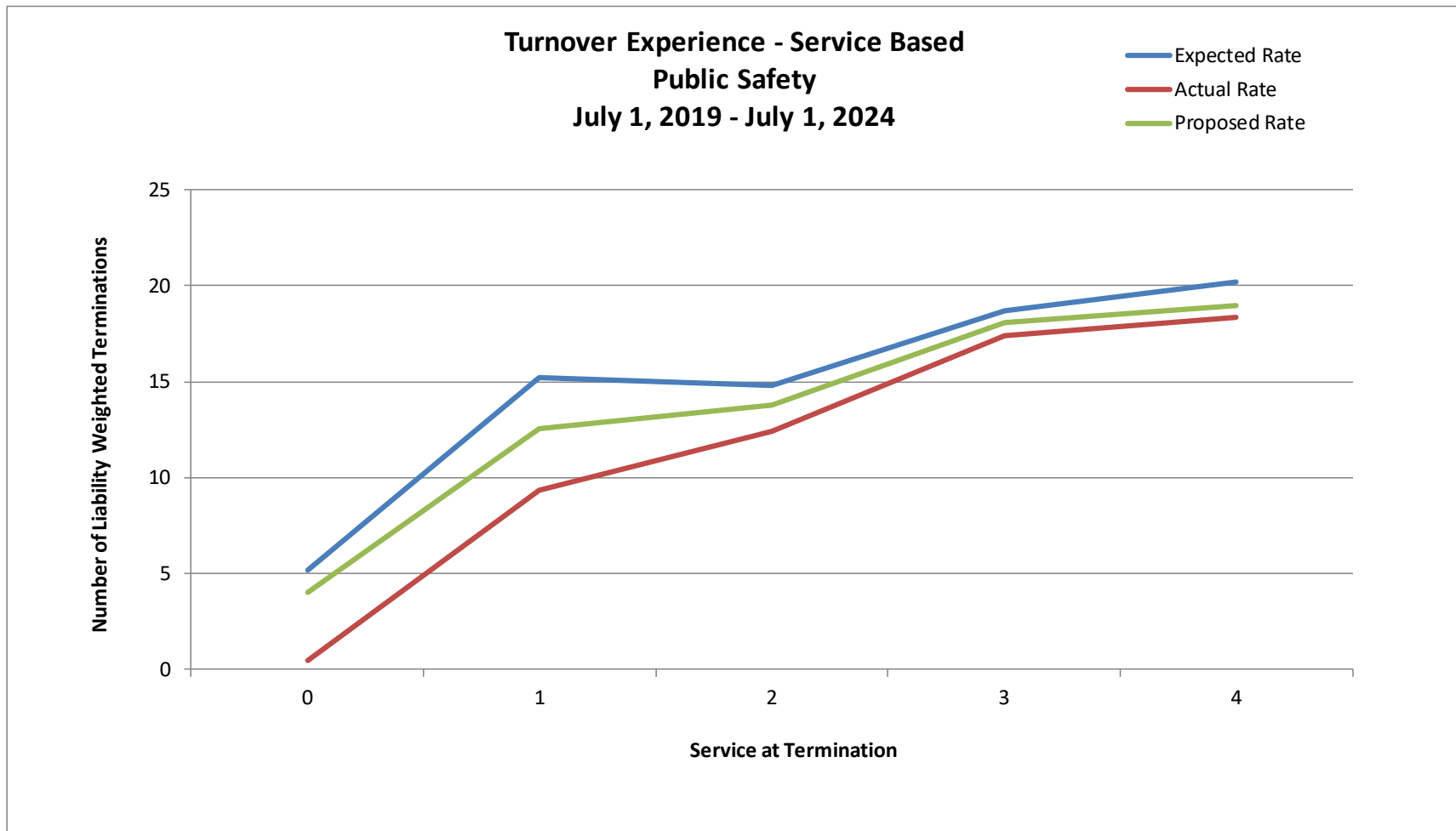
Table III (c)

Public Safety Turnover Experience																
Age at Termination																
	Under 30 Years Old				30 to 39 Years Old				Over 39 Years Old				Total			
Service at Termination		Expected	Expected			Expected	Expected			Expected	Expected		Expected	Expected		
	Actual	Count	Count		Actual	Count	Count		Actual	Count	Count		Actual	Count	Count	
	Turnover	under	under		Turnover	under	under		Turnover	under	under		Turnover	under	under	
	Count	Current	Proposed		Count	Current	Proposed		Count	Current	Proposed		Count	Current	Proposed	
	Exposures	Assumption	Assumption		Exposures	Assumption	Assumption		Exposures	Assumption	Assumption		Exposures	Assumption	Assumption	
0	11.5	0.3	3.1	2.1	7.2	0.2	1.4	1.3	4.4	0.0	0.7	0.7	23.1	0.5	5.2	4.0
1	30.3	3.9	7.6	5.4	20.3	3.5	3.9	3.7	23.0	2.0	3.7	3.5	73.6	9.3	15.2	12.6
2	32.6	4.4	6.5	5.9	32.6	4.9	5.2	4.9	21.5	3.0	3.0	3.0	86.8	12.4	14.8	13.8
3	44.7	7.6	7.6	7.6	50.1	5.9	7.2	6.5	28.2	3.9	4.0	4.0	123.0	17.4	18.7	18.1
4	49.4	6.6	8.4	7.4	77.2	7.6	8.0	7.7	38.2	4.2	3.8	3.8	164.8	18.3	20.2	19.0
Totals:	168.5	22.7	33.2	28.4	187.4	22.1	25.7	24.1	115.4	13.2	15.2	14.9	471.3	57.9	74.1	67.4
Age at Termination																
	Under 30 Years Old				30 to 39 Years Old				Over 39 Years Old				Total			
Service at Termination		Current	Proposed			Current	Proposed			Current	Proposed			Current	Proposed	
	Actual Rate	Rate	Rate		Actual Rate	Rate	Rate		Actual Rate	Rate	Rate		Actual Rate	Rate	Rate	
0	2%	27%	18%		3%	19%	18%		1%	16%	15%		2%	23%	17%	
1	13%	25%	18%		17%	19%	18%		9%	16%	15%		13%	22%	17%	
2	14%	20%	18%		15%	16%	15%		14%	14%	14%		14%	17%	16%	
3	17%	17%	17%		12%	14%	13%		14%	14%	14%		14%	15%	15%	
4	13%	17%	15%		10%	10%	10%		11%	10%	10%		11%	13%	11%	

Expected terminations under the current and proposed assumptions are on a liability weighted basis.

Turnover Assumption

Graph III(c)



Turnover Assumption

Public Safety – Age-Based Turnover (5+ Years of Service)

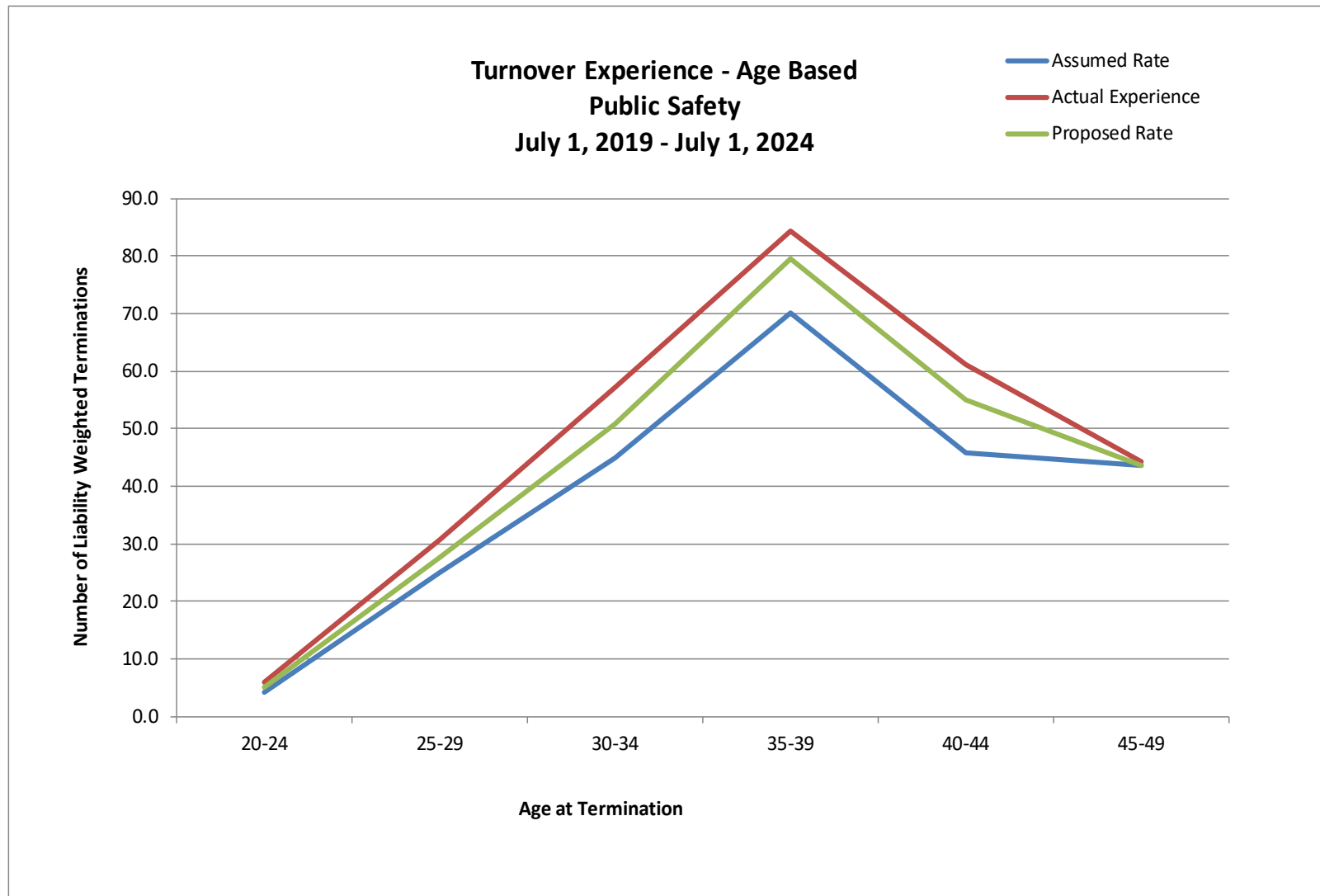
Table III (d)

Public Safety Turnover Experience									
Age at Termination	Actual Experience			Current Assumptions			Proposed Assumptions		
	Exposures	Termination	Actual Rate	Expected Termination	Assumed Rate	Actual / Expected	Expected Termination	Proposed Rate	Actual / Expected
20-24	42.3	6.0	14.07%	4.2	10.00%	1.4	5.1	12.00%	1.2
25-29	250.6	30.8	12.27%	25.1	10.00%	1.2	27.6	11.00%	1.1
30-34	598.7	57.2	9.55%	44.9	7.50%	1.3	50.9	8.50%	1.1
35-39	934.1	84.4	9.04%	70.1	7.50%	1.2	79.4	8.50%	1.1
40-44	918.4	61.2	6.66%	45.9	5.00%	1.3	55.1	6.00%	1.1
45-49	872.7	44.3	5.08%	43.6	5.00%	1.0	43.6	5.00%	1.0
Totals:	3,616.8	283.8	7.85%	233.8	6.46%	1.2	261.7	7.23%	1.1

Expected terminations under the current and proposed assumptions are on a liability weighted basis.

Turnover Assumption

Graph III(d)



Turnover Assumption

Highway Patrol – Service-Based Turnover

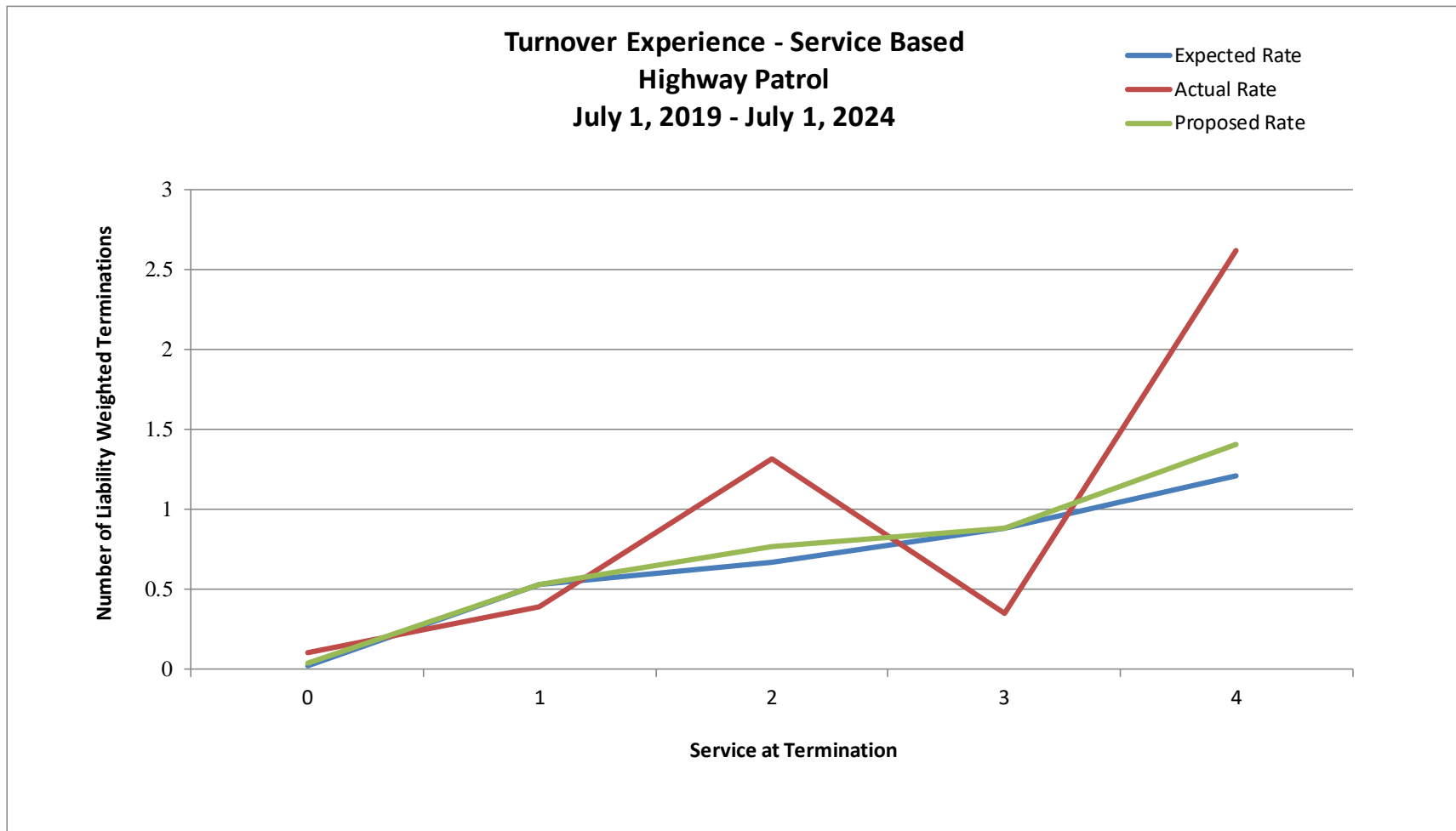
Table III (e)

Highway Patrol Turnover Experience				
	Total			
		Actual	Expected	Expected
Service at Termination	Exposures	Turnover Count	Turnover Count under Current Assumption	Turnover Count under Proposed Assumption
0	0.3	0.1	0.0	0.0
1	6.6	0.4	0.5	0.5
2	9.6	1.3	0.7	0.8
3	12.7	0.3	0.9	0.9
4	20.1	2.6	1.2	1.4
Totals:	49.4	4.8	3.3	3.6
	Total			
Service at Termination		Actual Rate	Current Rate	Proposed Rate
0		33%	8%	12%
1		6%	8%	8%
2		14%	7%	8%
3		3%	7%	7%
4		13%	6%	7%

Expected terminations under the current and proposed assumptions are on a liability weighted basis.

Turnover Assumption

Graph III(e)



Turnover Assumption

Highway Patrol – Age-Based Turnover (5+ Years)

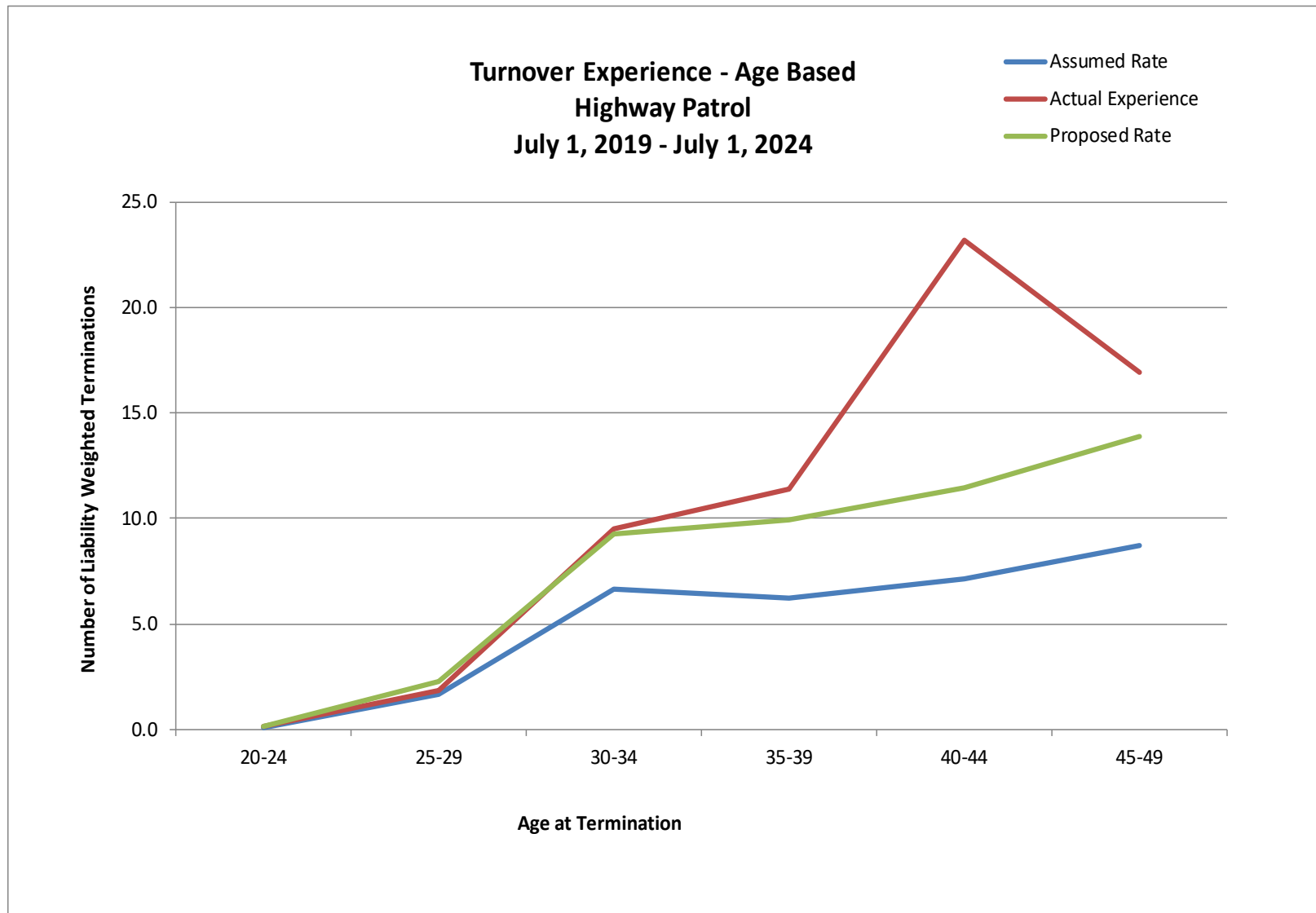
Table III(f)

Highway Patrol Turnover Experience									
Age at Termination	Actual Experience			Current Assumptions			Proposed Assumptions		
	Exposures	Termination	Actual Rate	Expected Termination	Assumed Rate	Actual / Expected	Expected Termination	Proposed Rate	Actual / Expected
20-24	3.6	0.2	4.24%	0.1	2.50%	1.7	0.1	3.50%	1.2
25-29	65.6	1.9	2.84%	1.6	2.50%	1.1	2.3	3.50%	0.8
30-34	264.9	9.5	3.58%	6.6	2.50%	1.4	9.3	3.50%	1.0
35-39	497.6	11.4	2.29%	6.2	1.25%	1.8	10.0	2.00%	1.1
40-44	571.3	23.2	4.06%	7.1	1.25%	3.2	11.4	2.00%	2.0
45-49	695.0	16.9	2.43%	8.7	1.25%	1.9	13.9	2.00%	1.2
Totals:	2,098.0	63.0	3.00%	30.4	1.45%	2.1	47.0	2.24%	1.3

Expected terminations under the current and proposed assumptions are on a liability weighted basis.

