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: 5 01 960 686#
Date: **Tuesday, March 12, 2024**
Time: 8:30 A.M. Click here to join the meeting

I. MINUTES
A. February 13, 2024

II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

III. PRESENTATIONS
A. Retiree Health Insurance Credit (RHIC) Overview - MaryJo

IV. DEFINED CONTRIBUTION PLAN IMPLEMENTATION
A. House Bill 1040 Implementation Update – Rebecca (Information)

V. DEFERRED COMPENSATION / DEFINED CONTRIBUTION
A. 457 Companion Plan & 401(a) Plan 4th Quarter 2023 Report – Derrick (Board Action)
B. Recordkeeper Vendor Transition Status Update – Derrick (Information)
C. Recordkeeper Contract – Katheryne (Board Action)

VI. DEFINED BENEFIT
A. Retirement Plan Services Request for Proposal (RFP) – Katheryne (Board Action)
***EXECUTIVE SESSION**

VII. GROUP INSURANCE / FLEXCOMP
A. 2023 Employee Assistance Program Utilization – Katheryne (Information)
B. Administrative and Recordkeeping Services for Section 125 FlexComp Plan Request for Proposal (RFP) – Katheryne (Information)
C. Dental Request for Proposal (RFP) – Katheryne (Information)
D. Sanford Health Plan 2024 Member Experience Survey – Rebecca (Information)
E. Changes to Sanford Health Plan Quarterly Executive Summary – Rebecca (Information)
F. Sanford Health Plan Member Engagement Tool – Rebecca (Board Action)

VIII. LEGISLATION / ADMINISTRATIVE RULES
A. Proposed Legislation - Rebecca (Board Action)
B. Proposed Administrative Rules – Rebecca (Board Action)

IX. OPERATIONS / ADMINISTRATIVE

A. Audit Committee Minutes – Shawna (Information)
B. Strategy Planning Topic Request from the Retirement and Investment Office – Rebecca (Information)
C. National Employee Benefits Day – Rebecca (Information)

X. FINANCE

A. Contracts Under $10,000 – Rebecca (Information)

*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.

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: MaryJo

DATE: March 12, 2024

SUBJECT: Retiree Health Insurance Credit (RHIC) Overview

An overview of the NDPERS Retiree Health Insurance Credit (RHIC) program and services will be provided at the meeting. The presentation is attached.

Attachment

Retiree

Health

Insurance

Credit

What is the RHIC Program?

- Established under NDCC 54-52.1-03.2
- Funded by the employer during working years
- Reduces cost of eligible insurance premiums paid during retirement years

Who is eligible for RHIC?

- Public Safety
- Judges
- Highway Patrol
- Job Service
- Main Plan – *only if hired before Jan 1, 2020*
- Defined Contribution – *only if hired before Jan 1, 2020*

- NDPERS members currently receiving an ongoing retirement check at least annually
- Surviving spouses receiving an ongoing retirement benefit or RHIC joint and survivor benefit

Calculation

- NDPERS calculates monthly RHIC benefit for each member upon retirement
- Based upon each year employed and receiving eligible service credit
- Calculation: $5.00 x Years of Service
  - Actuarially reduced with early retirement
- Retiree Benefit Amount
  - Annual summary statement
  - Online: Member Self Service (MSS) account

Eligible Premiums

- ANY Health Insurance Premiums (including Medicare Part B & Medicare Supplements Plans)

- ANY Prescription Drug Plans (Medicare Part D)

Effective August 1, 2019

- ANY Dental Premiums
- ANY Vision Premiums
- ANY Long-Term Care Premiums

- Applies to premiums incurred as contract holder or covered dependent

Premiums Not Eligible

- Insurance plans subsidized through the federal health care exchange or tax credit
- Life Insurance
- Supplemental Insurance Plans
  - Accident
  - Disability
  - Cancer
- Pre-tax insurance premiums

ASIFlex

- Specialized in benefit administration for large public sector entities since 1987
- Located in Columbia, Missouri
- Services Provided:
  - RHIC Record-keeping
  - RHIC Claims Review and Payment
  - RHIC Customer Service

How do retirees receive RHIC reimbursement?

- If member has <u>NDPERS</u> insurance premiums
  - NDPERS automatic reimbursement with ASIFlex
  - No action required unless RHIC amount is higher than NDPERS premium expenses

- If member has <u>non-NDPERS</u> insurance premiums
  - RHIC became "portable" July 1, 2015
  - Submit a claim to ASIFlex for reimbursement

Claim Submission

1. RHIC Claim Form
2. Provide Documentation
   - Dates of coverage period
   - Type of insurance
   - Premium amount
3. Proof of Payment
   - Pay stub
   - Bank statement
   - Cancelled check
   - Credit card receipt
   - Electronic payment

Claim Processing

- May claim up to available RHIC benefit amount each month
- May submit premium expenses at any frequency throughout the plan year
  - 2020 - aligned with calendar year premium costs
  - Jan 1, 2024 – Dec 31, 2024 Current Plan Year
- Processed daily
- Payment issued 2-3 business days
- Recurring Claims
  - Social Security Annual Statement - Medicare Part B and Prescription Drug (Part D) deductions

Reimbursement Deadline

March 31st

following the close of the plan year on Dec 31st

Combining RHIC (August 1, 2007)

- Spouses must both be receiving a NDPERS monthly retirement benefit and may combine their respective RHIC benefit
- Must enroll in one NDPERS family health insurance plan
- Only one RHIC account is setup at ASIFlex
- Surviving spouses receiving retirement benefits may be eligible to use the credit of a deceased spouse

Questions?

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: House Bill 1040 Implementation Update

The following activities have occurred for House Bill 1040 implementation since our last Board discussion:

- Recruited the Marketing Intern who began last week.
- Continued discussions with Sagitec, our business system vendor, regarding requirements of the bill and updates needed for programming, as vendor has questions.
- Continued review of necessary rule changes and draft Administrative Rules prepared by legal counsel. Draft rules and timeline for promulgation of these rules will be part of a discussion during a separate agenda item.
- Prepared clarification with legal counsel to define what employers are considered a "state governmental unit" and "state employer" for purposes of accessing the ADEC employer contribution, eligibility for the incentive to transfer from defined benefit to defined contribution and the employer to pay the incentive. The following has also been reviewed by Ice Miller:

  71-08-11-08. Employer obligations; employee eligibility.

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

- Began notification to employers on the defined benefit plan but not on the public safety plan of changes due to HB 1040 for new hires to ensure they understand

specific to impact for their peace and corrections officers. Notifications are being sent in batches due to volume.

- Identified employers that are on the defined benefit plan but not participating in the NDPERS 457 plan. Notification is being sent in batches through the end of April due to volume.
- Provided modifications to the Defined Contribution Plan Document to Dean and Ice Miller to review to ensure state and federal law compliance.
- Began review of 457 Deferred Compensation Plan Document and 457 Companion Plan Document to determine if edits are needed. If edits are needed, they will be provided to Dean and Ice Miller to review to ensure state and federal law compliance
- Finalized inventory of correspondence that may need revision.
- Met with political subdivision interest groups at the request of Leader Lefor to discuss political subdivision participation.

Attached is the overview of work efforts and timelines identified.

Attachment 1

House Bill 1040 Administrative Implementation

	2023	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HB 1040 Administrative Implementation																									
Job description prepartion for new full time employees					★																				
Drafting of talking points for staff who are asked questions					★																				
Communication drafting of bills passing and impacting membership					★																				
Meeting to clarify the requirements of the transfer window					★																				
Clarify the emergency rule making process					★																				
Section-by-section analysis for administration						★																			
Section-by-section analysis for programming						★																			
Recordkeeper RFP drafting							★																		
Notification of 1% contribution increase to employers							★																		
Legislative council review of section by section analysis							★																		
Benefit counselor starts							★																		
Clarification on the calculation of the transfer								★																	
Recordkeeper RFP published								★																	
Clarification on how to treat temporary employees in the new DC plan									★																
Analysis of future political subdivision participation									★																
Defined Contribution Manager starts										★															
Marketing intern recruitment														★											
1% employer contribution increase launched														★											
Inventory the PERSLink correspondence updates																★									
Targeted communications to subs in main but not public safety																	★								
Targeted communications to subs in main but not deferred comp																	★								
Recordkeeper transition																			★						
PERSLink correspondence updates																			★						
PERSLink correspondence testing																							★		
Plan document updates																							★		
Plan handbook updates																							★		
Form updates																							★		
Special election window education for eligible employees																								★	
Administrative rule making promulgation																									★
Employer training																									★
Website updates																									★
Revise new hire, transfer, termination guides																									★
Staff training																									★
Biweekly internal administrative implementation meetings																									★
Communication team biweekly meetings																									★
Education on new plan provision to members																		★			★			★	★
Education on new plan provision to employers																★			★			★			★

KEY

★ Deadline

Task Completed

Work Effort

Deadline Missed

Attachment 2

House Bill 1040 Programming Implementation Timeline

	2023						2024											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HB 1040 Programming Implementation																		
Funding for development effective	★																	
HB 1040 section-by-section analysis to determine system enhancements		★																
Meet with GRS to discuss the incentive, and get programming parameters		★																
Biweekly meetings to discuss section-by-section coding											★							
NDPERS user acceptance testing of enhancements											★							
NDPERS updates file layout documentation for employers											★							
NDPERS develops sample file layouts for employers											★							
Determine final go-live date												★						
Three months prior to go live:																		
State PeopleSoft development														★			★	
Higher Ed PeopleSoft development														★			★	
Political sub development														★			★	
Employer file testing															★			★

KEY

★Deadline

Task Completed

Work Effort

Deadline Missed

Tentative for October 1, 2024 Launch

Tentative for January 1, 2025 Launch

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Derrick Hohbein

DATE: March 12, 2024

SUBJECT: 457 Companion Plan & 401(a) Plan 4th Quarter 2023 Report

Attached is the 4th quarter 2023 investment report for the 401(a) & 457 Companion Plans, which was reviewed by the Investment Subcommittee. The reports are available separately on the NDPERS website. The two plans have 10,328 (9,977 in Q3) participants with $228.1 million ($208.3 million in Q3) in assets.

Assets in the 401(a) plan increased to $21.0 million ($19.2 million in Q3) on December 31, 2023. The number of active participants remained the same as Q2 with 90 participants. The TIAA-CREF Target Date funds have 67% of the plan assets.

Assets in the 457 Companion Plan increased to $207.1 million ($189.0 in Q3) on December 31, 2023. The number of active participants slightly increased and is now at 7,003 (6,710 in Q3). The TIAA-CREF Target Date funds have 79% of the plan assets.

Benchmarks:
Fund returns for the quarter were positive for the funds in the core lineup. All 36 core funds had positive returns for the quarter. Core fund performance was mixed when compared to benchmarks. Fund performance during the last year has been positive every fund, with similar results applying to most funds in the 3-year, 5-year, and 7-year performance categories. Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

Fund / Investment News:
The NDPERS Investment Subcommittee reviewed the 4th Quarter 2023 plan review and field activity report with TIAA. Callan gave a market overview and investment performance report. The Subcommittee briefly reviewed the two funds under formal fund review (Templeton Global Bond and Allspring Growth), as these funds will be going away with the fund lineup change effective July 1, 2024.

The investment subcommittee did have a couple actionable items for the Board to consider as it relates to our PERS Defined Benefit Plan, as well as the transition to Empower.

Experience, Asset Liability, & Asset Allocation Studies:
Every five years, an asset liability study, asset allocation study, and experience study are performed on the Main Retirement System and Retiree Health Insurance Credit (RHIC) program. Under NDCC 21-10-02.1, these studies can only be done by consultants of the North Dakota Retirement & Investment Office (RIO).

> *The asset allocation and any subsequent allocation changes for each fund must be approved by the governing body of that fund and the state investment board. The governing body of each fund shall use the staff and consultants of the retirement and investment office in developing asset allocation and investment policies*

Presently, the consultants that have worked for the State Investment Board the prior year include:

1) Callan
2) GRS
3) Mercer
4) RVK
5) SEI
6) Verus Investments

Attachment #1 is a draft RFP for these studies to be conducted. The Investment Subcommittee reviewed the RFP at their February meeting, and recommends the full Board approve the RFP for distribution later this year.

Empower Transition:
The committee will be holding a special investment subcommittee meeting in March to address the fund lineup with Empower, and mapping recommendations. These recommendations will come before the full Board in April. An outline of what the current fund line-up is, and what the future fund lineup will look like, are included in Attachment #2.

Historically TIAA has been paid their administrative fees through a revenue sharing arrangement in the investments our participants are allocating their funds to. There has been a historical shortfall, and the Board has adopted a policy of covering the shortfall by assessing a flat fee to each participant of the plan.

TIAA is anticipating a revenue shortfall extending through Q2 2024, which ends after we have transitioned our assets to Empower. The Investment Subcommittee is recommending that the full Board provide Staff direction to work with TIAA on conservatively estimating what the shortfall will be, and pull the funds from participant accounts prior to transitioning to Empower. Any excess fees that were pulled will then transition to Empower, and the funds allocated back to each participant.

Board Action Requested:

1) Review and approve Attachment #1, the RFP to secure a consultant to perform an experience, asset liability, and asset allocation study to be released later this year.

2) Consider the Investment Subcommittee's recommendation for addressing the revenue shortfall with TIAA, and provide direction to Staff on how to proceed.

Attachment 1

The North Dakota Public Employees Retirement System (NDPERS) Board is performing an Asset Liability Study for its retirement plan(s). NDPERS last completed an Asset Liability Study in 2019. Under North Dakota state law, such studies can only be done by consultants of the North Dakota Retirement & Investment Office. As one of those consultants, I am writing you to ask for a proposal from your firm to undertake such a study.

Here are the specifics for the study and the timeline of the proposal process:

Asset Liability Study

The North Dakota Public Employees Retirement System is seeking a fixed fee bid to conduct an asset liability study for the Main Retirement System and Retiree Health Insurance Credit (RHIC) program. This study will need to be completed for NDPERS on or before August 15, 2024, and will be presented to the NDPERS Investment Subcommittee at the August 27, 2024, meeting as well as the full NDPERS Board at the September meeting. The proposed study shall provide for the complete integration of the actuarial and investment components. The data input items (valuation data, costs, projections, etc.) will be provided by our actuary. The study shall also provide for an evaluation of the effectiveness of current asset allocation on funding levels and investment risk. In addition, the study shall determine the likelihood of NDPERS achieving their desired benefit levels with no change in contribution rates while maintaining or improving their funded status.

Asset Liability Study Proposal

a. Describe your approach to asset liability modeling.

b. Provide a detailed description of the capabilities of your computerized modeling, actuarial system, and data security.

c. Who will conduct the liability projections?

d. Who will conduct the estimate of future contributions?

e. How many asset classes can your model include?

f. What is the definition of risk in your study?

g. How are the economic assumptions developed and by whom?

h. Provide a step by step work plan/timeline from initial meetings and receipt of data, to final report distribution and presentation to the Boards.

i. Provide at least three client references.

J. Provide a recent sample report.

k. Provide a fixed fee cost proposal (Travel, if required will be paid separately).

Main Retirement System Plan	$_____
Retiree Health Insurance Credit Plan	$_____
Both Main Plan and RHIC Plan	$_____

I. Fill in your Capital Market Assumptions

ASSET CLASS	%	SD
Global Equity		
Domestic Equity		
Domestic Large Cap Equity		
Domestic Small Cap Equity		
International Equity		
Developed International Equity		
Emerging Markets Equity		
Private Equity		
Global Fixed Income		
Domestic Fixed Income		
Investment Grade		
Non-Investment Grade		
International Fixed Income		
Developed		
Emerging		
Global Real Assets		
Global Real Estate		
Infrastructure		
Timber		
Global Alternatives		
Cash & Equivalents		

Any questions should be submitted to Katheryne Korom, NDPERS at ndpersbids@nd.gov by 5:00 pm Central Friday, May 24, 2024.

Proposals are due by 5:00 pm Central Thursday May 30, 2024, in the NDPERS office by email to Katheryne Korom at ndpersbids@nd.gov or by mail to: Katheryne Korom, NDPERS, 1600 East Century Avenue, Suite 2, PO Box 1657, Bismarck, ND 58502-1657. The NDPERS Board may require an interview at or after its June 11, 2024, meeting.

Attachment 2

NDPERS
Quarterly Investment Report
4th Quarter
10/01/2023 – 12/31/2023

North Dakota Public Employees Retirement System
1600 East Century Ave, Suite 2
Box 1657
Bismarck, ND 58502

457 & 401(a) Investment Structure

Tier I: Asset Allocation	Tier II: Core	Tier III: Specialty
Target Date TIAA-CREF Lifecycle Retirement *5-Year Increments*	**Capital Preservation** Galliard Stable Value Vanguard Treasury MM	
Balanced TRP Capital Appreciation	**Domestic Fixed Income** Vanguard Total Bond Index Baird Core Plus Bond	**Specialty Fixed Income** MassMutual Inflation Protected PGIM High Yield Templeton Global Bond
	Large Cap U.S. Equity Franklin Growth Fund Allspring Growth Vanguard Dividend and Income Vanguard Institutional Index Hartford Dividend and Growth T. Rowe Price Equity Income	
	Mid Cap U.S. Equity PGIM Jennison Mid-Cap Growth Columbia Mid Cap Index Fund Virtus Ceredex Mid Cap Value	
	Small Cap U.S. Equity Brown Small Company Fund DFA U.S. Small Cap Northern Small Cap Value Fund	
	International Equity AF New Perspective Vanguard Total Intn'l Stock	**Specialty International Equity** Invesco Developing Markets
		Specialty Sector Fund Cohen & Steers Realty Shares
		Brokerage Window

New Investment Structure*

Tier I: Asset Allocation	Tier II: Passive Core	Tier II: Active Core	Tier III: Specialty
Target Date Funds TIAA-CREF Lifecycle Retirement		**Capital Preservation** Galliard Stable Value Vanguard Treasury MM	
	Core Fixed Income Vanguard Total Bond Index	**Core Plus Fixed Income** Baird Core Plus Bond	
	U.S. Large-Cap Equity Vanguard Institutional Index		
	Broad Non-U.S. Equity Vanguard Total Intn'l Index	**Broad Non-U.S. Equity** Active Non-U.S. Equity	
		U.S. Small/Mid-Cap Equity Active Core SMID	
			Real Estate Cohen & Steers Realty
			Brokerage Window

* Line-up will be implemented after the recordkeeper RFP process.

Plan Performance Monitoring

As of December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Asset Allocation Funds					
TIAA-CREF Lifecycle Ret. Inc	7.17%	10.55%	1.04%	5.62%	5.03%
LifeCycle Ret Income CB	7.62%	11.60%	1.30%	6.15%	5.42%
Callan Tgt Dt Idx 2010	7.61%	10.90%	1.18%	5.66%	5.05%
TIAA-CREF Lifecycle Ret. 2010	7.02%	10.64%	1.03%	5.66%	5.13%
LifeCycle 2010 CB	7.62%	11.39%	1.27%	6.16%	5.49%
Callan Tgt Dt Idx 2010	7.61%	10.90%	1.18%	5.66%	5.05%
TIAA-CREF Lifecycle Ret. 2015	7.26%	10.90%	1.16%	6.08%	5.49%
LifeCycle 2015 Cust Bnch	8.03%	12.26%	1.59%	6.68%	5.94%
CAI Tgt Dt Idx 2015	7.79%	11.30%	1.37%	6.00%	5.35%
TIAA-CREF Lifecycle Ret. 2020	7.60%	11.68%	1.40%	6.55%	5.93%
LifeCycle 2020 Cust Bnchm	8.39%	13.13%	1.93%	7.25%	6.46%
CAI Tgt Dt Idx 2020	8.07%	11.95%	1.71%	6.57%	5.89%
TIAA-CREF Lifecycle Ret. 2025	8.04%	12.83%	1.83%	7.34%	6.58%
LifeCycle 2025 Cust Bnch	8.80%	14.22%	2.42%	8.00%	7.11%
CAI Tgt Dt Idx 2025	8.57%	13.21%	2.36%	7.51%	6.69%
TIAA-CREF Lifecycle Ret. 2030	8.62%	14.39%	2.40%	8.20%	7.28%
LifeCycle 2030 Cust Bnch	9.29%	15.60%	3.02%	8.85%	7.82%
CAI Tgt Dt Idx 2030	9.19%	14.88%	3.16%	8.53%	7.53%
TIAA-CREF Lifecycle Ret. 2035	9.25%	16.13%	3.06%	9.11%	8.00%
LifeCycle 2035 Cust Bnch	9.85%	17.28%	3.76%	9.77%	8.58%
CAI Tgt Dt Idx 2035	9.76%	16.59%	4.08%	9.54%	8.33%
TIAA-CREF Lifecycle Ret. 2040	9.83%	18.04%	3.83%	10.07%	8.74%
LifeCycle 2040 Cust Bnch	10.42%	19.06%	4.63%	10.73%	9.36%
CAI Tgt Dt Idx 2040	10.21%	18.04%	4.81%	10.30%	8.92%
TIAA-CREF Lifecycle Ret. 2045	10.26%	19.18%	4.37%	10.83%	9.26%
LifeCycle 2045 Cust Bnch	10.71%	20.15%	5.24%	11.49%	9.91%
CAI Tgt Dt Idx 2045	10.54%	19.07%	5.32%	10.82%	9.29%
TIAA-CREF Lifecycle Ret. 2050	10.34%	19.67%	4.51%	10.98%	9.38%
LifeCycle 2050 Cust Bnch	10.85%	20.64%	5.41%	11.68%	10.06%
CAI Tgt Dt Idx 2050	10.72%	19.66%	5.57%	11.05%	9.46%
TIAA-CREF Lifecycle Ret. 2055	10.45%	19.98%	4.62%	11.11%	9.48%
LifeCycle 2055 Cust Bnch	10.91%	20.86%	5.53%	11.82%	10.17%
CAI Tgt Dt Idx 2055	10.80%	19.92%	5.68%	11.14%	9.53%
TIAA-CREF Lifecycle Ret. 2060	10.49%	20.08%	4.71%	11.23%	9.58%
LifeCycle 2060 Cust Bnch	10.96%	21.08%	5.64%	11.95%	10.28%
Callan Tgt Dt Idx 2055	10.80%	19.92%	5.68%	11.14%	9.53%
T. Rowe Capital Appreciation Adv	8.21%	18.52%	7.16%	12.48%	11.01%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%

Plan Performance Monitoring

As of December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Large Cap U.S. Equity					
Franklin Growth Fund Advisor	13.43%	27.99%	5.48%	15.29%	14.04%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
Allspring Growth Adm	13.77%	33.78%	(3.22%)	13.18%	14.07%
Russell 3000 Growth Index	14.09%	41.21%	8.08%	18.85%	17.03%
Vanguard Dividend Growth Inv	10.38%	8.10%	8.68%	13.50%	12.30%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
Vanguard Institutional Index	11.68%	26.24%	9.96%	15.66%	13.38%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
Hartford Dividend and Growth R5	10.18%	14.09%	10.96%	13.58%	11.29%
S&P 500 Index	11.69%	26.29%	10.00%	15.69%	13.42%
T. Rowe Price Equity Income	10.42%	9.65%	10.05%	11.32%	8.77%
Russell 1000 Value Index	9.50%	11.46%	8.86%	10.91%	8.32%
Mid Cap U.S. Equity					
PGIM Jennison Mid-Cap Growth Z	11.02%	20.60%	0.87%	15.03%	12.41%
Russell MidCap Growth Idx	14.55%	25.87%	1.31%	13.81%	12.49%
Columbia Mid Cap Index Fund A	11.57%	15.97%	7.61%	12.11%	8.86%
S&P Mid Cap 400 Index	11.67%	16.44%	8.09%	12.62%	9.37%
Virtus Ceredex Mid-Cap Value I	11.80%	10.97%	7.20%	10.13%	7.58%
Russell MidCap Value Idx	12.11%	12.71%	8.36%	11.16%	7.76%
Small Cap U.S. Equity					
Brown Small Company Fund Investor	8.74%	19.12%	(10.88%)	5.85%	7.89%
Russell 2000 Growth Index	12.75%	18.66%	(3.50%)	9.22%	8.08%
DFA U.S. Small Cap Inst'l	13.67%	17.64%	9.93%	12.45%	8.25%
Russell 2000 Index	14.03%	16.93%	2.22%	9.97%	7.33%
Northern Small Cap Value Fund	14.29%	15.55%	9.37%	9.34%	5.30%
Russell 2000 Value Index	15.26%	14.65%	7.94%	10.00%	6.10%
Non-U.S. Equity					
AF New Perspective R4	11.37%	24.57%	2.82%	13.51%	12.53%
MSCI ACWI	11.03%	22.20%	5.75%	11.72%	10.05%
Vanguard Total Int'l Stock Adm	9.97%	15.52%	1.77%	7.34%	6.51%
FTSE Gl All Cap ex US Idx	9.77%	15.79%	1.87%	7.45%	6.55%
Invesco Developing Markets Y	6.99%	11.40%	(8.14%)	2.52%	4.35%
MSCI EM	7.86%	9.83%	(5.08%)	3.69%	4.98%

Plan Performance Monitoring

As of December 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Fixed Income					
Vanguard Total Bond Index Adm	6.69%	5.70%	(3.36%)	1.11%	1.30%
Blmbg:Aggregate Flt Adj	6.72%	5.60%	(3.33%)	1.17%	1.34%
Baird Core Plus Bond Investor	7.01%	6.60%	(2.92%)	1.74%	1.76%
Blmbg:Universal	6.83%	6.17%	(2.97%)	1.44%	1.57%
MM Premier Infl-Pr and Inc Srvc	4.97%	5.43%	(1.07%)	3.07%	2.43%
Blmbg:TIPS	4.71%	3.90%	(1.00%)	3.15%	2.49%
PGIM High Yield Fund Z	6.87%	12.16%	1.77%	5.25%	4.64%
Blmbg HY Corp 1% Iss Cap	7.14%	13.46%	1.98%	5.25%	4.47%
Templeton Global Bond Advisor	9.58%	2.71%	(2.74%)	(2.32%)	(1.09%)
FTSE WGBI	8.08%	5.19%	(7.18%)	(1.39%)	(0.09%)
Capital Preservation					
Galliard Stable Value J	0.56%	2.13%	1.59%	1.80%	1.65%
3-month Treasury Bill	1.37%	5.01%	2.15%	1.88%	1.73%
Vanguard Treasury MM Inv	1.34%	5.05%	2.17%	1.82%	1.67%
3-month Treasury Bill	1.37%	5.01%	2.15%	1.88%	1.73%
Sector Funds					
Cohen & Steers Realty Shares	17.10%	12.67%	6.43%	9.25%	6.91%
FTSE NAREIT All Eq Index	17.98%	11.36%	5.70%	7.59%	6.00%