Turnover Assumption

Graph III(f)



Turnover Assumption

Current Assumption

Service Beginning of Year	Service and Age-Based Rates for First Five Years of Service						
	Main System			Public Safety			Highway Patrol
	Age						All Ages
	Under 30	30-39	40+	Under 30	30-39	40+	
0	28.00%	20.00%	17.00%	27.00%	19.00%	16.00%	8.00%
1	24.00%	17.00%	14.00%	25.00%	19.00%	16.00%	8.00%
2	18.00%	14.00%	12.00%	20.00%	16.00%	14.00%	7.00%
3	16.00%	13.00%	12.00%	17.00%	14.00%	14.00%	7.00%
4	13.00%	11.00%	11.00%	17.00%	10.00%	10.00%	6.00%
Age	Age-Based Rates Only after First Five Years of Service						
	Main System			Public Safety			Highway Patrol
20-24	11.00%			10.00%			2.50%
25-29	10.00%			10.00%			2.50%
30-34	6.50%			7.50%			2.50%
35-39	5.50%			7.50%			1.25%
40-44	4.50%			5.00%			1.25%
45-49	4.20%			5.00%			1.25%
50-54	3.90%			5.00%			1.25%
55-59	3.60%			5.00%			1.25%
60+	3.30%			5.00%			1.25%

No pre-retirement termination is assumed for Judges.

Turnover Assumption

Proposed Assumption

Service and Age-Based Rates for First Five Years of Service							
Service Beginning of Year	Main System			Public Safety			Highway Patrol
	Age						All Ages
	Under 30	30-39	40+	Under 30	30-39	40+	
0	22.00%	15.00%	13.00%	18.00%	18.00%	15.00%	12.00%
1	22.00%	15.00%	13.00%	18.00%	18.00%	15.00%	8.00%
2	20.00%	14.00%	13.00%	18.00%	15.00%	14.00%	8.00%
3	17.00%	14.00%	13.00%	17.00%	13.00%	14.00%	7.00%
4	15.00%	12.00%	12.00%	15.00%	10.00%	10.00%	7.00%
Age	Age-Based Rates Only after First Five Years of Service						
	Main System			Public Safety			Highway Patrol
20-24	15.00%			12.00%			3.50%
25-29	12.00%			11.00%			3.50%
30-34	9.00%			8.50%			3.50%
35-39	6.50%			8.50%			2.00%
40-44	5.00%			6.00%			2.00%
45-49	4.20%			5.00%			2.00%
50-54	3.90%			5.00%			2.00%
55-59	3.60%			5.00%			2.00%
60+	3.30%			5.00%			2.00%

No pre-retirement termination is assumed for Judges.

Disability Assumption

Disability

Disability experience during the last five years was considered in the analysis shown on the following pages. The “Exposure” column shows the number of employees at various ages throughout the experience period. The number of exposures includes all active members who are eligible to receive disability benefits from NDPERS. The actual total disabilities include disabilities from active status and disabilities from terminated status (where there may have been a lag in approval of the disability benefits).

The liability-weighted numbers are presented with a scaling factor of \$100,000.

The current assumption is 15.0% of the OASDI disability incidence rates for males and 8.5% of the OASDI disability incidence rates for females, with a rate of 0.15% for ages 65 and older.

Following is a summary of the actual total disabilities, expected disabilities under the current assumptions and expected disabilities under the proposed total disability rates. The proposed rates are 7.5% of the OASDI disability incidence rates for males and 7.0% of the OASDI disability incidence rates for females, with a rate of 0.15% for ages 65 and older.

All Groups	Actual	Male (LW)		Actual	Female (LW)	
		Expected	Proposed		Expected	Proposed
Under Age 45	3	4	2	3	3	2
Age 45 or Older	31	78	42	46	57	48
Total	35	83	45	48	59	50

Numbers may not add due to rounding.

Table IV(a) and Graph IV(a) compare the disability experience, current assumptions and recommended assumptions by age.

Group	Disability Experience Table	Disability Experience Graph
All Plans	IV(a)	IV(a)

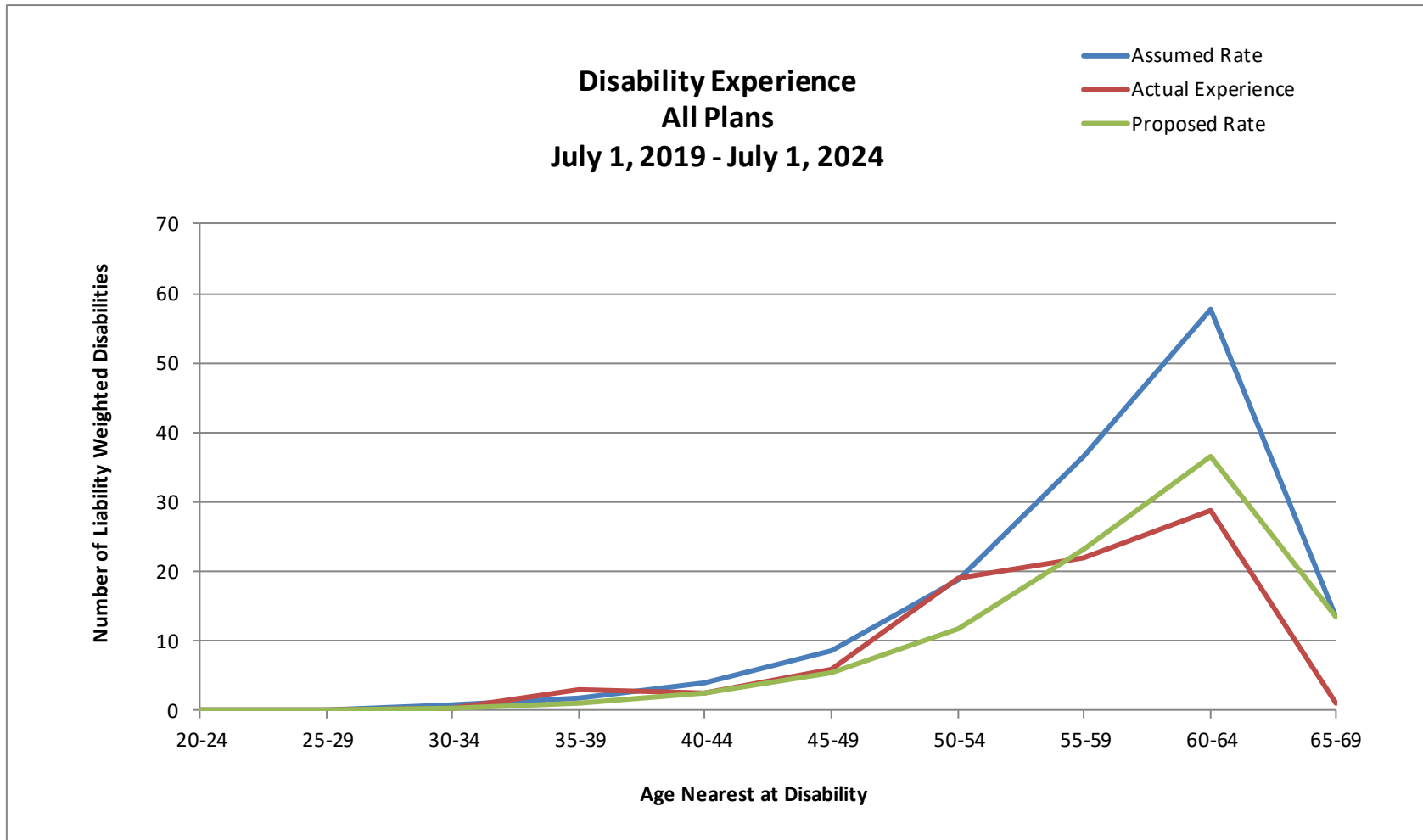
Disability Assumption

Table IV(a)

Male Disability Experience												
Age at Disablement	Actual Experience						Current Assumptions (LW)			Proposed Assumptions (LW)		
	Count Weighted (CW)			Liability Weighted (LW)			Expected Disabilities	Assumed Rate	Actual / Expected	Expected Disabilities	Proposed Rate	Actual / Expected
	Exposures	Disabilities	Actual Rate	Exposures	Disabilities	Actual Rate						
20-24	1,644.0	1.0	0.06%	138.0	0.1	0.11%	0.0	0.01%	9.2	0.0	0.01%	18.5
25-29	4,162.0	0.0	0.00%	854.3	0.0	0.00%	0.1	0.01%	0.0	0.1	0.01%	0.0
30-34	5,364.0	0.0	0.00%	2,318.1	0.0	0.00%	0.4	0.02%	0.0	0.2	0.01%	0.0
35-39	6,096.0	3.0	0.05%	4,488.8	2.0	0.05%	1.2	0.03%	1.7	0.6	0.01%	3.5
40-44	5,931.0	2.0	0.03%	6,064.4	1.1	0.02%	2.5	0.04%	0.5	1.2	0.02%	0.9
45-49	5,355.0	4.0	0.07%	7,529.9	4.0	0.05%	5.1	0.07%	0.8	2.6	0.03%	1.6
50-54	5,433.0	6.0	0.11%	9,794.2	8.3	0.08%	11.1	0.11%	0.7	5.6	0.06%	1.5
55-59	6,056.0	4.0	0.07%	11,551.2	4.4	0.04%	21.6	0.19%	0.2	10.8	0.09%	0.4
60-64	5,955.0	12.0	0.20%	11,751.6	13.6	0.12%	34.2	0.29%	0.4	17.1	0.15%	0.8
65-69	2,494.0	1.0	0.04%	4,284.0	1.0	0.02%	6.4	0.15%	0.2	6.4	0.15%	0.2
Totals:	48,490.0	33.0	0.07%	58,774.4	34.6	0.06%	82.7	0.14%	0.4	44.6	0.08%	0.8
Under Age 45	23,197.0	6.0	0.03%	13,863.6	3.3	0.02%	4.2	0.03%	0.8	2.1	0.02%	1.6
Age 45+	25,293.0	27.0	0.11%	44,910.8	31.3	0.07%	78.5	0.17%	0.4	42.5	0.09%	0.7
Female Disability Experience												
Age at Disablement	Actual Experience						Current Assumptions (LW)			Proposed Assumptions (LW)		
	Count Weighted (CW)			Liability Weighted (LW)			Expected Disabilities	Assumed Rate	Actual / Expected	Expected Disabilities	Proposed Rate	Actual / Expected
	Exposures	Disabilities	Actual Rate	Exposures	Disabilities	Actual Rate						
20-24	2,249.0	0.0	0.00%	125.7	0.0	0.00%	0.0	0.01%	0.0	0.0	0.00%	0.0
25-29	5,231.0	0.0	0.00%	799.4	0.0	0.00%	0.1	0.01%	0.0	0.1	0.01%	0.0
30-34	7,301.0	2.0	0.03%	2,331.3	0.4	0.02%	0.2	0.01%	1.5	0.2	0.01%	1.9
35-39	8,936.0	1.0	0.01%	4,512.9	1.0	0.02%	0.7	0.01%	1.5	0.6	0.01%	1.8
40-44	9,122.0	2.0	0.02%	6,551.9	1.3	0.02%	1.5	0.02%	0.8	1.2	0.02%	1.0
45-49	8,875.0	2.0	0.02%	8,673.6	2.0	0.02%	3.3	0.04%	0.6	2.8	0.03%	0.7
50-54	9,038.0	11.0	0.12%	11,720.8	10.8	0.09%	7.6	0.06%	1.4	6.2	0.05%	1.7
55-59	9,412.0	16.0	0.17%	14,242.2	17.5	0.12%	15.1	0.11%	1.2	12.4	0.09%	1.4
60-64	8,962.0	16.0	0.18%	14,362.3	15.2	0.11%	23.6	0.17%	0.6	19.4	0.14%	0.8
65-69	3,246.0	0.0	0.00%	4,657.7	0.0	0.00%	7.0	0.15%	0.0	7.0	0.15%	0.0
Totals:	72,372.0	50.0	0.07%	67,977.8	48.2	0.07%	59.1	0.09%	0.8	49.9	0.07%	1.0
Under Age 45	32,839.0	5.0	0.02%	14,321.2	2.7	0.02%	2.5	0.02%	1.1	2.1	0.01%	1.3
Age 45+	39,533.0	45.0	0.11%	53,656.6	45.5	0.08%	56.6	0.11%	0.8	47.8	0.09%	1.0
Combined Male and Female Disability Experience												
Grand Totals:	120,862.0	83.0	0.07%	126,752.3	82.8	0.07%	141.8	0.11%	0.6	94.5	0.07%	0.9
Under Age 45	56,036.0	11.0	0.02%	28,184.8	6.0	0.02%	6.7	0.02%	0.9	4.2	0.01%	1.4
Age 45+	64,826.0	72.0	0.11%	98,567.4	76.8	0.08%	135.1	0.14%	0.6	90.3	0.09%	0.9

Disability Assumption

Graph IV(a)



Mortality Assumptions

Mortality

Post-retirement mortality is an important component in cost calculations and should be updated from time to time to reflect current and expected future longevity improvements. Pre-retirement mortality is a relatively minor component in cost calculations. The frequency of pre-retirement deaths is generally so low that mortality assumptions based on actual experience can only be produced for very large retirement systems.

The most up-to-date published mortality tables are the Pub-2010 Public Retirement Plans Mortality Tables, that the Society of Actuaries Research Institute's Retirement Plans Experience Committee (RPEC) released in January 2019. However, RPEC recently released an exposure draft of the Pub-2016 Public Retirement Plans Mortality Tables. The Pub-2016 Retirement Plans Mortality Tables are based on mortality data for the years 2013 to 2020 (to avoid using experience affected by the COVID-19 pandemic, data contributed for calendar year 2020 was excluded from the study), but have not been finalized as of the date of this report.

Experience Reviewed

We reviewed mortality experience for the experience study period from July 1, 2019 to June 30, 2024. In order to evaluate mortality experience before the COVID-19 period, we also included the experience for the period from July 1, 2014 to June 30, 2019 in our analysis.

Partial Credibility

We use what is termed "the limited fluctuation credibility procedure" to determine the appropriate scaling factor of the base mortality tables for each gender and each member classification. We used a benefits weighted basis for postretirement non-disabled mortality and used a headcount basis for preretirement and post-retirement disabled mortality. In each case, the partial credibility factor (or "Z-factor") is computed based on the experience of the specific group being studied. This Z-factor is a measure of the credibility of the pertinent group.

The Best Fit is the ratio of actual to expected deaths using the base table. The final scale is then determined as the weighted average of the Best Fit and 100% based on the Z-factor. For example, the Z-factor for Healthy Male Retirees is 82%, suggesting that the data for this group is 82% credible (there were not enough deaths among retirees to be completely credible). The Best Fit for this group would be to scale the base tables by 109%. The final scale of 107% is the credibility-weighted average ($107\% = 82\% \times 109\% + (100\% - 82\%) \times 100\%$). Factors for other groups are determined similarly.

Mortality Assumptions

	Benefits or Deaths Needed For Full Credibility	Observed Deaths	Z-Factor	Best Fit	Final Scale Factor
Healthy Male Retirees	308	209	82%	109%	107%
Healthy Female Retirees	204	136	82%	101%	100%
Disabled Male Retirees	1,082	46	21%	182%	117%
Disabled Female Retirees	1,082	40	19%	170%	113%
Male Active Members	1,082	101	31%	58%	87%
Female Active Members	1,082	82	28%	57%	88%

Disabled and active member experience is based on counts and healthy retiree experience and is based on benefit amounts (total benefit amounts divided by 100,000).

Mortality Assumptions

Recommended Changes

The current pre-retirement and post-retirement assumption is based on the published Pub 2010 Public Sector Mortality Table (for General Employees), sex distinct, with rates projected from 2010 using projection scale MP-2019 (generational mortality).

Type	Assumption	Recommended Male Scaling Factor	Recommended Female Scaling Factor
Post-retirement non-disabled	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex distinct	103%	101%
Post-retirement disabled	Pub-2010 Disabled Retiree Mortality Table (for General Employees), sex distinct	117%	112%
Pre-retirement	Pub-2010 Employee Mortality Table (for General Employees), sex distinct	92%	92%

The proposed assumption is the Pub 2010 Public Sector Mortality Table (for General Employees), sex distinct, with rates projected from 2010 using projection scale MP-2021 (generational mortality).

Type	Assumption	Recommended Male Scaling Factor	Recommended Female Scaling Factor
Post-retirement non-disabled	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex distinct	107%	100%
Post-retirement disabled	Pub-2010 Disabled Retiree Mortality Table (for General Employees), sex distinct	117%	113%
Pre-retirement	Pub-2010 Employee Mortality Table (for General Employees), sex distinct	87%	88%

The tables below show mortality experience for all Groups.

Group	Mortality Experience Table	Mortality Experience Graph
Pre-Retirement	V(a)	
Post-Retirement	V(b)	V(b)
Disabled	V(c)	

Mortality Assumptions

Table V(a)

Pre-Retirement Mortality Experience - All Groups Combined								
	Actual Experience		Current Assumptions		Best Fit Assumptions		Proposed Assumptions Adjusted For Credibility	
Gender	Exposures	Deaths	Expected Deaths	Actual / Expected	Expected Deaths	Actual / Expected	Expected Deaths	Actual / Expected
Male	95,232.0	101.0	157.5	0.6	101.0	1.0	149.0	0.7
Female	142,153.0	82.0	133.4	0.6	81.0	1.0	123.0	0.7
Male and Female Grand Total	237,385.0	183.0	290.9	0.6	182.0	1.0	272.0	0.7

Expected deaths under the current and proposed assumptions are on a count weighted basis.

Best fit assumptions use a scaling factor of 58% for males and 57% for females. Proposed assumptions adjusted for credibility use a scaling factor of 87% for males and 88% for females.