Active Manager Monitoring Summary

As of December 31, 2023

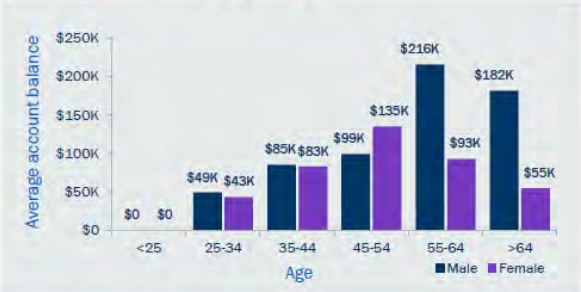
Manager	Below Benchmark	Above Benchmark		Above Peer Median		Qualitative Assessment					Overall Eval.
	8 Straight Quarters	3-Year Period	5-Year Period	3-Year Period	5-Year Period	Firm	Team	Process	Perf.	Product	
Large U.S. Equity											
Franklin Growth Fund	No	No	No	No	No						Stable
Allspring Growth	No	No	No	No	No						On Watch
Vanguard Dividend Growth	No	No	No	No	No						Stable
Hartford Dividend and Growth	No	Yes	No	Yes	Yes						Stable
T. Rowe Price Equity Income	No	Yes	Yes	Yes	No						Stable
Mid U.S. Equity											
PGIM Jennison Mid-Cap Growth	No	No	Yes	Yes	Yes						Stable
Virtus Ceredex Mid-Cap Value	No	No	No	No	No						Stable
Small U.S. Equity											
Brown Small Compay Fund	No	No	No	No	No						Stable
DFA U.S. Small Cap	No	Yes	Yes	Yes	Yes						Stable
Northern Small Cap Value Fund	No	Yes	No	No	No						Stable
Global Equity											
AF New Perspective	No	No	Yes	No	Yes						Stable
Invesco Developing Markets	No	No	No	No	No						Stable
Fixed Income											
Baird Core Plus Bond	No	Yes	Yes	Yes	Yes						Stable
MM Premier Infl-Pr and Inc Srvc	No	No	No	No	Yes						Stable
PGIM High Yield Fund	No	No	Yes	Yes	Yes						Stable
Templeton Global Bond	No	Yes	No	Yes	No						On Watch
Sector Fund											
Cohen & Steers Realty Shares	No	Yes	Yes	Yes	Yes						Stable

Assessment	Status and Actions
Stable	Firm, Team, Strategy are performing as expected
In Review	Callan is proposing that the fund be added to the watchlist
Cautionary	Staff is reviewing strategy with consultant and scheduling an update meeting with manager
Terminating	Following staff review and consultant recommendation, manager will be terminated following a successful replacement search

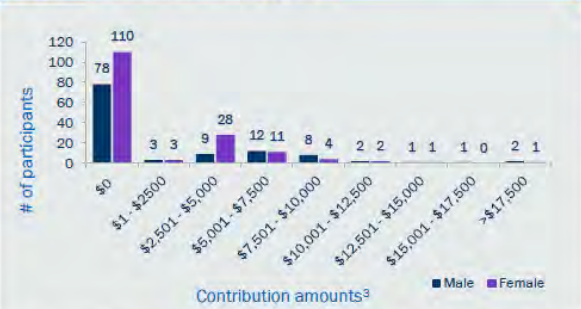
Employee summary: Gender and age[1]

Demographics by age and gender

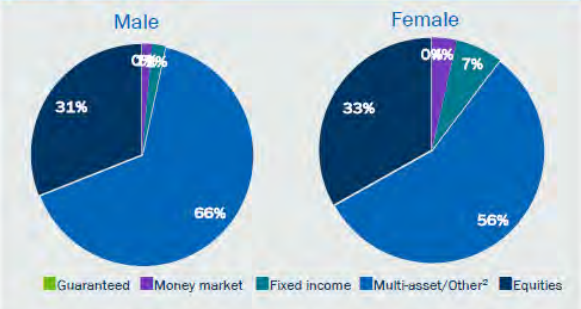
Average account balance by age and gender



Employee contribution amounts by gender



Diversification by gender

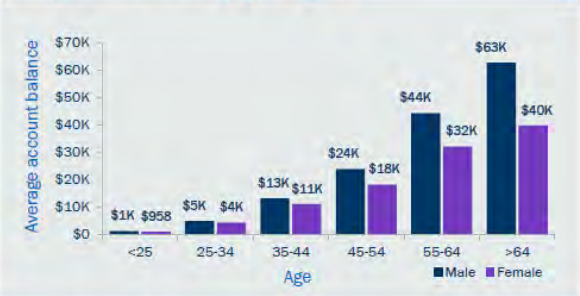


This report is as of the period ending 12/31/2023 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans. 1. Data reflected is for all participant statuses except Employee Contribution Amounts by Gender which includes only active or leave status. Does not include 268 participants with no age or gender on file. 2. Multi-Asset/Other includes Lifecycle, Real Estate, and Brokerage. 3. Contribution data reflects the trailing 12 months of data.

Employee summary: Gender and age[1]

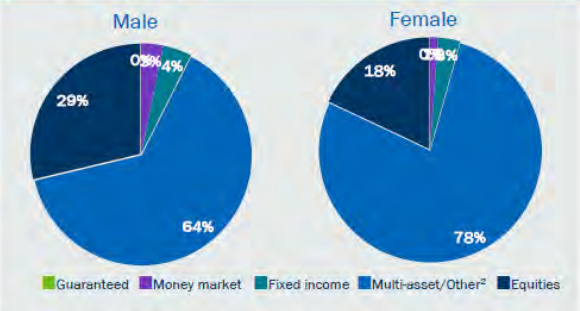
Demographics by age and gender

Average account balance by age and gender



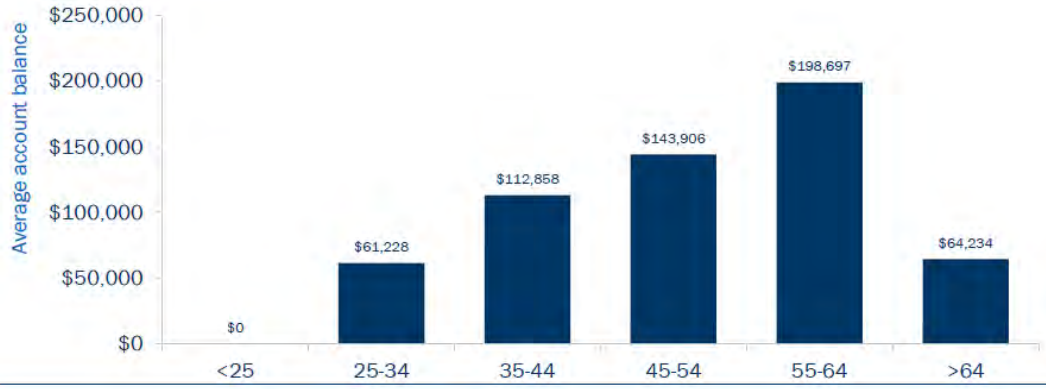
Employee contribution amounts by gender

Diversification by gender



This report is as of the period ending 12/31/2023 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans. 1. Data reflected is for all participant statuses except Employee Contribution Amounts by Gender which includes only active or leave status. Does not include 268 participants with no age or gender on file. 2. Multi-Asset/Other includes Lifecycle, Real Estate, and Brokerage. 3. Contribution data reflects the trailing 12 months of data.

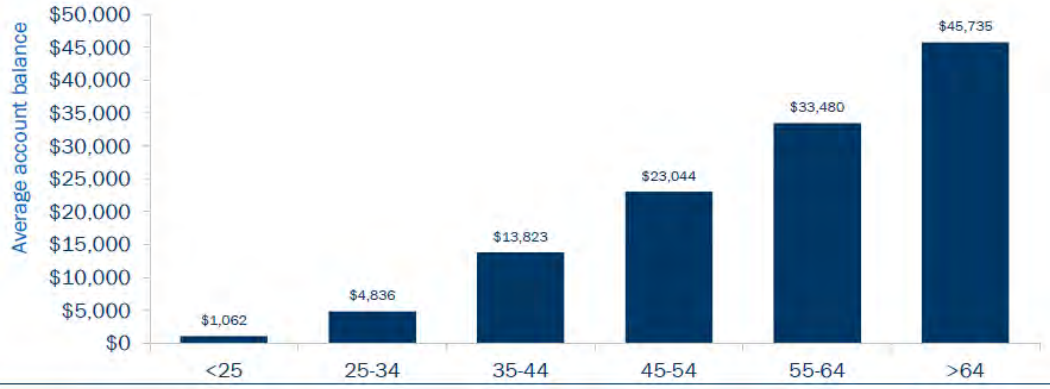
Active participants: Average account balance by age



	<25	25-34	35-44	45-54	55-64	>64	Total
# of active participants	0	15	27	26	19	3	90
% of total active participants	0%	17%	30%	29%	21%	3%	100%
Total active assets	$0	$918,416	$3,047,156	$3,741,556	$3,775,238	$192,703	$11,675,070
% of total active assets	0%	8%	26%	32%	32%	2%	100%

This report is as of the period ending 12/31/23 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans.

Active participants: Average account balance by age



	<25	25-34	35-44	45-54	55-64	>64	Total
# of active participants	179	1344	2154	1695	1383	206	6,961
% of total active participants	3%	19%	31%	24%	20%	3%	100%
Total active assets	$190,143	$6,500,038	$29,773,984	$39,059,360	$46,303,227	$9,421,307	$131,248,060
% of total active assets	0%	5%	23%	30%	35%	7%	100%

This report is as of the period ending 12/31/23 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans.

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 165
Bismarck, North Dakota 58502-1657

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: Derrick Hohbein

DATE: March 12, 2024

SUBJECT: Recordkeeper Vendor Transition Status Update

This memo is to provide the Board with an update on the Recordkeeper vendor transition from TIAA to Empower.

An Introductory meeting was held on Thursday, January 25, 2024. Team introductions, an implementation overview, communication overview, and next steps were discussed. NDPERS, Empower, and Callan meet weekly to review the timeline, key milestones, and next steps. Attachment 1 outlines key planning, implementation, and conversion milestones.

Accounting personnel from NDPERS and Empower are holding team meetings to review monthly reporting details to ensure the reporting information Empower is providing to staff is complete and sufficient for our monthly reporting requirements. Empower is currently looking into potential modifications in their reporting platform, as well as a strategy to report accurate aggregate asset balances as of June 30, 2024 for our audit reports.

Information Technology personnel from NDPERS and Empower are holding team meetings to discuss file layout specifications for demographic and contribution files. Preliminary specifications have also been provided to Empower to accommodate elections that may happen in the Empower portal, to populate the NDPERS business system starting January 1, 2025.

Communication personnel from NDPERS and Empower have created an announcement email to notify our membership of the transition from TIAA to Empower. This is included as Attachment #2, and is slated for a late April or early May distribution. Staff is currently considering the best way to distribute this announcement to those who are no longer currently employed, but have account balances in our plans with TIAA.

Deconversion meetings were conducted with Empower and TIAA on 2/14/24 and 2/21/24. The next meeting is scheduled for 3/27/24.

The Investment Subcommittee will be conducting a special meeting on March 26, 2024, to finalize the fund lineup and mapping strategy to recommend to the full Board at the April 9, 2024, meeting.

Below is a timeline of important events. The final contribution will be sent to TIAA on Friday, June 14. NDPERS will continue processing contribution files on a daily basis starting Monday, June 17th. Empower will hold these files in a pending status until the conversion process is completed, and will post the contributions to member accounts on July 1st.

Important Dates	
Date	Item
February 27, 2024	Investment Sub-Committee Meeting
Week of April 8th	Board Meeting April 9th – Finalized Fund Lineup to Empower
May 6, 2024	Deadline – Transition Guide to printers
5/20/2024	Transition Guide/SOX communications mailing date
6/14/2024	Last contribution files to TIAA (Coincides with NDPERS system release on 6/15/2024)
6/17/2024	First contribution files to Empower
6/19/2024 at 3:00 PM CT	Blackout start
6/24/2024	Refresh Data File from TIAA to Empower
6/27/2024	TIAA begins asset transfer (liquidation, in-kind transfer & TIAA Brokerage Accounts)
6/28/2024	Transfer of Assets (TOA)
6/28/2024	Final Record Deadline from TIAA
6/29/2024 – 6/30/2024	Balances loaded to Participant Accounts and Reconciliation completed
7/1/2024	Blackout Ends/Go-Live

This item is informational only and does not require any action by the Board. We will be available at the meeting to discuss any questions you may have.

Attachment 1

North Dakota Public Employees Retirement System Plans

KEY MILESTONES

TRANSFER OF ASSET DATE 06/28/2024

Planning
Learning your needs, understanding required services and building the project plan.

Implementation
Communicating, and setting you up for a seamless transition.

Conversion
Activating the project plan and bringing your plan to life with Empower.

TASK	COMPLETION DUE DATE	ACTUAL COMPLETION DATE	STATUS / COMPLETE	COMMENTS
Phase I - Planning				
Sale Confirmed and Internal Project Assignment initiated	01/10/24 (Wed)	01/15/24 (Mon)	COMPLETE	Sale confirmed and internal project assignment initiated
Prior Recordkeeper Termination Letter sent	01/31/24 (Wed)	01/29/24 (Mon)	COMPLETE	Signed Service termination letter sent to Prior Recordkeeper(s)
Conduct Implementation Meeting (Kick-off Call)	02/01/24 (Thu)	02/01/24 (Thu)	COMPLETE	Meeting with the Empower Team to begin transition discussions
Empower Services Setup Confirmation	02/01/24 (Thu)	02/01/24 (Thu)	COMPLETE	Discussion to talk about what services are available to the plan
Participant Communication Strategy Reviewed	02/07/24 (Wed)	02/08/24 (Thu)	COMPLETE	Empower to work with plan sponsor to develop the participant communication campaign for the Plan
Implementation Welcome Kit Review Finalized / Prior Document Discovery collection completed	02/12/24 (Mon)	02/07/24 (Wed)	COMPLETE	Will be reviewed on our weekly status call
Schedule and conduct Initial Payroll conference call(s)	02/21/24 (Wed)	02/26/24 (Mon)	COMPLETE	Empower to work with the payroll contact to begin discussions with your payroll vendor
Plan Document Comments Review	03/13/24 (Wed)			Empower to review plan document comments and features
Fund Mapping and Line-up Finalized	04/09/24 (Tue)			Empower to provide to advisor and plan sponsor for review and execution
Complete additional paperwork for Prior Recordkeeper, Trustee, and Funds	04/10/24 (Wed)			Empower to work with Plan Sponsor to complete additional paperwork requirements
Prior Recordkeeper Review of Test Data and Other Conversion Details	04/24/24 (Wed)			Empower to review conversion data and other requirements with prior recordkeeper(s)
Phase II - Implementation				
Payroll Meeting - Requirements finalized/Discuss 1st Test File Timing	02/27/24 (Tue)	02/26/24 (Mon)	COMPLETE	Call with Empower, plan sponsor, payroll contact, and payroll vendor to discuss deliverables
Initial Announcement Delivery	03/26/24 (Tue)			Delivered (e-mail) approx 3 weeks prior to Transition Guide Delivery
Online Enrollment (OE) Setup Complete	03/28/24 (Thu)			Online Enrollment setup complete and ready for production
Plan Document Provisions, Features Finalized	04/03/24 (Wed)			Coordinated by Empower project team
Payroll File Testing Complete	04/04/24 (Thu)			Payroll program moved to production
Test Files Received from TIAA	04/17/24 (Wed)			Prior Recordkeeper delivers 1st round of test files
Data Conversion Testing Complete	05/08/24 (Wed)			Complete analysis of the prior recordkeeper data
Participant Transition Guide Delivered including other disclosures as applicable	05/23/24 (Thu)			Mailed at least 30 days prior to blackout
Feedback File Testing Complete	05/30/24 (Thu)			Feedback file from Empower to Payroll programming moved to production
Services Agreement Signed	06/13/24 (Thu)			Empower to receive executed Services Agreement
Final payroll file transmission and funding accepted (4 pm ET)	06/14/24 (Fri)			Final Date to Allow for Payroll transmission and funding with Prior Recordkeeper
Final Date for Enrollment Processing with prior recordkeeper	06/19/24 (Wed)			Final Date to Allow for Enrollment Processing with Prior recordkeeper
Final day to receive paperwork for distribution, loan or other for processing ("soft blackout")	06/19/24 (Wed)			Prior Recordkeeper restricts receipt of any paperwork for transaction processing
Final day for electronic Distribution, withdrawal and loan requests accepted (4 pm ET)	06/19/24 (Wed)			Prior Recordkeeper restricts any electronic distributions, loans or other withdrawal requests
Final transaction processing date for all transactions including fund transfers or exchanges (4 pm ET) - ("hard blackout")	06/19/24 (Wed)			Prior Recordkeeper restricts all activity for Participants at market close
Final day participants can access prior recordkeeper system (vru/web/phone)	06/19/24 (Wed)			Prior Recordkeeper closes participant access to system access

Planning
Learning your needs, understanding required services and building the project plan.

Implementation
Communicating, and setting you up for a seamless transition.

Conversion
Activating the project plan and bringing your plan to life with Empower.

TASK	COMPLETION DUE DATE	ACTUAL COMPLETION DATE	STATUS / COMPLETE	COMMENTS
Phase III - Conversion				
*Refresh Data Files Delivered to Empower for TIAA	06/24/24 (Mon)			Prior recordkeeper delivers refresh files after blackout start but before final files available
Prior Recordkeeper begins Asset Transfer process	06/27/24 (Thu)			Last valuation performed by prior recordkeeper
*Final Data Files Delivered to Empower for TIAA	06/28/24 (Fri)			Prior recordkeeper delivers final account balances and other conversion records in good order
Transfer in kind shares receipt	06/28/24 (Fri)			Receipt of all share reregistrations for assets transferring in-kind
Transfer of Assets (TOA) - wire receipt	06/28/24 (Fri)			Expected Wire receipt date
Balances Loaded to Participant Accounts	06/29/24 (Sat)			Balances and finalized data loaded to Participant accounts
Reconciliation Complete	06/30/24 (Sun)			Reconciliation provided to Plan Sponsor
*Projected Live Date	07/01/24 (Mon)			Plan is released and Participants have full access to their accounts
First Cash Processed (Payroll File receipt and funding)	07/01/24 (Mon)			Is it necessary fo rthe demographic, loans above, should it be here? Process all pending payroll files
Live e-mail / postcard delivered to plan participants	07/01/24 (Mon)			Delivered in conjuction with plan live status
Soft Open for Plan Sponsor Pre-Live review	07/01/24 (Mon)			Select accounts opened for Plan Sponsor review prior to full Live
Transition Guide Live Date	07/01/24 (Mon)			Remove Task - Do use if the plan is Live Term. Transition Notice stated week that Participants have full access to their accounts
First Feedback Files for Payroll System updates for participant activity	07/02/24 (Tue)			Process feedback files to payroll updating participant activity to the payroll system

STATUS KEY	
	COMPLETE
	In Process
	Follow Up
	Delayed
	TBD
	N/A

EMPOWER®

Notes:

These dates are tentative until final discussions are complete with the prior recordkeeper (PRK).

Attachment 2

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

EMPOWER

OFFICIAL ANNOUNCEMENT REGARDING

The North Dakota Public Employees Retirement System Deferred Compensation 457(b) Companion Plan

AND

The North Dakota Public Employees Retirement System Defined Contribution 401(a) Plan

Two of the NDPERS Retirement Plans are taking an exciting new path

At the North Dakota Public Employees Retirement System (NDPERS), we are committed to helping you achieve your retirement goals. After a thorough Request for Proposal process, we're pleased to announce that the NDPERS Deferred Compensation 457(b) Companion Plan and the NDPERS Defined Contribution 401(a) Plan will be moving from TIAA to Empower effective July 1, 2024.

About Empower

Empower serves over 82,000 plans and more than 18 million individuals.[1] They take great pride in helping people reach saving and investing goals by providing helpful tools, support and resources.

The transition to Empower brings advantages for you!

- **See your complete financial picture** — Link outside accounts to get a holistic view of your assets, spending, and debt as well as their impact on your net worth. Plus, access tools designed to help you track, manage, and plan your finances.
- **Personalized guidance just for you** — Receive actionable information and access straightforward solutions that can help you with your financial goals.
- **Automatic account transfer** — Your TIAA account, investments, contribution rates, and distribution arrangements will automatically transfer from TIAA to Empower.

More information coming soon

If you are currently participating in the NDPERS Deferred Compensation 457(b) Companion Plan or the NDPERS Defined Contribution 401(a) Plan (or are eligible to enroll), additional information explaining everything you need to know about the transition will be sent directly to you in May 2024.

We are excited about the transition and confident you'll be pleased with your enhanced retirement plan experience!

1 As of December 31, 2023. Information refers to all retirement business of Empower Annuity Insurance Company of America (EAICA) and its subsidiaries, including Empower Retirement, LLC; Empower Life & Annuity Insurance Company of New York (ELAINY); and Empower Annuity Insurance Company (EAIC), marketed under the Empower brand.

Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc., Member FINRA/SIPC. EFSI is an affiliate of Empower Retirement, LLC; Empower Funds, Inc.; and registered investment adviser Empower Advisory Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice.

IMPORTANT: The projections or other information generated on the website by the investment analysis tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. The results may vary with each use and over time.

“EMPOWER” and all associated logos and product names are trademarks of Empower Annuity Insurance Company of America.

©2024 Empower Annuity Insurance Company of America. All rights reserved.
RO2687696-0323

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Katheryne Korom

DATE: March 12, 2024

SUBJECT: Recordkeeper Contract

At the January Board meeting, the Board awarded the bid to Empower for the NDPERS Recordkeeper of the 401(a) Defined Contribution Plan and 457(b) Companion for the July 1, 2024 through June 30, 2028 contact period. The attached contract was reviewed and approved by NDPERS legal staff (including both the Attorney General's Office and Ice Miller) and representatives from Empower.

Board Action Requested: Approve the contract and signature by the Executive Director for the NDPERS Recordkeeper for July 1, 2024 through June 30, 2028 contract period.

Attachment

MASTER SERVICES AGREEMENT

BETWEEN EMPOWER RETIREMENT, LLC AND

STATE OF NORTH DAKOTA,

ACTING THROUGH ITS NORTH DAKOTA

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Group Client Number:

100455

and

100456

TABLE OF CONTENTS

1. **PARTIES** 4
2. **DEFINITIONS** 4
3. **SCOPE OF WORK** 5
5. **TERM OF AGREEMENT** 9
6. **TIME IS OF THE ESSENCE** 10
7. **TERMINATION** 10
8. **FORCE MAJEURE** 11
9. **INDEMNIFICATION, LIMITATION OF LIABILITY** 12
10. **INSURANCE** 13
11. **INTELLECTUAL PROPERTY RIGHTS** 14
12. **WORK PRODUCT** 15
13. **NOTICE** 15
14. **CONFIDENTIALITY** 16
15. **DATA PROTECTION** 18
16. **COMPLIANCE WITH PUBLIC RECORDS LAWS** 19
17. **INDEPENDENT ENTITY** 19
18. **ASSIGNMENT AND SUBCONTRACTS** 19
19. **SPOLIATION – PRESERVATION OF EVIDENCE** 20
20. **MERGER AND MODIFICATION, CONFLICT IN DOCUMENTS** 20
21. **SEVERABILITY** 20
22. **APPLICABLE LAW AND VENUE** 21
23. **ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL** 21
24. **ATTORNEY FEES** 21
25. **NONDISCRIMINATION AND COMPLIANCE WITH LAWS** 21
26. **STATE AUDIT** 22
27. **BUSINESS CONTINUITY & DISASTER RECOVERY** 22
28. **RECORD RETENTION** 22
29. **COUNTERPARTS** 23
30. **EFFECTIVENESS OF AGREEMENT** 23

EXHIBIT 1: DATA SECURITY & PRIVACY ADDENDUM 24
EXHIBIT 2: PROCEDURES FOR COMPLYING WITH FUND COMPANY MARKET TIMING AND EXCESSIVE TRADING 31
EXHIBIT 3: PRIVACY NOTICE..... 32
EXHIBIT 4: BUSINESS CONTINUITY PLAN NOTICE..... 34
EXHIBIT 5: PLAN SPONSOR REQUEST FOR PROPOSAL..... 35
EXHIBIT 6: VENDOR PROPOSAL..... 36
SCHEDULE A-1: LIST OF PLANS..... 37
SCHEDULE A-2: RECORDKEEPING SERVICES & FEE SCHEDULE..... 38
SCHEDULE C-1: TRUST AGREEMENT..... 39
SCHEDULE C-2: TRUST AGREEMENT..... 40

1. PARTIES

The parties to this Master Services Agreement ("Agreement") are the state of North Dakota ("Plan Sponsor"), acting through its North Dakota Public Employees Retirement System ("NDPERS"), and Empower Retirement, LLC ("Empower") having its principal place of business at 8515 East Orchard Road, Greenwood Village, Colorado, 80111. The Agreement is dated July 1, 2024, or such earlier date as modified under Section 5 herein ("**Effective Date**") and sets forth the general terms and conditions under which Empower will provide Services to Plan Sponsor with respect to the employee benefit plan(s) sponsored by Plan Sponsor, as identified in the attached Schedules (the "**Plan**" or "**Plans**").