Mortality Assumptions

Table V(b)

Male Post-Retirement Mortality Experience - All Groups Combined															
	Actual Experience						Current Assumptions			Best Fit Assumptions			Proposed Assumptions Adjusted For Credibility		
Age	Population Weighted		Benefits Weighted		Actual Rates Weighted by		Expected Deaths	Assumed Rate	Actual / Expected	Expected Deaths	Best Fit Rate	Actual / Expected	Expected Deaths	Proposed Rate	Actual / Expected
	Exposures	Deaths	Exposures	Deaths	Population	Benefits									
50-54	93.0	0.0	37.3	0.0	0.000%	0.000%	0.1	0.375%	0.0	0.2	0.402%	0.0	0.2	0.402%	0.0
55-59	1,102.0	5.0	387.3	1.5	0.454%	0.394%	2.1	0.542%	0.7	2.2	0.571%	0.7	2.2	0.560%	0.7
60-64	4,156.0	47.0	1,281.6	13.3	1.131%	1.036%	10.1	0.790%	1.3	10.7	0.834%	1.2	10.5	0.819%	1.3
65-69	11,653.0	159.0	2,609.6	34.4	1.364%	1.317%	29.7	1.137%	1.2	31.4	1.202%	1.1	30.8	1.180%	1.1
70-74	10,876.0	247.0	2,012.2	44.1	2.271%	2.192%	36.0	1.790%	1.2	37.9	1.881%	1.2	37.2	1.847%	1.2
75-79	7,117.0	241.0	1,096.6	32.2	3.386%	2.940%	34.2	3.120%	0.9	35.9	3.274%	0.9	35.2	3.214%	0.9
80-84	4,468.0	238.0	620.1	29.4	5.327%	4.746%	35.3	5.685%	0.8	37.1	5.983%	0.8	36.4	5.874%	0.8
85-89	2,422.0	261.0	293.4	29.9	10.776%	10.189%	29.3	9.984%	1.0	31.0	10.557%	1.0	30.4	10.362%	1.0
90-94	990.0	173.0	101.0	16.9	17.475%	16.690%	16.7	16.501%	1.0	17.7	17.531%	1.0	17.4	17.214%	1.0
95-99	210.0	79.0	18.2	6.8	37.619%	37.517%	4.4	24.227%	1.5	4.7	25.766%	1.5	4.6	25.326%	1.5
100-104	7.0	5.0	0.6	0.4	71.429%	64.862%	0.2	32.230%	2.0	0.2	35.623%	1.8	0.2	33.926%	1.9
Totals:	43,094.0	1,455.0	8,457.8	208.9	3.376%	2.470%	198.1	2.342%	1.1	208.9	2.469%	1.0	205.0	2.424%	1.0
Female Post-Retirement Mortality Experience - All Groups Combined															
	Actual Experience						Current Assumptions			Best Fit Assumptions			Proposed Assumptions Adjusted For Credibility		
Age	Population Weighted		Benefits Weighted		Actual Rates Weighted by		Expected Deaths	Assumed Rate	Actual / Expected	Expected Deaths	Best Fit Rate	Actual / Expected	Expected Deaths	Proposed Rate	Actual / Expected
	Exposures	Deaths	Exposures	Deaths	Population	Benefits									
50-54	140.0	2.0	45.7	0.7	1.429%	1.479%	0.1	0.263%	5.6	0.1	0.263%	5.6	0.1	0.263%	5.6
55-59	1,686.0	11.0	500.3	3.0	0.652%	0.594%	1.8	0.358%	1.7	1.7	0.348%	1.7	1.7	0.346%	1.7
60-64	6,867.0	42.0	1,533.7	8.6	0.612%	0.562%	7.5	0.491%	1.1	7.4	0.485%	1.2	7.4	0.481%	1.2
65-69	17,998.0	138.0	2,807.1	17.9	0.767%	0.637%	20.5	0.730%	0.9	20.2	0.720%	0.9	20.0	0.713%	0.9
70-74	15,594.0	192.0	1,999.0	24.2	1.231%	1.209%	24.0	1.202%	1.0	23.7	1.184%	1.0	23.4	1.173%	1.0
75-79	10,064.0	227.0	1,007.7	20.4	2.256%	2.021%	21.9	2.170%	0.9	21.6	2.145%	0.9	21.4	2.124%	1.0
80-84	6,468.0	298.0	504.2	21.9	4.607%	4.352%	20.3	4.018%	1.1	20.1	3.984%	1.1	19.9	3.945%	1.1
85-89	3,762.0	275.0	244.2	17.3	7.310%	7.085%	18.5	7.564%	0.9	18.4	7.552%	0.9	18.3	7.478%	0.9
90-94	1,732.0	250.0	107.6	13.7	14.434%	12.732%	14.4	13.347%	1.0	14.4	13.375%	1.0	14.3	13.245%	1.0
95-99	529.0	120.0	33.8	7.0	22.684%	20.677%	7.0	20.703%	1.0	7.0	20.703%	1.0	6.9	20.496%	1.0
100-104	90.0	27.0	6.1	1.2	30.000%	18.935%	1.8	29.963%	0.6	1.8	29.963%	0.6	1.8	29.634%	0.6
Totals:	64,930.0	1,582.0	8,789.2	135.8	2.436%	1.545%	137.7	1.567%	1.0	136.5	1.553%	1.0	135.2	1.538%	1.0
Grand Totals:	108,024.0	3,037.0	17,247.0	344.7	2.811%	1.998%	335.8	1.947%	1.0	345.4	2.003%	1.0	340.3	1.973%	1.0

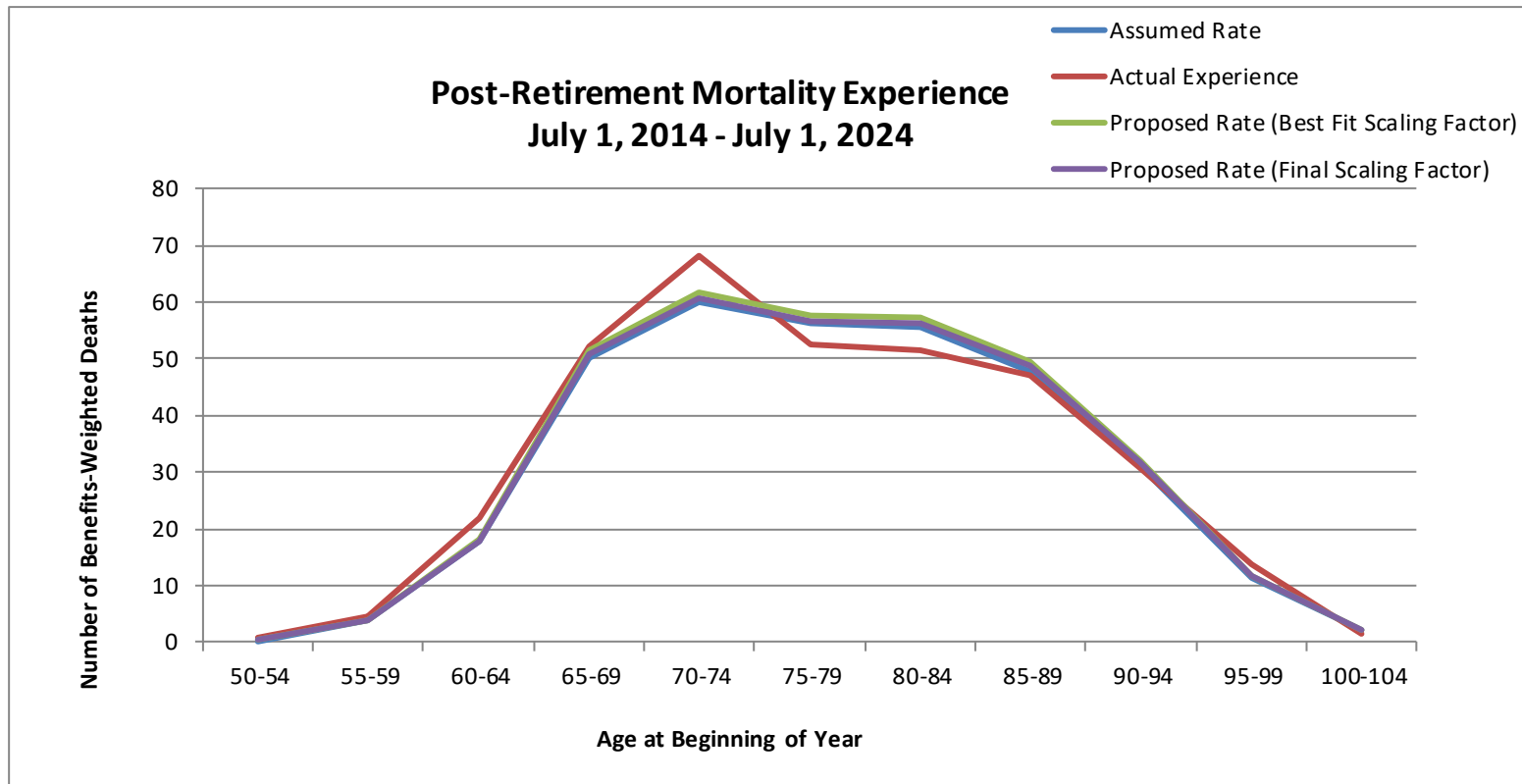
Expected deaths under the current and proposed assumptions are on a benefit weighted basis with a scaling factor of \$100,000.

Post-Retirement mortality experience excludes beneficiary mortality experience.

Best fit assumptions use a scaling factor of 109% for males and 101% for females. Proposed assumptions adjusted for credibility use a scaling factor of 107% for males and 100% for females.

Mortality Assumptions

Graph V(b)



Number of deaths shown on a combined basis for males and females. Separate rates for males and females are applied.

Mortality Assumptions

Table V(c)

Disabled Mortality Experience - All Groups Combined								
	Actual Experience		Current Assumptions		Best Fit Assumptions		Proposed Assumptions Adjusted For Credibility	
Gender	Exposures	Deaths	Expected Deaths	Actual / Expected	Expected Deaths	Actual / Expected	Expected Deaths	Actual / Expected
Male	860.0	46.0	29.7	1.5	46.1	1.0	29.6	1.6
Female	964.0	40.0	26.5	1.5	39.5	1.0	26.3	1.5
Male and Female Grand Total	1,824.0	86.0	56.3	1.5	85.6	1.0	55.9	1.5

Expected deaths under the current and proposed assumptions are on a count weighted basis.

Best fit assumptions use a scaling factor of 182% for males and 170% for females. Proposed assumptions adjusted for credibility use a scaling factor of 117% for males and 113% for females.

RHIC Participation Assumptions

We recommend adopting the following methodology and assumptions. The analysis is based on RHIC census data provided by NDPERS Staff for fiscal year ending June 30, 2024.

RHIC “participation rates” take into account the fact that some members will use 100% of their eligible benefits, some will use less than 100% of their eligible benefits, and some will not use any of their eligible benefits.

- For current retired members and beneficiaries eligible to receive an RHIC benefit:
 - If an RHIC benefit is currently being paid (paid benefit amount is greater than zero), assume 100% of the full amount eligible to be paid will be paid annually in the future.
 - If an RHIC benefit is eligible to be paid but is not currently being paid (paid benefit amount is equal to zero).
 - If the member is currently under age 65, assume 100% of the full amount eligible to be paid will be paid annually beginning at the attainment of age 65.
 - If the member is currently older than age 65, assume no payment will be made in the future.

Benefit Status of Eligible Member	Age	Participation Rate
Currently Receiving Benefits	Any	100.0%
Not Currently Receiving Benefits	65 and Over	0.0%
Not Currently Receiving Benefits	Under 65	100% Upon Attainment of Age 65

- For current active and terminated vested members of PERS, Highway Patrolmen’s Retirement System and the Defined Contribution Retirement Plan:
 - Assume the following participation rates based on projected age at retirement for those assumed not to elect a refund of pension plan contributions (retirement rates are applicable to members retiring directly from active service and those retiring from terminated vested status). The participation rates are assumed to increase for members once they reach age 65.

Years of Service at Retirement/Termination	Under Age 55	Age 55-64	Age 65+
Less than 5	42.0%	49.0%	70.0%
5-10	42.0%	49.0%	70.0%
10-15	45.0%	52.5%	75.0%
15-20	48.0%	56.0%	80.0%
20-25	51.0%	59.5%	85.0%
25+	54.0%	63.0%	90.0%

RHIC Participation Assumptions

RHIC Experience – Members Who Have Used Eligible RHIC Benefits*

Age	Count	Total RHIC Benefit	Experience	
			RHIC Benefit Used	Benefit Used/ Total Benefit
Under 50	19	\$ 10,355	\$ 7,447	72%
50 - 54	42	59,188	41,563	70%
55 - 59	247	399,918	274,926	69%
60 - 64	921	1,506,381	1,062,912	71%
65 - 69	2,941	4,083,427	3,538,871	87%
70 - 74	3,295	4,562,506	4,283,597	94%
75 - 79	2,277	3,025,538	2,891,881	96%
80 and Over	2,515	3,337,062	3,218,413	96%
Total	12,257	\$ 16,984,377	\$ 15,319,610	90%

* Only includes members who are eligible for and have used RHIC benefits (paid amount is greater than 0) in fiscal year 2024.

RHIC Participation Assumptions

RHIC Experience – All Members with RHIC Benefits**

Age	Count	Total RHIC Benefit***	Experience	
			RHIC Benefit Used	Benefit Used/ Total Benefit
Under 50	37	\$ 20,785	\$ 7,447	36%
50 - 54	69	84,253	41,563	49%
55 - 59	345	521,851	274,926	53%
60 - 64	1,322	1,987,534	1,062,912	53%
65 - 69	3,703	4,680,198	3,538,871	76%
70 - 74	3,901	5,013,061	4,283,592	85%
75 - 79	2,736	3,338,403	2,891,881	87%
80 and Over	3,034	3,677,046	3,218,413	88%
Total	15,147	\$ 19,323,132	\$ 15,319,605	79%
Under 65	1,773	2,614,423	1,386,848	53%
65 and Over	13,374	16,708,708	13,932,757	83%

Age 65+							
Years of Service at Retirement/Termination	Count	Total RHIC Benefit***	Experience			Proposed Assumptions	
			RHIC Benefit Used	Benefit Used/ Total Benefit		Benefit Used	Benefit Used/ Total Benefit
Less than 5	1,249	\$ 1,203,198	\$ 1,022,850	85%		\$ 842,239	70.0%
5-10	1,982	893,080	585,629	66%		625,156	70.0%
10-15	1,944	1,379,363	997,199	72%		1,034,522	75.0%
15-20	1,763	1,752,522	1,351,082	77%		1,402,018	80.0%
20-25	1,869	2,516,616	2,108,431	84%		2,139,124	85.0%
25+	4,567	8,963,928	7,867,566	88%		8,067,535	90.0%
Total	13,374	\$ 16,708,708	\$ 13,932,757	83%		\$ 14,110,594	84.5%

**Includes members who are eligible for RHIC benefits but have not used any (paid amount equals 0) in fiscal year 2024.

***The RHIC benefit is \$5 per month (\$60 per year) for each year of service.

Numbers may not add due to rounding.



RHIC Participation Assumptions

Current Assumptions

Participation Rates for current members eligible to receive a benefit were as follows:

Benefit Status of Eligible Member	Age	Participation Rate
Currently Receiving Benefits	Any	100.0%
Not Currently Receiving Benefits	65 and Over	0.0%
Not Currently Receiving Benefits	Under 65	100% Upon Attainment of Age 65

Participation Rates for current active and terminated vested members were as follows:

Years of Service at Retirement/Termination	Under Age 55	Age 55-64	Age 65+
Less than 5	33.0%	38.5%	55.0%
5-10	42.0%	49.0%	70.0%
10-15	48.0%	56.0%	80.0%
15-20	51.0%	59.5%	85.0%
20-25	54.0%	63.0%	90.0%
25+	54.0%	63.0%	90.0%

Proposed Assumptions

Participation Rates for current members eligible to receive a benefit were as follows:

Benefit Status of Eligible Member	Age	Participation Rate
Currently Receiving Benefits	Any	100.0%
Not Currently Receiving Benefits	65 and Over	0.0%
Not Currently Receiving Benefits	Under 65	100% Upon Attainment of Age 65

Participation Rates for current active and terminated vested members were as follows:

Years of Service at Retirement/Termination	Under Age 55	Age 55-64	Age 65+
Less than 5	42.0%	49.0%	70.0%
5-10	42.0%	49.0%	70.0%
10-15	45.0%	52.5%	75.0%
15-20	48.0%	56.0%	80.0%
20-25	51.0%	59.5%	85.0%
25+	54.0%	63.0%	90.0%

Amortization Method

Amortization Policy

Actuarial Standards of Practice No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, provides guidance on amortization procedures. When developing an amortization method used to calculate the actuarially determined contributions, the actuary should consider the following:

1. Whether the amortization method is open or closed;
2. Source of amortization base;
3. Anticipated pattern of amortization payment, including length of time until amortization payments exceed nominal interest on the outstanding balance;
4. Whether amortization base is positive or negative;
5. Duration of actuarial accrued liability;
6. Average remaining service lifetime active plan participants; and
7. Funded status of the plan or period to plan insolvency.

For each plan, an amortization policy is utilized to calculate the Actuarially Determined Employer Contribution (ADEC) Rate. Actual employer contributions are not based on the ADEC. Contributions currently made by employers are based on fixed contribution rates set by statute, and beginning in 2026, contributions made by employers to the Main System will be based on a closed amortization period ending June 30, 2056.

The current amortization policy for the Main, Judges, Public Safety, and Highway Patrolmen's Systems is to use a 20-year open period with level percentage of payroll amortization. The remaining amortization method will be reset to 20 years in each future actuarial valuation. An open amortization period is expected to gradually improve the funded ratio. However, the funded ratio is not expected to reach 100 percent under this method (assuming no actuarial gains or losses) because the remaining unfunded liability at each future actuarial valuation date is re-amortized over a new 20-year period. The current open 20-year period will not fully amortize the unfunded actuarial accrued liability within a reasonable time period.

For the Main System, we are not recommending a change in ADEC amortization policy at this time. We recommend reviewing this policy in the next experience study in 5 years, at which time the plan closure and change in funding contribution policy will be fully implemented.

For the Judges and Public Safety Systems, we recommend using a 20-year closed amortization period beginning with the actuarial valuation as of July 1, 2025. This change will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

The North Dakota legislature is currently considering legislation that will provide supplemental contributions to the Highway Patrolmen's System during current and future bienniums. We are not recommending a change in amortization policy at this time for this plan, but we do recommend that NDPERS consider alternate amortization methods, including a closed period, and layered amortization, before the next experience study in 5 years. The analysis of alternate amortization policies should reflect all known funding legislation.

SECTION III

COST IMPACT OF ASSUMPTION CHANGES

Cost Impact of Assumption Changes

Main System – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	As of July 1, 2024			
	Baseline	%	Proposed Assumptions	%
Actuarial Accrued Liability				
Active Members	\$ 2,646,936,632		\$ 2,548,979,923	
Inactive Vested and Non-Vested Members	404,054,161		407,585,261	
Retired Members and Beneficiaries	<u>2,797,424,254</u>		<u>2,780,772,364</u>	
Total	5,848,415,047		5,737,337,548	
Actuarial Value of Assets	\$ 3,961,181,475		\$ 3,961,181,475	
Unfunded Actuarial Accrued Liability	\$ 1,887,233,572		\$ 1,776,156,073	
Funded Ratio (Actuarial Value of Assets)	67.7%		69.0%	
Annual Gross Normal Cost				
Benefits	\$ 164,125,008	(11.80%)	\$ 157,606,948	(11.34%)
Expenses of Administration	<u>2,877,923</u>	<u>(0.21%)</u>	<u>2,882,145</u>	<u>(0.20%)</u>
Total	167,002,931	(12.01%)	160,489,093	(11.54%)
Amortization of Unfunded Liability ¹	\$ 126,031,648	(9.06%)	\$ 118,613,763	(8.53%)
Actuarial Contribution Requirement				
Employer Portion	\$ 195,659,198	(14.07%)	\$ 181,772,642	(13.07%)
Employee Portion	<u>97,375,381</u>	<u>(7.00%)</u>	<u>97,330,214</u>	<u>(7.00%)</u>
Total	293,034,579	(21.07%)	279,102,856	(20.07%)
Actuarial Contribution	\$ 195,659,198	(14.07%)	\$ 181,772,642	(13.07%)
Statutory Employer Contribution ²	<u>118,519,750</u>	<u>(8.52%)</u>	<u>118,464,775</u>	<u>(8.52%)</u>
Statutory Contribution Deficit/(Surplus)	77,139,448	(5.55%)	63,307,867	(4.55%)

¹ Amortization as a level percentage of payroll over a 20-year period. Total payroll assumed to increase by 3.50% in baseline and 3.50% in proposed assumption results.

² The Additional State Contribution Requirement for 2026 decreased from 5.92% of State employer payroll (\$44.0 million per year) to 4.23% (\$30.5 million per year) based on the proposed assumptions. This requirement is based on amortization over a closed period ending June 30, 2056.