2. DEFINITIONS

"**Affiliate**" means a corporate entity that directly or indirectly is controlled by or is under common control with a party, including any entity that conforms to this definition after the effective date of this Agreement.

"**Agreement**" includes this Master Services Agreement and any Exhibits, Schedules, notices and other documents attached, incorporated or referenced herein.

"**Business Day**" means any day, and only for as many hours as, the New York Stock Exchange is open.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Data**" has the meaning set forth in the Data Security & Privacy Addendum, attached as Exhibit 1.

"**Data Protection Laws**" has the meaning set forth in the Data Security & Privacy Addendum, attached as Exhibit 1.

"**Direction**" and "**Direct**" and their similar terms shall mean the instruction, authorization, or direction given to Empower by Plan Sponsor or a person or designee authorized in writing to Empower to act on behalf of Plan Sponsor. Plan Sponsor directs Empower to process certain Plan transactions based solely on Participant instruction under the terms of this Agreement.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"**Empower**" and "**Empower Retirement**" refer to Empower Retirement, LLC and its Affiliates with respect to products and services offered in the retirement markets, including but not limited to recordkeeping and other financial services.

"**Information Security Breach**" has the meaning set forth in the Data Security & Privacy Addendum, attached as Exhibit 1.

"**Investment Options**" means those investment options made available under the Plan at the Direction of Plan Sponsor or a Plan investment fiduciary designated by Plan Sponsor (other than Empower or one of its Affiliates).

"**NDPERS**" means North Dakota Public Employees Retirement System.

"**Participant**" shall mean an employee, former employee, participant, former participant, member, beneficiary, or alternate payee who is or may be entitled to participate in or receive benefits under the Plan.

"**Personal Data**" has the meaning set forth in the Data Security & Privacy Addendum, attached as Exhibit 1.

"**Plan Administrator**" means NDPERS, an employee or committee designated by NDPERs, or a third party retained by NDPERs (other than Empower or one of its Affiliates), to be the "plan administrator" and "fiduciary" as defined by applicable law.

"**Plan Data**" has the meaning set forth in the Data Security & Privacy Addendum, attached as Exhibit 1.

"**Plan Sponsor**" means the state of North Dakota.

"**Services**" means the services provided by Empower or one of its Affiliates, as applicable, acting as a service provider Directed by Plan Sponsor to perform such Services under an applicable Schedule. Empower shall provide the Services in a non-fiduciary capacity (except where Empower acknowledges its or its Affiliate's fiduciary status in writing). The provision of Services shall be governed by the terms and conditions set forth in this Agreement, by applicable law and regulations, and by any additional terms and conditions contained in the applicable Schedule.

"**TOA**" means the date that the initial Plan assets transfer to Empower.

3. SCOPE OF WORK

a. Empower agrees to provide the Services specified in the 2023 bid document, incorporated by reference as Exhibit 5, and vendor proposal, incorporated by reference as Exhibit 6, and as further described in this Agreement and any applicable Schedule.

b. Except with respect to any Services for which Empower has specifically agreed to act as a fiduciary under this Agreement, Plan Sponsor acknowledges that (i) Empower acts as a non-discretionary service provider Directed by the Plan Sponsor or its designee and, as authorized by Plan Sponsor, by Participants; and (ii) performance of the Services do not involve the exercise of any discretion in the administration or management of the Plan that would cause Empower to be a fiduciary or a Plan Administrator as defined under the Code, the Investment Advisors Act of 1940, or state law, as applicable. Plan Sponsor has appointed a Plan Administrator that has discretionary authority for the administration and management of the Plan. The parties agree that Empower will not perform a Service that could cause it to have discretionary authority or responsibility for the administration or management of the Plan or disposition of Plan assets. Empower shall not render, or have any authority or responsibility to render, investment advice for a fee or other compensation, direct or indirect, with respect to any Plan assets, except as specifically provided for under this Agreement.

c. As authorized by Plan Sponsor and subject to applicable law, Empower will administer Qualified Domestic Relations Orders received by Empower in accordance with the instructions of Plan Sponsor.

4. COMPENSATION – PAYMENTS

a. Contractual Amount

Plan Sponsor will pay for the Services provided by Empower under this Agreement pursuant to Exhibit 6 or any applicable Schedule attached hereto ("Contractual Amount").

The Contractual Amount is fixed for the Term of this Agreement ("Guarantee Period") and constitutes the entire compensation due Empower for performance of its obligations under this Agreement regardless of the difficulty, materials or equipment required, including fees, licenses, overhead, profit and all other direct and indirect costs incurred by Empower, except as provided by an amendment to this Agreement.

Notwithstanding anything to the contrary, Empower reserves the right to adjust the Contractual Amount at any time upon written advance notice to Plan Sponsor in the event

that: (i) Plan Sponsor elects to utilize different or additional services; (ii) Plan Sponsor changes any Investment Option utilized by the Plan that provide service fees or other compensation to Empower, if applicable; or (iii) there is a Plan Sponsor-initiated event such as a plan merger or layoff resulting in a material decrease in the Contractual Amount or requiring Empower to perform additional services; (iv) legislative, regulatory or US postal rate change impacts the Services; or (v) there is a material change in the service fees received by Empower from any Investment Option utilized by the Plan, if applicable. Empower may adjust the Contractual Amount at any time after the Guarantee Period expires upon written advance notice to Plan Sponsor.

b. Payment

1) Payment made in accordance with this Compensation section shall constitute payment in full for the Services and work performed and the deliverables and work(s) provided under this Agreement and Empower agrees that it shall not receive any additional compensation hereunder from Plan Sponsor. Empower will provide a written statement describing all plan-level direct and indirect compensation reasonably expected to be received by Empower. Unless otherwise Directed by Plan Sponsor, Plan Sponsor hereby Directs Empower to deduct applicable Plan expenses from the Plan and/or Participant accounts, as applicable.

2) Plan Sponsor shall make payment under this Agreement within forty-five (45) calendar days after receipt of a correct invoice unless another arrangement has been pre-approved by Empower in writing. In the event any undisputed fees reasonably and properly chargeable under the terms of the Agreement remain unpaid sixty (60) days after the date billed, Plan Sponsor Directs Empower to deduct such fees from the applicable Plan and Plan Sponsor affirms that the Plan document specifically allows such deduction from the Plan. To the extent that the forfeiture or other Plan-level accounts would not pay Plan expenses under the Plan document or the Plan accounts are insufficient, Plan Sponsor Directs Empower to allocate such fees to the Participant accounts, and to the Investment Options in which the Participant accounts are invested, on a pro rata basis using Participant account and Investment Option balance ratios as of the date of deduction. Plan Sponsor agrees to amend the Plan, if necessary, to provide for the payment of expenses from Plan assets consistent with the foregoing.

   If Plan Sponsor disputes any invoice, Plan Sponsor will pay the undisputed portion of the invoice and will provide Empower prompt written notice of the dispute, including a detailed description of the nature of the dispute. The parties agree to

work together, in good faith, to settle any such fee dispute as soon as administratively practicable, and, upon resolution, Plan Sponsor will pay the agreed-upon amount of the invoice by the later of (i) forty-five (45) days from the original invoice date, or (ii) fifteen (15) days after the date the dispute is resolved.

3) Payment of an invoice by Plan Sponsor will not prejudice Plan Sponsor's right to object to or question that or any other invoice or matter in relation thereto. Empower's invoices will be subject to reduction for amounts included in any invoice or payment made which are determined by Plan Sponsor, on the basis of audits conducted in accordance with the terms of this Agreement, not to constitute allowable costs. At Plan Sponsor's sole discretion, all payments shall be subject to reduction for amounts equal to prior overpayments to Empower.

4) For any amounts that are or will become due and payable to Plan Sponsor by Empower, Plan Sponsor reserves the right to deduct the amount owed from payments that are or will become due and payable to Empower under this Agreement.

c. Travel

Empower acknowledges travel costs are covered by the Contractual Amount and shall not invoice Plan Sponsor for travel costs.

d. Prepayment

Plan Sponsor will not make any advance payments before performance or delivery by Empower under this Agreement.

e. Payment of Taxes by Plan Sponsor

Plan Sponsor is not responsible for and will not pay local, state, or federal taxes. Plan Sponsor sales tax exemption number is E-2001. Plan Sponsor will furnish certificates of exemption upon request by the Empower. Each party shall bear sole responsibility for its own taxes, including income, franchise, privilege, gross receipts, sales and use, excise, real and personal property (including software), payroll and any other taxes or assessments, surcharges or governmental charges that may be imposed, levied, collected or assessed by a taxing jurisdiction.

f. Taxpayer ID

Empower's federal employer ID number is: **84-1233483**.

5. TERM OF AGREEMENT

This Agreement term begins on ***July 1, 2024***, and ends on ***June 30, 2028*** ("Initial Term" or "Term").

To the extent any Services are provided prior to the Effective Date, including without limitation, implementation and conversion Services, or the receipt of payroll contributions, the Effective Date of this Agreement is modified to the date that such contributions are determined to be in good order by Empower or its Affiliate and this Agreement will be in effect for the limited purpose of accepting such contributions and holding them in trust. For all other Services, the Effective Date of the Agreement shall be on TOA.

a. No Automatic Renewal

This Agreement will not automatically renew.

b. Renewal Option

Plan Sponsor may renew this Agreement upon satisfactory completion of the Initial Term. Plan Sponsor reserves the right to execute up to ***two*** options to renew this Agreement under the same terms and conditions for a period of ***two years*** each (each a "Renewal Term").

c. Extension Option

Plan Sponsor, at the discretion of the NDPERS' Board, may extend the Agreement for up to two additional two-year periods (each, an "Extended Term"). The Contractual Amount and other terms of these extensions will be subject to negotiations prior to renewal.

d. Renegotiation Option

If, during the Initial Term, any Renewal Term, or Extended Term (collectively, as applicable, the "Term"), Plan Sponsor determines a realignment of the Term is needed (e.g. to align with Plan Sponsor's fiscal biennium), the parties may mutually agree, in writing, to a new Term with a termination date not to exceed the total available length of Agreement including its Initial Term, Renewal Terms, and Extended Terms.

6. TIME IS OF THE ESSENCE

Empower hereby acknowledges that time is of the essence for performance under this Agreement unless otherwise agreed to in writing by the parties.

7. TERMINATION

a. Termination for Convenience

This Agreement may be terminated by either party with ninety (90) days' advance written notice to the other party, or as mutually agreed to by the parties.

b. Early Termination in the Public Interest

Plan Sponsor is entering this Agreement for the purpose of carrying out the public policy of the State of North Dakota, as determined by its Governor, Legislative Assembly, Agencies and Courts. If this Agreement ceases to further the public policy of the State of North Dakota, Plan Sponsor, in its sole discretion, by written notice to Empower, may terminate this Agreement in whole or in part.

c. Termination for Lack of Funding or Authority

Plan Sponsor, by written notice to Empower, may terminate the whole or any part of this Contract under any of the following conditions:

1) If funding from federal, state, or other sources is not obtained or continued at levels sufficient to allow for purchase of the Services or goods in the indicated quantities or term.

2) If federal or state laws or rules are modified or interpreted in a way that the Services or goods are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement.

3) If any license, permit, or certificate required by law or rule, or by the terms of this Agreement, is for any reason denied, revoked, suspended, or not renewed.

Termination of this Agreement under this subsection is without prejudice to any

obligations or liabilities of either party already accrued prior to termination.

d. Termination for Cause

Plan Sponsor may terminate this Agreement by written notice to Empower if the following defaults are incapable of cure, or which being capable of cure, have not been cured within ninety (90) days after receipt of written notice of such default from Plan Sponsor, or within such additional cure period as mutually agreed upon by the parties:

1) If Empower fails to provide Services or goods required by this Agreement within the time specified or any extension agreed to in writing by Plan Sponsor; **or**

2) If Empower fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms.

The rights and remedies of Plan Sponsor provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

Empower may, by written notice to Plan Sponsor, terminate this Agreement or any Schedule attached hereto if Plan Sponsor materially breaches or is in default of any material obligation hereunder, which default is incapable of cure, or which being capable of cure, has not been cured within ninety (90) days after receipt of notice of such default from Empower, or within such additional cure period as mutually agreed upon by the parties.

e. Transition Assistance Services

Upon termination of the Agreement for any reason, Empower will provide to Plan Sponsor the deconversion and transition assistance services set forth in the Recordkeeping Services Schedule. For the avoidance of doubt, this Agreement will govern the transition assistance services provided. This section and the deconversion and transition assistance services shall survive the termination of the Agreement until such services are complete.

8. FORCE MAJEURE

Neither party shall be held responsible for delay or default caused by fire, riot, terrorism, pandemic (including COVID-19), acts of God, or war if the event was not foreseeable through the exercise

of reasonable diligence by the affected party, the event is beyond the party's reasonable control, and the affected party gives notice to the other party as soon as administratively practicable upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default. If Empower is the affected party and does not resume performance within fifteen (15) days or another period agreed between the parties, then Plan Sponsor may seek all available remedies, up to and including termination of this Agreement pursuant to its Termination section, and Plan Sponsor shall be entitled to a pro-rata refund of any amounts paid for which the full value has not been realized, including amounts paid toward software subscriptions, maintenance, or licenses.

9. INDEMNIFICATION, LIMITATION OF LIABILITY

a. Indemnification

Empower agrees to indemnify Plan Sponsor from and against any and all expenses, costs, reasonable attorneys' fees, settlements, fines, judgments, damages, liabilities, penalties or court awards asserted by a third party (collectively, "**Damages**") to the extent resulting from Empower's breach of this Agreement, negligence, or willful misconduct. Notwithstanding anything to the contrary herein, Empower shall not be liable to Plan Sponsor for any Damages resulting from: 1) any acts or omissions undertaken at the Direction of the Plan Sponsor or any agent or any third party authorized by Plan Sponsor to provide Direction to Empower, including but not limited to prior service providers, investment advisors, or any authorized agent thereof; 2) any performance of the Services that is in strict compliance with the terms of this Agreement; or 3) Plan Sponsor's or its designee's failure to provide accurate documents, material, information or data to Empower or its Affiliates, as applicable on a timely basis. Plan Sponsor acknowledges that Empower and its directors, officers, employees and authorized representatives are not responsible for the investment performance of any Investment Options under the Plan. The legal defense provided by Empower to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08. Empower also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against Empower in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this Agreement.

b. Limitation of Liability

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE OR PROFIT) EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FOR THE AVOIDANCE OF DOUBT, DAMAGES ASSERTED UNDER THE PRECEDING SUBSECTION SHALL BE CONSIDERED DIRECT DAMAGES REGARDLESS OF HOW THEY ARE CHARACTERIZED BY THE THIRD PARTY ASSERTING THEM.

10. INSURANCE

Empower shall secure and keep in force during the Term of this Agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in the State of North Dakota, the following insurance coverages:

1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of $2,000,000 per occurrence and in the aggregates.
2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of $2,000,000 per accident.
3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this Agreement.
4) Employer's liability or "stop gap" insurance of not less than $2,000,000 for each accident, disease each employee, and disease policy limit as an endorsement on the workers compensation or commercial general liability insurance.
5) Professional errors and omissions with minimum limits of $1,000,000 per claim and in the aggregate, Empower shall continuously maintain such coverage during the Term and for three years thereafter. In the event of a change or cancellation of coverage, Empower shall purchase an extended reporting period or the new coverage will meet the time periods required in this section.
6) Empower shall secure and maintain Cyber Liability and Network Security Insurance or equivalent insurance product(s), with minimum liability limits of not less than $5,000,000 (USD equivalent) per claim and first party limits of not less than $1,000,000 (USD equivalent) per claim and $10,000,000 (USD equivalent) policy aggregate.

The insurance coverages listed above must meet the following additional requirements:

1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of Empower.
2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage.
3) The duty to defend, indemnify, and hold harmless the Plan Sponsor under this Agreement shall not be limited by the insurance required in this Agreement.
4) The State of North Dakota and its agencies, officers, and employees shall be endorsed by blanket form on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insureds. Plan Sponsor shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this Agreement or by the contractual indemnity obligations of Empower.
5) A "Waiver of Subrogation" waiving any right to recovery the insurance company may have against Plan Sponsor.
6) Empower shall furnish a certificate of insurance to the undersigned Plan Sponsor representative prior to commencement of this Agreement. All endorsements shall be provided as soon as practicable.
7) Failure to provide insurance as required in this Agreement is a material breach of contract entitling Plan Sponsor to terminate this Agreement immediately; provided that, the parties agree the Agreement will remain in effect until such time as all Plan assets transfer to Plan Sponsor's successor service provider.
8) Upon request, Empower shall provide on an ongoing basis, current certificates of insurance during the term of the Agreement. A renewal certificate will be provided no later than 30 days after coverage expiration and will suffice as evidence that required insurance is maintained.
9) If any subcontractors are engaged by Empower specifically for the provision of Services to Plan Sponsor, subcontractors' insurance coverages may or may not comply with Plan Sponsor's minimum insurance requirements. Empower agrees that it retains responsibility for performance of all Services herein, including components performed by subcontractors.

11. INTELLECTUAL PROPERTY RIGHTS

a. Plan Sponsor Materials

Excluding the Empower Materials (as defined below), Plan Sponsor shall own materials,

trademarks, trade names, logos, trade dress, and other Confidential Information (as defined below) provided or made accessible by Plan Sponsor to Empower for use in providing the Services (collectively, the "**Plan Sponsor Materials**"). Plan Sponsor grants Empower a limited, revocable right and license to use Plan Sponsor's name, logo, and trademarks in materials created by Empower in connection with providing the Services. Nothing contained herein shall prohibit Empower from referencing client partnerships in the normal course of public-relations communications or in materials prepared at the request of prospective clients.

b. Empower Materials

Excluding the Plan Sponsor Materials (as defined above), Empower and its Affiliates shall own all materials, documentation, user guides, forms, templates, business methods, trademarks, trade names, logos, websites, Empower Software (as defined below), technology, computer codes, domain names, text, graphics, photographs, artwork, interfaces, and other information or material provided by Empower or its Affiliates hereunder (collectively, the "**Empower Materials**"). Empower grants to Plan Sponsor and Participants (as applicable) a non-exclusive, non-transferable license to use the Empower Materials during the Term of the Agreement for purposes of using Empower's Services hereunder and subject to the terms and conditions set forth in this Agreement and any terms of use associated with Empower Software. All rights with respect to the Empower Materials not specifically granted hereunder are reserved by Empower.

12. WORK PRODUCT

Notwithstanding any other provision of this Agreement, all work product, equipment or materials created for Plan Sponsor or purchased by Plan Sponsor under this Agreement belong to Plan Sponsor and must be immediately delivered to Plan Sponsor at Plan Sponsor's request upon termination of this Agreement. For the avoidance of doubt, no work product will be created under this Agreement.

13. NOTICE

All notices or other communications required under this Agreement must be given by registered or certified mail and are complete on the date postmarked when addressed to the parties at the following addresses:

STATE	CONTRACTOR
Name: Rebecca Fricke	Name:
Title: Executive Director	Title: General Counsel
Address: 1600 East Century Ave, Suite 2 PO Box 1657	Address: 8515 E. Orchard Road
City, State, Zip: Bismarck, ND 58502-1657	City, State, Zip: Greenwood Village, CO 80111

Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

14. CONFIDENTIALITY

a. Confidential Information. In order to perform the Services, both parties may have access to certain information of the other party, including, without limitation, trade secrets, commercial and competitively sensitive information of the party related to business methods or practices, and proprietary information, software or websites of a party ("**Confidential Information**"). For the purpose of clarity, any software or website owned, licensed, or made available by Empower ("**Empower Software**") is Confidential Information of Empower. The parties mutually agree to hold all Confidential Information of the other party in confidence and not to disclose any Confidential Information of the other party to anyone except the parties' Affiliates, suppliers, and respective personnel in connection with the performance or receipt of Services hereunder, or as otherwise directed or approved by the other party or its agents. Confidential Information does not include: information that is otherwise in the public domain through no action of the non-disclosing party; information that is acquired by a party from a person other than the other party or its agents without any obligation of confidentiality; or information that is independently developed by a party without reference to the Confidential Information of the other party.

Empower shall not use or disclose any information it receives from Plan Sponsor under this Agreement that Plan Sponsor has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by Plan Sponsor. Plan Sponsor shall not disclose any information it receives from Empower that Empower has previously identified as confidential and that Plan Sponsor determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North

Dakota public records law, N.D.C.C. ch. 44-04. The duty of Plan Sponsor and Empower to maintain confidentiality of information under this section continues beyond the Term of this Agreement.

b. Permitted Disclosures of Confidential Information

1) **Legally Required Disclosures.** In the event a party is required to make a legally required disclosure of the other party's Confidential Information, such party shall notify the other party of the disclosure as soon as reasonably practicable. The foregoing shall not apply to (i) broad-based regulatory examinations associated with a party's general business or operations; (ii) disclosures made in conjunction with a law enforcement investigation or inquiry; (iii) or where notice is prohibited by law. For purposes of Rule 14(b)-1 and Rule 14(b)-2 of the Securities Exchange Act of 1934, as amended from time to time, Plan Sponsor authorizes Empower and/or its Affiliates and services providers, to provide the name, address and share position of the Plan with respect to any class of securities registered under the Investment Company Act of 1940 when requested by such SEC registrant for purposes of shareholder meetings. The above-referenced rules prohibit the requesting SEC registrant from using the Plan's name and address for any purpose other than corporate communications of the type contemplated under the rules.

2) **Authorized Disclosures.** STATE authorizes Empower to disclose Data to Empower's Affiliates and service providers in connection with Empower's performance of Services under this Agreement. Any Affiliate or service provider retained by Empower in connection with Empower's performance of Services under this Agreement shall be bound by the same confidentiality provisions applicable to the parties and to use such Data only for the performance of specific Services under the Agreement. In addition, Plan Sponsor authorizes Empower to disclose Data to Plan Sponsor's advisors, third-party administrators, service providers (such as payroll providers) and representatives authorized by Plan Sponsor in writing to receive such Data. Empower may use and disclose, for benchmarking and research purposes, de-identified Data that is aggregated with other anonymized data of a similar nature across Empower's client base in a manner that makes such Data unidentifiable to a particular individual or plan. Empower's current Privacy Notice is attached to this Agreement but shall not lessen any of Empower's obligations regarding

Personal Data hereunder. Plan Sponsor agrees that any changes to the Privacy Notice may be delivered to Plan Sponsor through the Plan Service Center or by email to designated representatives of Plan Sponsor.

3) **Disclosures of Personal Data to Plan Sponsor.** Plan Sponsor may Direct Empower to provide Plan Sponsor or its designated agent with information (which may include Personal Data) received from or in relation to Participants in connection with the performance of Services under this Agreement, which may include private information shared by the Participant during recorded phone calls and written or electronic correspondence.

15. DATA PROTECTION

a. Mutual Obligation to Protect Data

Empower and Plan Sponsor each agree to maintain and hold in confidence all Data and Confidential Information, as applicable, received in connection with the performance of Services under this Agreement. Empower and Plan Sponsor agree that their collection, use and disclosure of all Data is and will at all times be conducted in compliance with all applicable Data Protection Laws. Each party will implement, support, and maintain appropriate physical and logical security measures designed to secure Data, and will take all commercially reasonable organizational and technical steps to protect against unlawful and unauthorized access to and processing of Personal Data. In accordance with the foregoing, Empower maintains a comprehensive data security program designed to safeguard Data and access to the Empower Software and systems, as further set forth in the Data Security & Privacy Addendum attached hereto as Exhibit 1.

b. Mutual Notice of an Information Security Breach

(A) Notice by Empower. Empower will notify the Plan Sponsor of an Information Security Breach as set forth Exhibit 1, Data Security & Privacy Addendum.

(B) Notice by Plan Sponsor**.** In order to help Empower facilitate the safety of Data and Participant accounts, Plan Sponsor will notify Empower: (i) promptly in the event of a security breach of Plan Sponsor's systems that could impact Empower's systems or the integrity of Data sent to Empower, including without limitation a suspected virus or malware event; and/or (ii) immediately upon discovering a compromise of the security and/or log-on credentials of any Plan Sponsor employee or agent that has a plan administration role in Empower's system. Such notice shall include: (a) information

reasonably necessary to enable Empower to promptly put additional protective measures in place, such as file scrubbing protocols and/or fraud alerts on Participant accounts; and (b) the corrective action taken to remedy the breach.

16. COMPLIANCE WITH PUBLIC RECORDS LAWS

Under the North Dakota public records law and subject to the Confidentiality section of this Agreement, certain records may be open to the public upon request.

Public records may include: (a) records Plan Sponsor receives from Empower under this Agreement, (b) records obtained by either party under this Agreement, and (c) records generated by either party under this Agreement. Notwithstanding the foregoing, Plan Sponsor acknowledges the exemption for disclosure of trade secrets, proprietary commercial and financial information and privileged information under NDCC §44-04-18-4.

Empower agrees to contact Plan Sponsor immediately upon receiving a request for information under the public records law and to comply with Plan Sponsor's instructions on how to respond to such request.

17. INDEPENDENT ENTITY

Empower is an independent entity under this Agreement and is not a Plan Sponsor employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. Empower retains sole and absolute discretion in the manner and means of carrying out Empower's activities and responsibilities under this Agreement, except to the extent specified in this Agreement.

18. ASSIGNMENT AND SUBCONTRACTS

Empower may not assign or otherwise transfer or delegate any right or duty without Plan Sponsor's express written consent, provided, however, that Empower may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Agreement, whether by merger, reorganization, operation of law, or otherwise. Should Empower's assignee be a business or entity with whom Plan Sponsor is prohibited from conducting business, Plan Sponsor shall have the right to terminate the Agreement in accordance with the Termination for Cause section of this Agreement.

Empower may utilize the services of Affiliates, agents and suppliers selected by Empower.