Cost Impact of Assumption Changes

Judges – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	As of July 1, 2024			
	Baseline	%	Proposed Assumptions	%
Actuarial Accrued Liability				
Active Members	\$ 30,816,521		\$ 30,334,691	
Inactive Vested and Non-Vested Members	200,614		201,507	
Retired Members and Beneficiaries	31,661,078		31,266,802	
Total	62,678,213		61,803,000	
Actuarial Value of Assets	\$ 70,268,531		\$ 70,268,531	
Unfunded Actuarial Accrued Liability	\$ (7,590,318)		\$ (8,465,531)	
Funded Ratio (Actuarial Value of Assets)	112.1%		113.7%	
Annual Gross Normal Cost				
Benefits	\$ 2,536,099	(24.65%)	\$ 2,502,846	(24.32%)
Expenses of Administration	29,919	(0.29%)	29,963	(0.29%)
Total	2,566,018	(24.94%)	2,532,809	(24.61%)
Amortization of Unfunded Liability ¹	\$ (528,129)	-(5.13%)	\$ (589,026)	-(5.72%)
Actuarial Contribution Requirement				
Employer Portion	\$ 1,214,676	(11.81%)	\$ 1,120,570	(10.89%)
Employee Portion	823,213	(8.00%)	823,213	(8.00%)
Total	2,037,889	(19.81%)	1,943,783	(18.89%)
Actuarial Contribution	\$ 1,214,676	(11.81%)	\$ 1,120,570	(10.89%)
Statutory Employer Contribution	1,802,836	(17.52%)	1,802,836	(17.52%)
Statutory Contribution Deficit/(Surplus)	(588,160)	-(5.71%)	(682,266)	-(6.63%)

¹ Amortization as a level percentage of payroll over a 20-year period. Total payroll assumed to increase by 3.00% in baseline and 3.00% in proposed assumption results. The change to a closed 20-year amortization period does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Assumption Changes

Public Safety w/ Prior – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	As of July 1, 2024			
	Baseline	%	Proposed Assumptions	%
Actuarial Accrued Liability				
Active Members	\$ 219,899,965		\$ 206,108,686	
Inactive Vested and Non-Vested Members	16,126,912		14,907,604	
Retired Members and Beneficiaries	46,523,779		46,207,821	
Total	282,550,656		267,224,111	
Actuarial Value of Assets	\$ 191,719,801		\$ 191,719,801	
Unfunded Actuarial Accrued Liability	\$ 90,830,855		\$ 75,504,310	
Funded Ratio (Actuarial Value of Assets)	67.9%		71.7%	
Annual Gross Normal Cost				
Benefits	\$ 16,865,353	(13.36%)	\$ 15,723,359	(12.51%)
Expenses of Administration	121,332	(0.09%)	121,510	(0.09%)
Total	16,986,685	(13.45%)	15,844,869	(12.60%)
Amortization of Unfunded Liability ¹	\$ 6,065,790	(4.80%)	\$ 5,042,265	(4.01%)
Actuarial Contribution Requirement				
Employer Portion	\$ 15,955,476	(12.63%)	\$ 13,738,100	(10.92%)
Employee Portion	7,096,999	(5.62%)	7,149,034	(5.69%)
Total	23,052,475	(18.25%)	20,887,134	(16.61%)
Actuarial Contribution	\$ 15,955,476	(12.63%)	\$ 13,738,100	(10.92%)
Statutory Employer Contribution	15,494,457	(12.27%)	15,437,101	(12.28%)
Statutory Contribution Deficit/(Surplus)	461,019	(0.36%)	(1,699,001)	-(1.36%)

¹ Amortization as a level percentage of payroll over a 20-year period. Total payroll assumed to increase by 3.50% in baseline and 3.50% in proposed assumption results. The change to a closed 20-year amortization period does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Assumption Changes

Public Safety w/o Prior – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	As of July 1, 2024			
	Baseline	%	Proposed Assumptions	%
Actuarial Accrued Liability				
Active Members	\$ 17,837,088		\$ 17,040,260	
Inactive Vested and Non-Vested Members	3,278,239		3,031,573	
Retired Members and Beneficiaries	4,209,325		4,192,660	
Total	25,324,652		24,264,493	
Actuarial Value of Assets	\$ 24,021,406		\$ 24,021,406	
Unfunded Actuarial Accrued Liability	\$ 1,303,246		\$ 243,087	
Funded Ratio (Actuarial Value of Assets)	94.9%		99.0%	
Annual Gross Normal Cost				
Benefits	\$ 2,347,824	(13.67%)	\$ 2,240,479	(13.08%)
Expenses of Administration	23,788	(0.13%)	23,823	(0.14%)
Total	2,371,612	(13.80%)	2,264,302	(13.22%)
Amortization of Unfunded Liability ¹	\$ 87,032	(0.51%)	\$ 16,234	(0.09%)
Actuarial Contribution Requirement				
Employer Portion	\$ 1,513,689	(8.81%)	\$ 1,338,502	(7.81%)
Employee Portion	944,955	(5.50%)	942,034	(5.50%)
Total	2,458,644	(14.31%)	2,280,536	(13.31%)
Actuarial Contribution	\$ 1,513,689	(8.81%)	\$ 1,338,502	(7.81%)
Statutory Employer Contribution	1,573,779	(9.16%)	1,568,915	(9.16%)
Statutory Contribution Deficit/(Surplus)	(60,090)	-(0.35%)	(230,413)	-(1.35%)

¹ Amortization as a level percentage of payroll over a 20-year period. Total payroll assumed to increase by 3.50% in baseline and 3.50% in proposed assumption results. The change to a closed 20-year amortization period does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Assumption Changes

PERS Combined Total – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	As of July 1, 2024			
	Baseline	%	Proposed Assumptions	%
Actuarial Accrued Liability				
Active Members	\$ 2,915,490,206		\$ 2,802,463,560	
Inactive Vested and Non-Vested Members	423,659,926		425,725,945	
Retired Members and Beneficiaries	<u>2,879,818,436</u>		<u>2,862,439,647</u>	
Total	6,218,968,568		6,090,629,152	
Actuarial Value of Assets	\$ 4,247,191,213		\$ 4,247,191,213	
Unfunded Actuarial Accrued Liability	\$ 1,971,777,355		\$ 1,843,437,939	
Funded Ratio (Actuarial Value of Assets)	68.3%		69.7%	
Annual Gross Normal Cost				
Benefits	\$ 185,874,284	(12.03%)	\$ 178,073,632	(11.54%)
Expenses of Administration	<u>3,052,962</u>	<u>(0.20%)</u>	<u>3,057,441</u>	<u>(0.19%)</u>
Total	188,927,246	(12.23%)	181,131,073	(11.73%)
Amortization of Unfunded Liability ¹	\$ 131,656,341	(8.52%)	\$ 123,083,236	(7.97%)
Actuarial Contribution Requirement				
Employer Portion	\$ 214,343,039	(13.87%)	\$ 197,969,814	(12.82%)
Employee Portion	<u>106,240,548</u>	<u>(6.88%)</u>	<u>106,244,495</u>	<u>(6.88%)</u>
Total	320,583,587	(20.75%)	304,214,309	(19.70%)
Actuarial Contribution	\$ 214,343,039	(13.87%)	\$ 197,969,814	(12.82%)
Statutory Employer Contribution	<u>137,390,823</u>	<u>(8.89%)</u>	<u>137,273,627</u>	<u>(8.89%)</u>
Statutory Contribution Deficit/(Surplus)	76,952,216	(4.98%)	60,696,187	(3.93%)

¹ Amortization as a level percentage of payroll over a 20-year period. Total payroll assumed to increase by 3.50% in baseline (3.00% for Judges) and 3.50% (3.00% for Judges) in proposed assumption results. The change to a closed 20-year amortization period for the Judges and Public Safety Systems does not have an immediate cost impact, but will first impact actuarial costs in the July 1, 2026 actuarial valuation, when the amortization period used to amortize the unfunded actuarial accrued liability will be 19 years instead of 20 years.

Cost Impact of Assumption Changes

Highway Patrol – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	Valuation as of July 1, 2024		Proposed Assumptions as of July 1, 2024	
	Total	% of Payroll	Total	% of Payroll
Actuarial Accrued Liability				
Active Members	\$ 64,013,757		\$ 65,500,030	
Inactive Members (Vested and Non-Vested)	12,061,219		12,045,182	
Retired Members and Beneficiaries	80,336,232		79,906,010	
Total	156,411,208		157,451,222	
Actuarial Value of Assets	\$ 107,292,168		\$ 107,292,168	
Unfunded Actuarial Accrued Liability	\$ 49,119,040		\$ 50,159,054	
Funded Ratio (Actuarial Value of Assets)	68.6%		68.1%	
Annual Gross Normal Cost				
Benefits	\$ 4,807,123	(30.62%)	\$ 4,806,198	(30.62%)
Expenses of Administration	41,303	(0.27%)	41,363	(0.27%)
Total	4,848,426	(30.89%)	4,847,561	(30.89%)
Amortization of Unfunded Liability ¹	\$ 3,280,226	(20.90%)	\$ 3,349,680	(21.34%)
Annual Contribution Requirement:				
Employer Portion	\$ 5,805,358	(36.99%)	\$ 5,874,412	(37.43%)
Employee Portion	2,323,294	(14.80%)	2,322,829	(14.80%)
Total	8,128,652	(51.79%)	8,197,241	(52.23%)
Actuarial Contribution	\$ 5,805,358	(36.99%)	\$ 5,874,412	(37.43%)
Statutory Employer Contribution	3,327,962	(21.20%)	3,327,295	(21.20%)
Statutory Contribution Deficit/(Surplus)	2,477,396	(15.79%)	2,547,117	(16.23%)

¹ Amortization as a level percentage of payroll over a 20-year period. Total payroll assumed to increase by 3.50% in valuation results and 3.50% in proposed assumption results.

Cost Impact of Assumption Changes

Job Service – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	Valuation as of July 1, 2024		Proposed Assumptions as of July 1, 2024	
	Total	% of Payroll**	Total	% of Payroll**
Present Value of Future Benefits				
Active Members	\$ 1,177,235		\$ 1,185,035	
Terminated Vested Members	-		-	
Retired Members and Beneficiaries	69,113,889		68,836,058	
Total	70,291,124		70,021,093	
Actuarial Value of Assets	\$ 84,286,060		\$ 84,286,060	
Outstanding Frozen Initial Liability	\$ -		\$ -	
Unfunded Present Value of Future Benefits	\$ (13,994,936)		\$ (14,264,967)	
Funded Ratio (Actuarial Value of Assets)	119.9%		120.4%	
Annual Gross Normal Cost				
Benefits	\$ -		\$ -	
Expenses of Administration	15,313		15,335	
Total	15,313		15,335	
Actuarial Contribution Requirement				
Employer Portion	\$ -	(0.00%)	\$ -	(0.00%)
Employee Portion	2,375	(7.00%)	2,375	(7.00%)
Total	2,375	(7.00%)	2,375	(7.00%)

*** Rates are calculated as a percentage of projected annual compensation.*

Cost Impact of Assumption Changes

RHIC – Baseline and Impact of Proposed Assumptions Results as of July 1, 2024

	Valuation as of July 1, 2024		Proposed Assumptions as of July 1, 2024	
	Total	% of Payroll ¹	Total	% of Payroll ¹
Actuarial Accrued Liability				
Active Members	\$ 78,306,064		\$ 76,579,648	
Terminated Vested Members	\$ 17,154,198		17,326,362	
Retired Members and Beneficiaries	177,521,290		176,259,864	
Total	272,981,552		270,165,874	
Actuarial Value of Assets	183,344,179		183,344,179	
Unfunded Actuarial Accrued Liability	89,637,373		86,821,695	
Funded Ratio (Actuarial Value of Assets)	67.2%		67.9%	
Present Value of Future Benefits (PVFB)	\$ 308,505,123		\$ 304,286,667	
Present Value of Future Salaries (PVFS)	11,528,979,424		11,163,555,215	
Present Value of Future Salaries over 20 Years (PVFS 20 Years)	9,339,672,443		9,169,938,696	
Unfunded Present Value of Future Benefits	125,160,944		120,942,488	
Unfunded PVFB/PVFS 20 Years	1.34%		1.32%	
Annual Gross Normal Cost				
Benefits	\$ 4,042,086	(0.37%)	\$ 3,857,968	(0.35%)
Expenses of Administration	379,015	(0.03%)	379,571	(0.04%)
Total	4,421,101	(0.40%)	4,237,539	(0.39%)
Actuarial Contribution	14,675,411	(1.34%)	14,411,977	(1.32%)
Statutory Employer Contribution	12,484,120	(1.14%)	12,457,072	(1.14%)
Statutory Contribution Deficit/(Surplus)	2,191,291	(0.20%)	1,954,906	(0.18%)
PVFS to Pay Off Unfunded PVFB Based on Statutory Rate of 1.14%	10,979,030,188		10,608,990,140	

¹ Rates are calculated as a percentage of projected annual compensation.



North Dakota
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Memorandum

TO: NDPERS Board

FROM: Marcy Aldinger

DATE: April 4, 2025

SUBJECT: Defined Contribution Plan Document Amendment

At the request of staff, Ice Miller provided the attached amendment to the Defined Contribution Plan Document. The amendment is to allow in-service distributions for those employees who are at least age 59 ½ and no longer participating in the Defined Contribution Plan as an eligible employee. This occurs when an employee changes employment status from permanent to temporary status and elects to waive participation in the DC Plan as a temporary employee. Other employees who are not yet age 59 ½ who experience a similar change in employment would need to have a termination of employment in order to request a distribution and it would not be considered an in-service distribution.

Board Action Requested:

Approve the Amendment to the Defined Contribution Plan Document.

**FIRST AMENDMENT TO
THE NORTH DAKOTA DEFINED CONTRIBUTION
RETIREMENT PLAN**

WHEREAS, the North Dakota Public Employees Retirement System Board ("Board") maintains The North Dakota Defined Contribution Retirement Plan, as amended and restated, most recently effective as of January 1, 2025 (the "Plan");

WHEREAS, pursuant to Section 10.01 of the Plan, the Board has the right to amend the Plan; and

WHEREAS, the Board desires to amend the Plan to define normal retirement age and provide for in-service distributions at normal retirement age.

NOW, THEREFORE, effective as of _____, 2025, the Board hereby amends the Plan as follows:

1. A new Section 1.26 is hereby added to the Plan as follows:

1.26 "In-Service Distribution" means a distribution to an Employee prior to the Employee's Termination of Employment.

2. A new Section 1.27 is hereby added to the Plan as follows:

1.27 "Termination of Employment" means a severance of employment with the Employer by not being on the payroll of the Employer for a minimum of one month; provided, however, that Termination of Employment shall not include: (i) absence from active employment which is not treated by the Employer as a Termination of Employment; (ii) absence due to military service to the extent required under USERRA and Code Section 414(u)(8)(A), (iii) absence due to leave which qualifies as family or medical leave under the FMLA, to the extent required under the FMLA; or (iv) absence due to an authorized leave of absence for any reason if approved by the Employer.

3. Section 6.1 is hereby amended as follows:

6.1 Distribution eligibility. A Participating Member's vested Account Balance is distributable upon the occurrence of one of the following events:

- a. The Participating Member has incurred a Termination of Employment with the Employer.
- b. The Participating Member has become totally and permanently disabled according to medical evidence called for under the rules of the Board.
- c. The Participating Member dies.
- d. The Participating Member has reached the Required Beginning Date and has terminated employment. In no event shall the distribution of a Participant's Account Balance commence later than the Required Beginning Date, whether or not they apply for benefits.
- e. An Eligible Employee meets the requirements under Section 6.2 for an In-Service Distribution.

4. A new Section 6.2 is hereby added to the Plan as follows:

6.2. In-Service Distributions.

- a. No In-Service Distributions may be made from a Participating Member's vested Account Balance except as otherwise provided in this Section.
- b. In order to receive an In-Service Distribution from an Employee's vested Account Balance, the Employee must have attained at least the age of 59 ½ and is no longer an Eligible Employee.

5. All other terms and conditions of the Plan shall remain in full force and effect.

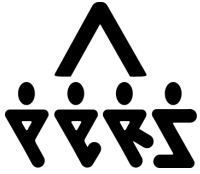
IN WITNESS WHEREOF, the Board hereby adopts this First Amendment on _____, 2025.

North Dakota Public Employees Retirement System Board

By:

Title:

Date: _____



**North Dakota
Public Employees Retirement System**
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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: April 4, 2025

SUBJECT: 457(b) Deferred Compensation Plan Private Letter Ruling

Ice Miller has notified NDPERS of a meeting they had with the IRS attorneys assigned to the request for a Private Letter Ruling for the 457(b) Deferred Compensation Plan. The IRS has requested minor changes to the Plan Document that are not substantive in nature, such as adding in more citations to the Internal Revenue Code and Treasury Regulations. Ice Miller has updated the Plan Document with these changes and provided the updated version to the IRS as there was a 21-day timeframe in which Ice Miller needed to respond. The revised redline version is attached for your information. Generally, these edits:

- Clarified the definition of "Eligible Retired Public Safety Officer".
- Clarified the process for commencement of participation and for making employer contributions.
- Updated the basic annual limitation and catch-up contribution language, particularly for SECURE 2.0.
- Clarified distribution restrictions, benefit distribution elections, payment options, and distributable events.
- Updated the required distribution rules to comply with Code Section 401(a)(9) and the recently released regulations.
- Moved the language regarding direct rollovers to a different Article of the Plan.

Once the IRS has confirmed the edits meet their request, we will bring the final Plan Document back for the Board's approval at a future meeting. In addition, Audra Ferguson of Ice Miller will attend the Board meeting to answer any questions the Board has regarding the process with the IRS or the edits that were made.

This item is informational and does not require any action by the Board.

Attachment

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFERRED
COMPENSATION 457(b) PLAN

Restated effective ~~October 1~~ _____, ~~2024-2025~~ Revised: ~~4003/2024~~2025

Adoption Resolution

Resolved, that effective ~~October 1~~ _____, ~~2024~~2025, the State of North Dakota has restated the Section 457 Plan. The Plan is intended to satisfy the requirements of Section 457(b) of the Internal Revenue Code of 1986, as amended, and its associated regulations.

Signature

~~September 20, 2024~~

Date

Executive Director

Title

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFERRED COMPENSATION 457(B) PLAN

ARTICLE 1 PURPOSE

The North Dakota Public Employees Retirement System Board (“Board”) hereby amends, reestablishes and reaffirms the Section 457 Plan and Trust (“the Plan”). The Plan consists of the provisions set forth in this document. The primary purpose of this Plan is to retain present employees and attract new employees for participating employers by providing increased retirement income and other deferred benefits to employees and their beneficiaries in accordance with the provisions of section 457 of the Internal Revenue Code and amendments thereto and by providing additional investment opportunities that are not otherwise available under the North Dakota Section 457 Deferred Compensation Plan. This Plan shall be an agreement solely between the employer and participating employees. The Plan is intended to satisfy the requirements of an eligible deferred compensation plan under Internal Revenue Code section 457(b) and shall be interpreted as such.

Nothing contained in this Plan shall be deemed to constitute an employment contract or agreement for services between participating employees and their employer nor shall it be deemed to give a participating employee any right to be retained in the employ of, or under contract to, an employer. Nothing herein shall be construed to modify the terms of any employment contract or agreement for services between participating employees and their employer as this Plan is intended to be a supplement thereto.

ARTICLE 2 DEFINITIONS

- 2.1 Account Balance.** The bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant’s Deferrals, Employer Contributions, the earnings or losses of the Trust Fund (net of Trust Fund expenses) allocable to the Participant, and any distribution made to the Participant or the Participant’s Beneficiary. The Account Balance also includes any account established under Article 7 for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after the Participant’s death, and any account established for an alternate payee (as defined in Code section 414(p)(8)).
- 2.2 Administrator.** The North Dakota Public Employees Retirement System Board shall serve as the Plan’s Administrator; however, the Administrator may designate an entity, person or persons as an administrative services provider to carry out certain nondiscretionary, administrative functions under the Plan, as described in Article 8.
- 2.3 Beneficiary.** The person or persons designated by the Participant who is entitled to receive benefits under the Plan after the death of a Participant. If no person is designated by the

Participant or if the designated Beneficiary predeceases the Participant, the Participant's estate shall be the Beneficiary.

- 2.4 **Board.** The North Dakota Public Employees Retirement System Board.
- 2.5 **Code.** The Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.
- 2.6 **Compensation.** All cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b) or 457(b) of the Code. Compensation also includes amounts paid to a Participant who has had a Severance from Employment, other than retirement or severance incentive payments, to the extent such amounts are paid by the later of 2½ months after the Participant's Severance from Employment or the end of the calendar year in which the Severance from Employment occurred, in accordance with Treas. Reg. section 1.457-(4)(d)(1) so long as the Employee would have been able to use the leave if employment had continued. Effective for years beginning after December 31, 2008, Compensation shall include military differential wage payments, as defined in Code section 3401(h).
- 2.7 **Deferral.** The amount of Compensation deferred in any calendar year.
- 2.8 **Eligible Retired Public Safety Officer.** An individual who has had a Severance from Employment as a public safety officer, as defined in Code section 402(l)(4)(C), with an Employer, ~~by reason of either disability or attainment of the age set forth in N.D.C.C. § 54-52-17 at which the Participant has the right to retire and receive unreduced retirement benefits under N.D.C.C. Chapter 54-52.~~
- 2.9 **Employee.** Each person, whether appointed or elected, employed by the Employer as a common law employee who performs services for the Employer for which Compensation is paid, and who has been determined by the Employer to be eligible to participate in the Plan in accordance with Section 3.1. Employee does not include an independent contractor.
- 2.10 **Employer.** The State of North Dakota, which includes any of the State's departments, divisions, agencies or institutions, as well as any city, county, or other political subdivision, agency or instrumentality of the State, within the meaning of section 414(d) of the Code that enters into an agreement with the Board to participate in the Plan.
- 2.11 **Employer Contribution.** Any nonelective contribution and/or matching contribution made pursuant to an election of the Employer accepted by the Plan Administrator.
- 2.12 **Includible Compensation.** An Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to the maximum amount under Code section 401(a)(17), and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b) or 457(b) of the Code. Effective for years

beginning after December 31, 2008, Compensation shall include military differential wage payments, as defined in Code section 3401(h). Includible Compensation is determined without regard to any community property laws.

- 2.13 Investment Provider.** Any organization that has been approved by the Board to provide investment products under the Plan.
- 2.14 Normal Retirement Age.** Age 70 ½, or if later, the date the employee incurs a Severance from Employment. For purposes of the special section 457 catch-up limitation under Section 4.3, a Participant may designate, in writing, a Normal Retirement age that is earlier than age 70 ½ but not earlier than the earliest age at which the Participant has a right to retire and receive, under the applicable defined benefit pension plan of the Employer, immediate retirement benefits without actuarial or other reduction because of retirement before some later specified age. If the Participant is not eligible to receive benefits under a defined benefit pension plan maintained by the Employer, the Participant's designated Normal Retirement Age may not be earlier than age 55.
- 2.15 Participant.** An individual who (i) is currently deferring Compensation, or who (ii) is entitled to an Employer Contribution, or (iii) has previously deferred Compensation under the Plan by salary reduction or received an Employer Contribution, and who has not received a distribution of his or her entire benefit under the Plan.
- 2.16 Plan.** The North Dakota Public Employees Retirement System Deferred Compensation 457(b) Plan, as amended or restated from time to time.
- 2.17 Plan Contributions.** Deferrals and Employer Contributions made to the Plan.
- 2.18 Plan Year.** The calendar year.
- 2.19 Qualified Health Insurance Premiums.** Premiums for coverage for an Eligible Retired Public Safety Officer, his spouse, and/or his dependents, as defined in Code section 152, by an accident or health plan or qualified long-term care insurance contract, as defined in Code section 7702B(b).
- 2.20 Required Beginning Date.** April 1 of the calendar year following the later of the calendar year in which the Participant incurs a Severance from Employment or reaches the required minimum distribution age under Code section 401(a)(9).
- 2.21 Severance from Employment.** Thirty-one days after the Employee dies, retires or otherwise has a severance from employment with the Employer, as determined by the Administrator (and taking into account guidance issued under the Code).
- 2.22 Trust Fund.** The trust fund created under and subject to the provisions in Article 9.
- 2.23 Trustee.** The Board, or such other trustee duly appointed and currently serving in accordance with the provisions of Article 9.

- 2.24 **Valuation Date.** Each business day or such other valuation date as specified by the Investment Provider for a particular investment product, or as otherwise designated by the Board.

ARTICLE 3 PARTICIPATION AND CONTRIBUTIONS

- 3.1 **Eligibility.** Each Employee who works a minimum of 20 hours per week for 20 or more weeks per year, who is at least age 18 and who fills a permanent position that is regularly funded and not of limited duration shall be eligible to participate in the Plan and may defer Compensation hereunder immediately upon satisfying the eligibility requirements under this Section 3.1.
- 3.2 **Election Required for Deferrals.** An Employee may elect to become a Participant by executing an election to defer a portion of his or her Compensation (and have that amount contributed as Deferrals on his or her behalf) and submitting it to the Administrator. This participation election shall be made pursuant to a deferral agreement under which the Employee agrees to be bound by all the terms and conditions of the Plan. The Administrator may establish a minimum deferral amount, and may change such minimums from time to time. Subject to the limits of Article 4, a Participant must currently defer a minimum of \$25 per month. The participation election shall include selection of an Investment Provider. Any such election shall remain in effect until a new election is submitted.
- 3.3 **Commencement of Participation.** An Employee shall become a Participant as soon as administratively practicable following the date the Employee files a participation election pursuant to Section 3.2 or becomes eligible for Employer Contributions under Section 3.9. ~~An Such election under Section 3.2 shall become effective no earlier than the calendar month following the month in which the date the Employee files a participation election is made, pursuant to Section 3.2 or such other date becomes eligible for Employer Contributions under Section 3.9, as may be permitted under the Code, section 457(b)(4)(A). A new Employee may defer compensation payable in the calendar month during which the Participant first becomes an Employee if an agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Employer.~~
- 3.4 **Information Provided by the Participant.** Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Code section 457(b).
- 3.5 **Contributions Made Promptly.** Deferrals by the Participant under the Plan shall be transferred to the Trust Fund within a period that is not longer than is reasonable for the proper administration of the Participant's Account Balance. ~~For this purpose, Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.~~

- 3.6 **Amendment of Deferral Election.** Subject to other provisions of the Plan, a Participant may at any time revise his or her participation election, including a change of the amount of his or her Deferrals, as well as his or her investment direction and his or her designated Beneficiary through the Investment Provider(s). However, the Board retains the authority to limit the frequency of changes to the amount of Deferrals, applied uniformly to all Employees, as it deems appropriate. Unless the election specifies a later effective date, a change in the amount of Deferrals shall take effect as of the first day of the next following month or as soon as administratively practicable if later. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Investment Provider.
- 3.7 **Leave of Absence.** Unless an election is otherwise revised, if a Participant is absent from work by leave of absence, Deferrals under the Plan shall continue to the extent that Compensation continues. If a Severance from Employment is determined to have occurred, the Participant may elect to receive a distribution of benefits as provided for in Article 5.
- 3.8 **Disability.** A disabled Participant may elect to make Deferrals during any portion of the period of his or her disability to the extent that he or she has actual Compensation (not imputed compensation and not disability benefits) from which to make contributions to the Plan and has not had a Severance from Employment.
- 3.9 **Employer Contributions.** A Participant shall become entitled to Employer Contributions as elected by the Employer and communicated to the Plan Administrator in a form acceptable to the Administrator. An Employee who is not a Participant shall become a Participant immediately upon becoming entitled to an Employer Contribution pursuant to the Employer's election, regardless of whether such Employee elects to make Deferrals.

ARTICLE 4 **LIMITATIONS ON AMOUNTS DEFERRED**

- 4.1 **Basic Annual Limitation.** The maximum annual amount of Plan Contributions for any calendar year shall not exceed the lesser of (1) ~~the Applicable Dollar Amount or (2) the Participant's Includible Compensation for the calendar year. The Applicable Dollar Amount is the amount \$15,000, as~~ set forth under Code Section 457(e)(15)(A), as indexed in accordance with Code section ~~415(d); 457(e)(15)(B) or (2) the Participant's Includible Compensation for the calendar year.~~
- 4.2 **Age 50 Catch-up Contributions.** A Participant who will attain age 50 or more by the end of the calendar year is permitted to make ~~an additional annual amount of~~ Deferrals, up to the ~~maximum age 50 catch-up Deferrals for the year. The maximum annual dollar amount of the age 50 catch-up Deferrals for a year is the amount set forth applicable dollar amount~~ under Code section 414(v)(2), as indexed in accordance with Code section 414(v)(2)(C) ~~and). [Optional] Effective January 1, 2025, the adjusted dollar amount under Code section 415(d); Section 414(v)(2)(E), as increased by the Cost of Living Adjustment in effect for such calendar year, shall apply to a Participant who will attain age 60 but will not attain age 64 by the end of the calendar year.~~

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4.3 Special Section 457 Catch-up Limitation. If the applicable year is one of the Participant's last three consecutive calendar years ending before the year in which the Participant attains Normal Retirement Age and the amount determined under this Section 4.3 exceeds the amount computed under Section 4.1 and 4.2, then the annual limit on Plan Contributions under this Article 4 shall be the lesser of:

- (a) An amount equal to two times the ~~Applicable Dollar Amount~~applicable dollar amount under Section 4.1 for such year; or
- (b) The sum of:
 - (1) An amount equal to (A) the aggregate limit under Section 4.1 for the current calendar year plus each prior calendar year beginning after December 31, 2001 during which the Participant was an Employee under the Plan, minus (B) the aggregate amount of ~~Plan Contributions under the Plan~~for Compensation that the Participant deferred under the Plan during such years, plus
 - (2) An amount equal to (A) the aggregate limit under Code section 457(b)(2) for each prior calendar year beginning after December 31, 1978 and before January 1, 2002 during which the Participant was an Employee (determined without regard to Sections 4.2 and 4.3), minus (B) the aggregate contributions to Pre-2002 Coordination Plans (as defined by Treasury Regulations and provided in Section 4.4(c)) for such years.

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However, in no event can the deferred amount be more than the Participant's Compensation for the year.

- (c) Effective January 1, 2026, or such later effective date determined by the Secretary of the Treasury through guidance and subject to such guidance, with respect to a Participant whose wages within the meaning of Code section 3121(a) for the preceding calendar year from the Employer exceed the limitation under Code section 414(v)(7)(A), as indexed, paragraph (b) shall not apply.

4.4 Special Rules. For purposes of this Article 4, the following rules shall apply:

- (a) If the Participant is or has been a participant in one or more other eligible plans within the meaning of Code section 457(b), then ~~the~~this Plan and all such other plans shall be considered as one plan for the purposes of applying the foregoing limitation ~~in~~of this Article 4. For this purpose, the Administrator shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.
- (b) In applying Section 4.3, a year shall be taken into account only if the Participant was eligible to participate in the Plan during all or a portion of the year and

Compensation deferred, if any, under the Plan was subject to the maximum amount described in Section 4.1 or any other plan limit required by Code section 457(b).

- (c) For purposes of Section 4.3(b)(2), the term “contributions to Pre-2002 Coordination Plans” means any employer contribution, salary reduction or elective contribution under any other eligible Code section 457(b) plan, or a salary reduction or elective contribution under any other eligible Code section 401(k) qualified cash or deferred arrangement, Code section 402(h)(1)(B) simplified employee pension (SARSEP), Code section 403(b) annuity contract and Code section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Code section 501(c)(18), including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of Section 4.3(b)(2) to the extent that the total of such contributions does not exceed the aggregate limit referred to in Code section 457(b)(2) for that year.
- (d) For purposes of Sections 4.1, 4.2 and 4.3, an individual is treated as not having deferred compensation under a plan for a prior taxable year to the extent Excess Deferrals (as defined in Section 4.5) under the plan are distributed. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an Excess Deferral for those prior years.

4.5 Correction of Excess Deferrals. If the annual amount of Plan Contributions on behalf of a Participant for any calendar year exceeds the limitations described in this Article 4, or the annual amount of Plan Contributions on behalf of a Participant for any calendar year exceeds the limitations described in this Article 4 when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Code section 457(b) for which the Participant provides information that is accepted by the Administrator, then the annual amount of Plan Contributions, to the extent in excess of the applicable limitation (“Excess Deferral”), and adjusted for any income or loss in value, if any, allocable thereto, shall be distributed to the Participant.

4.6 Protection of Persons Who Serve in a Uniformed Service. An Employee whose employment is interrupted by qualified military service under Code section 414(u) or who is on a leave of absence for qualified military service under Code section 414(u) may elect to make additional Deferrals upon resumption of employment with the Employer equal to the maximum amount of annual Deferrals that the Employee could have elected during that period if the Employee’s employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment, or if sooner, for a period equal to three times the period of the interruption or leave.

If such Participant elects to make such additional Deferrals, then the Employer shall make up the related matching Employer Contributions which would have been required had such Deferrals actually been made during the period of qualified military service. The make-up

contributions by the Employer shall be made as soon as practicable after the Participant makes such make-up contributions.

If the Participant timely resumes employment in accordance with USERRA after a qualified military leave, the Employer shall make any nonelective Employer Contributions that would have been made if the Participant had remained employed during the Participant's qualified military service. Such contributions must be made no later than ninety (90) days after the date of such reemployment or when contributions are normally due for the year in which the qualified military service was performed, if later.

In determining the amount of Deferrals and Employer Contributions, a Participant shall be treated as receiving compensation from the Employer during such period of qualified military service equal to: (i) the compensation the Participant would have received during such period if the Participant were not in qualified military service, determined based on the rate of pay the Participant would have received from the Employer but for the absence during the period of qualified military service; or (ii) if the compensation the Participant would have received during such period is not reasonably certain, the Participant's average compensation from the Employer during the twelve (12) month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

In addition, effective for deaths occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code section 414(u)(5)), this Plan shall provide all applicable benefits required in accordance with Code section 401(a)(37), but the provisions of Code section 414(u)(9) shall not apply to this Plan.

ARTICLE 5 DISTRIBUTION OF BENEFITS

5.1 Benefit Distributions. A Participant's Account Balance may not be paid to the Participant (Distribution Restrictions).

(a) In accordance with Code section 457(d), a Participant, or, if applicable, the Participant's Beneficiary, until one, shall be eligible to receive a distribution of the following events his or her Account Balance if the Participant:

5.1 has occurred:

(a)(1) the Participant's Severance from Employment;

(b) the Participant's death;

(2) an unforeseeable emergency, within the meaning of and subject to dies;

(c)(3) is eligible for a distribution under Section 5.54;

(d)(4) the Participant has a Severance from Employment and is subject to the mandatory distribution of his the Account Balance under Section 5.67.

(b) If a Participant has a separate Paragraph (a) notwithstanding, a Participant's account attributable to rollover contributions to the Plan made pursuant to Section

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~~7.1, the may be distributed to a Participant may at any time elect to receive a distribution of all or any portion of the amount held in, to the extent that the rollover account contributions made pursuant to Section 7.1 have been separately accounted for by the Administrator.~~

5.2 Benefit Distribution Election.

~~(a) 5.2 A Participant may elect to commence distribution of his or her Account Balance any time after retirement or other Severance of Employment by filing an application for a distribution with the Administrator. However, in no event may distribution of benefits to the Participant commence later than the Required Beginning Date. The amount of such required minimum distribution shall be determined in accordance with Code section 401(a)(9) and the regulations thereunder, as applicable to a governmental plan as defined in Code section 414(d).~~

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5.3 Payment Options.

~~(a) A Participant (or, if applicable, the Participant's Beneficiary) may elect entitled to a distribution under this Section 5 may elect to receive payment in the form of the following forms of distribution:~~

- ~~(1) a lump sum or systematic distribution option payment of the total Account Balance;~~
- ~~(2) annual, monthly, or quarterly installment payments as permitted under the terms of the investment product(s); or may elect~~
- ~~(3) a direct rollover to an Eligible Retirement Plan as described in Section 5.7. Notwithstanding any other provision of the Plan, the elected form of~~

~~(b) A lump sum payment of a Participant's Account may be made without the consent of the Participant or Beneficiary if their Account Balance does not exceed \$1,000 taking into account their Rollover Contribution Account, unless the Participant elects to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly in a lump sum.~~

5.4 Distribution Events.

~~(a) Unforeseeable Emergency Distributions. shall comply with required In accordance with Code section 457(d)(1)(A)(iii) and Treasury Regulation § 1.457-6(c)(1), if the Participant has an unforeseeable emergency before Severance from Employment, the Participant may elect to receive a lump sum distribution equal to the amount requested or, if less, the maximum amount determined by the Administrator to be permitted to be distributed under this Section 5.4(a).~~

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- ~~(1) For this purpose, an unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant's spouse or dependents (as defined in~~

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Code section 152(a) without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of natural disaster); the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code section 152(a) without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B)); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including nonrefundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. ~~rules under Code section 401(a)(9) and the regulations thereunder, as applicable to a governmental plan as defined~~ Except as otherwise specifically provided in this Section 5.4(a), neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

(2) A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement of compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

(3) ~~Code section 414(d), including~~ Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency (which may include any amounts necessary to pay any ~~minimum distribution~~ federal, state, or local income taxes or penalties reasonably anticipated to results from the distribution).

(b) Voluntary Distribution of Small Amounts. Upon proper written request to the Administrator, a Participant may elect to receive a distribution of his or her total Account Balance in a lump sum if the Account Balance does not exceed \$7,000 (or the dollar limit under Code section 411(a)(11), if greater) without regard to amounts attributable to rollover contributions under Section 7.1, no Plan Contributions have been made for the Participant during the two-year period immediately prior to the date of distribution, and the Participant has not previously received a distribution of his or her Account Balance under this Section 5.4.

5.5 Death Benefit. If a Participant dies before the distribution of his or her entire Account Balance, the remaining Account Balance shall be distributed to the Beneficiary(ies) as soon as administratively practicable after the Participant's death, unless the Beneficiary elects a later payment date, subject to Code section 401(a)(9). A Beneficiary may elect to receive the Participant's Account Balance under any distribution option available under Section 5.3, subject to Code section 401(a)(9).

5.6 Required Distribution Rules.

- (a) The provisions of this Section 5.5 take precedence over any inconsistent provisions of the Plan. As required by Code section 457(d)(2), the Plan shall comply with the minimum distribution requirements of Code section 401(a)(9), as applicable to an eligible governmental plan described in Treasury Regulation § 1.457-2(f). All distributions under this Plan shall be made in accordance with a reasonable and good faith interpretation of Code section 401(a)(9) and the regulations promulgated thereunder, including the incidental death benefit requirements rules under Code Section 401(a)(9)(G) and the changes under the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, SECURE 2.0 of 2022, and Treasury Regulation Sections 1.401(a)(9)-1 through -9, as each may be amended from time to time.
- (b) A Participant's Accounts will be distributed, beginning not later than as required under paragraph (c), over one of the following periods (or a combination thereof):

 - (1) The life of the Participant;
 - (2) The life of the Participant and a Designated Beneficiary;
 - (3) A period certain not extending beyond the life expectancy of the Participant; or
 - (4) A period certain not extending beyond the joint and last survivor life expectancy of the Participant and Designated Beneficiary;
- (c) A Participant's Account shall be distributed to the Participant beginning no later than April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains the applicable age within the meaning of Code Section 401(a)(9)(C)(v) or (ii) the calendar year in which the Participant has a Severance from Employment.
- (d) Subject to regulations or other guidance issued under Code Section 401(a)(9), upon the death of the Participant before distribution of their Account has begun under paragraph (c), the following distribution provisions shall take effect:

 - (1) The portion of the Participant's Account payable to a Beneficiary that is not a Designated Beneficiary shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (2) The portion of the Participant's Account payable to a Designated Beneficiary who is not an Eligible Designated Beneficiary shall be distributed by December 31 of the calendar year containing the tenth anniversary of the Participant's death.