Empower's use of any such party will not relieve Empower of its obligations under this Agreement and Empower shall at all times remain liable for the performance of such Services.

Empower may enter subcontracts. To the extent Empower retains a subcontractor to perform Services under the Agreement solely and uniquely for Plan Sponsor, Empower will endeavor to incorporate substantively similar terms in the subcontract that are included in the Agreement. Empower is solely responsible for the performance of any subcontractor with whom Empower contracts, and Empower's retention of a subcontractor will not relieve Empower of its obligations under this Agreement. Empower does not have authority to contract for or incur obligations on behalf of Plan Sponsor.

19. SPOLIATION – PRESERVATION OF EVIDENCE

Empower shall promptly notify Plan Sponsor of all potential claims that arise or result from this Agreement. Empower shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to Plan Sponsor the opportunity to review and inspect such evidence, including the scene of an accident.

20. MERGER AND MODIFICATION, CONFLICT IN DOCUMENTS

This Agreement constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this Agreement. This Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by both parties.

Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the documents making up this Agreement, the documents must control in this order of precedence:

a. The terms of this Agreement (not including Exhibits 5 and 6) as amended;

b. Plan Sponsor's Request for Proposal ("RFP") number 192.08-16-23, incorporated by reference as Exhibit 5; and

c. Empower's proposal in response to RFP number 192.08-16-23, incorporated by reference as Exhibit 6.

21. SEVERABILITY

If any term of this Agreement is declared to be illegal or unenforceable by a court having

competent jurisdiction, the validity of the remaining terms is unaffected and, if possible, the rights and obligations of the parties are to be construed and enforced as if this Agreement did not contain that term.

22. APPLICABLE LAW AND VENUE

This Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Agreement must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.

23. ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

By entering this Agreement, Plan Sponsor does not agree to binding arbitration, mediation, or any other form of mandatory Alternative Dispute Resolution. The parties may enforce the rights and remedies in judicial proceedings. Plan Sponsor does not waive any right to a jury trial.

24. ATTORNEY FEES

In the event a lawsuit is instituted by Plan Sponsor to obtain performance due under this Agreement, and Plan Sponsor is the prevailing party, Empower shall, except when prohibited by N.D.C.C. § 28-26-04, pay Plan Sponsor's reasonable attorney fees and costs in connection with the lawsuit.

25. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

Empower agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. (*See* N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.)

Empower agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums.

Empower shall have and keep current all licenses and permits required by law during the Term of this Agreement.

Empower's failure to comply with this section may be deemed a material breach by Empower entitling Plan Sponsor to terminate in accordance with the Termination for Cause section of this

Agreement.

Empower is prohibited from boycotting Israel for the duration of this Agreement. (See N.D.C.C § 54-44.4-15.) Empower represents that it does not and will not engage in a boycotting Israel during the term of this Agreement. If Plan Sponsor receives evidence that Empower boycotts Israel, Plan Sponsor shall determine whether the company boycotts Israel. The foregoing does not apply to contracts with a total value of less than $100,000 or if Empower has fewer than ten full-time employees.

26. STATE AUDIT

Pursuant to N.D.C.C. § 54-10-19, all records, regardless of physical form, and the accounting practices and procedures of Empower relevant to this Agreement are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors, if required. Empower shall maintain these records for at least three (3) years following completion of this Agreement and be able to provide them upon reasonable notice. Plan Sponsor, State Auditor, or the Auditor's designee shall provide reasonable notice to Empower prior to conducting examination. Such examination shall not exceed more than one per calendar year and will not require Empower to provide more than eighty (80) hours of assistance. In the event Plan Sponsor requests audit support in excess of eighty (80) hours, Empower reserves the right to charge an additional fee, with advance notice and consent of Plan Sponsor, which shall not be unreasonably withheld.

Each year upon the request of Plan Sponsor, Empower will provide a copy of the review performed by Empower's external auditors under the "Statement of Standards for Attestation Engagements Number 18, Attestation Standards: Clarification and Recodification" of the American Institute of Certified Public Accountants ("**SSAE18**") SOC 1, or any new or replacement standard or protocol established by the American Institute of Certified Public Accountants.

27. BUSINESS CONTINUITY & DISASTER RECOVERY

Empower will maintain business continuity and disaster recovery procedures to address the security, integrity and availability of the technology, operational, financial, human and other resources required to provide mission-critical Services in the event of a natural disaster or other interruption of normal business operations. Such procedures will be tested at least once annually. Empower Financial Services, Inc.'s current Business Continuity Plan Notice is attached to this Agreement. By executing this Agreement, Plan Sponsor acknowledges receipt of this Notice.

28. RECORD RETENTION

Empower shall retain all records in its custody and control that are pertinent to performance under this Agreement in accordance with its record retention policy and as required by law. Subject to the foregoing, each party agrees to return or destroy the other party's Confidential Information and Data once it is no longer required for the purpose of performing or receiving the Services, provided that the parties are not obligated to destroy copies of Confidential Information or Data that must be retained for audit, legal, regulatory, or Plan administration purposes, or that is stored in non-readily accessible electronic format, such as on archival systems; in such cases Empower's data protection obligations shall continue until such Data is destroyed in accordance with Empower's record retention policy.

29. COUNTERPARTS

This Agreement may be executed in multiple, identical counterparts, each of which is to be deemed an original, and all of which taken together shall constitute one and the same contract.

30. EFFECTIVENESS OF AGREEMENT

This Agreement is not effective until fully executed by both parties. If no start date is specified in the Term of Agreement, the most recent date of the signatures of the parties shall be deemed the Effective Date.

31. ELECTRONIC SIGNATURES

Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures reasonably believed to be genuine on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

CONTRACTOR	**STATE OF NORTH DAKOTA**
Empower Retirement, LLC	Acting through its **NDPERS**
BY:	BY:
Daniel Morrison	Rebecca Fricke
EVP Government & Taft Hartley Markets	NDPERS Executive Director
Date:	Date:

EXHIBIT 1:
DATA SECURITY & PRIVACY ADDENDUM

This Data Security & Privacy Addendum applies to Empower and its Affiliates and describes how Empower protects Personal Data and Plan Data (the "**Addendum**"). Capitalized terms used but not defined herein have the meanings given to them in the Master Service Agreement executed by Empower and Plan Sponsor under which Empower provides services to Plan Sponsor ("**Agreement**").

1. Definitions. The following terms have the meanings set out below and similar terms shall be construed accordingly:

"**Data"** means Personal Data and Plan Data.

"**Data Protection Laws**" means any law with respect to the protection of Personal Data that is applicable to Empower's Services under the Agreement or any Schedule thereto.

"**Information Security Breach**" means a confirmed compromise of an information system within the authority or responsibility of Empower that results in the unauthorized acquisition, disclosure, modification or use of unencrypted Personal Data, or encrypted Personal Data where the encryption key has also been compromised. An Information Security Breach includes, without limitation, theft and/or malicious use of Data by Empower personnel. A good faith but unauthorized or unintentional acquisition, disclosure, modification or use of Personal Data by an employee or contractor of Empower or a party who has signed a confidentiality agreement with Empower does not constitute a Security Breach if the Personal Data is not subject to further unauthorized acquisition, disclosure, loss, modification, or use.

"**Personal Data**" shall mean information that identifies or is reasonably capable of being associated with a Participant in the Plan or an eligible employee of Plan Sponsor, and includes personally identifiable financial information as defined by Title V of the Gramm-Leach-Bliley Act, but excluding data that is publicly-available and data from which individual identities have been removed and that is not linked or reasonably linkable to any individual.

"**Plan Data**" shall mean non-public Plan level information that is provided to Empower in connection with receipt of the Services. Plan Data excludes data that is de-identified and aggregated for benchmarking and research purposes.

"**Subprocessor**" means any person (including any third party service provider and any Empower Affiliate, but excluding personnel employed by such parties) engaged by Empower to process Personal Data.

2. Direction. Plan Sponsor Directs Empower and its Affiliates (and authorizes Empower and its Affiliates to Direct each Subprocessor), where applicable, to process Personal Data as follows: (a) processing in accordance with the Master Agreement and any amendments thereto as executed by the parties; and (b) processing initiated by Participants in their use of the Services. Plan Sponsor

represents that it is and covenants that it will at all relevant times remain duly and effectively authorized to give the Direction set out herein.

3. Security. In order to protect Personal Data, Empower will implement appropriate technical and organizational measures designed to protect Personal Data in accordance with the requirements of any Data Protection Laws. In addition to the foregoing, Empower's security program shall conform to the commitments described below.

4. CCPA Compliance. Each Party hereto agrees and certifies that such Party complies with all applicable sections of the California Consumer Privacy Act of 2018 and its implementing regulations, as amended or superseded (the **"CCPA**"), in connection with this Agreement. Empower will notify Plan Sponsor in the event it determines that it is no longer able meet its obligations under the CCPA.

4.1 Empower processes Personal Data to provide the Services under the Agreement for the following purposes: to maintain or service retirement accounts, provide participant service, education and support, to offer financial wellness programs to participants, to maintain online participant accounts, to provide call center services, to respond to inquiries, to provide benchmarking services to Plan Sponsor, and additional specific services as further described in Schedule A-1 (collectively, the **"Business Purpose"**).

4.2 Except as otherwise permitted by the CCPA, Empower will use, disclose, and retain Personal Data solely for the Business Purpose and will not use, disclose, or retain Personal Data for commercial purposes other than for the Business Purpose. Except as otherwise permitted under the CCPA, Empower will not use, disclose, or retain Personal Data processed in connection with the Services outside the direct business relationship with Plan Sponsor nor combine personal information that it received from, or on behalf of, Plan Sponsor with personal information that it received from another source or collected from its own interaction with the consumer, except as required to provide the Business Purpose or as otherwise permitted by applicable laws.

4.3 Empower will not sell or share Personal Data in any manner in violation of the CCPA.

4.4 Upon prior written notice to Empower, Plan Sponsor may take reasonable and appropriate steps to (i) ensure Empower uses the Personal Data collected is in a manner that complies with the CCPA and (ii) stop and remediate any unauthorized use of Personal Data by Empower.

4.5 Empower shall enable the Plan Sponsor to comply with consumer requests made pursuant to the CCPA to the extent compliance with such requests is required by the CCPA.

4.6 In the event the CCPA is pre-empted by Federal laws, the terms of this Section 4 shall no longer be applicable, and upon the request of either party hereto, the parties shall cooperate in good faith to reasonably amend or modify these terms to address future changes to Data Protection Laws that require such amendments.

4.7 Empower shall implement security practices and procedures appropriate to the nature of the Personal Information as set forth herein**.**

5. **Subprocessing**. Plan Sponsor hereby agrees that Empower may engage its Affiliates and third parties as Subprocessor in connection with the provision of Services under the Agreement. Empower shall carry out reasonable due diligence as appropriate to the nature of each Subprocessor's services to ensure that the Subprocessor is capable of providing the level of protection for Personal Data required by the Information Security Policies. Empower shall ensure that its Affiliates and Subprocessors are bound by privacy protections at least as restrictive as those provided for by this Agreement. Upon request, Empower shall make available a current list of any material Subprocessors that have access to Personal Data; the parties hereto agree that such list is the Confidential Information of Empower and subject to the confidentiality provisions of the Agreement.

6. **Data Subject Rights**. In the event that Empower receives a request from a Participant relating to an exercise by the Participant of the Participant's rights under applicable Data Protection Laws (such as a "right to know" or "right to delete" request), Empower will direct such Participant to take the request to Plan Sponsor. Empower will cooperate with any request by Plan Sponsor to respond to requests to the extent required by applicable Data Protection Laws. respect to the response to such Participant.

7. **Data Security.** Empower's Information Security Policies and related policies address the management of information security, the security controls employed by the organization. These policies include, without limitation:

7.1 An Information Security Board that is responsible for the development, implementation, and ongoing maintenance of Empower's data security.

7.2 Documented policies ("**Information Security Policies**") that Empower formally approves, internally publishes, communicates to appropriate personnel and reviews at least annually. Empower's Information Security Policies shall (i) mandate the secure protection and handling of confidential data, (ii) comply with applicable laws, (iii) conform to or exceed applicable industry standards for the retirement plan services industry, and (iv) documented, clear assignment of responsibility and authority for data security-related activities.

7.3 Policies covering acceptable computer use, record retention/destruction, information classification, cryptographic controls, access control, network security, removable media, remote access, mobile computing and wireless access.

7.4 Regular testing of the key controls, systems and procedures, including (i) testing of information technology general controls (ITGC) at least annually or whenever there is a material change in business practices, and (ii) infrastructure penetration tests and scans against internet-facing points of presence. Empower will correct vulnerabilities or security issues discovered through such assessments in a manner and time frame consistent with established standards.

7.5 Policies and procedures designed to protect the security of Plan Data and Personal Data that is accessible to, or held by, Empower's third party suppliers. Such policies shall be based on Empower's Information Security Policies, and shall address, as applicable: (i) the identification and risk assessment of such supplier; (ii) minimum cybersecurity standards required to be met by such suppliers; (iii) due diligence processes used to evaluate the adequacy of cybersecurity practices of such suppliers; and (iv) periodic assessment of such suppliers based on the risk they present and the continued adequacy of their cybersecurity practices.

7.6 Use of appropriate administrative, technical and operational measures designed to ensure Personal Data and Plan Data is secure.

7.7 Monitoring, evaluating and adjusting, as appropriate, its data security protocols summarized herein, in light of relevant changes in Data Protection Laws, Services, technology or industry security standards, the sensitivity of data collected or processed by Empower in the provision of its Services, and evolving internal or external risks. Empower may make such updates to its data security protocols and the terms hereof at any time without notice so long as such updates maintain a comparable or better level of security. Individual measures may be replaced by new measures that serve the same purpose without diminishing the security level protecting Personal Data or Plan Data.

8. Risk Management. Empower has a risk assessment program that includes regular risk assessments and management for risk identification, analysis, monitoring and reporting.

9. Human Resources.

9.1 Acknowledgements. Empower shall provide training on its information security practices to its personnel at least annually. Empower personnel shall acknowledge their information security and privacy responsibilities under Empower's policies.

9.2 Personnel Controls. Empower completes appropriate pre-employment background checks and screening on its personnel, and requires personnel to complete initial security training at the time they are first employed with Empower and annually thereafter. All personnel attest annually to Empower's Code of Business Conduct and Ethics, which enforces the tenets of Empower's Information Security Policies and its privacy policies. Empower has disciplinary processes for violations of information security or privacy requirements, and promptly removes personnel access to Plan Data or Personal Data upon termination or applicable role change.

10. Physical and Environmental Safety.

10.1 Physical and Environmental Security Controls. Empower has appropriate physical and environmental controls to protect Empower's equipment, assets, and facilities used to provide services. Physical Security includes, without limitation (i) physical security in the protection of valuable information assets of the business enterprise; and (ii) the provision of

protection techniques for the entire facility, from the outside perimeter to the inside office space, including the datacenters and wiring closets.

10.2 Ongoing Operations. Empower protects its facilities and systems containing Data from failures of power, networks, telecommunications, water supply, sewage, heating, ventilation, and air-conditioning.

11. Communications and Operations Management.

11.1 Controls. Empower has policies and procedures in place for communications and operations management controls. Such controls address: hardening, change control, segregation of duties, separation of development and production environments, network security, virus protection, patch management, media controls, data in transit, encryption, audit logs, and time synchronization.

11.2 Operations Security. Empower's Information Security Policies mandate ongoing Operations Security requirements, including but not limited to, installing or maintaining (i) security patches for operating systems and applications within standard timeframes based on severity; (ii) industry standard versions of operating systems, software and firmware for system applications and components; and (iii) up-to-date system security agent software which includes updated malware and virus definitions.

12. Access Control.

12.1 Access Control. Empower utilizes access controls designed to ensure that only Empower personnel with the proper need and authority can access its internal recordkeeping system and associated data. Empower's access controls include but are not limited to: limiting access to personnel with a requirement to view Personal Data; establishing least-privilege controls to protect systems and Personal Data; generation of audit trails; periodic review and approval of personnel who need to access the Empower recordkeeping system; and termination of personnel access promptly following severance from employment.

12.2 Authentication. Empower authenticates user identity through appropriate authentication controls such as strong passwords, token devices, or biometrics. Passwords must meet minimum length and complexity requirements.

12.3 Remote Access to Empower Systems. Empower uses multi-factor authentication for remote access to its systems.

13. Information Systems Acquisition, Development and Maintenance.

13.1 Systems Development Security. Empower addresses security as part of information systems development and operations and follows secure coding methodologies based on application development security best practices.

13.2 Software Security Management. Empower's information systems (including operating systems, infrastructure, business applications, off-the-shelf products, services and user-developed applications) adheres to the information security standards set forth in Empower's Information Security Policies.

13.3 Vulnerability Assessments/Ethical Hacking. Empower performs vulnerability assessments and penetration testing against Internet-facing points of presence. Empower corrects vulnerabilities or security issues discovered through such assessments in a manner and time frame consistent with established standards set forth in Empower's Information Security Policies.

13.4 Cryptography. Empower uses cryptography techniques that assist Empower with preventing the unauthorized capture, modification of or access to data or information. Empower uses standard encryption algorithms that follow up-to-date encryption standards and industry practices. Such cryptography techniques may include but are not limited to: encryption of sensitive data sent across external communication lines; requirement of minimum 128-bit encryption TLS encryption for web browsers; and encryption of Personal Data while stored on laptops, mobile devices, and in recordkeeping databases.

14. Information Security Breach Management.

14.1 Incident Management Program. Empower maintains investigative measures and techniques for incident handling, including but not limited to: a formalized, enterprise-wide Computer Security Incident Response Team ("**CSIRT**"), and CSIRT processes which are tested at least annually.

14.2 Information Security Breach Response. Empower will notify Plan Sponsor after becoming aware of any Information Security Breach in accordance with all applicable Data Protection Laws. For the avoidance of doubt, Empower will (i) keep the Plan Sponsor informed of significant developments in connection with the investigation of such incident; (ii) investigate and assist any regulator or other governmental body with oversight over the Information Security Breach in investigating, remedying and taking any other action regarding the Information Security Breach as appropriate or required by law; and (iii) provide Plan Sponsor with information about remedial measures that have been undertaken to prevent such Information Security Breach from reoccurring. In the event that individual or regulatory notifications are required under applicable Data Protection Laws, the parties will cooperate with respect to notifications. To the extent the Information Security Breach is caused by Empower's failure to abide by its obligations as set forth in this Data Security Addendum, Empower shall bear the costs of such notifications and provision of credit monitoring services to affected individuals to the extent required by law or otherwise appropriate in Plan Sponsor's and Empower's reasonable judgment.

15. Plan Sponsor Assessment Rights.

15.1 Assessment via Security Assurance Package. Within the secure Plan Sponsor website provided by Empower, Empower provides documentation that supports and informs the reader about Empower's current security program and practices. These documents are referred to

as the Security Assurance Package ("**SAP**"), which currently consists of the following items: Security Program Overview document, SOC 1 report, SOC 2 report, available IT certification reports (e.g. Verizon CRP), and a completed SIG questionnaire with related supporting materials. (The SIG is a standardized document template created by the Shared Assessments Program, a consortium of leading financial institutions, the Big 4 accounting firms, and companies from a wide array of industries.)

15.2 Regulatory Assessment. If Plan Sponsor's governmental regulators require that Plan Sponsor perform an on-site audit of Empower's network security, as supported by evidence provided by Plan Sponsor, Plan Sponsor may conduct an on-site audit of Empower's network security, relevant to the security of Plan Data (**"Regulatory Audit"**). Unless a different notice or frequency is required by Plan Sponsor's governmental regulators, a Regulatory Audit may be conducted by Plan Sponsor once per year at a mutually agreed-upon time with at least 60 days' advance written notice to Empower. If a Regulatory Audit requires the equivalent of more than two business days of Empower Personnel's time to support such audit, Empower may charge Plan Sponsor's an audit fee at Empower's then-current rates for each day thereafter.

15.3 Miscellaneous. This Addendum is governed by and incorporated into the Agreement. In the event of any conflict between the Agreement and this Addendum, the Agreement will prevail. Any capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement.

EXHIBIT 2:
PROCEDURES FOR COMPLYING WITH FUND COMPANY MARKET TIMING AND EXCESSIVE TRADING

This Exhibit 2 shall apply to any Recordkeeping Services Schedule under the Master Services Agreement

PROCEDURES FOR COMPLYING WITH FUND COMPANY MARKET TIMING AND EXCESSIVE TRADING POLICIES

The prospectuses, policies and/or procedures of certain fund companies require retirement plan providers offering their fund(s) to agree to restrict market timing and/or excessive trading ("prohibited trading") in their funds. The following procedures describe how we will comply with fund company instructions designed to prevent or minimize prohibited trading.

Various fund companies instruct intermediaries to perform standardized trade monitoring while others perform their own periodic monitoring and request trading reports when they suspect that an individual is engaging in prohibited trading. If an individual's trading activity is determined to constitute prohibited trading, as defined by the applicable fund company, the individual will be notified that a trading restriction will be implemented if prohibited trading does not cease. (Some funds may require that trading restrictions be implemented immediately without warning, in which case notice of the restriction will be provided to the individual and plan, if applicable). If the individual continues to engage in prohibited trading, the individual will be restricted from making transfers into the identified fund(s) for a specified time period, as determined by the applicable fund company. Individuals are always permitted to make transfers out of the identified fund(s) to other available investment options. When the fund company's restriction period has been met, the individual will automatically be allowed to resume transfers into the identified fund(s).

Additionally, if prohibited trading persists, the fund company may reject all trades initiated by the plan, including trades of individuals who have not engaged in prohibited trading.

Note: certain plan sponsors have or may elect to implement plan level restrictions to prevent or minimize individual prohibited trading. To the extent that such procedures are effective, we may not receive requests for information from the fund companies or requests to implement the restrictions described above.

01/2022

EXHIBIT 3: PRIVACY NOTICE

PRIVACY NOTICE
REV 2/2023

EMPOWER

FACTS	What does Empower Retirement, LLC (Empower) do with your personal information?
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
WHAT?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and account balances. • Retirement assets and transaction history. • Employment information and income. When you are no longer our customer, we continue to share your information as described in this notice.
HOW?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information, the reasons Empower chooses to share, and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	DOES EMPOWER SHARE?	CAN YOU LIMIT THIS SHARING?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

QUESTIONS?	Call toll-free at **855-756-4738** or go to **empower.com/privacy**

WHO WE ARE	
Who is providing this notice?	Empower and its affiliates. A list of companies is provided at the end of this notice.
WHAT WE DO	
How does Empower protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include physical, technical, and procedural safeguards, such as building and system security, and personnel training.
How does Empower collect my personal information?	We collect your personal information, for example, when you: • Provide account information or apply for a loan. • Enter into an investment advisory contract or seek advice about your investments. • Tell us about your investment or retirement portfolio. We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: • Sharing for affiliates' everyday business purposes — information about your creditworthiness. • Affiliates from using your information to market to you. • Sharing for nonaffiliates to market to you. State laws and individual companies may give you additional rights to limit sharing.
DEFINITIONS	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • *Our affiliates include companies with the Empower names, as listed below, and other financial companies such as Empower Advisory Group, LLC.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • *Empower does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • *Empower doesn't jointly market.*

WHO IS PROVIDING THIS NOTICE?

Empower Retirement, LLC; Empower Annuity Insurance Company of America; Empower Life & Annuity Insurance Company of New York; Empower Plan Services, LLC; Empower Advisory Group, LLC; Empower Financial Services, Inc.; The Canada Life Assurance Company (U.S. operations); Great-West Life & Annuity Insurance Company of South Carolina; Empower Capital Management, LLC; Empower Funds, Inc.; Empower Trust Company, LLC; Empower Holdings, Inc.; Empower Annuity Insurance Company; Prudential Bank & Trust, FSB (to be merged into Empower Trust Company, LLC in or around March 2023); TBG Insurance Services Corporation; MC Insurance Agency Services, LLC; Mullin TBG Insurance Agency Services, LLC; COMOSA REIT Corp. Empower Personal Wealth, LLC; Empower Services Holdings, LLC; Personal Capital Advisors Corporation (to be merged into Empower Advisory Group, LLC in or around April 2023); and Personal Capital Services Corporation. Empower and/or certain Affiliates also administer certain insurance policies on behalf of other insurance companies as a "Third Party Administrator" in connection with certain acquisitions it has made of businesses previously owned by other companies.

GEN-FLY-WF-1831220-0223(2332382)

EXHIBIT 4: BUSINESS CONTINUITY PLAN NOTICE

BUSINESS CONTINUITY PLAN NOTICE

Empower Financial Services, Inc. ("Empower"), a subsidiary of Empower Annuity Insurance Company of America and affiliate of Empower Life & Annuity Insurance Company of New York* and Empower Retirement, LLC, maintains a comprehensive business continuity plan designed to respond reasonably and effectively to events that lead to significant business disruption, such as natural disasters, power outages, or other events of varying scope. This plan defines critical functions and systems, alternate work locations, vital books and records, and staff resources, and provides for the continuation of business operations with minimal impact, depending on the severity and scope of the disruption. The plan is reviewed and tested no less than once annually to ensure that the information in the plan is kept current and that documented recovery and continuity strategies adequately support its business operations. Of utmost importance to the plan is the ability for customers to maintain access to securities accounts and assets in those accounts.

In the event that one of the contact centers or back office operation facilities becomes unavailable for any reason, calls would be re-routed to one of the firm's alternative contact center or operations facilities.

In the event of a significant business disruption to the primary office and/or data center, access to customer accounts will be provided via the Company's Web site and voice response system, operated from an alternative data center. Customer service will continue to be provided by re-routing telephone calls to a contact center located in one or more alternative sites located outside of the region. Secure work from home solutions are available for all staff.

While no contingency plan can eliminate the risk of business interruption, or prevent temporary delays with account access, the firm's continuity plan is intended to mitigate all reasonable risk and resume critical business operations within 24 hours or the next business day, whichever is later.

* Record keeping and administrative services are provided by Empower Retirement, LLC, and in New York, Empower Life & Annuity Insurance Company of New York, or one of its subsidiaries or affiliates. Securities offered in your account may be offered through another broker/dealer firm other than Empower Financial Services, Inc., a wholly owned subsidiary of Empower Annuity Insurance Company of America. Please contact your investment provider for more information if needed.

This disclosure is subject to modification at any time. The most current version of this disclosure can be found on the the Company's website or can be obtained by requesting a written copy by mail.

BCP – Empower Customer Notice (Ed. August 2022)

EXHIBIT 5: PLAN SPONSOR REQUEST FOR PROPOSAL

Plan Sponsor's Request for Proposal ("RFP") number 192.08-16-23, incorporated by reference.

EXHIBIT 6: VENDOR PROPOSAL

Empower's proposal in response to RFP number 192.08-16-23, incorporated by reference.

SCHEDULE A-1:
LIST OF PLANS

1. The North Dakota Section 457(b) Deferred Compensation Plan and Trust ("457(b) Plan")
   Group Account Number: 100455-01

2. The North Dakota Public Employees Retirement System Defined Contribution Plan ("401(a) Plan")
   Group Account Number: 100456-01

SCHEDULE A-2:
RECORDKEEPING SERVICES & FEE SCHEDULE

SCHEDULE C-1:
TRUST AGREEMENT

SCHEDULE C-2:
TRUST AGREEMENT

VI. DEFINED BENEFIT

A. Retirement Plan Services Request for Proposal (RFP) *EXECUTIVE SESSION

***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 executive session will be sent under separate cover

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Katheryne Korom

DATE: March 12, 2024

SUBJECT: 2023 EAP Utilization

The following table shows the self-reported 2023 utilization from the NDPERS Employee Assistance Program (EAP) providers. The overall EAP utilization rate was 10.0% in 2023.

NDPERS Employee Assistance Program – 2023

	NDPERS TOTAL	Live Well	ENI	The Village	CHI
Contracts	15,767	163	2,828	8,701	4,075
Cases*	1,584	21	282	547	734
%	10.0%	12.9%	10.0%	6.3%	18.0%
Sessions	4,001	90	697	2,357	857
Reported Case Types:					
Psychiatric	570	4	105	206	255
Family/Personal	696	11	40	330	315
Work Problems	104	0	20	23	61
Financial/Legal	37	2	6	29	0
Drugs/Alcohol	35	0	2	7	26
Other/Unknown	110	4	29	0	77

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

If you have any questions, we will be available at the NDPERS Board Meeting.

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

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Katheryne Korom

DATE: March 12, 2024

SUBJECT: Administrative and Recordkeeping Services for Section 125 FlexComp Plan Request for Proposal (FlexComp RFP)

The FlexComp RFP was issued on March 4, 2024.

Following are the key dates for the proposal process:

Date	Activity
March 4, 2024	RFP is issued.
March 22, 2024	Written questions regarding proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
April 8, 2024	NDPERS posts responses to all questions received.
April 30, 2024	Proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
June 2024	NDPERS Board review of proposals.
July 2024	Finalist interviews and Best and Final Offers due, if deemed necessary by the NDPERS Board
July/August 2024	Selection and award of contract by NDPERS.
January 1, 2025	Effective Date of Coverage

If you have any questions, we will be available at the NDPERS Board Meeting.

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

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Katheryne Korom

DATE: March 12, 2024

SUBJECT: Dental Request for Proposal (RFP)

The Dental RFP was issued on February 1, 2024. We received a total of 12 questions. The responses to these questions were posted on the NDPERS website on March 11, 2024.

Following are the key dates for the proposal process:

Date	Activity
February 1, 2024	RFP is issued.
February 23, 2024	Written questions regarding proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
March 11, 2024	NDPERS posts responses to all questions received.
March 29, 2024	Proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
May 2024	NDPERS Board review of proposals.
June 2024	Finalist interviews and Best and Final Offers due, if deemed necessary by the NDPERS Board
End of August 2024	Selection and award of contract by NDPERS.
January 1, 2025	Effective Date of Coverage

If you have any questions, we will be available at the NDPERS Board Meeting.

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

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 16
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: Sanford Health Plan 2024 Member Experience Survey

Sanford Health Plan (SHP) is preparing to distribute its 2024 Member Experience Survey. This survey is distributed each even-numbered calendar year prior to the renewal to gauge our membership's satisfaction with the services provided by SHP in relation to our health insurance plan. The survey was previously developed with input from NDPERS staff and has remained consistent so that results can be compared against previous survey responses.

Please find the following attachments:

1) A memo from SHP outlining the survey goals, targets, questions, and timelines (Attachment 1)
2) The cover letter that accompanies the survey (Attachment 2)
3) The sample survey (Attachment 3)

Representatives from SHP will be available to answer any questions you have regarding the upcoming survey.

SANFORD HEALTH PLAN

Memo

Attachment 1

To: Rebecca Fricke

From: Steve Webster

Date: February 19, 2024

Re: 2024 NDPERS Member Experience Survey

The North Dakota Public Employees Retirement System (NDPERS) and Sanford Health Plan (SHP) are preparing the 2024 Member experience survey. The following sections outline key survey details.

SURVEY GOALS

- Gather perceptions related to benefit communications, claims processing and the member services call center.
- Gather high-level satisfaction and utilization metrics, along with basic demographic information, to determine areas that are most likely to improve customer service and member satisfaction.

SURVEY TARGETS AND SAMPLING

- **Survey Population:** NDPERS policy holders across all lines of business
- **Completion Target:** Gather 750-900 completed survey responses, including 250-300 members who have called the member services call center in the past 6 months (approximate margin of error +/-4%).
- **Random Sample:** A simple random sample will identify 7,500 members who will be invited to complete the survey.
- **Estimated Response Rate:** Response rates are conservatively estimated at 12%.
- **Participants:** Instructions will note that the survey is to be completed by the healthcare decision maker.

SURVEY DISTRIBUTION AND RESPONSE COLLECTION

- **Mail Distribution:** All members will receive paper surveys with pre-paid return envelopes.
- **Digital Option:** Members will be given an option to complete the survey online instead of returning the paper survey.
- **Collaborative Effort:** A cover letter explaining the survey will be included in the mailing. The letter will be co-branded and co-signed by NDPERS and Sanford Health Plan.
- **Unique Survey ID:** To track responses, variable data printing will be used to assign each survey a unique ID number.
- **Confidentiality:** Four confidentiality protections will be communicated to NDPERS members, including: 1) Survey results will be combined for reporting purposes; 2) No personally identifiable information will be reported; 3) Completing the survey is optional and will not affect benefits; and 4) The survey ID number is used only to track survey completion and avoid follow-up reminders.
- **Survey Reminder:** A reminder postcard will be developed and deployed if needed.

SURVEY QUESTIONS

- **Core Questions:** Questions 1-9 are considered core NDPERS member survey questions, gathering information about benefit utilization and satisfaction, along with high level member experience metrics.
- **Demographic Questions:** Questions 10-15 are basic demographic questions, allowing Sanford Health Plan to determine the representative nature of the results.
- **Call Center Questions:** Questions 16-25 provide feedback on the Sanford Health Plan member services call center.
- **Survey Length:** The survey is estimated to take 5-7 minutes to complete all questions.

PROPOSED TIMELINES

- March: Survey and timeline presented to NDPERS board for approval
- April: Survey distribution begins.
- April: Survey reminder sent to NDPERS members, as needed.
- May: Survey collection closes (may occur sooner if upper-end target of 900 completed surveys reached)
- July: Final report provided to NDPERS. Results presented to NDPERS Board thereafter.

NDPERS

Attachment 2

Survey ID: XXXXX

MEMBER SURVEY

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM | SANFORD HEALTH PLAN

April 2024

Dear NDPERS Dakota Plan Health Benefits Member,

The North Dakota Public Employees Retirement System (NDPERS) and Sanford Health Plan are dedicated to ensuring our members receive the highest quality of service. To achieve this, we need a little help from you.

We encourage you to answer a few questions about your health plan benefits and specifically about the customer service you receive. We value your opinion, please take 5-7 minutes to complete the survey before **May 26th** to ensure inclusion.

You may complete the survey in one of two ways:

1. Complete the paper survey included with this letter and return it in the business-reply envelope, also included with the letter.
2. Complete the survey online at **surveyNDPERS.com**
   a. You will be asked for a password to enter the survey. The password is: Dakota
   b. Use this survey ID number to access the survey: XXXXX
   c. After you enter the survey ID number, click the “>>” to begin the survey
   d. If you complete the survey online, DO NOT fill out the paper copy

This survey is optional and will not impact the benefits you receive. All responses will be combined for our reporting purposes and no personally identifiable information will be included.

The unique survey ID number printed on your invitation letter and your survey is used to track survey completion, avoid duplicate survey responses, and ensure we don’t send you additional reminders to complete the survey.

We appreciate your cooperation and assistance in helping us ensure we are providing the best service possible. If you have any questions or concerns, call (701) 417-6500.

Sincerely,

Rebecca Fricke

Rebecca Fricke
Executive Director
North Dakota Public Employees Retirement System

HP-8744 2024-02

NDPERS

Attachment 3

Survey ID:

XXXXX

MEMBER SURVEY

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM | SANFORD HEALTH PLAN

1. When was the last time you received health services that led to a health insurance claim?
Consider any service that impacts your individual or family deductible or coinsurance. Examples include services provided by physicians, hospitals, laboratories or pharmacies. Place a (√) next to one of the options below.

- ☐ Within the last 30 days
- ☐ 1 to 2 months ago
- ☐ 3 to 4 months ago
- ☐ 5 to 6 months ago
- ☐ More than 6 months ago
- ☐ N/A — Neither I nor my family have used any services that led to a health insurance claim

2. Which health prevention or health screening services do you use?
Place a (√) next to every prevention or screening service used by you or any member of your family.

- ☐ Annual physical examination
- ☐ Immunizations, such as flu shots
- ☐ Well Child Care services
- ☐ Cancer screening services, such as breast cancer or colon cancer screenings
- ☐ Other (please specify) _____
- ☐ N/A — Neither I nor my family use prevention or screening services

3. Which NDPERS Dakota Wellness Program benefits do you use?
Place a (√) next to every NDPERS Dakota Wellness Program benefit used by you or any member of your family.

- ☐ Worksite education or wellness activities (newsletters, book clubs, wellness challenges)
- ☐ Fitness Center Reimbursement Program
- ☐ Diabetes Management or Healthy Pregnancy programs
- ☐ The Wellness Portal powered by WebMD
- ☐ Other (please specify) _____
- ☐ N/A — Neither I nor my family use NDPERS Dakota Wellness Program benefits

4. How satisfied are you with your NDPERS Dakota Plan Health Benefits?
Use the 10-point scale below to tell us your opinion; 1 is "Not At All Satisfied" and 10 is "Extremely Satisfied." Place a (√) beneath one number.

Not at All Satisfied									Extremely Satisfied
1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

5. Why did you give your NDPERS Dakota Plan Health Benefits that rating?
In the previous question, you rated your satisfaction with NDPERS Dakota Plan Health Benefits. Use the space below to briefly explain your satisfaction with your NDPERS Dakota Health Plan benefits.

PLEASE TELL US MORE ABOUT YOUR EXPERIENCE AS A PLAN MEMBER.

For the next 4 questions, read each statement and rate your experience. Use the 4-point scale to tell us your opinion; 1 is "Strongly Disagree" and 4 is "Strongly Agree." If the statement doesn't apply to you, choose the N/A option.

6. Printed materials or internet resources help you understand how your health plan works.

Consider any information about your benefits provided by Sanford Health Plan, which may include written materials or information available on Sanford Health Plan's website. Place a (√) below one of the options below. If you have not read any printed materials or internet resources, please choose the "N/A" option.

Strongly Disagree			Strongly Agree	N/A
1	2	3	4	
☐	☐	☐	☐	☐

7. Explanation of Benefits (EOB) documents are easy to understand.

Place a (√) below one of the options below. If you have not received an explanation of benefits, please choose the "N/A" option.

Strongly Disagree			Strongly Agree	N/A
1	2	3	4	
☐	☐	☐	☐	☐

8. Health insurance claims are processed in a timely manner.

Place a (√) below one of the options below. If you have not received any services that generated a health insurance claim, please choose the "N/A" option.

Strongly Disagree			Strongly Agree	N/A
1	2	3	4	
☐	☐	☐	☐	☐

9. Health insurance claims are processed accurately.

Place a (√) below one of the options below. If you have not received any services that generated a health insurance claim, please choose the "N/A" option.

Strongly Disagree			Strongly Agree	N/A
1	2	3	4	
☐	☐	☐	☐	☐

PLEASE TELL US MORE ABOUT YOURSELF.

The next 6 questions ask for basic information about you and the coverage you receive. Answering these questions helps us better serve you.

10. How do you or your family qualify for NDPERS Dakota Plan Health Benefits?

If you are not the policy holder, please select the option that best reflects the policy holder's eligibility. Place a (√) next to one of the options below.

- ☐ As an active employee of the State of North Dakota
- ☐ As an active employee of a political subdivision (city, county, school, etc.)
- ☐ As a retiree
- ☐ As a COBRA participant

11. During the past 12-months, approximately how often did you use your health care benefits?

Place a (√) next to one of the options below.

☐ Never ☐ 3-4 times ☐ 7+
☐ 1-2 times ☐ 5-6 times

12. What is your zip code?

Use the space to write in your five-digit zip code:_____

13. Which health insurance plan do you have?
Place a (√) next to one of the options below.

- ☐ NDPERS PPO/Basic Plan
- ☐ NDPERS High Deductible Health Plan (HDHP)
- ☐ NDPERS Dakota Retiree Plan (Medicare)
- ☐ Don't Know / Unsure

14. How many people in your household are covered by your NDPERS Dakota Plan Health Benefits?
Place a (√) next to one of the options below.

☐ 1 ☐ 2 ☐ 3 ☐ 4 or more

15. How old are you?
Place a (√) next to one of the options below.

- ☐ Under 25 years old
- ☐ 25 to 34 years old
- ☐ 35 to 44 years old
- ☐ 45 to 54 years old
- ☐ 55 to 64 years old
- ☐ 65 years or older

PLEASE PROVIDE YOUR FEEDBACK ON THE MEMBER SERVICES CALL CENTER.
The next set of questions relate to your experience with the Sanford Health Plan member services call center. If you have called the member services center more than once within the last 6 months, please answer the questions based upon the most recent time you called the member services department.

16. Have you called the Sanford Health Plan member services center in the past 6 months?
Place a (√) next to one of answers below.

- ☐ No → Please skip to Question 25.
- ☐ Yes → Please continue to Question 17.

17. How satisfied were you with the service you received when you called member services?
Use the 10-point scale below to tell us your opinion; 1 is "Not At All Satisfied" and 10 is "Extremely Satisfied."Place a (√) beneath one number.

Not at All Satisfied									Extremely Satisfied
1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

18. Why did you call the member services call center?
Place a (√) next to one of the options below.

- ☐ To get information about coverage or benefits
- ☐ To ask a question about a health insurance claim or explanation of benefits (EOB)
- ☐ To discuss or obtain prior authorization
- ☐ To check provider participation status
- ☐ To initiate an appeal
- ☐ Other (please specify) _____

19. How long did it take the representative to provide the information or help you needed?
Place a (√) next to one of the options below.

- ☐ The issue was addressed during the initial call
- ☐ Less than 24 hours
- ☐ Less than 1 week
- ☐ 1 to 2 weeks
- ☐ 3 or more weeks
- ☐ The issue was not resolved

20. How long did you have to wait before you were able to talk to a customer service representative?
Place a (√) next to one of the options below.

- ☐ The call was answered immediately by a representative
- ☐ Less than 1 minute
- ☐ 1 to 2 minutes
- ☐ Longer than 2 minutes
- ☐ I hung up before talking to a customer service representative
- ☐ Don't Know / Don't Remember

PLEASE SHARE YOUR FEEDBACK ABOUT THE REPRESENTATIVE YOU TALKED WITH.

For the next 4 questions, read each statement and rate the service representative. Use the 4-point scale to tell us your opinion; 1 is "Strongly Disagree" and 4 is "Strongly Agree." If the statement doesn't apply to you, choose the N/A option.

21. The customer service representative treated you with courtesy and respect.

Place a (√) below one of the options below.

Strongly Disagree			Strongly Agree
1	2	3	4
☐	☐	☐	☐

22. The customer service representative was knowledgeable.

Place a (√) below one of the options below.

Strongly Disagree			Strongly Agree
1	2	3	4
☐	☐	☐	☐

23. The customer service representative answered my questions clearly and completely.

Place a (√) below one of the options below.

Strongly Disagree			Strongly Agree
1	2	3	4
☐	☐	☐	☐

24. The customer service representative completed any follow-up that was promised.

Place a (√) below one of the options below. If your call did not require follow-up, please choose the "N/A" option.

Strongly Disagree			Strongly Agree	N/A
1	2	3	4	
☐	☐	☐	☐	☐

25. Do you have any additional feedback you would like to provide?

Please enter your comments in the space provided.

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 16
Bismarck, North Dakota 58502-1657

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: Rebecca

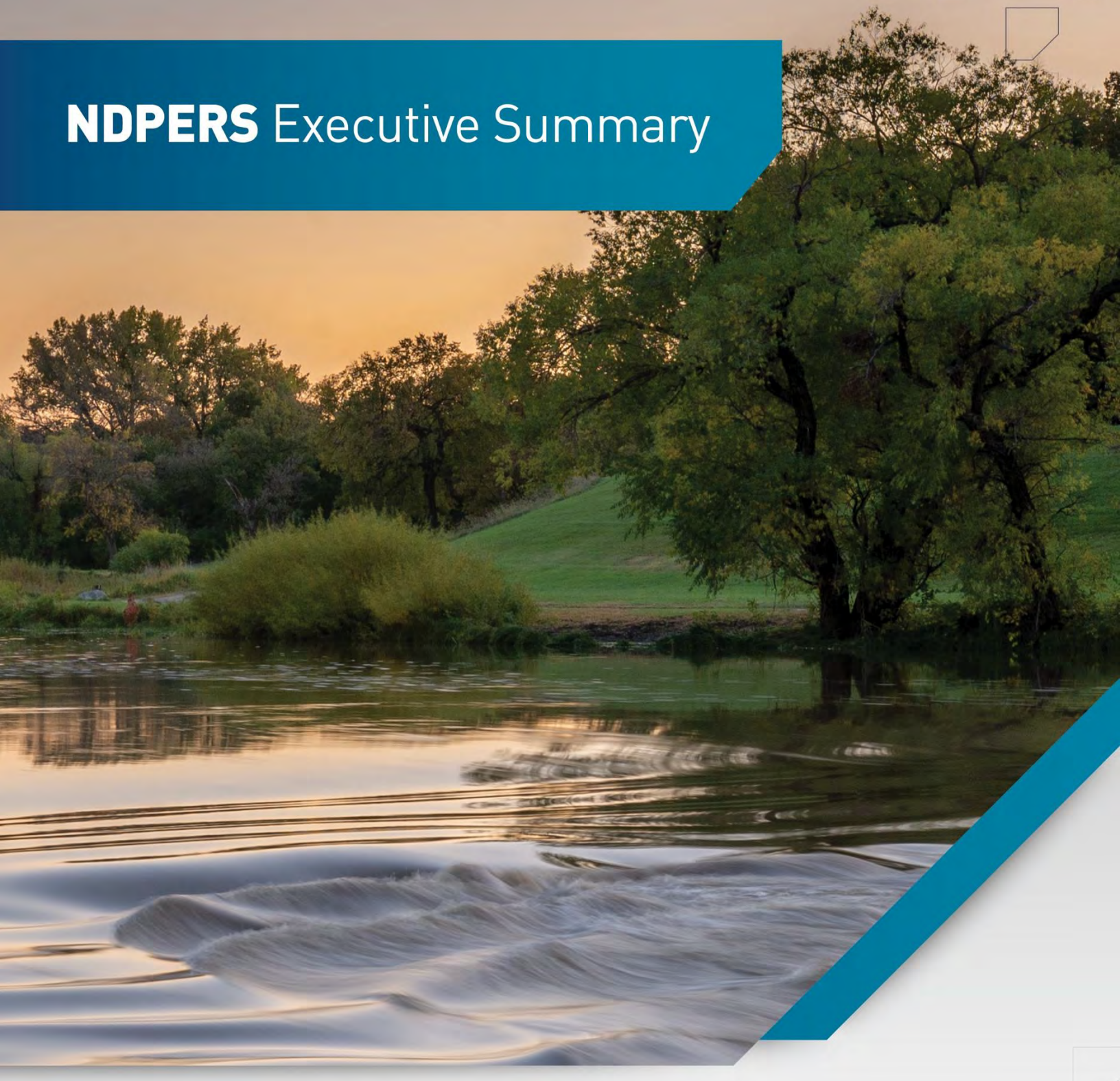
DATE: March 12, 2024

SUBJECT: Changes to Sanford Health Plan Quarterly Executive Summary

Representatives from Sanford Health Plan will be at the meeting to provide an overview of an updated Quarterly Executive Summary (Attachment 1) that they'd like to begin using for reporting the NDPERS data to the Board. Attachment 2 is the summary presented last month using the previous template for you to refer to as a comparison.

Attachment 1

NDPERS Executive Summary



Quarter 3 | 2023

Presented March 2024

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM | SANFORD HEALTH PLAN

CONTENTS

Page 3

Section 1: Membership

Page 5

Section 2: Claims Analysis

Page 9

Section 3: Utilization

Page 10

Section 4: High Dollar Cases

Page 12

Section 5: Pharmacy

Page 18

Section 6: Wellness Continuum

Page 30

Section 7: Performance Guarantees

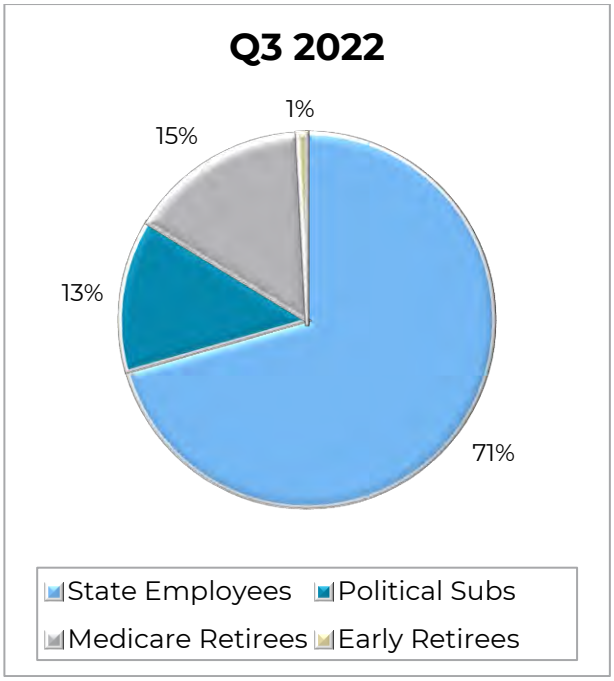
SECTION 1: MEMBERSHIP

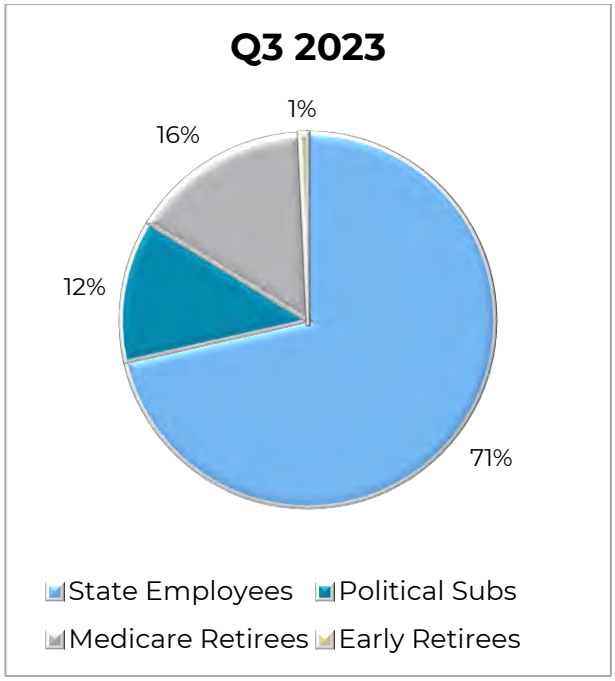
ANNUAL MEMBERSHIP SUMMARY

Exhibit 1.1

MEASURE	Q3 2022	Q3 2023	PERCENT CHANGE
State Employees	41,605	41,684	0.2%
Political Subs	7,765	7,180	-7.5%
Medicare Retirees	9,120	9,067	-0.6%
Early Retirees	474	406	-14.3%
TOTAL	**58,964**	**58,337**	**-1.1%**