- (3) The portion of the Participant's Account payable to an Eligible Designated Beneficiary shall be distributed, pursuant to the election of the Eligible Designated Beneficiary, either (i) by December 31 of the calendar year containing the tenth anniversary of the Participant's death, or (ii) beginning no later than December 31 of the calendar year immediately following the calendar year in which the Participant died, over the life of the Eligible Designated Beneficiary or over a period not exceeding the life expectancy of the Eligible Designated Beneficiary. If the Eligible Designated Beneficiary is the surviving Spouse, the Eligible Designated Beneficiary may elect to delay payment under item (ii) until December 31 of the calendar year in which the Participant would have attained the applicable age within the meaning of Code Section 401(a)(9)(C)(v). If the Eligible Designated Beneficiary does not elect a method of distribution as provided above, the Participant's Accounts shall be distributed in accordance with item (i).
- (e) Subject to regulations or other guidance issued under Code Section 401(a)(9), upon the death of the Participant after distribution of their Account has begun under paragraph (c), any remaining portion of their Account shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the Participant's death; provided, however, that the portion of the Participant's Account payable to a Designated Beneficiary who is not an Eligible Designated Beneficiary shall be distributed in its entirety by December 31 of the calendar year containing the tenth anniversary of the Participant's death.
- (f) Upon the death of an Eligible Designated Beneficiary, or the attainment of age 21 of an Eligible Designated Beneficiary who is a minor child of the Participant, before distribution of the Participant's entire Account under paragraphs (d) or (e), the remainder of the Participant's Account shall be distributed by December 31 of the calendar year containing the tenth anniversary of the Eligible Designated Beneficiary's death, or by December 31 of the calendar year in which the child attains age 31, as applicable.
- ~~(b)~~(g) Any distribution required under the incidental death benefit requirements of Code Section 401(a) shall be treated as a distribution required under this Section 5.5.
- ~~(e)~~(h) Effective in 2009, notwithstanding subsections (a) and (b) above, a Participant (or, if applicable, the Participant's Beneficiary) who would have been required to receive required minimum distributions for 2009 but for the enactment of Code section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions.

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Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, notwithstanding Section 5.6(a)(3) of the Plan, and solely for the purpose of applying the direct rollover provisions of the Plan, the Board shall only offer direct rollover of 2009 RMDs and Extended 2009 RMDs that are received by a Participant or Beneficiary to the extent such distributions that would be Eligible Rollover Distributions without regard to Code section 401(a)(9)(H).

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- ~~(4)(i)~~ Effective 2020, notwithstanding any other provisions of this Plan, a Participant who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a recipient with a Required Beginning Date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMD"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs"), will receive those 2020 distributions unless the Participant or Beneficiary elects not to receive such distribution. Notwithstanding the preceding sentence, a Participant or Beneficiary will be given an opportunity to make an election as to whether or not to receive such 2020 RMD distributions.

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~~**5.3 — Death Benefit Distributions prior to January 1, 2022.** For Participant deaths prior to January 1, 2022, this Section 5.3 shall apply. Upon the death of the Participant, the Participant's Beneficiary may elect to receive the Participant's Account Balance in any form permitted under Section 5.2. However, if the Beneficiary of the Participant is the Participant's estate, the benefit will be payable only in a single lump sum. Such Beneficiary may also designate his or her own beneficiary, or if none is designated, the Beneficiary's estate will receive any benefits payable upon the Beneficiary's death. Notwithstanding any other provision in the Plan to the contrary, distributions upon the death of a Participant shall be made in accordance with the following requirements and shall otherwise comply with Code section 401(a)(9) and the regulations thereunder, as applicable to a governmental plan as defined in Code section 414(d), including any minimum distribution incidental benefit requirements.~~

- ~~(a) — If the designated Beneficiary is not the Participant's surviving spouse, distributions after the Participant's death must either (1) begin to be distributed no later than December 31st of the calendar year immediately following the year of the Participant's death, payable over a period not to exceed the Beneficiary's life expectancy; or (2) be distributed no later than December 31st of the calendar year containing the fifth anniversary of the Participant's death.~~
- ~~(b) — If the designated Beneficiary is the Participant's surviving spouse, distributions after the Participant's death must begin to be distributed by the later of December 31st of the calendar year immediately following the year of the Participant's death~~

or December 31st of the calendar year in which the Participant would have attained age seventy two (72) (or age 70 ½ with respect to a Participant who was born before July 1, 1949), or other applicable age under Code section 401(a)(9). Payments to a surviving spouse must be made over a period not to exceed the surviving spouse's life expectancy. Alternatively, the surviving spouse may elect to receive a total distribution of the Participant's Account Balance by no later than December 31st of the calendar year containing the fifth anniversary of the Participant's death.

- (c) — If distributions have begun prior to the death of the Participant, the remaining portion of the Participant's Account Balance shall be distributed to the Beneficiary at least as rapidly as under the method of distribution in effect prior to the Participant's death.

5.4 — ~~Death Benefit Distributions After December 31, 2021.~~ Notwithstanding any contrary provisions, effective for Participant deaths after December 31, 2021, the following distribution provisions in this section 5.4 shall take effect; provided, however, that such provisions shall be subject to any regulations or other guidance issued under the SECURE Act.

- (a) — ~~Death with a Designated Beneficiary.~~ If the Participant dies before the distribution of his or her entire account (regardless of whether any distributions had begun before the Participant's death) and the Participant has a designated Beneficiary:

(1) — ~~The entire account shall be distributed to the designated Beneficiary by December 31 of the calendar year containing the tenth anniversary of the Participant's death.~~

(2) — ~~Notwithstanding the paragraph above, if the designated Beneficiary is surviving spouse, then the surviving spouse may elect for the Participant's account(s) to be distributed (i) by December 31 of the calendar year containing the tenth (10th) anniversary of the Participant's death, or (ii) the later of December 31 of the calendar year immediately following the calendar year in which the Participant died or December 31 of the calendar year in which the Participant would have attained age seventy two (72) (or age 70 ½ with respect to a Participant who was born before July 1, 1949), or other applicable age under Code section 401(a)(9).~~

(3) — ~~For calendar years beginning after December 31, 2023, if the designated Beneficiary is the Participant's surviving spouse, the surviving spouse may elect to be treated as if he or she were the Participant, pursuant to Code Section 401(a)(9)(B)(iv).~~

- (b) — ~~Death without a Designated Beneficiary.~~ If the Participant dies before distributions of his or her account begins and the Participant has no designated Beneficiary, the Participant's account under the Plan shall be distributed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death. If the Participant dies after distribution of his or her account begins and the Participant has no designated Beneficiary, any remaining portion of the account shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the Participant's death.

5.5 — ~~Unforeseeable Emergency Distributions.~~ If the Participant has an unforeseeable emergency before Severance from Employment, the Participant may elect to receive a lump sum distribution equal to an amount not to exceed the amount reasonably necessary

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to satisfy the emergency need, which may include amounts necessary to pay federal, state or local income taxes or penalties reasonably anticipated to result from the distribution, as determined by the Administrator.

~~(1) For this purpose, an unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant's spouse or dependents (as defined in Code section 152(a) without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of natural disaster); the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code section 152(a) without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B)); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including nonrefundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Except as otherwise specifically provided in this Section 5.5, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.~~

~~(1) A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement of compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.~~

5.6 Distribution of Small Account Balances. Upon proper written request to the Administrator, a Participant may elect to receive a distribution of his or her total Account Balance in a lump sum if the Account Balance does not exceed \$7,000 (or the dollar limit under Code section 411(a)(11), if greater) without regard to amounts attributable to rollover contributions under Section 7.1, no Plan Contributions have been made for the Participant during the two year period immediately prior to the date of distribution, and the Participant has not previously received a distribution of his or her Account Balance under this Section 5.6.

5.7 Direct Rollovers. Notwithstanding any provision of the Plan to the contrary, a Distributee shall be permitted to elect to have an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan in a direct rollover, at the time and in the manner prescribed by the Administrator.

(a) An "Eligible Rollover Distribution" means any distribution of all or a portion of a Participant's Account Balance, except that an Eligible Rollover Distribution does not include:

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- (1) ~~any distribution that is one of series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and a designated Beneficiary, or for a specified period of 10 years or more;~~
- (2) ~~any distribution made under Section 5.5 as a result of an unforeseeable emergency; or~~
- (3) ~~any distribution to the extent such distribution is a required minimum distribution under Code section 401(a)(9).~~
- (b) ~~An "Eligible Retirement Plan" means an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), a qualified trust described in Code section 401(a), an eligible deferred compensation plan described in Code section 457(b) that is maintained by a governmental entity described in Code section 457(e)(1)(A), an annuity contract described in Code section 403(b), a Roth IRA described in Code section 408A, and effective December 18, 2015, a SIMPLE IRA as described in Code section 408(p), provided that the rollover contribution is made after the two year period beginning on the date the Distributee first participated in any qualified salary reduction arrangement maintained by the Distributee's employer under Code Section 408(p)(2), as described in Code Section 72(t)(6). However, for an Eligible Rollover Distribution to a designated Beneficiary other than the surviving spouse, an Eligible Retirement Plan is only an individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b) that is treated as an inherited IRA in accordance with Code section 402(e)(11).~~
- (e)j. ~~A "Distributee" includes a Participant or former Participant or the Participant's or former Participant's designated Beneficiary. In addition, the Participant's or former Participant's spouse or former spouse are Distributees with regard to the interest of the spouse or former spouse.~~

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5.85.7 Amount of Account Balance. For all purposes under the Plan, the amount of any payment under this Article 5 shall be based on the amount of the Account Balance on the preceding Valuation Date, plus Plan Contributions made to the Plan from the Valuation Date to the date of distribution.

5.95.8 Retired Public Safety Officer Health Premiums. Pursuant to Code section 457(a)(3), Eligible Retired Public Safety Officers may elect an annual distribution of the lesser of the amount paid by such Eligible Retired Public Safety Officer, or \$3,000, for the payment of Qualified Health Insurance Premiums.

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ARTICLE 6 LOANS

This Plan does not permit loans from the Account Balances of Participants.

ARTICLE 7
ROLLOVERS AND TRANSFERS

- 7.1 Rollover Contributions to the Plan.** A Participant who has enrolled and is currently eligible to defer Compensation under this Plan and who is entitled to receive an Eligible Rollover Distribution (as defined in Section 5.7(a) but excluding any after-tax employee contributions) from another Eligible Retirement Plan (as defined in Code section 402(c)(8)) may request to have all or a portion of such Eligible Rollover Distribution paid to the Plan. The Administrator may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code section 402 and to confirm that such plan is an Eligible Retirement Plan within the meaning of Code section 402(c)(8).

The Plan shall establish and maintain for the Participant a separate account for any Eligible Rollover Distribution paid to the Plan from any Eligible Retirement Plan that is not an eligible governmental plan under Code section 457(b). In addition, the Plan shall establish and maintain for the Participant a separate account for any Eligible Rollover Distribution paid to the Plan from any Eligible Retirement Plan that is an eligible governmental plan under Code section 457(b).

7.2 Direct Rollovers

- (a) Notwithstanding any provision of the Plan to the contrary, a Distributee may elect to have an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan as specified by the Distributee in a Direct Rollover, at the time and in the manner prescribed by the Administrator.
- (b) For purposes of this Section 5.7, the following definitions shall apply:
 - (1) “Direct Rollover” means an Eligible Rollover Distribution that is paid directly to an Eligible Retirement Plan for the benefit of the Distributee.
 - (2) “Distributee” means a Participant, the spouse of the Participant, the Participant’s former spouse who is an alternate payee under a qualified domestic relations order as defined in Code section 414(p), and a Participant’s non-spouse Beneficiary, any of whom is eligible to receive a distribution from the Plan.
 - (3) “Eligible Retirement Plan” as defined under Code section 402(c)(8)(B), means (i) an individual retirement account described in Code section 408(a); (ii) an individual retirement annuity described in Code section 408(b); (iii) a simple retirement account described in Code section 408(p)(1) following the two year period described in Code section 72(t)(6); (iv) an annuity plan described in Code section 403(a); (v) a plan described in Code section 403(b); (vi) a qualified plan described in Code section 401(a); (vii) a Code section 457(b) eligible deferred compensation plan that is maintained by a governmental entity described in Code section 457(e)(1)(A); and (viii) effective January 1, 2008, a Roth individual retirement account described in Code section 408A(e), provided the

Distributee's adjusted gross income does not exceed any limit applicable under federal law for the tax year in which the distribution occurs.

In the case of a distribution to a Participant's non-spouse Beneficiary, an Eligible Retirement Plan means the plans described in subparagraphs (1) and (2) only, to the extent consistent with the provisions under Code section 402(c)(11) and any successor provisions thereto or additional guidance issued thereunder.

- (4) "Eligible Rollover Distribution," as defined in Code section 402(f)(2)(A), means any distribution of all or any portion of the balance to the credit of the Distributee under the Plan, excluding the following:
- i. any distribution that is one of series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and a designated Beneficiary, or for a specified period of 10 years or more;
 - ii. any distribution made under Section 5.4(a) as a result of an unforeseeable emergency;
 - iii. any distribution to the extent such distribution is a required minimum distribution under Code section 401(a)(9); or
 - iv. other items designated by regulations, or by the Commissioner in revenue rulings, notices, or other guidance, as items that do not constitute an eligible rollover distribution.

7.17.3 Plan-to-Plan Transfers to the Plan. Participants who are participants in another eligible governmental plan under Code section 457(b) may transfer assets to this Plan as provided in this Section 7.2, but only if the other plan provides for the direct transfer of each Participant's interest therein to the Plan. The Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Code section 457(e)(10) and Treas. Reg. section 1.457-10(b) and to confirm that the other plan is an eligible governmental plan as defined in Treas. Reg. section 1.457-2(f). The amount so transferred shall be credited to the Participant's Account Balance and shall be held, accounted for, administered and otherwise treated in the same manner as Plan Contributions under the Plan, except that transferred amounts shall not be considered a Plan Contribution under the Plan in determining the maximum deferral under Article 4.

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7.27.4 Plan-to-Plan Transfers from the Plan. Participants and Beneficiaries may elect to have all or any portion of their Account Balance transferred to another eligible governmental plan within the meaning of Code section 457(b) and Treas. Reg. section 1.457-2(f). A transfer is permitted for a Participant under this Section 7.3 only if the Participant has had a Severance from Employment with the Employer and is an employee of the entity that maintains the other eligible governmental plan. Further, a transfer is permitted only if the

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other eligible governmental plan provides for the acceptance of plan-to-plan transfers with respect to Participants and Beneficiaries and for each Participant or Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.

Upon the transfer of assets under this Section 7.3, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 7.3 (e.g., to confirm that the receiving plan is an eligible governmental plan and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to Treas. Reg. section 1.457-10(b).

7.37.5 Permissive Service Credit Transfers. ~~A~~Pursuant to Treas. Reg. § 1.457-10(b)(8), a

Participant may elect to have any portion of his or her Account Balance transferred to a tax-qualified, governmental defined benefit plan (as defined in Code section 414(d)) that provides for the acceptance of plan-to-plan transfers for the purchase of permissive service credit (as defined in Code section 415(n)(3)(A)) under the receiving governmental defined benefit plan or a repayment to which Code section 415 does not apply by reason of Code section 415(k)(3). A transfer for such purpose may be made before the Participant has had a Severance from Employment.

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ARTICLE 8 ADMINISTRATION

This Plan shall be administered by the Administrator, as directed by the Board, in accordance with Code section 457 and applicable regulations thereunder. The Board shall have the authority to make all discretionary decisions affecting the rights or benefits of the Participants which may be required in administration of this Plan. The Board's decisions shall be afforded the maximum deference permitted by applicable law. The Board shall exercise all rights, powers and duties granted to it by law and as necessary to administer the Plan. The Board shall approve or disapprove Investment Providers and may contract with Investment Providers to offer investment products under the Plan and provide services to the Plan as the Board deems appropriate.

The Board may delegate specific duties and responsibilities under the Plan, including by contracting with an administrative service provider to perform specific, nondiscretionary administrative functions under the Plan, including the maintenance of Participants' Account Balances, the provision of periodic reports on the status of each Account Balance, the disbursement of benefits on behalf of the Board in accordance with the terms of this Plan, and the maintenance of Beneficiary designations. The Board shall supervise the operation of the Plan, maintain records and supply information to the Participants or other parties.

ARTICLE 9 TRUST FUND

9.1 Establishment of Trust. The assets of the Plan, including all Plan Contributions, property, rights purchased with Plan Contributions, and all income attributable to such assets, are held in insurance annuity contracts or custodial account contracts that have been entered into with one or more investment Providers by the Board that meet the exclusive benefit

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and other requirements of Code sections 457(g) and 401(f). Under the terms of the insurance annuity and custodial account contracts under this Section 9.1 it shall be impossible, prior to the satisfaction of all liabilities with respect to the Accounts of Participants and Beneficiaries, for any part of the assets or income of the contracts to be used for, or diverted to, any purpose other than for the exclusive benefit of the Participants and Beneficiaries of the Plan and Trust. For purposes of this Article 9, custodial accounts and annuity contracts shall be treated as held in trust, assuming it is a valid trust under state law, so long as such custodial accounts and annuity contracts satisfy the requirements set forth in Treas. Reg. section 1.457-8(a)(3).

9-19.2 Trustee. The Board shall be the Trustee for the Plan, unless the Board duly appoints another individual or entity to serve as trustee and such individual or entity agrees to act in that capacity hereunder. The Trustee shall ensure that all investments, amounts, property and rights held under the Trust Fund are held for the exclusive benefit of Participants and their Beneficiaries. The Trust Fund shall be liable to pay benefits under this Plan only to the extent of amounts that are available under the investment products selected by Participants and Beneficiaries, and neither the Board nor Employers shall be responsible for the investment or performance results of such investment products.

9-19.3 Specific Powers and Duties. The Board shall:

- (a) Exercise exclusive authority to invest and manage assets of the Plan. However, the Board may permit Participants to direct and control the investment of their contributions, together with accumulated earnings, among the investment options established by the Board.
- (b) Establish and adopt a statement of investment objectives and policies setting forth the manner and parameters of the investment of the assets of the Plan. The statement of investment objectives and policies shall be established in a manner consistent with the purposes of the Plan. The Board shall monitor the performance of the investments of the Plan to ensure such remain consistent with the investment policy established by the Board.
- (c) Establish an administrative budget sufficient to perform the duties under the Plan and to draw upon authorized sources to fund the budget.
- (d) Pay Plan benefits and related taxes from the assets of the Plan.
- (e) Obtain by employment or contract all the services necessary or appropriate to administer the Plan, including actuarial, auditing, custodial, investment, legal and recordkeeping services.
- (f) Procure and dispose of the goods and property of the Plan necessary for its proper administration.
- (g) Represent the Employers in all matters concerning the administration of the Plan.

- (h) Have full power and authority to adopt rules and regulations for the administration of the Plan and to interpret, alter, amend, or revoke any rules and rules and regulations so adopted.

9.39.4 Accounting. For accounting purposes, the Board will maintain a summary of the individual Account Balances of all Participants of the Plan whose benefits have not been annuitized. The accounting summary shall be identified as the general account of the North Dakota Section 457 Plan and Trust and will reflect from time to time the total deferred liability of the Plan as well as the individual balances for all Participants of the Plan.