Exhibit 1.2



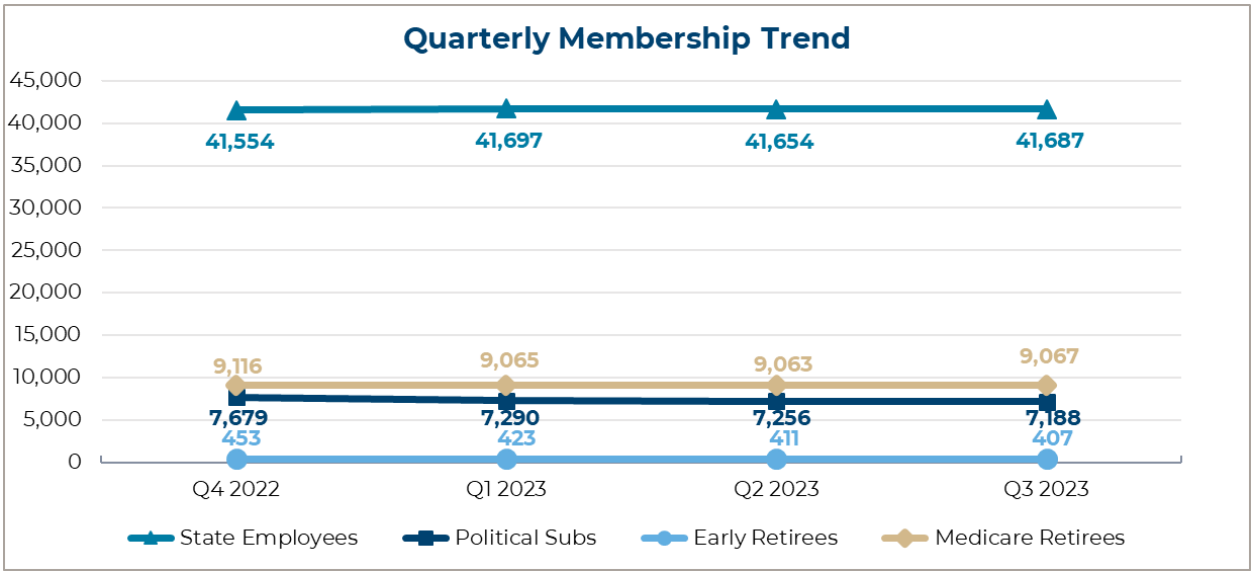


MEMBERSHIP TREND

Exhibit 1.3

MEASURE	Q3 2022	Q3 2023	% CHANGE	BENCHMARK	% VARIANCE
Average Employees	18,241	18,175	-0.4%		
Average Members	49,214	49,116	-0.2%		
Average Contract Size	2.70	2.70	0.2%		
Average Age	33.2	33.1	-0.2%		
% Female	50.9%	50.7%	-0.4%	50.7%	0.0%
HCCs (% of Members)	0.3%	0.3%	8.1%	0.2%	15.4%

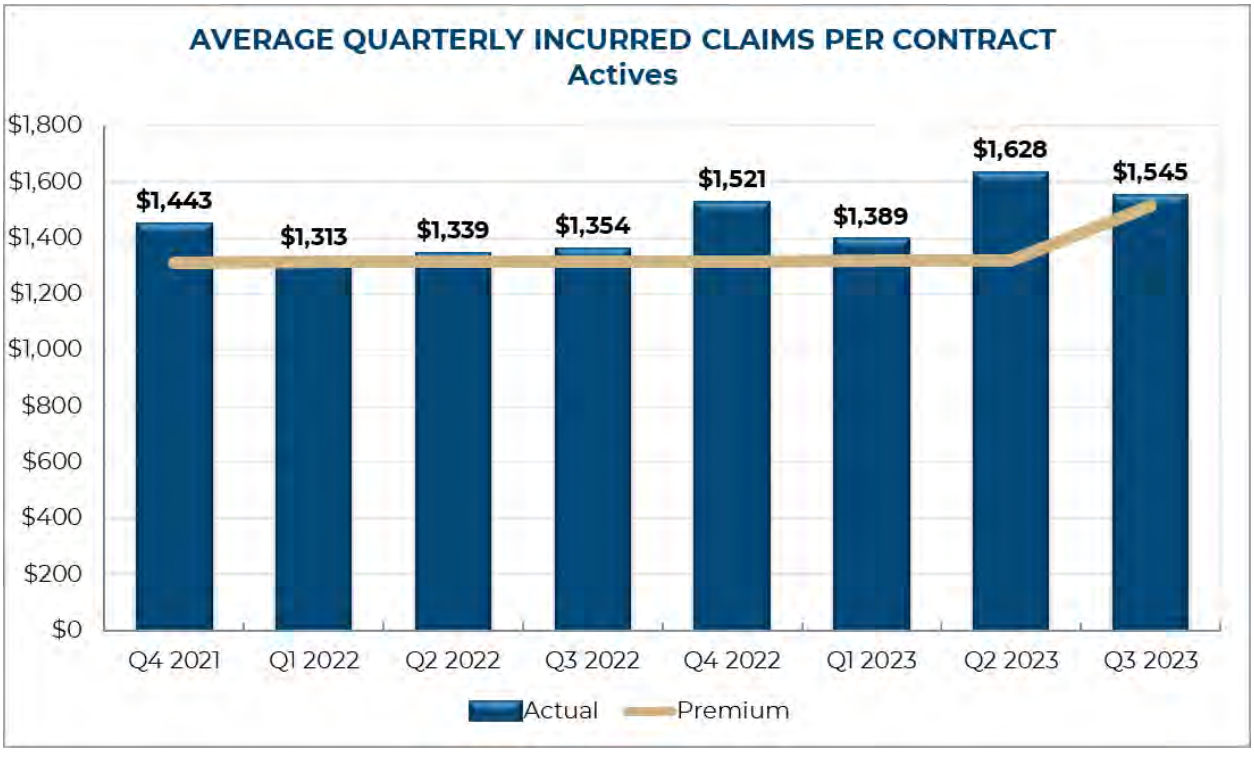
Exhibit 1.4



SECTION 2: CLAIMS ANALYSIS

PAID CLAIMS PER CONTRACT PER MONTH

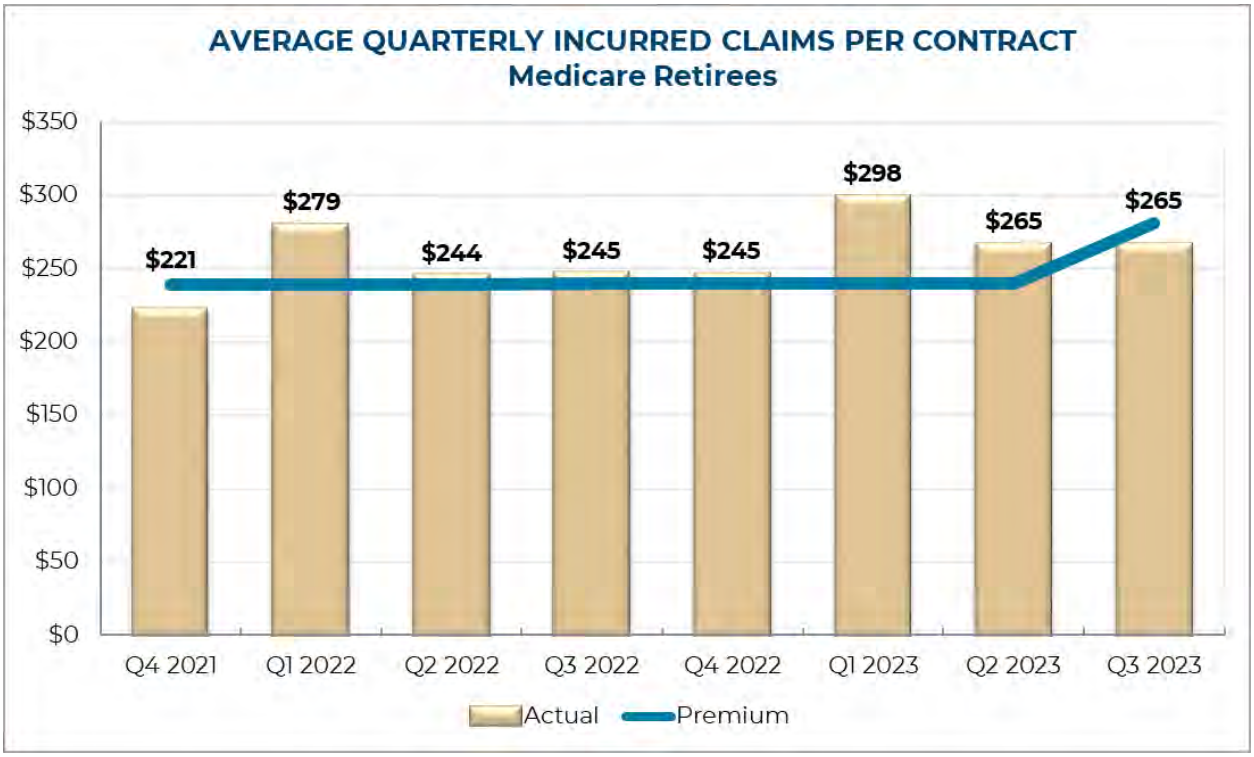
Exhibit 2.1



*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.
*NDPERS Active contracts have approximately 2.71 members per contract.

PAID CLAIMS PER CONTRACT PER MONTH

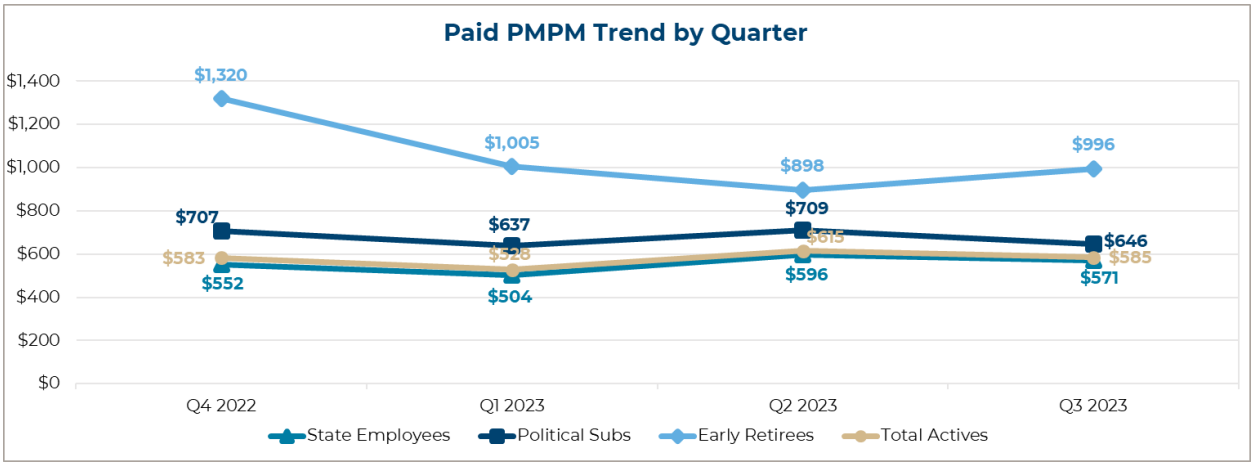
Exhibit 2.2



*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.
*NDPERS Medicare Retirees contracts have approximately 1.37 members per contract.

PAID PMPM TREND BY QUARTER

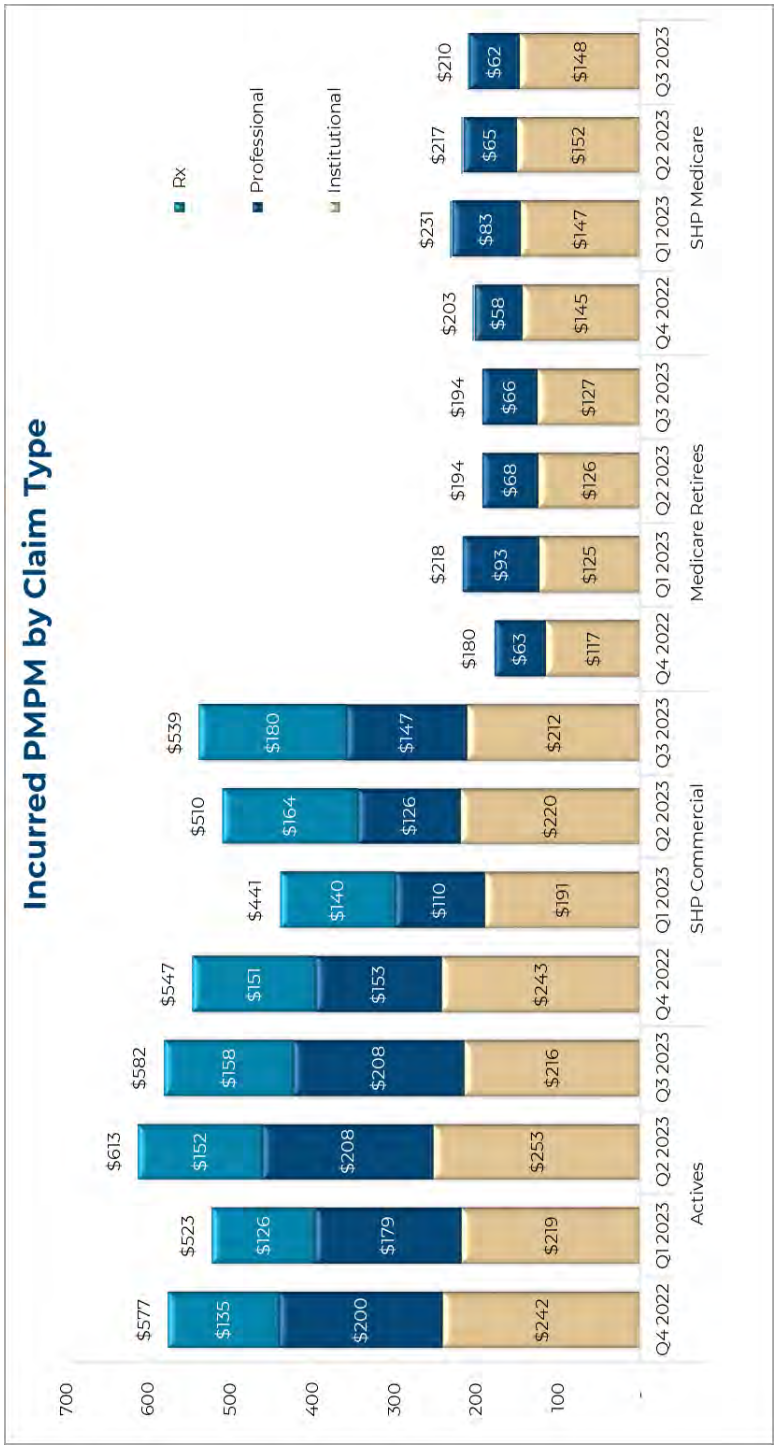
Exhibit 2.3



*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

INCURRED PMPM BY CLAIM TYPE

Exhibit 2.4



*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

SECTION 3: UTILIZATION

MEDICAL COST DRIVERS: ACTIVES

Exhibit 3.1

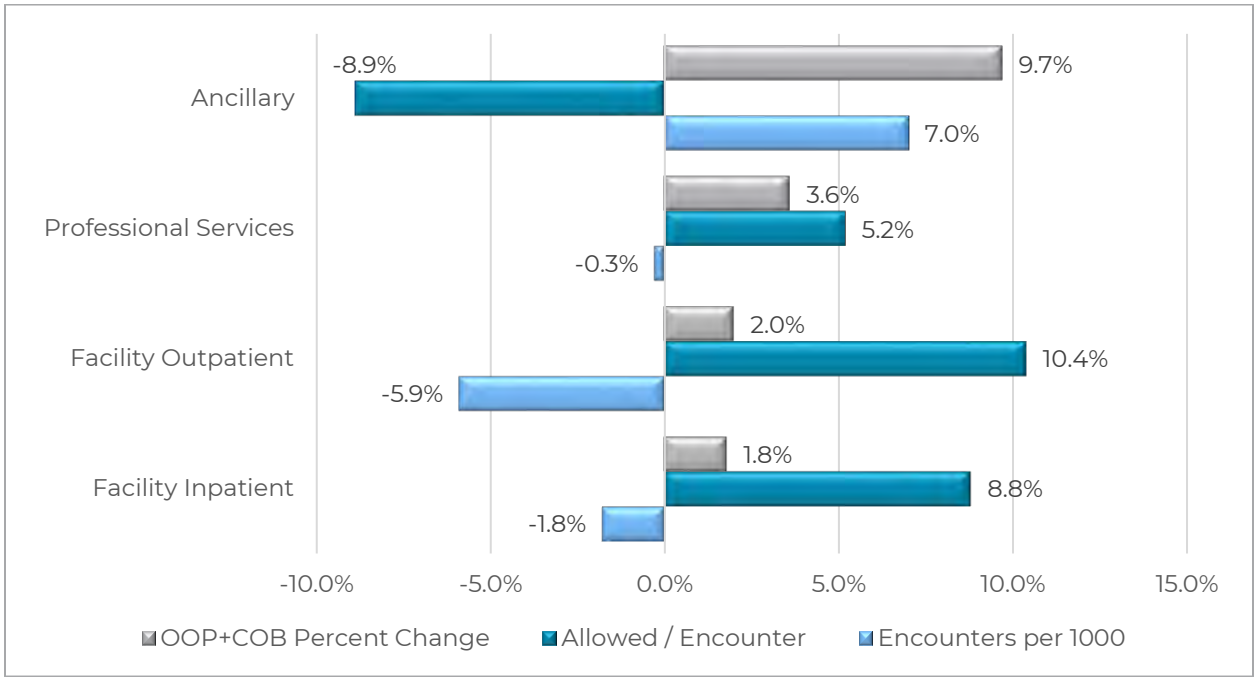


Exhibit 3.2

MEASURE	FACILITY IMPATIENT	FACILITY OUTPATIENT	PROFESSIONAL SERVICES	ANCILLARY
Encounters per 1000 Prior Period	52	2,658	13,086	1,582
Encounters per 1000 Current Period	51	2,500	13,043	1,692
% Change	-1.8%	-5.9%	-0.3%	7.0%
Amount Allowed per Encounter Prior Period	$22,111	$550	$168	$422
Amount Allowed per Encounter Current Period	$24,060	$607	$177	$385
% Change	8.8%	10.4%	5.2%	-8.9%
OOP+COB PMPM Prior Period	$0.28	$15.63	$35.95	$2.87
OOP+COB PMPM Current Period	$0.29	$15.94	$37.26	$3.15
% Change	1.8%	2.0%	3.6%	9.7%

SECTION 4: HIGH DOLLAR CASES: ACTIVES

Exhibit 4.1

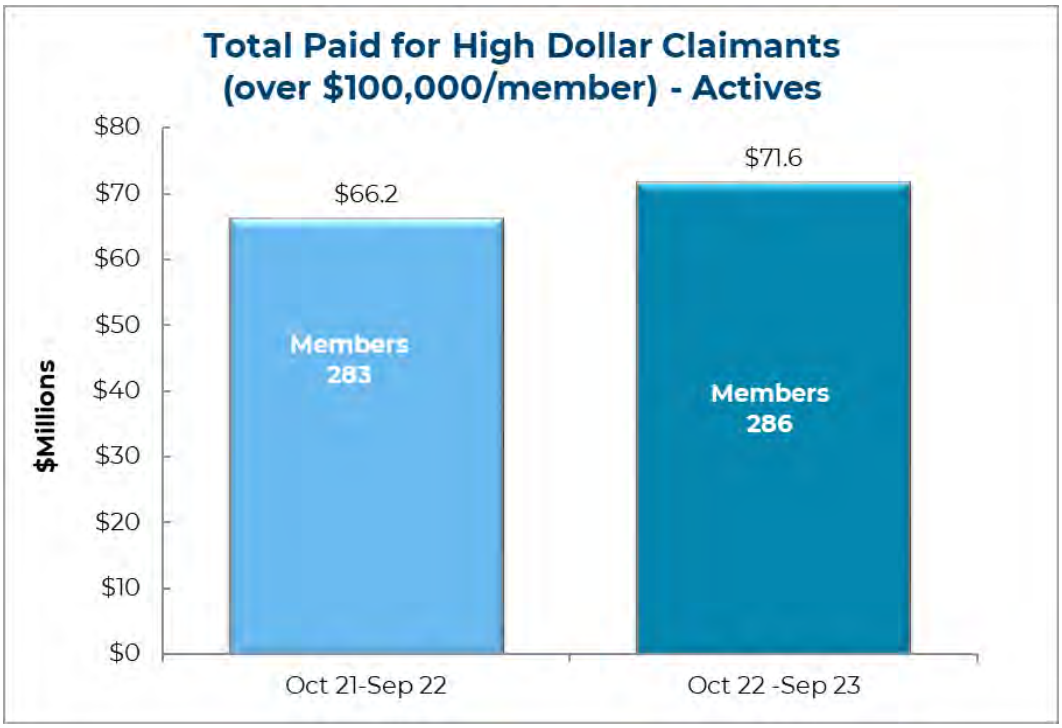
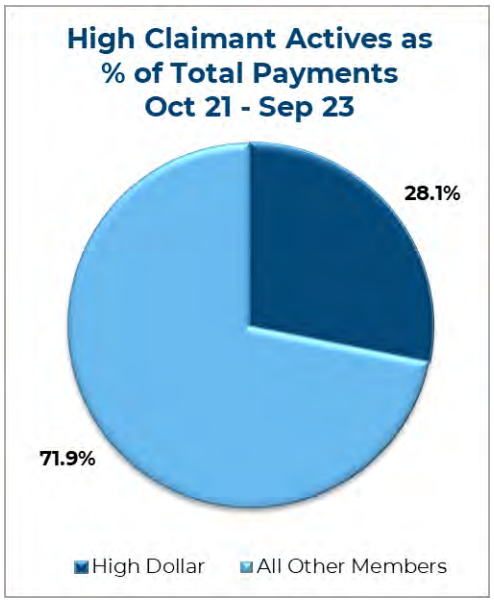
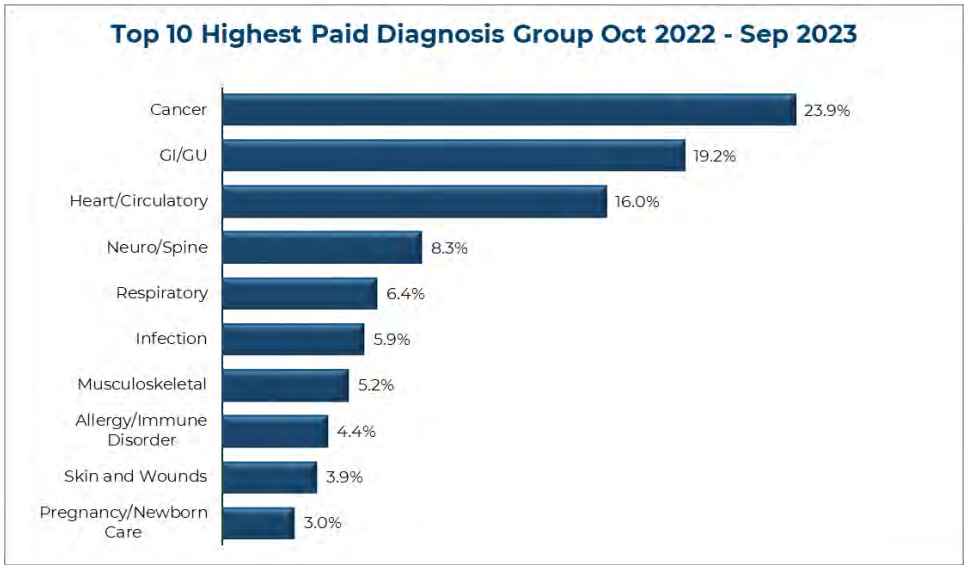


Exhibit 4.2



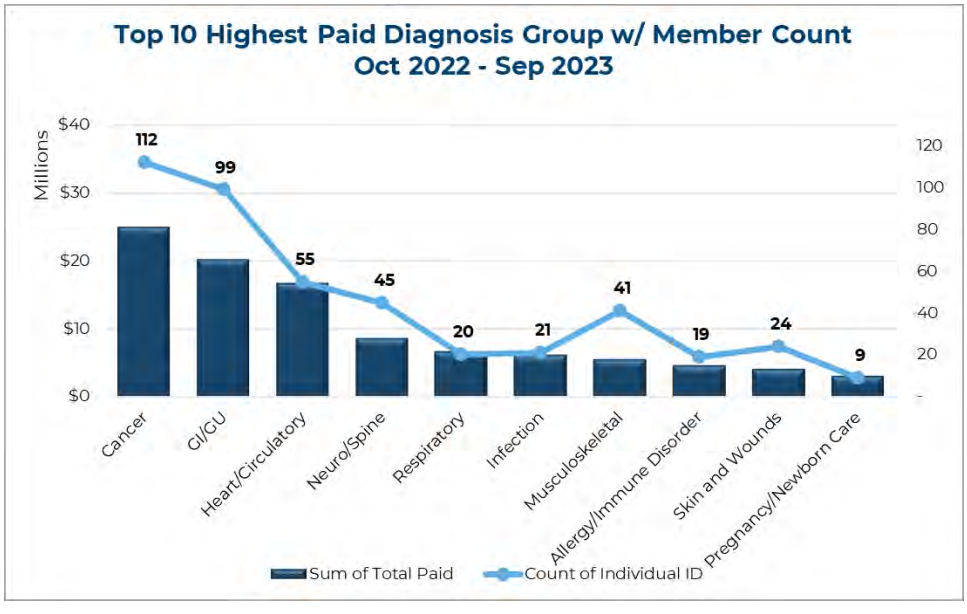
ACTIVE MEMBERS	
Avg. Paid/ Claimant	$250,369
% of Total Payments	28.1%

Exhibit 4.3



*The remaining 3.8% represent 5 diagnosis groups.
*High dollar cases consist of combined medical claims and prescriptions with a total of 100K or greater.

Exhibit 4.4



*The remaining 3.8% represent 5 diagnosis groups.
*High dollar cases consist of combined medical claims and prescriptions with a total of 100K or greater.