ARTICLE 10 MISCELLANEOUS

- 10.1 Nonassignability.** Except as provided in Sections 10.2 and 10.3, the interests of each Participant or Beneficiary under this Plan are not subject to the claims of creditors. Participants and Beneficiaries shall not have any right to sell, assign, transfer or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be nonassignable and nontransferable. Nor shall any unpaid benefits be subject to attachment, garnishment or execution for the payment of any debts or judgments or be transferable by operation of law in the event of bankruptcy or insolvency of the Participant or any other person.
- 10.2 Domestic Relations Orders.** A Participant's benefit may be subject to division under a domestic relations orders between the Participant and the alternate payee (as defined in Code section 414(p)(8)) if the order is determined to be a qualified domestic relations order (as defined in Code section 414(p)(1) and modified by Code section 414(p)(11)). The Administrator shall establish reasonable procedures for determining the qualified status of a domestic relations order and for effectuating distribution pursuant to a qualified domestic relations order. Distribution shall be made to an alternate payee in a single lump sum pursuant to a domestic relations order within 21 days after the later of the date the order is deemed to be qualified pursuant to the Plan policies and procedures or the date the order is entered by the court, without regard to whether the Participant is eligible for a distribution of benefits under the Plan.
- 10.3 IRS Levy.** Notwithstanding Section 10.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.
- 10.4 Mistaken Contributions.** If any contribution is made to the Plan by a good faith mistake of fact, then within one year after payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

- 10.5 Payments to Minors and Incompetents.** If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Investment Provider, benefits will be paid to such person as the Investment Provider may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.
- 10.6 Distributee Cannot be Located.** If the Administrator does not have current contact information for or is unable to identify a Participant or Beneficiary, the Administrator shall make reasonable attempts to determine the address and identity of the Participant or Beneficiary entitled to benefits under the Plan. A reasonable attempt to locate a missing or lost Participant or Beneficiary shall include (a) providing notice to the Participant at the Participant's last known address via certified mail; (b) determining whether the Employer's records or the records of another plan maintained by the Employer has a more current address for the Participant; (c) attempting to contact any named Beneficiary of the Participant; and (d) searching for the missing Participant via free electronic search tools, such as internet search engines, public record databases, obituaries, and social media. If such search methods are unsuccessful, based on the facts and circumstances, the Administrator may use other search methods, including using internet search tools, commercial locator services, credit reporting agencies, information brokers, investigation databases, and analogous services that may involve charges. The Administrator may charge missing Participants and Beneficiaries reasonable expenses for efforts to find them. In the event that the Administrator is unable to locate a Participant or Beneficiary entitled to benefits under the Plan, the Trustee shall continue to hold the benefits due to such person under the Plan in the Participant's Account.
- 10.7 Applicable Law.** This Plan and Trust shall be construed under the laws of the State of North Dakota with the intent that it meets the requirements of an eligible deferred compensation plan under Code section 457(b), as amended. The provisions of this Plan and Trust shall be interpreted whenever possible in conformity with the requirements of that Code section.
- 10.8 Gender and Number.** The masculine pronoun, whenever used herein, shall include the feminine pronoun, and the singular shall include the plural, except where context requires otherwise.

ARTICLE 11 AMENDMENT OR TERMINATION

- 11.1 Amendment or Termination of the Plan.** The Board may terminate (with 60 days notice to the Employer and the Participants and Beneficiaries) or amend the provisions of this Plan at any time; provided, however, no termination or amendment shall affect the rights of a Participant or a Beneficiary to the receipt of benefits with respect to any Compensation deferred before termination or amendment, as adjusted for the investment experience of the Participant's or Beneficiary's Account Balance prior to or subsequent to the termination or amendment of the Plan. An Employer who has entered into agreement with the Board to participate in this Plan may, with 60 days notice to the Board and their Participants and

Beneficiaries, terminate their participation agreement in a manner consistent with and in the same manner as described in the preceding sentence.

- 11.2 Distribution Upon Termination.** Upon termination of the Plan, the Board shall direct distribution of the assets of the Plan and Trust Fund to Participants and Beneficiaries in a manner that is consistent with and satisfies the provisions of Section 5.2 as soon as administratively practicable after a resolution to terminate the Plan is adopted.



North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 • PO Box 1657
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Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: Marcy Aldinger

DATE: April 4, 2025

SUBJECT: Defined Contribution 2025 (DC 2025) Plan Enrollment and Special Election Window Update

DC Special Election Window

As of March 26, 2025, 4,013 employees were eligible to transfer to the corresponding Defined Contribution Plan. There were 105 transfers which is 2.61%.

DC 2025 Plan Enrollment

Date	Hires	0%	1%	2%	3%	4%	5%	6%	DC Election Total	Def Comp Election Total	DC 2025 + Def Comp Election Total	No election	Forfeited election	Still eligible	% that elected match
1/16/2025	159	5	2	6	28				41		41	118			25.79%
2/7/2025	352	33	12	15	115			1	175	5	181	171			51.42%
2/13/2025	401	44	14	19	139			1	216	9	226	175			56.36%
2/20/2025	477	49	18	24	183			1	274	7	282	195			59.12%
2/28/2025	575	60	25	27	225			2	337	15	354	221			61.57%
3/6/2025	606	66	27	30	245		1	2	371	17	388	234	116	119	64.03%
3/13/2025	650	72	30	35	276		1	2	416	19	435	234	126	108	66.92%
3/20/2025	738	77	39	40	330		1	2	489	19	508	249	148	101	68.83%
3/27/2025	772	79	43	40	356		1	2	521	23	544	251	154	97	70.47%

NDPERS sends the Welcome Letter, which is printed and mailed the day after the employer enrolls the employee with NDPERS. Also, NDPERS sends a reminder letter to DC 2025 members 14 days after hire.

Employee Education

Empower live events

- Conducted twice a month to explain the provisions of the DC 2025 Plan, including the matching opportunities and investment options available.
- A recorded event is available should a new employee miss a live event.
- A QR code to register for an event is included in the Welcome Letter.
- Email notifications sent out with event registration.
- Empower live event information available on the NDPERS website.

1/7/2025 -18 registrations and 15 attendees
 1/22/2025 - 23 registrations and 13 attendees
 2/11/2025 - 70 registrations and 57 attendees
 2/20/2025 - 45 registrations and 29 attendees
 3/6/2025 – 37 registrations and 32 attendees
 3/18/2025 – 39 registrations and 24 attendees

Financial Essentials Workshop (FEW)

Annual event for new and mid-career employees.

4/7/2025 – Understand the Main Retirement Plan - NDPERS

4/8/2025 – **Understand the Defined Contribution Retirement Plan** - NDPERS

4/9/2025 – Basic Estate Planning - Attorney

4/10/2025 – College SAVE - BND

YouTube videos.

NDPERS counselors.

Empower Resources.

EmpowerMyRetirement.com	Care Center 866-816-4400	Retirement Plan Counselor	Workplace Planning & Advice 877-534-4569
- Name beneficiary in the NDPERS 457 Deferred Compensation Plan	- Login and website assistance	- Comprehensive account reviews	- For workplace personalized point in time advice
- Update email address	- Distribution options	- Retirement planning	
- Add banking information	- Personal help to change investments	- 1:1 Virtual Meetings	
- Request a withdrawal			
- Change investment allocation	- Plan Questions		

NDPERS Website.

- Links to education, Empower contact information.
- Excellent short videos: “How to Complete Your DC 2025 Election on MSS” and “DC 2025 Tier 3 Overview”.
- A QR code to the site is included in the Welcome Letter.

Employer Education

Targeted political subdivision employer live presentations. There are 382 political subdivisions.

- Critical first day activities
- Benefit Enrollment Report
- Eligible employees
- DC 2025 basics
- Reporting contributions
- Matching employee elections
- Employer contribution rates

3/21/2025 – 25 organizations that pay 100% of the employee contribution.

4/2/2025 - 6 organizations that pay 5% of the employee contribution.

Step-by-step [Onboarding DC 2025 New Hires](#) on Employer page of NDPERS website.

YouTube videos.

Other Efforts

Review the DC 2025 enrollment statistics weekly. Reach out to employers that show a trend of having no additional contributions to explain the plan and options.

Commonly asked questions being compiled to use for more targeted education for both employees and employers.

Empower will present education campaign ideas to NDPERS on April 9, 2025.

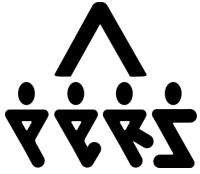
This item is informational and does not require any action of the Board.

VI. GROUP INSURANCE / FLEXCOMP WITH BOARD ACTION

A. Employee Assistance Program Request for Proposal *

***Executive Session pursuant to N.D.C.C. §44-04-19.1(9) and §44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator.**

Material for the Executive Session will be sent under separate cover.



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Memorandum

TO: NDPERS Board

FROM: Katheryne Korom

DATE: April 4, 2025

SUBJECT: Vision Insurance Plan Renewal

At the July 2023 Board meeting, Superior Vision by MetLife (Superior Vision) was awarded the bid for the group vision insurance plan for the January 1, 2024, through December 31, 2025, contract period. Attached is Superior Vision's renewal rate confirmation that their proposal included a four-year rate guarantee, which includes the January 1, 2026, through December 31, 2027, plan years. This time period represents the 2nd two-year period available for contracting as part of the bid process. As part of their initial bid, Superior Vision:

- 1) Provided a reduction in rates to NDPERS members of 23.5%
- 2) Increased the Specialty Contact Fitting allowance from \$50 after copy to \$100 per benefit period effective January 1, 2024
- 3) Guaranteed these decreased rates through December 31, 2027, should the Board elect to renew their contract during the 1st two, two-year renewal opportunities

Following are the current and proposed rates (no change):

Level of Coverage	Premium
Individual Only	\$5.03
Individual & Spouse	\$10.06
Individual & Child(ren)	\$9.16
Family (employee, spouse, & children)	\$14.19

There are approximately 10,500 active employees and 4,600 retirees currently participating in the vision plan.

Staff recommends that we amend the current contract to renew with Superior Vision for the January 1, 2026, through December 31, 2027, contract period.

Board Action Requested

Approve staff's recommendation to amend the current contract to continue with Superior Vision for the January 1, 2026, through December 31, 2027, contract period.

March 24, 2025

Rebecca Fricke
Chief Benefits Officer
North Dakota Public Employees Retirement System (NDPERS)
1600 East Century Avenue, Suite 2
Bismarck, ND 58202-1657

Re: North Dakota Public Employees Retirement System (NDPERS)
Renewal Period: January 1, 2026 – December 31, 2027

Dear Rebecca,

MetLife appreciates the opportunity to be a part of your benefit program. This letter confirms your renewal period January 1, 2026 – December 31, 2027.

I am pleased to advise you that rates currently in effect will continue for the next renewal period January 1, 2026 – December 31, 2027. In determining the rates for the renewal period ahead, we have evaluated your plan experience, taking into account the credibility of the experience and the demographics of your group. Our objective in the renewal process is to identify rates that will maintain the overall financial stability of your benefit program.

We have set the following rates for the coming renewal period:

Current Plan	Current Rate	Renewal Rate	Change in Rate (+/- %)
Vision Superior			
• Employee Only	\$5.03	\$5.03	0%
• Employee + Spouse	\$10.06	\$10.06	0%
• Employee + Child(ren)	\$9.16	\$9.16	0%
• Employee + Family	\$14.19	\$14.19	0%
Vision rates are guaranteed through 12/31/2027			

The rates above assume the existing plan design, contribution structure and groups demographics remain the same.

Once again, thank you for the privilege you have extended to us. You are the reason we are in business. We look forward to continuing our relationship in the months and years ahead.

Sincerely,

Nekal Watson
Client Services Consultant II
National Accounts - MetLife

Request to Notify Alaska Residents of Impending Coverage and/or Premium Changes
Under Alaska Statute 21.36.225, covered individuals residing in Alaska must be notified of impending coverage and/or premium changes, as applicable. If you have employees residing in Alaska who are covered under MetLife's Disability, Dental, Vision or Accidental Death and Dismemberment policies, we ask that you provide them with written notice at least 45 days in advance of the effective date of the renewal, notifying them that coverage and/or premiums may change. Once renewal details are finalized, a second notice must be provided setting forth the details of the coverage or premium change. If you would like wording for these notices, please contact your MetLife service team.

U.S. Business Intermediary and Producer Compensation Notice

Metropolitan Life Insurance Company, Metropolitan Tower Life Insurance Company, and Metropolitan General Insurance Company (collectively herein called “MetLife”), enters into arrangements concerning the sale, servicing and/or renewal of MetLife group insurance and certain other group-related products (“Products”) with brokers, agents, consultants, third party administrators, general agents, associations, and other parties that may participate in the sale, servicing and/or renewal of such products (*each an “Intermediary”*). MetLife may pay your Intermediary compensation, which may include, among other things, base compensation, supplemental compensation and/or a service fee. MetLife may pay compensation for the sale, servicing and/or renewal of products, or remit compensation to an Intermediary on your behalf. Your Intermediary may also be owned by, controlled by or affiliated with another person or party, which may also be an Intermediary and who may also perform marketing and/or administration services in connection with your products and be paid compensation by MetLife.

Base compensation, which may vary from case to case and may change if you renew your products with MetLife, may be payable to your Intermediary as a percentage of premium or a fixed dollar amount. MetLife may also pay your Intermediary compensation that is based upon your Intermediary placing and/or retaining a certain volume of business (*number of products sold or dollar value of premium*) with MetLife. In addition, supplemental compensation may be payable to your Intermediary for eligible Products. Under MetLife’s current supplemental compensation plan (SCP), the amount payable as supplemental compensation may range from 0% to 8% of premium. The supplemental compensation percentage may be based on one or more of: (1) the number of products sold through your Intermediary during a one-year period, or other defined period; (2) the amount of premium or fees with respect to products sold through your Intermediary during a one-year period; (3) the persistency percentage of products inforce through your Intermediary during a one-year period; (4) the block growth of the products inforce through your Intermediary during a one-year period; (5) premium growth during a one-year period; or (6) a flat amount, fixed percentage or sliding scale of the premium for products as set by MetLife. The supplemental compensation percentage will be set by MetLife based on the achievement of the outlined qualification criteria and it may not be changed until the following SCP plan year. As such, the supplemental compensation percentage may vary from year to year, but will not exceed 8% under the current supplemental compensation plan.

The cost of supplemental compensation is not directly charged to the price of our products except as an allocation of overhead expense, which is applied to all eligible group insurance products, whether or not supplemental compensation is paid in relation to a particular sale or renewal. As a result, your rates will not differ by whether or not your Intermediary receives supplemental compensation. If your Intermediary collects the premium from you in relation to your products, your Intermediary may earn a return on such amounts. Additionally, MetLife may have a variety of other relationships with your Intermediary or its affiliates, or with other parties, that involve the payment of compensation and benefits that may or may not be related to your relationship with MetLife (*e.g., insurance and employee benefits exchanges, enrollment firms and platforms, sales contests, consulting agreements, participation in an insurer panel, or reinsurance arrangements*).

More information about the eligibility criteria, limitations, payment calculations and other terms and conditions under MetLife’s base compensation and supplemental compensation plans can be found on MetLife’s Website at

www.metlife.com/business-and-brokers/broker-resources/broker-compensation. Questions regarding Intermediary compensation can be directed to ask4met@metlifeservice.com, or if you would like to speak to someone about Intermediary compensation, please call (800) ASK 4MET. In addition to the compensation paid to an Intermediary, MetLife may also pay compensation to your representative. Compensation paid to your representative is for participating in the sale, servicing, and/or renewal of products, and the compensation paid may vary based on a number of factors including the type of product(s) and volume of business sold. If you are the person or entity to be charged under an insurance policy or annuity contract, you may request additional information about the compensation your representative expects to receive as a result of the sale or concerning compensation for any alternative quotes presented, by contacting your representative or calling (866) 796-1800.

Non-U.S. Coverage

When providing you with information concerning an eligible group insurance policy issued or proposed to your affiliate or subsidiary outside the United States by a MetLife affiliate or by other locally licensed insurers that are members of the MAXIS Global Benefits Network (MAXIS GBN), New York insurance law requires the person providing the information to be licensed as an insurance broker. In this capacity, the information provided to you will only be on behalf of such insurers and not on behalf of MetLife or any other insurer that is not a member of MAXIS GBN. Please note that while MetLife is a member of MAXISGBN and is licensed to transact insurance business in New York, the other MAXIS GBN member insurers are not licensed or authorized to do business in New York. The group insurance policies they issue are for coverage outside the United States and are governed by the laws of the country they were issued in. These policies have not been approved by the New York Superintendent of Financial Services, are not subject to all of the laws of New York, and are not protected by the New York State Guaranty Fund.

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Memorandum

TO: NDPERS Board

FROM: Katheryne Korom

DATE: April 4, 2025

SUBJECT: 2024 EAP Utilization

The following table shows the self-reported 2024 utilization from the NDPERS Employee Assistance Program (EAP) providers. The overall EAP utilization rate was 9.1% in 2024.

NDPERS Employee Assistance Program – 2024

	NDPERS TOTAL	Live Well	ENI	The Village	CHI
Contracts	16,166	161	2,960	8,886	4,159
Cases*	1478	21	297	573	587
%	9.1%	13.0%	10.0%	6.4%	14.1%
Sessions	3807	92	748	2,341	626
Reported Case Types:					
Psychiatric	616	7	121	301	187
Family/Personal	544	7	38	216	283
Work Problems	140	1	24	34	81
Financial/Legal	61	5	3	53	0
Drugs/Alcohol	32	0	5	14	13
Other/Unknown	47	1	16	7	23

* - Note that family members are also eligible for the EAP.

This item is informational and does not require any action by the Board.



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: April 4, 2025

SUBJECT: 2024 Medicare Part D Plan (Humana) Performance Guarantees Report

Julie Bodenski of Humana will be attending the meeting to review the results (Attachment 1) of the 2024 performance guarantees related to the Medicare Part D plan. The full list of performance guarantees and the results of each measurement can be found on Attachment 2.

This item is informational and does not require any action of the Board.

Memorandum

To: Board of Trustees - NDPERS

From: Julie Bodenski, Humana

Date: March 7, 2025

Re: 2024 Performance Guarantee Results

The 2024 Performance Guarantee results for the Humana Part D Prescription Drug Plan were delivered to NDPERS on February 27, 2025, summarizing that Humana met twenty (20) of the twenty-one (21) Performance Guarantees.

Service level Performance Guarantees:

- **Service level miss: PG #16 - Prescription drug turnaround time – clean prescriptions**
 - o Service level/measurement criteria: 98% within two (2) business days if no intervention required
 - o Q4 Humana results: 92.18% (Annual result of 96.53%)
 - o Amount at risk: \$1,000 for each point below the standard, to be paid quarterly
 - o Penalty for Q4 miss: \$5,000

PG #16 Details: Background on the PG #16 results, with a shift in focus on new fills

- Clean orders are almost always a refill, and often an auto-refill. That means the members typically have several weeks, or more, of their medication on-hand when processing and shipping their orders.
- Prioritizing these clean orders above new prescriptions to meet both the 2-day clean and 5 day all turnaround metrics leads to scenarios where pharmacies will ship medications more quickly for patients with weeks of medication on hand, than for patients who are starting a new therapy or changing their therapy and have a more urgent need to receive the new medication.
- Humana recognized an opportunity to prioritize our work better and developed a proprietary algorithm to assist our pharmacy with prioritizing orders.
- We can determine when a member is receiving a new therapy, a change in therapy, or they are running low on an existing medication and prioritize those orders more highly than member's who have adequate stock on hand. We do this by calculating a "need by date". This ensures members are less likely to go without critical medications, and to get new medications into their hands more quickly so that they can start them right away.
- This new approach leads to more orders missing the 2-day clean metric, but a better overall experience for all members utilizing CenterWell Pharmacy for 90-day mail order.
- We are now able to focus more energy on member's who are at risk of running out of medication or need to start a new medication, than for members with weeks of medication on-hand.
- We believe the tradeoff will have a positive impact on our member's health; while not fully sacrificing the great service we provide on refills.
- **Most refill orders for members who have adequate on-hand quantities will still ship in 3 days or less.**



- Due to this change in focus, we may see some months where we have misses with this metric in the future

Thank you,

A handwritten signature in black ink, appearing to read "Julie Bodenski".

Julie Bodenski
Group Medicare Senior Account Executive – Humana

Enclosures: 2024 Performance Guarantee Results

North Dakota Public Employees Retirement Systems

2024 Group Medicare Performance Standards for MAPD
4th Quarter Report Card

Contract Period 1/1/2024 - 12/31/2024

Attachment 2

Humana®

PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	Amount at Risk	4th Qtr 2024 Result	4th Qtr 2024 Target Met	2024 Annual Average	4th Qtr 2024 Penalty	2024 Annual Target Met	2024 Annual Penalty
1	Plan Performance Review	Measurement methodology shall be measured from date of delivery of the plan performance review in calendar days	Within ten (10) calendar days following delivery of performance reviews to NDPERS, vendor shall develop and submit a corrective action plan (CAP) of issues identified for approval by NDPERS, and implement such plan within the time prescribed in the approved CAP.	Semi- annually \$1,000 per calendar day beyond the due date	Met	Reported Quarterly (as applicable), Assessed Annually	Met	Reported Quarterly (as applicable), Assessed Annually	Yes	\$0.00
2.1	Customer Satisfaction Surveys	Vendor will provide annual survey results to confirm compliance with performance standard	Member satisfaction surveys will be designed by the vendor and approved by NDPERS. Vendor will invite a random sample of members to participate in the survey to collect a statistically significant number of completed surveys. Member satisfaction rate will meet 90% or higher using a 1-5 scale of Completely Satisfied, Very Satisfied, Satisfied, Dissatisfied, Very Dissatisfied. Final survey questions and methodology will be agreed upon by vendor and NDPERS.	Annually \$25,000 per year	Reported Quarterly 4 Only, Assessed Annually	Reported Quarterly 4 Only, Assessed Annually	93.51%	Reported Quarterly 4 Only, Assessed Annually	Yes	\$0.00
2.2	Customer Satisfaction Surveys - Illustrative Only	Illustrative Group Specific Results Only - see 2.1	Illustrative Group Specific Results Only - see 2.1	Illustrative Group Specific Results Only - see 2.1	95.55%	Reported Quarterly 4 Only, Assessed Annually	95.55%	Reported Quarterly 4 Only, Assessed Annually	Reported Quarterly 4 Only, Illustrative Only	Reported Quarterly 4 Only, Illustrative Only
3	Team Meetings	Compliance to be monitored and assessed by NDPERS	NDPERS requires monthly team meetings to address all planning / implementation, business, financial, clinical / formulary (including new drug review) and operational needs	Monthly \$5,000 for each meeting missed	Met	Reported Quarterly, Assessed Annually	Met	Reported Quarterly, Assessed Annually	Yes	\$0.00
4	NDPERS board meetings	Compliance to be monitored and assessed by NDPERS	Vendor will participate in quarterly performance reviews to examine operational and financial performance	Quarterly \$5,000 for each quarter missed	Met	Reported Quarterly, Assessed Annually	Met	Reported Quarterly, Assessed Annually	Yes	\$0.00
5	Electronic Eligibility	Vendor will provide quarterly reports to confirm compliance with performance standard	Eligibility files will be installed in an electronic medium, logged within eight (8) hours and status will be effective within vendor's system within eighteen (18) hours from date of receipt, seven (7) days per week.	Quarterly \$500 for each missed file deadline	Met	Reported Quarterly, Assessed Annually	Met	Reported Quarterly, Assessed Annually	Yes	\$0.00
6	Manual Eligibility	Vendor will provide quarterly reports to confirm compliance with performance standard	Manual eligibility will be loaded within eight (8) hours upon receipt or notification and must be applied and active in the vendor's system within one (1) business day.	Quarterly \$500 for each missed file deadline	Met	Reported Quarterly, Assessed Annually	Met	Reported Quarterly, Assessed Annually	Yes	\$0.00
7	Error Reports	Vendor will provide quarterly reports to confirm compliance with performance standard	An error report on all eligibility file updates will be produced within eighteen (18) hours from the update.	Quarterly \$500 for each missed file deadline	Met	Reported Quarterly, Assessed Annually	Met	Reported Quarterly, Assessed Annually	Yes	\$0.00
8	Data Files	Will be available to NDPERS on request	Monthly data files (membership, medical, pharmacy) will be available by the 15th of the following month.	Monthly \$1,000 for each month not met	Met	Reported Quarterly, Assessed Annually	Met	Reported Quarterly, Assessed Annually	Yes	\$0.00

North Dakota Public Employees Retirement Systems

2024 Group Medicare Performance Standards for MAPD
4th Quarter Report Card

Contract Period 1/1/2024 - 12/31/2024



PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	Amount at Risk	4th Qtr 2024 Result	4th Qtr 2024 Target Met	2024 Annual Average	4th Qtr 2024 Penalty	2024 Annual Target Met	2024 Annual Penalty
9	Claims Financial Accuracy	Claims Financial Accuracy will be 99% or greater, each year of the biennium. Measured as the absolute value of financial errors divided by the total paid value of audited dollars paid based on quarterly internal audit of statistically valid sample.	Vendor will provide annual reports to confirm compliance with performance standard	Annually \$12,500 per year	100.00%	Yes	100.00%	Reported Quarterly, Assessed Annually	Yes	\$0.00
10	Claims Payment Accuracy	Vendor will provide annual reports to confirm compliance with performance standard	Claims Payment incidence Accuracy will be 98% or greater, each year of the biennium. Measured as the percent of Claims processed without financial payment error.	Annually \$12,500 per year	100.00%	Yes	100.00%	Reported Quarterly, Assessed Annually	Yes	\$0.00
11	Claims Processing Accuracy	Claims Procedural Accuracy will be 95% or greater, each year of the biennium. Measured as the percent of Claims processed without non-financial error.	Vendor will provide annual reports to confirm compliance with performance standard	Annually \$12,500 per year	100.00%	Yes	100.00%	Reported Quarterly, Assessed Annually	Yes	\$0.00
12	Claim Timeliness	Clean claims processing within 14 calendar days will be 95% or greater, each year of the biennium. Measured from the date the claim is received to the date claim is processed	Vendor will provide annual reports to confirm compliance with performance standard	Annually \$12,500 per year	100.00%	Reported Quarterly, Assessed Annually	100.00%	Reported Quarterly, Assessed Annually	Yes	\$0.00
13	Average Speed to Answer (ASA)	Vendor will provide semi-annual reports to confirm compliance with performance standard	Average Speed of Answer will be 30 seconds or less, each year of the biennium. Vendor will have an established measurement process that shall be reviewed with NDPERS	Semi-annually \$10,000 per year	9.73 seconds	Reported Quarterly, Assessed Annually	7.18 seconds	Reported Quarterly, Assessed Annually	Yes	\$0.00
14	Call Abandonment	Vendor will provide annual reports to confirm compliance with performance standard	Call Abandonment rate will be 5% or less, each year of the biennium	Annually \$10,000 per year	0.50%	Reported Quarterly, Assessed Annually	0.40%	Reported Quarterly, Assessed Annually	Yes	\$0.00
15 a	Accuracy and Timelines/	Vendor must evaluate a statistically valid sample of inquiries with reports provided.	a.) 95% percent of callers receive accurate information. Calls requiring additional research is excluded from the computation of this metric.	Annually \$12,500 per year	99.10%	Reported Quarterly, Assessed Annually	99.08%	Reported Quarterly, Assessed Annually	Yes	\$0.00
15 b	First Call Resolution	Vendor must evaluate a statistically valid sample of inquiries with reports provided.	b.) 95% percent of inquiries must be resolved during the initial call (excluding appeals, billing, errors and escalations).	15a, 15b, and 15c Annually \$12,500 per year	93.54%	Reported Quarterly, Assessed Annually	93.51%	Reported Quarterly, Assessed Annually	Yes	\$0.00
15 c	Written Inquiry Response Time	Vendor must evaluate a statistically valid sample of inquiries with reports provided.	c.) ≥ 90% response to written inquiries within 30 calendar days	15a, 15b, and 15c Annually \$12,500 per year	100.00%	Reported Quarterly, Assessed Annually	100.00%	Reported Quarterly, Assessed Annually	Yes	\$0.00
16	Prescription drug turnaround time – clean prescriptions	Vendor will provide quarterly reports to confirm compliance with performance standard	98% within two (2) business days if no intervention required	Quarterly \$1,000 for each point below standard-	92.18%	No	96.53%	\$5,000.00	Reported Quarterly, Assessed Quarterly	Reported Quarterly, Assessed Quarterly
17	Prescription drug mail dispensing accuracy	Vendor will provide annual reports to confirm compliance with performance standard	99.9% Mail service dispensing accuracy rate. Fields measured include member name, drug strength, directions, quantity and prescriber name.	Annually \$12,500 per year	99.99%	Reported Quarterly, Assessed Annually	99.99%	Reported Quarterly, Assessed Annually	Yes	\$0.00

North Dakota Public Employees Retirement Systems

2024 Group Medicare Performance Standards for MAPD
4th Quarter Report Card
Contract Period 1/1/2024 - 12/31/2024



PG#	Category	Target	Humana's Recommended Standard & Measurement Criteria	Amount at Risk	4th Qtr 2024 Result	4th Qtr 2024 Target Met	2024 Annual Average	4th Qtr 2024 Penalty	2024 Annual Target Met	2024 Annual Penalty
18	Prescription drug home delivery member notifications	Vendor will provide annual reports to confirm compliance with performance standard	Vendor is required to notify a member when a mail service prescription is changed or there is any expected shipping delay and provide reporting details to NDPERS capturing all occurrences by member/DOS/Issue	Annually \$12,500 per year	Met	Reported Quarterly, Assessed Annually	Reported Quarterly, Assessed Annually	Reported Quarterly, Assessed Annually	Yes	\$0.00
19	Prescription drug specialty pharmacy delivery	Vendor will provide annual reports to confirm compliance with performance standard	98% of prescriptions will be delivered and received by patients on the specified date of delivery	Annually \$12,500 per year	Reported in Quarter 4 Only, Assessed Annually	Reported in Quarter 4 Only, Assessed Annually	99.34%	Reported Quarter 4 Only, Assessed Annually	Yes	\$0.00
20	Network Pharmacy Access	Vendor will provide annual reports to confirm compliance with performance standard	Pharmacy network composition will not be reduced by more than 5% in North Dakota compared to the network submitted in the RFP	Annually \$12,500 per year	Met	Reported in Quarter 4 Only, Assessed Annually	Met	Reported Quarter 4 Only, Assessed Annually	Yes	\$0.00
21	Data Systems Availability and Adjudication	Book of business level	Guarantees an annual average 99% system availability of the point-of-sale adjudication system on a book of business basis. This standard excludes downtime attributed to regularly scheduled systems maintenance or systems downtime	Annually \$12,500 per year	100.00%	Reported Quarterly, Assessed Annually	99.97%	Reported Quarterly, Assessed Annually	Yes	\$0.00

4th Quarter 2024, 20 of 21 standards met, penalties are assessed annually.



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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: April 4, 2025

SUBJECT: Sanford Health Plan (SHP) Update – Formulary Change For Diabetic Test Strips

Sanford Health Plan has provided an update for the Board related to the NDPERS health insurance plan.

The update is regarding a change being made by SHP to the formulary for diabetic test strips. As provided in Attachment 1, SHP is removing OneTouch from the formulary and replacing it with Contour. As you'll note, SHP is making this change due to concerns about the long-term viability of the company that produces OneTouch test strips. Attachment 2 is a copy of the letter sent to the 313 members that may be impacted by this change.

Representatives from SHP will be available to answer questions you have on this update.

This item is informational and does not require any action by the Board.

Memo

To: Rebecca Fricke

From: Kim Haug

Date: March 20, 2025

Re: Diabetic Supply formulary change effective 6/1/2025

On June 1, 2025 Sanford Health Plan's (SHP) Formulary will be changing the preferred test strip from OneTouch to Contour. SHP is making this change as a result of concerns about the long-term viability of the company that manufactures OneTouch, LifeScan. By proactively changing the preferred test strip, SHP is hopeful this will not adversely impact availability of test strips for our membership.

There were 313 NDPERS members identified that may be impacted by the formulary change. The attached letter was mailed to the members the week of March 17th.

Attachment 2

March 18, 2025

«First_Name» «Last_Name»
«Member_Address_1» «Member_Address_2»
«City», «State» «Zip»

Dear «First_Name»,

Sanford Health Plan's covered drug list (formulary) is changing June 1, 2025. The OneTouch brand of diabetic testing supplies will be changing to non-formulary, not covered as of June 1, 2025. This means the OneTouch brand of testing supplies will not be covered after June 1, 2025, without prior authorization. If you no longer use these diabetic testing supplies, please disregard this letter.

We encourage you to speak with your doctor about other possible diabetic testing supply option(s) that may be available to suit your needs.

Current Non-Preferred Drug(s)	Preferred Drug Option(s)
«Drug_Name_and_Strength» «M_2_Drug_Name_and_Strength» «M_3_Drug_Name_and_Strength» «M_4Drug_Name_and_Strength» «M_5_Drug_Name_and_Strength_» «M_6_Drug_Name_and_Strength_»	CONTOUR TESTING SUPPLIES

If you or your doctor feel you should not stop using the current testing supplies or change to the new preferred testing supply option, please have your doctor complete and submit a request for prior authorization through our provider portal. To request a Formulary exception, contact Pharmacy Management or send a request by logging into your portal at www.sanfordhealthplan.com/memberlogin.

We apologize for any inconvenience this disruption may cause. If you have questions about this change, your prescription drug benefits, or would like a free copy of your formulary, please call us toll-free at 855-305-5062 (TTY:711). You can also contact us through your secure member portal at sanfordhealthplan.com/memberlogin.

Sincerely,

Pharmacy Management
Department Sanford Health Plan

Enc: Appeal Rights «Appeal_Rights» & Form «Form»
Non-discrimination Notice & Language Help



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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: April 4, 2025

SUBJECT: Legislation Update

The following provides an update on the various bills we are tracking this Session. All bills can be found at [69th Legislative Assembly - Bills & Resolutions Index | North Dakota Legislative Branch](#).

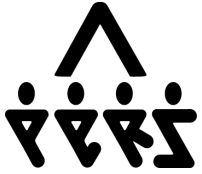
Bill #	Bill Status	Summary/Description of Bill
HB 1023	Passed House & Senate	NDPERS Appropriations/Budget
HB 1031	Filed with Secretary of State	Section 10 cleans up 54-42 reference (same as PERS technical correction cleanup)
HB 1077	Filed with Secretary of State	Clarify definition of Security Officer for National Guard
HB 1112	Filed with Secretary of State	Public Safety – revises definition of firefighter to include state
HB 1113	Passed House & Senate	457 Administrative Fees
HB 1114	Passed House & Senate	Insulin & Diabetic Supplies (SB 2140 Pilot Program)
HB 1146	Passed House	House Bill 1040 Cleanup (allow political subs not in NDPERS to join DC Plan, lump sum cash infusion permitted in lieu of ADEC if same or higher than ADEC, define state employer/governmental unit for ADEC & special election window/incentive, require both in-plan/out-of-plan annuity options)

HB 1177	Filed with Secretary of State	Public Safety – revises definition of correctional officer (not completed course)
HB 1216	Passed House & Senate/referred to Appropriations	Out-of-pocket maximums – Prescription Drugs
HB 1234	Passed House	Transfer of \$135 M from SIIF to PERS Trust
HB 1248	Passed House & Senate with amendment	Revises process for NDPERS insurance pilot programs/repeals insurance mandates
HB 1274	Passed House & Senate with amendment	Public Safety – expands participation to include correctional officers of governmental unit (state correctional officers)
HB 1282	Failed House	Fertility Treatment
HB 1283	Passed House	Coverage for Diagnostic or Supplemental Breast Exams
HB 1284	Failed House	Fertility Preservation Services
HB 1371	Passed House & Senate	Amended to a shall consider study to allow retired peace officers with 20 years or more of employment to join non-Medicare retiree plan, and retiree cannot be charged any portion of premium
HB 1419	Passed House & Senate with amendment	Public Safety – revises correctional officer definition and expands eligibility to include dispatchers and medical services personnel
HB 1452	Failed House	Anti-obesity medication coverage
HB 1471	Filed with Secretary of State	Dental benefit plan method of payment options
HB 1481	Passed House	Dental insurer rate filing requirements
HB 1543	Filed with Secretary of State	Prescription drug pricing study (shall consider)
HB 1602	Passed House & Senate	Participating political subdivision withdrawal from DC/Stay in DB
SB 2119	Filed with Secretary of State	Disability Benefit Application
SB 2120	Passed Senate	Highway Patrol Cash Infusion (amended from \$35.7M to \$15M)
SB 2121	Filed with Secretary of State	Technical Corrections
SB 2160	Passed Senate	PERS Health – ACA large employer group mandated coverage for state employee and pre-Medicare groups, amended for 1/1/2027 effective date (was 1/1/2026), state funding authority for general and special/federal fund agencies, and use of reserves
SB 2180	Passed Senate	Public comments at public meetings (Board meetings)
SB 2182	Failed Senate	Agency can't submit bills without legislative management/committee approval

SB 2227	Filed with Secretary of State	Amended - RTW retiree returning to same employer, appointed non-classified by elected state official, ineligible to participate in retirement, continue retiree payments
SB 2248	Failed Senate	Step Therapy for Metastatic Cancer
SB 2249	Passed Senate & House	Step Therapy Protocols – amended to shall consider a study of historical insurance mandates
SB 2280	Passed Senate	PERS insurance exempt from bill provisions other than an amendment for a shall consider study of prior authorizations within NDPERS insurance plans (health & dental)
SB 2370	Passed Senate	Insulin & Diabetic Supplies – amended to just apply to PERS active health insurance plans
SB 2375	Passed Senate	Joint negotiations of dental providers with dental insurers
SB 2377	Passed Senate & House	Preferred provider arrangements and restrictions on dental services

Blue highlights are those bills we did not provide testimony for but are monitoring.

Staff will be available to answer any questions you may have on bills.



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Memorandum

TO: NDPERS Board

FROM: Shawna Piatz

DATE: April 4, 2025

SUBJECT: Executive Director Review

The Executive Director Performance Review and Compensation Subcommittee will meet soon to begin discussions on the 2024 performance review and compensation recommendations. As part of this process, Board members will be asked to complete a Performance Review template and return it to the Chief Audit Officer, Shawna Piatz, by April 17th. The template will be distributed via email following this meeting and will contain Rebecca's self-evaluation scores, as well as the scores provided by the Chief Audit Officer. The compiled results will be reviewed by the Subcommittee and a final recommendation will be presented at the May Board meeting.



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: April 4, 2025

SUBJECT: Contracts under \$10,000

Attached is a document that shows the contracts under \$10,000 that have been signed since the last update. Please let me know if you have any questions on any of these contracts.

This topic is informational only.

Attachment

All Contracts Signed During 2025:

Vendor	Amount	Notes
Empower	\$ -	457 Plan Catch-up Opt Out Forms
Inter Office	\$ 1,176.16	Office Chair
Rolette County Soil Conservation D	\$ -	Joined Deferred Compensation Plan 1/1/25
UHY	\$ -	GASB 68 & 74 Management Rep. Letters
Great Plains Housing Authority	\$ -	Joined Deferred Compensation Plan 7/1/25
Richland School District	\$ -	Joined Deferred Compensation Plan 2/1/25
Ellendale Public School	\$ -	Joined Deferred Compensation Plan 1/1/25
Inter Office	\$ 824.76	Rising Desk
Rolette Public School	\$ -	Joined Deferred Compensation Plan 3/1/25
Inter Office	\$ 1,171.66	Office Chair
Souris Valley Special Education	\$ -	Joined Deferred Compensation Plan 5/1/25

Contracts Signed Since Last Reported:

Inter Office	\$ 824.76	Rising Desk
City of Cavalier	\$ -	Joined Deferred Compensation Plan 6/1/25