SECTION 5: PHARMACY

Exhibit 5.1

SUMMARY OF YOUR PLAN

NDPERS – Q4 2022 to Q3 2023
Oct 21- Sep 22 vs. Oct 22- Sep 23

PLAN PAID PMPM

- NDPERS - 12 Month - 2022Q4 to 2023Q3's PMPM is trending at 16.7% versus previous period
- Inflammatory Conditions, Diabetes, and Oncology disease states accounted for 65.3% of overall plan paid and increased $14.40 PMPM in total plan paid. The benchmark increased $9.92 PMPM in these categories

YOUR OUTCOMES

- Strategic Solutions have resulted in a total of $31.46 PMPM plan savings
- Strategic Solutions have resulted in a total of $772,006 total healthcare (medical + pharmacy) savings

Exhibit 5.2

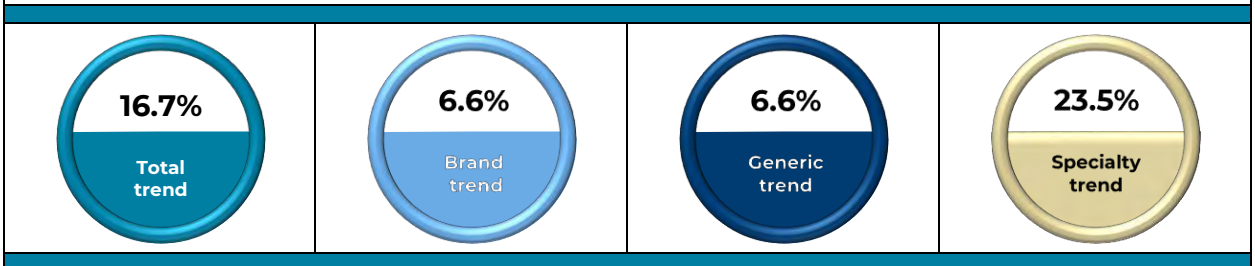
PLAN PERFORMANCE – PLAN PAID

NDPERS – Q4 2022 to Q3 2023
Oct 21- Sep 22 vs. Oct 22- Sep 23

TOTAL PLAN PAID PMPM: $140.09

TREND

- Plan paid PMPM has increased 16.7% over the previous period driven primarily by drug mix in traditional and utilization for specialty.
- Specialty represents 1.3% of claims.



PLAN PAID PMPM

Current period PMPM of $140.09 equates to $83.1M in pharmacy spend. 63.3% of the spend is attributed to specialty medications.

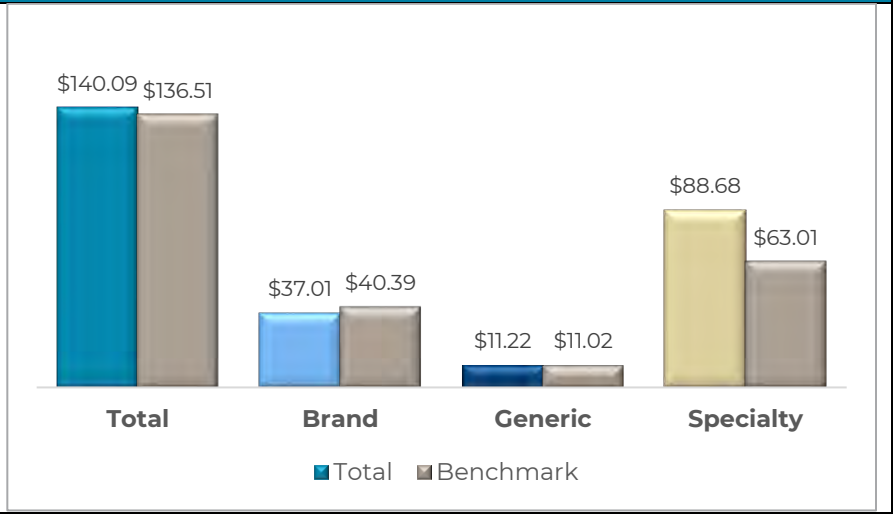


Exhibit 5.3

KEY STATISTICS

NDPERS – Q4 2022 to Q3 2023
Oct 21- Sep 22 vs. Oct 22- Sep 23

PLAN PAID PMPM: $140.09

49,403
Avg. eligible members

The key metrics here help highlight the changes NDPERS - 12 Month - 2022Q4 to 2023Q3 has experienced period over period.

- Eligibility has decreased by -410.
- Number of utilizers has decreased by -37.

TOTAL RXS	TOTAL PLAN PAID	UTILIZERS
CURRENT 446,535	**CURRENT** $83,050,348	**CURRENT** 38,726
PREVIOUS 444,657	**PREVIOUS** $71,754,346	**PREVIOUS** 38,763
PREVIOUS CHANGE -0.4%	**PREVIOUS CHANGE** 15.7%	**PREVIOUS CHANGE** -0.1%

KEY STATISTICS	NDPERS			COMMERCIAL BENCHMARK	
	CURRENT	PREVIOUS	% CHANGE	CURRENT	% CHANGE
Average Age	33.4	33.5	-0.4%	37.5	0.2%
Plan Paid PMPM	$140.09	$120.04	16.7%	$129.68	12.8%
Plan Paid Per Rx	$185.99	$161.37	15.3%	$159.03	14.1%
Rx PMPM	0.753	0.744	1.3%	0.815	-1.1%
Average Days Supply	45.2	44.9	0.5%	39.1	2.7%
Days Supply PMPM	34.0	33.4	1.8%	31.9	1.5%
Member Paid Share	11.6%	12.9%	-10.5%	10.9%	-6.1%
Member Paid per Rx	$24.36	$23.98	1.6%	$19.43	6.3%
Brand Dispensing Rate	13.3%	14.2%	6.0%		
Generic Dispensing Rate	86.7%	85.8%	1.1%	85.8%	1.9%
GDR- Without Vaccines	88.0%	87.8%	0.2%	88.0%	-0.5%
Home Delivery Rate	0.6%	0.6%	3.1%	5.2%	1.7%
Retail 90 Rate	32.5%	32.3%	0.4%	19.2%	5.3%
% of Specialty Plan Paid	63.3%	59.8%	5.8%	50.2%	-0.7%

Exhibit 5.4

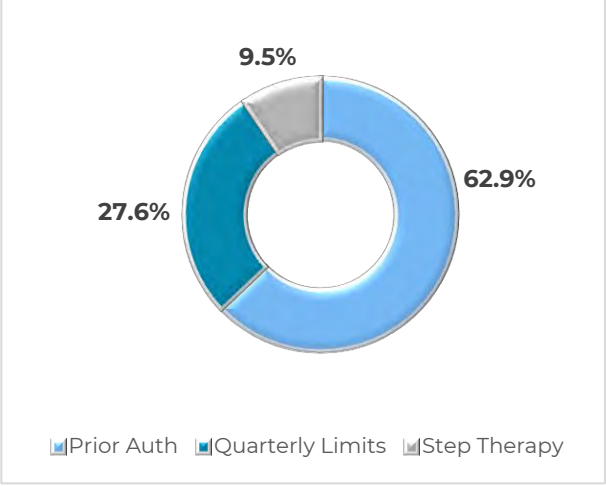
UM OUTCOMES

NDPERS – Q4 2022 to Q3 2023
Oct 21- Sep 22 vs. Oct 22- Sep 23

UTILIZATION MANAGEMENT SAVINGS: $5.87 PMPM

Your Program Savings: $8.5 M

Ensuring patients meet appropriate clinical criteria when initiating medication therapy not only helps to ensure that the patient is being treated safely according to guidelines, but also drives significant savings for both Sanford NDPERS LOB - 2023 YTD thru Q3 and for members. Sanford NDPERS LOB - 2023 YTD thru Q3 has realized over $8.5M in savings. Based on a study by OptumRx, leveraging UM strategies that drive members to appropriate and often lower cost medications for treatment can save a member up to $620 annually in out of pocket copayments.

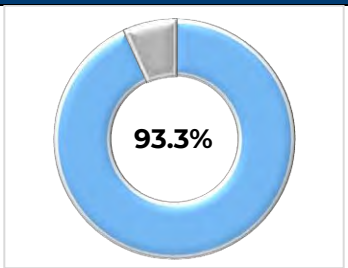


PRIOR AUTHORIZATION	TOTAL PLAN PAID	UTILIZERS
PMPM SAVINGS $9.01	**PMPM SAVINGS** $3.95	**PMPM SAVINGS** $1.37
# OF MEMBERS IMPACTED 1,559	**# OF MEMBERS IMPACTED** 1,597	**# OF MEMBERS IMPACTED** 616
# OF INTERVENTIONS 1,763	**# OF INTERVENTIONS** 1,743	**# OF INTERVENTIONS** 738

Exhibit 5.5

TOP 5 THERAPY CLASSES

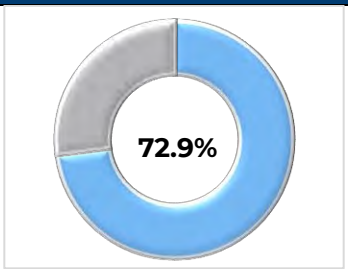
PRIOR AUTHORIZATION



Prior authorization savings from top 5 therapeutic class interventions

GPI-4 Description	Number of Cases	Plan Paid Savings
GLP-1 Receptor Agonists	1,089	$3,583,001
Chronic Inflammatory Disease	172	$1,088,859
Narcolepsy	4	$106,222
Migraine Products	62	$104,007
Oncology	41	$101,577

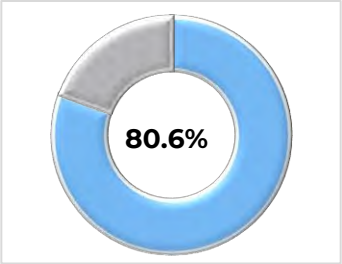
QUANTITY LIMITS



Quality limits savings from top 5 therapeutic class interventions

GPI-4 Description	Number of Cases	Plan Paid Savings
Chronic Inflammatory Disease	20	$685,634
Migraine Products	809	$433,948
GLP-1 Receptor Agonists	82	$348,911
Oncology	1	$122,558
Diabetes Monitoring and Testing Supplies	60	$117,271

STEP THERAPY



Step therapy savings from top 5 therapeutic class interventions

GPI-4 Description	Number of Cases	Plan Paid Savings
Atypical Antipsychotics	66	$297,744
Diabetes Monitoring and Testing Supplies	358	$121,042
Migraine Products	58	$103,013
GLP-1 Receptor Agonists	25	$84,163
Urinary Antispasmodics & OAB Drugs	31	$47,290

NDPERS EGWP: HUMANA

Exhibit 5.6

DESCRIPTION	Q2 2022	Q2 2023	CHANGE
Avg. Members per Month	9,113	9,061	-0.6%
Average Member Age	76.5	76.8	0.4%
Members Utilizing Benefit	8,575	8,590	0.2%
% Members Utilizing Benefit	94.1%	94.8%	0.7%
Total Rx (30 day adjusted)	356,316	359,434	0.9%
Total Rx PMPM (30 day adjusted)	4.34	4.41	1.5%
Generic Fill Rate	90.5%	90.2%	-0.3%
Maintenance 90 Day Utilization	78.4%	79.3%	1.1%
Retail – Maintenance 90 Day Utilization	76.5%	77.5%	1.3%
Home Delivery – Maintenance 90 Day Utilization	1.9%	1.8%	-5.3%
Total Specialty Rx	959	833	-13.1%
Specialty % of Plan Paid	35.0%	28.1%	-19.7%

SECTION 6: WELLNESS CONTINUUM

An integrated approach to health management

+Wellness is a family of services that identifies and delivers personalized, whole-person care to members based upon where they are on the wellness continuum. It helps ensure appropriate intervention, diagnoses and treatment plans while navigating members to appropriate resources and high-value specialty care when needed.

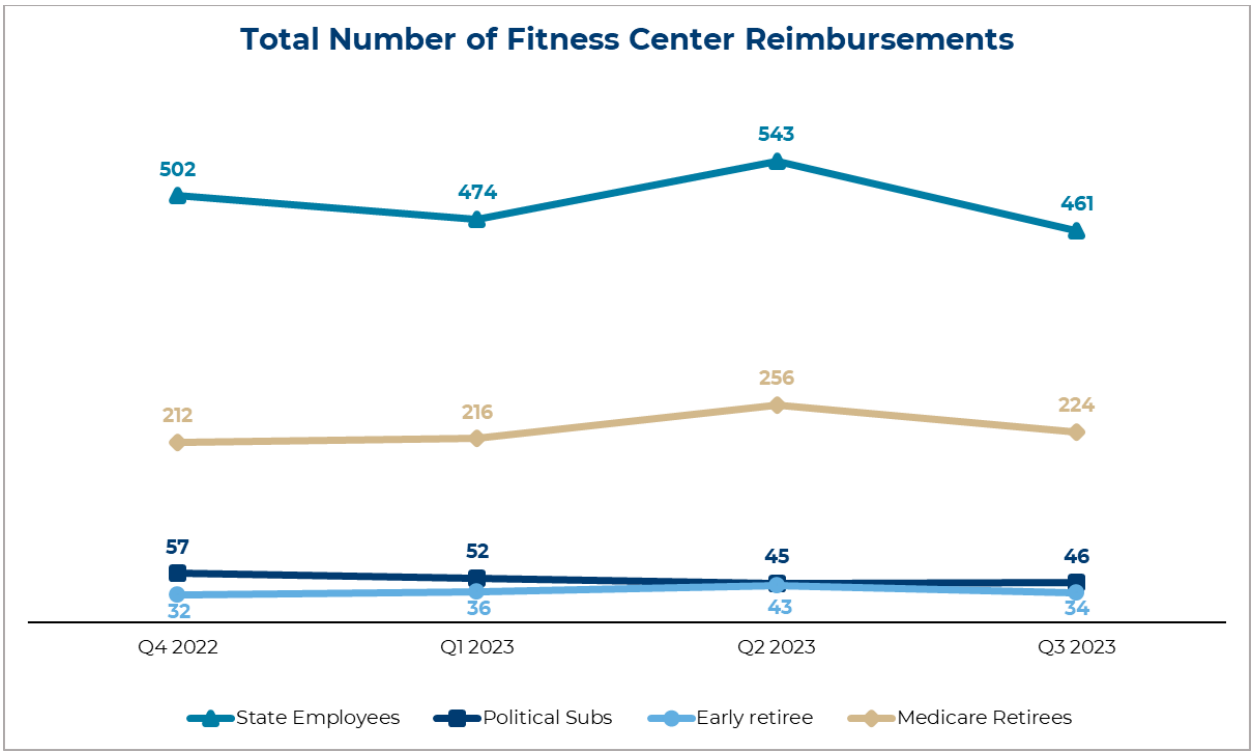
WELLNESS CONTINUUM

- Well-being Resources
- Preventive Care
- Managing A Population
- Care Management
- Disease Management

DAKOTA WELLNESS PROGRAM

FITNESS CENTER REIMBURSEMENT

Exhibit 6.1



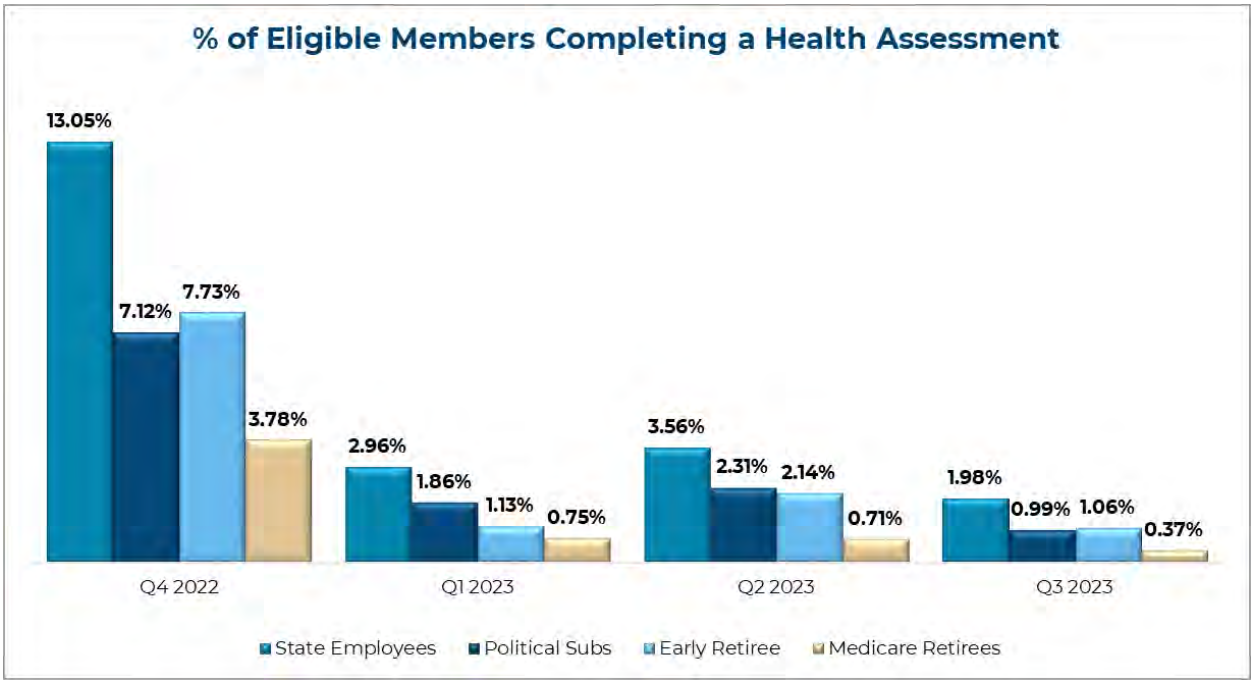
*Percentages are based on numbers per quarter. Prior percentages were accumulative.

WELLNESS CONTINUUM

Well-being Resources | Preventive Care | Managing A Population | Care Management | Disease Management

HEALTH ASSESSMENT

Exhibit 6.2



*Percentages are based on numbers per quarter. Prior percentages were accumulative.

MONTHLY WELLNESS THEMES

Exhibit 6.3

Monthly themes keep the wellness program fresh throughout the year and keeps members engaged in their individual wellness pursuit. Newsletter, e-blasts and worksite posters are used to introduce themes.

SPECIAL EVENTS

WELLNESS COORDINATOR RECHARGE WEBINAR

The purpose of the Recharge Webinar was to provide an overview of the Dakota Wellness Program, well-being resources and chronic disease programs as well as how Sanford Health Plan can support agency and employer-based wellness programs.

- Three virtual webinars were provided in August.
- **Participation**: 79

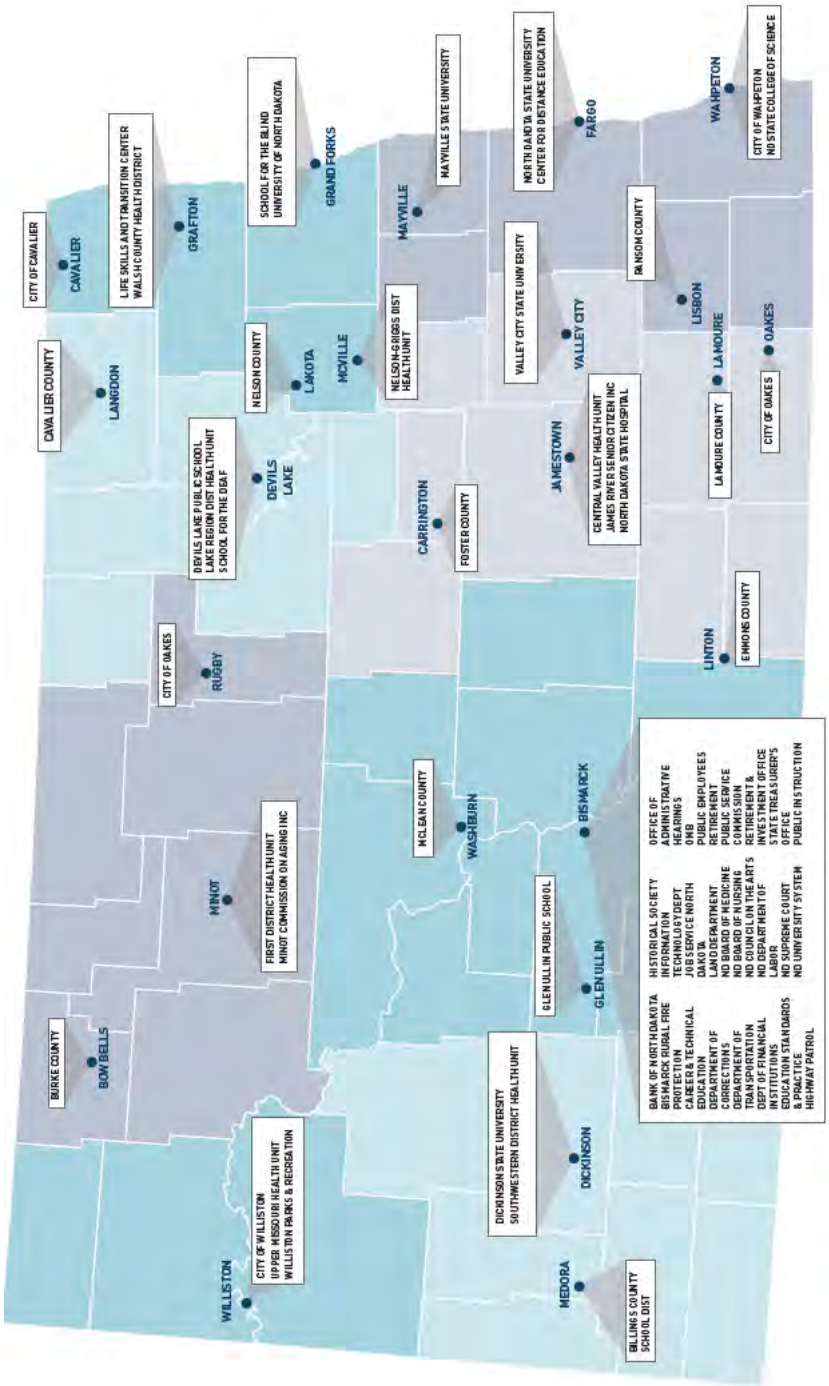
Q3 QUARTERLY WELLNESS CHALLENGE

RETHINK YOUR DRINK

- Members tracked their water intake for 21 of the 28 days between August 2 and August 29. Those that drank six or more glasses of water on at least 14 days earned 1,500 points towards their annual wellness benefit.
- **Participation**:
    - **Members Enrolled**: 1,129
    - **Total Visits**: 26,309
    - **Average Visits per Member**: 23

EVENT ATTENDANCE BY AGENCY

The Sanford Health Plan NDPERS wellness team continues to engage members across the state, despite pandemic-related in-person restrictions. Wellness educators support agency wellness coordinators and provide worksite education and activities in a virtual format. This map shows where participants are from.



WEBINARS/ PRESENTATIONS/ EVENTS:

July: Community and Social Well-being
August: Career Growth and Development
September: Nutrition and Physical Activity for Kids
Q3 Wellness challenge: Rethink Your Drink
Wellness Coordinator Recharge 3 workshops
Wellbeing for Prevention
Promoting Healthy Behavior with Positivity
Exercise without Perfection
Nutrition & Hydration
Phase Out Fads
Exercise without Perfection

TOTAL MEMBER ATTENDANCE THIS QUARTER:
62

TOTAL NUMBER OF AGENCIES VISITED (UNDUPLICATED)
62

Preventive Screening Rates

Exhibit 6.4

MEASURE	GOAL	OUTCOME DATE	CURRENT
FOCUS AREAS			
Breast cancer screening rates	80%	September 30, 2023	81.1%
Cervical cancer screening rates	85%	September 30, 2023	77.6%
Colorectal cancer screening rates	60%	September 30, 2023	64.2%

WELLNESS CONTINUUM

Well-being Resources | Preventive Care | **Managing A Population** | Care Management | Disease Management

MEDS ON TRACK PROGRAM

Exhibit 6.5

MEASURE	CONVERTED MEMBERS	CONVERSION RATE	PHARMACY SPEND INCREASE	MEDICAL SAVINGS	TOTAL HEALTHCARE SAVINGS
ANTIANXIETY AGENTS	12	41.4%	NA	NA	NA
ANTIDEPRESSANTS	240	60.0%	NA	NA	NA
ANTIPSYCHOTICS	15	42.9%	NA	NA	NA
ANTIPSYCHOTICS/ ANTIMANIC AGENTS	20	45.5%	NA	NA	NA
BETA-BLOCKERS	45	48.4%	($110.15)	$2,071.73	$1,961.58
CALCIUM CHANNEL BLOCKERS	35	63.6%	($21.56)	$2,938.89	$2,917.33
DIABETES MEDICATIONS	60	58.3%	($8,661.29)	$9,952.20	$1,290.91
RENIN ANGIOTENSIN SYSTEM ANTAGONISTS	114	63.3%	($44.96)	$7,286.10	$7,241.14
STATINS	123	64.1%	($24.71)	$16,743.93	$16,719.22
TOTAL			**($8,862.67)**	**$38,992.85**	**$30,130.18**

- Note: All classes except Diabetes Medications, Beta-blockers, Calcium Channel Blockers, Renin Angiotensin System Antagonists, and Statins currently do not have a known medical cost avoidance estimate available.
- Members who reached at least 180 days of post-intervention follow-up during the reporting period were included in the outcomes analysis.
- The conversion rate is calculated as the percent of members who converted to being adherent, out of the members included in the outcomes analysis.
- Adherence is defined as greater than or equal to a target threshold for the post-intervention PDC, assessed at 180 days after the intervention.
- Savings are taken daily for members who converted to adherence.

WELLNESS CONTINUUM

Well-being Resources | Preventive Care | **Managing A Population** | Care Management | Disease Management

POPULATION HEALTH TARGETED COHORTS

PRECHECK MYSCRIPT PROGRAM

Exhibit 6.6

PRECHECK MYSCRIPT PROGRAM OUTCOMES

Sanford NDPERS – Q3 2023
OCT 2022 – SEPT 2023

TOTAL MEMBER SAVINGS: $22,547

Average Member Savings Per Alternative Switched: $84.45

During this reporting period, PreCheck MyScript (PCMS) was used for 30.7% of your eligible members for a benefit check in their physician's office.

- PCMS was used by physicians to submit 33,427 trial claims for members
- 231 prescriptions were converted to Preferred Alternatives when PCMS was used
- 41.4% (2,988) of physicians currently utilize PCMS compared to 35.2% (2,491) of physicians in the prior period

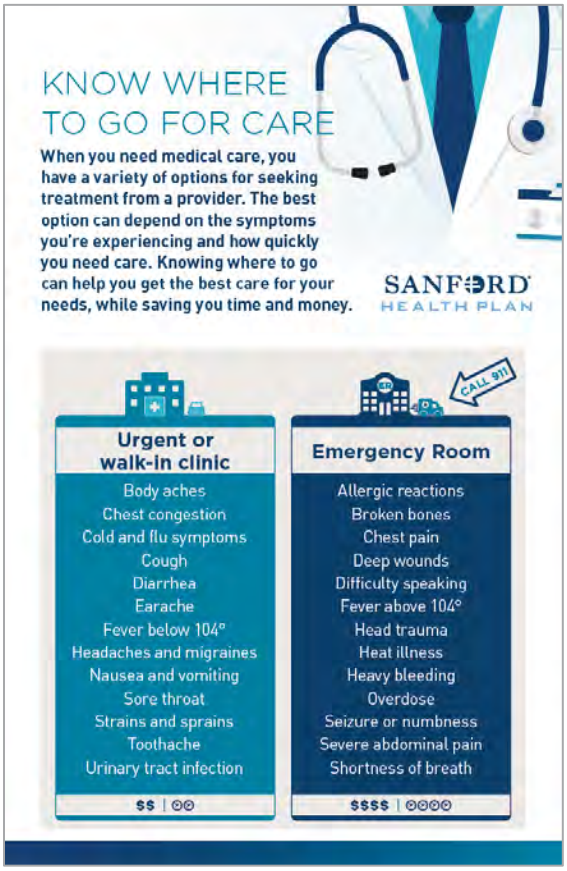
PHYSICIANS UTILIZATION	ALTERNATIVE CONVERSIONS
41.4% Of physicians utilizing PCMS	20.5% Of alternatives converted
TOTAL PHYSICIANS 7,212	**ALTERNATIVES OFFERED** 1,127
PHYSICIANS UTILIZING PCMS 2,988	**ALTERNATIVES CONVERTED** 231

WELLNESS CONTINUUM

Well-being Resources | Preventive Care | **Managing A Population** | Care Management | Disease Management

KNOW WHERE TO GO

- Know Where to Go is an educational campaign with comprehensive marketing materials aimed at preventing *avoidable* ED visits
- The campaign gets information into the hands of members to help them decide where to go when they need services: PCP, Urgent Care, Emergency Department
- Those with history of avoidable ED visits or most likely to visit ED receive additional outreach



PCP MATCHING

PROGRAM OVERVIEW

- A long-term strategy launched in 2023 with SHP Population Health team, with the goal of increasing the members who have an attributed primary care provider (PCP)

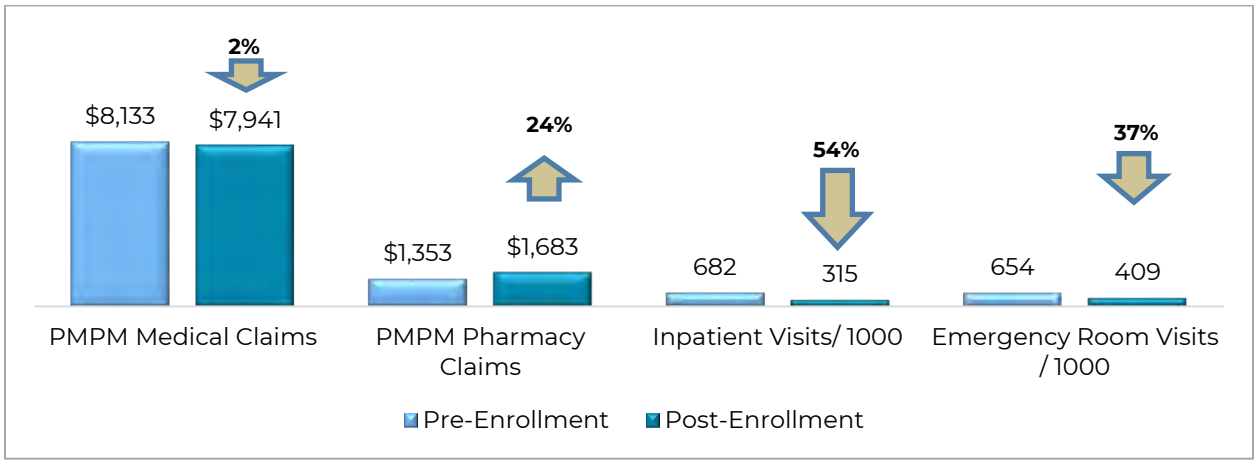
OBJECTIVES

- Provide members with information regarding the importance of having an attributed PCP, facilitate adherence to seeking medical care through an attributed PCP (when appropriate), and sustain measurable improvement in attributed PCP rates as well as increased care gap closure
- The program attains the above objectives by:
    - Outreaching to members
    - Providing information
    - Assisting members in choosing/establishing a PCP
    - Advocating for completion of Annual Wellness Benefit, assist with scheduling
    - Educate on importance of completing recommended cancer screenings
    - Discuss benefits of having a My Sanford Chart account (wellness portal, health insurance information, ID card access, claims and EOB's)
    - Assist members in setting up a My Sanford Chart account (does not require that they use Sanford Health system)
    - Assist members in navigating a participating healthcare system and Sanford Health Plan website, and
    - Addressing barriers and offering support, guidance, and/or information

CARE MANAGEMENT ENGAGEMENT

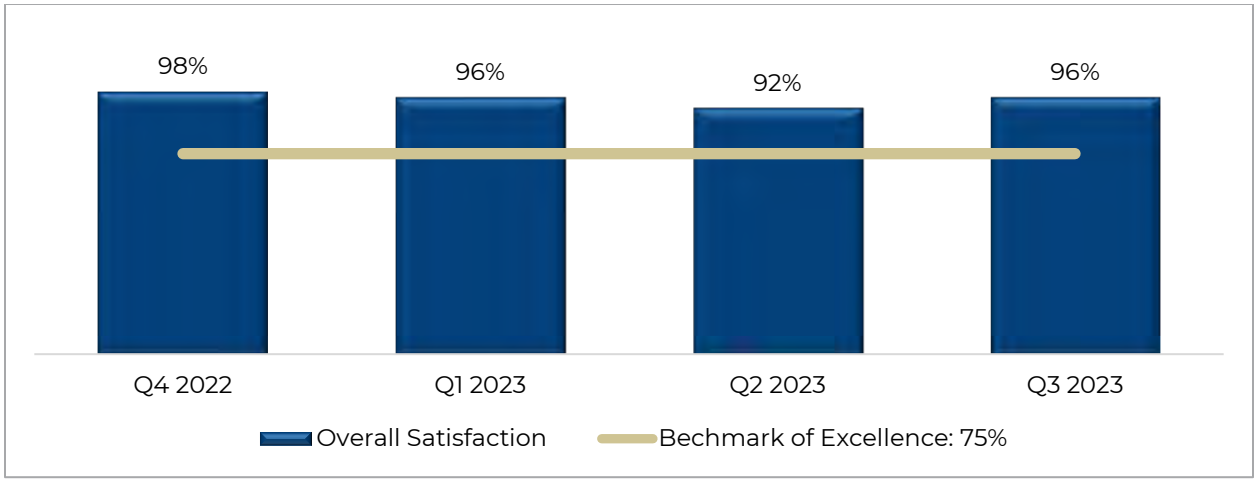
Exhibit 6.6

CARE MANAGEMENT PERFORMANCE METRICS October 1, 2022 – September 30, 2023				
OFFERED	RESPONDED		ENGAGED	
2,923	1,394	47.5%	379	27.2%



SURVEY SCORE

Exhibit 6.7



SECTION 7: PERFORMANCE GUARANTEES

Exhibit 7.1

MEASURE	GOAL	MEASUREMENT PERIOD	Q3 2023 REPORTING PERIOD	CURRENT
WELLNESS				
Health risk assessment completion	18%	7/1/23 - 6/30/25	7/1/23 - 9/30/23	1.49%
Worksite interventions agency participation	75%	7/1/23 - 6/30/25	7/1/23 - 9/30/23	35%
Fitness reimbursement participation	5%	1/1/23 - 12/31/23	1/1/23 – 9/30/23	1.94%
Wellness redemption center payments	$850,000	1/1/23 - 12/31/23	1/1/23 – 9/30/23	$433,165
Wellness redemption center rate	9%	1/1/23 – 12/31/23	1/1/23 – 9/30/23	4.8%
HEALTH OUTCOMES				
Healthy Pregnancy Program	+3%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	11.9%
Diabetes Prevention Program	5%	1/1/23 - 12/31/23	1/1/23 – 9/30/23	5.5%
Breast cancer screening rates	80%	7/1/23 - 6/30/25	7/1/23 - 9/30/23	81.1%
Cervical cancer screening rates	85%	7/1/23 - 6/30/25	7/1/23 - 9/30/23	77.6%
Colorectal cancer screening rates	60%	7/1/23 - 6/30/25	7/1/23 - 9/30/23	64.2%
PROVIDER NETWORK / CONTRACTING				
PPO network participation rate	Hospital, MDs & DOs: 92%	7/1/23 - 6/30/25	7/1/23 – 9/30/23	100% Hospital 97% MD/DO
Provider network minimum discount	30%	7/1/23 - 6/30/25	1/1/23 - 9/30/23	44.90%
CUSTOMER SERVICE & CLAIMS				
Claims financial accuracy	99%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	99.98%
Claims payment accuracy	98%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	99.86%
Claim timeliness	99%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	99.62%
Claims procedural accuracy	95%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	99.85%
Average speed of answer	30 seconds	7/1/23 - 6/30/24	7/1/23 - 9/30/23	35 seconds
Call abandoned rate	5% or less	7/1/23 - 6/30/24	7/1/23 - 9/30/23	0.99%
First call resolution	95%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	99.52%
Written inquiry response time	95%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	99.51%
PHARMACY & FINANCIAL				
Prescription drug turnaround times	98%	7/1/23 - 6/30/25	7/1/23 - 9/30/23	100%
Network Pharmacy Access	<5%	7/1/23 - 6/30/24	7/1/23 - 9/30/23	1%
About the patient program payment	5 days	7/1/23 - 6/30/24	7/1/23 - 9/30/23	100%
Interest Rate determined by PERS/SHP	Quarterly	7/1/23 - 6/30/25	7/1/23 - 9/30/23	100%

Attachment 2

NDPERS Executive Summary

Quarter 3 | 2023

Presented February 2024

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

SANFORD HEALTH PLAN

CONTENTS

4
Summary

5
Claims Analysis

7
Membership & Utilization

11
High Dollar Cases

14
Prescription Drugs

17
Dakota Wellness Program

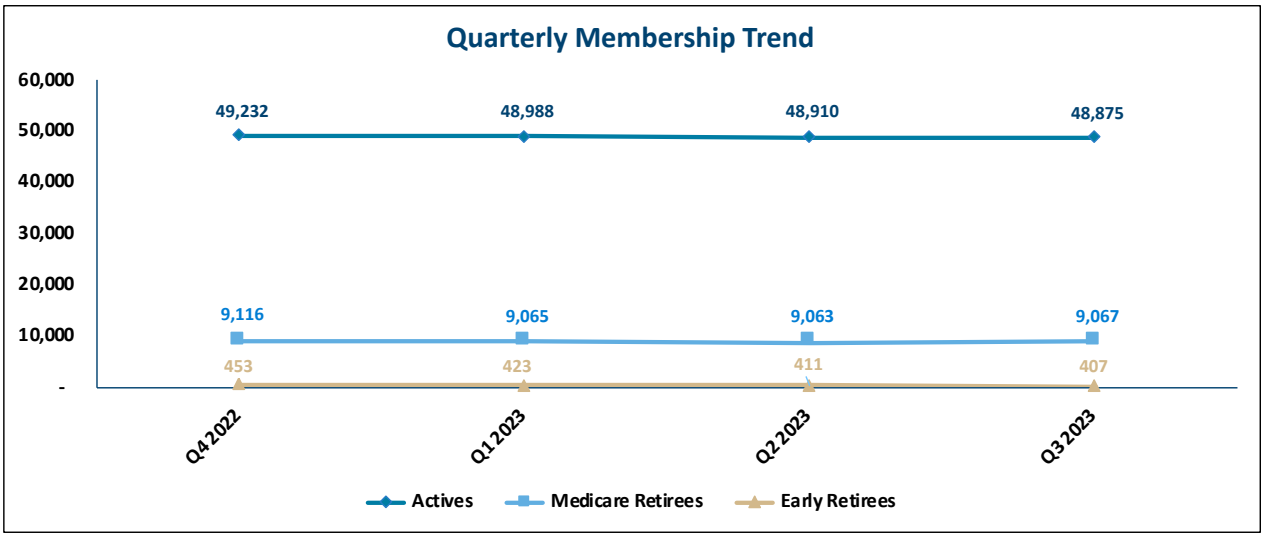
22
Performance Standards & Guarantees 2021-2023

Summary

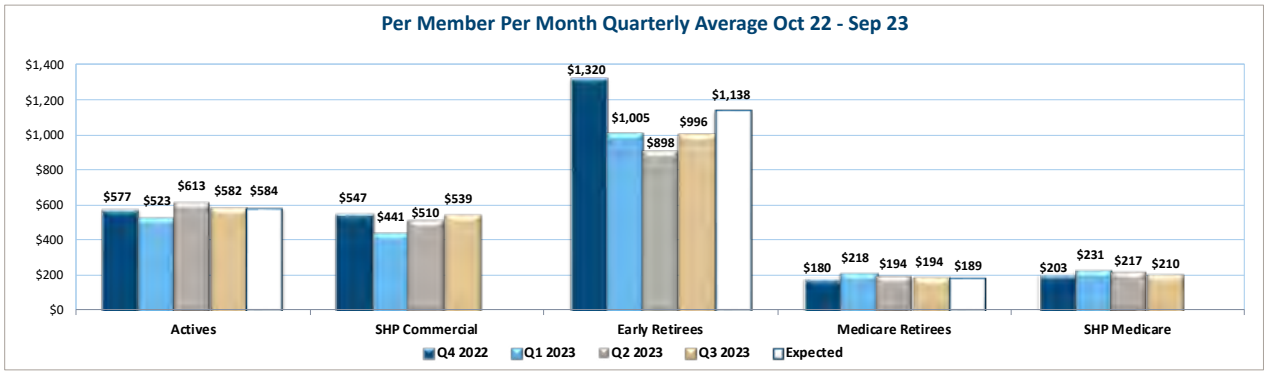
ANNUAL MEMBERSHIP SUMMARY

MEMBERSHIP COMPARISON						PERCENT CHANGE
	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 2022 – Q3 2023
Actives	49,373	49,232	48,988	48,910	48,875	-1.0%
Medicare Retirees	9,121	9,116	9,065	9,063	9,067	-0.6%
Early Retirees	476	453	423	411	407	-14.4%

MEMBERSHIP TREND



PMPM SUMMARY



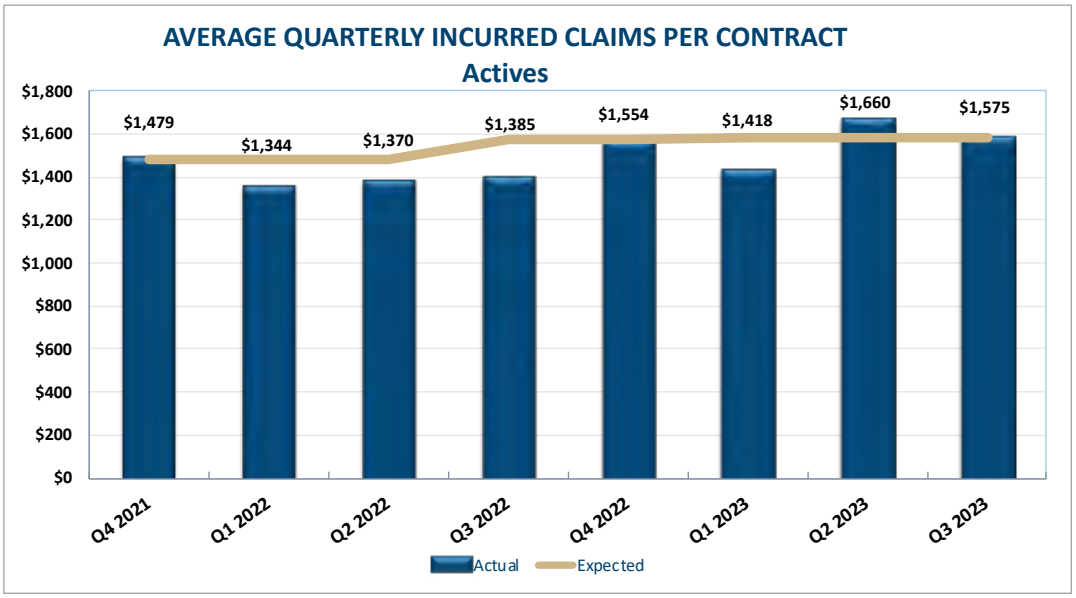
*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

*Medicare Retirees PMPM excludes prescription drug coverage (Medicare Part D).

*Expected is October 1, 2022 – September 30, 2023.

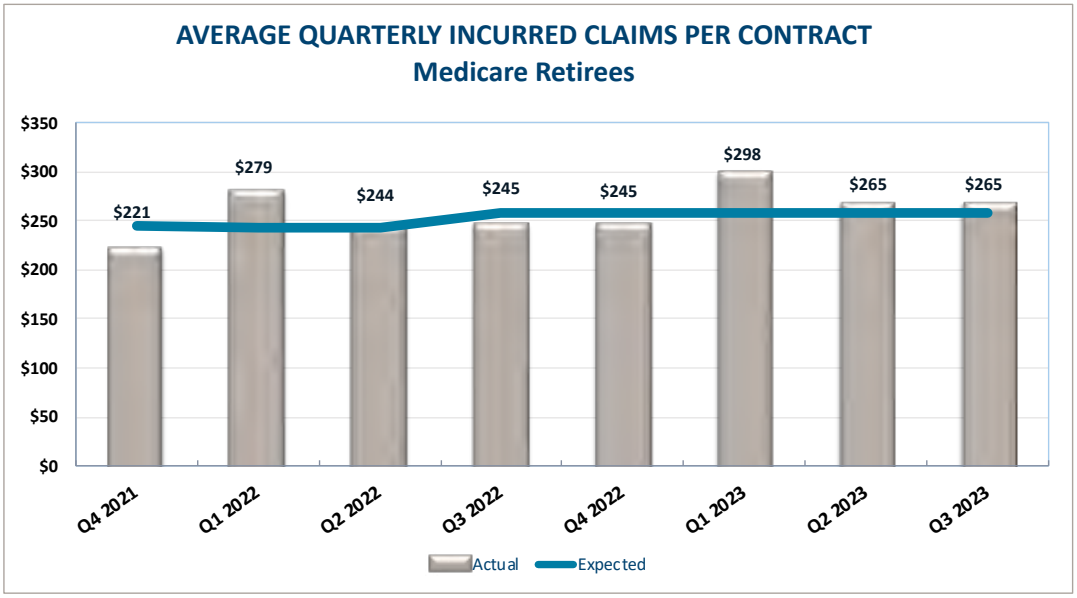
PAID CLAIMS PER CONTRACT PER MONTH

Claims Analysis



*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

*NDPERS Active contracts have approximately 2.71 members per contract.

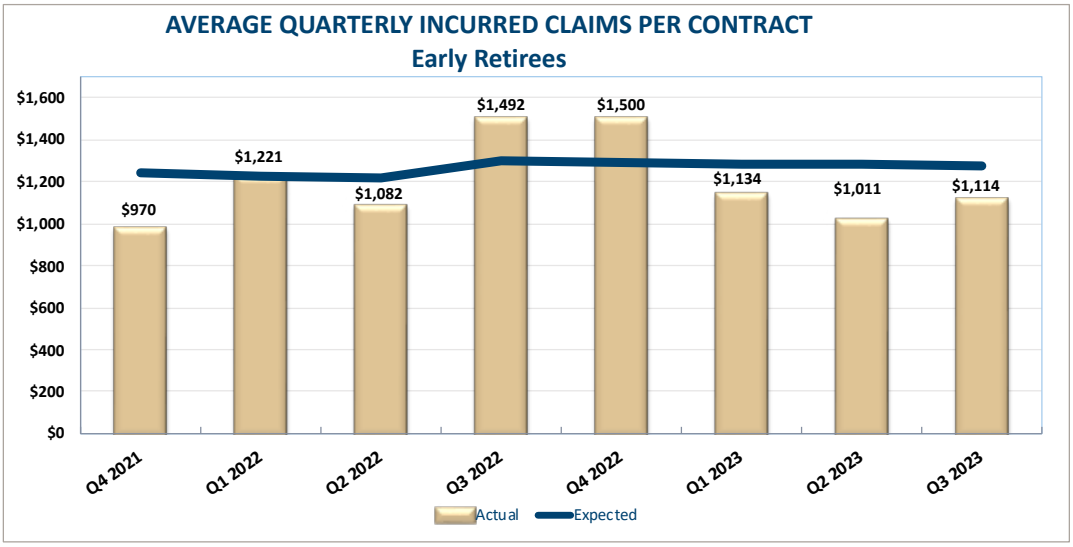


*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

*NDPERS Medicare Retirees contracts have approximately 1.37 members per contract.

Claims Analysis

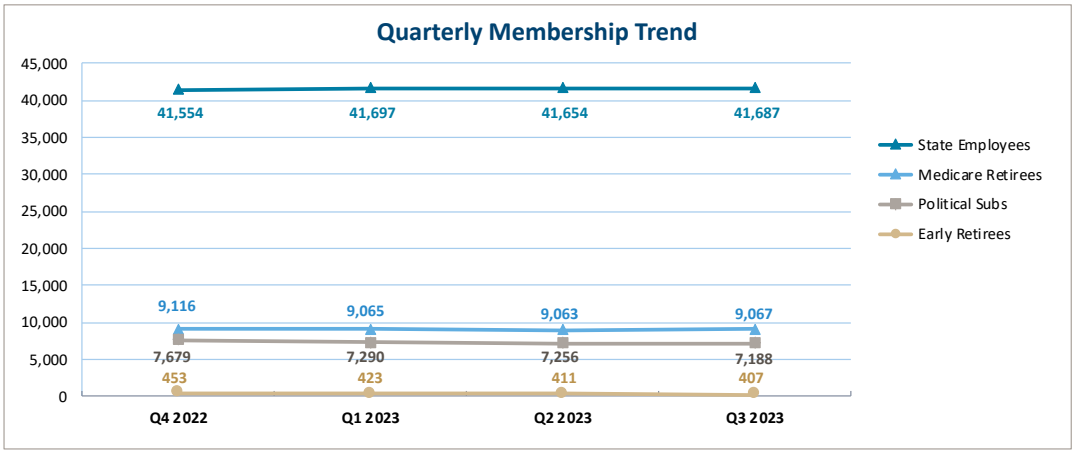
PAID CLAIMS PER CONTRACT PER MONTH

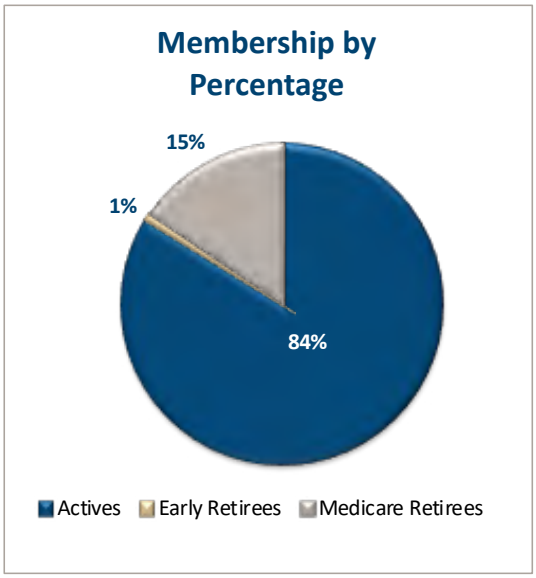


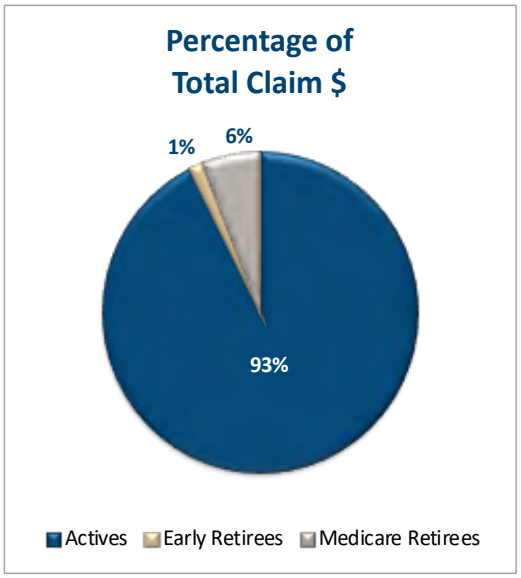
*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

*NDPERS Early Retirees contracts have approximately 1.12 members per contract.

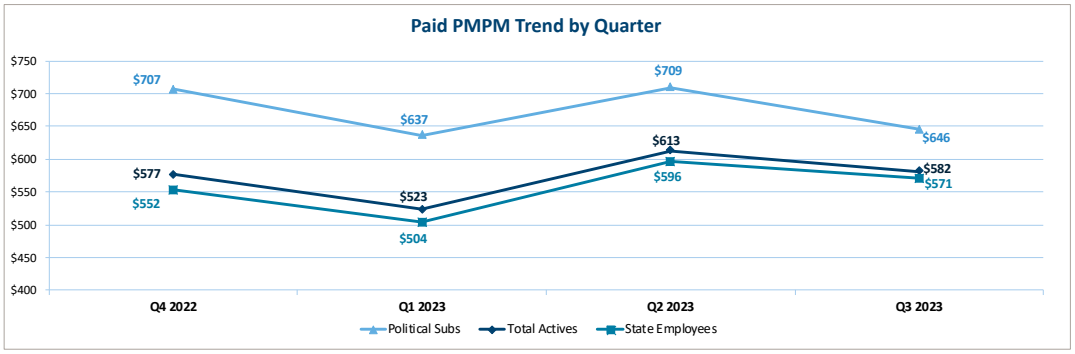
MEMBERSHIP PERCENTAGE





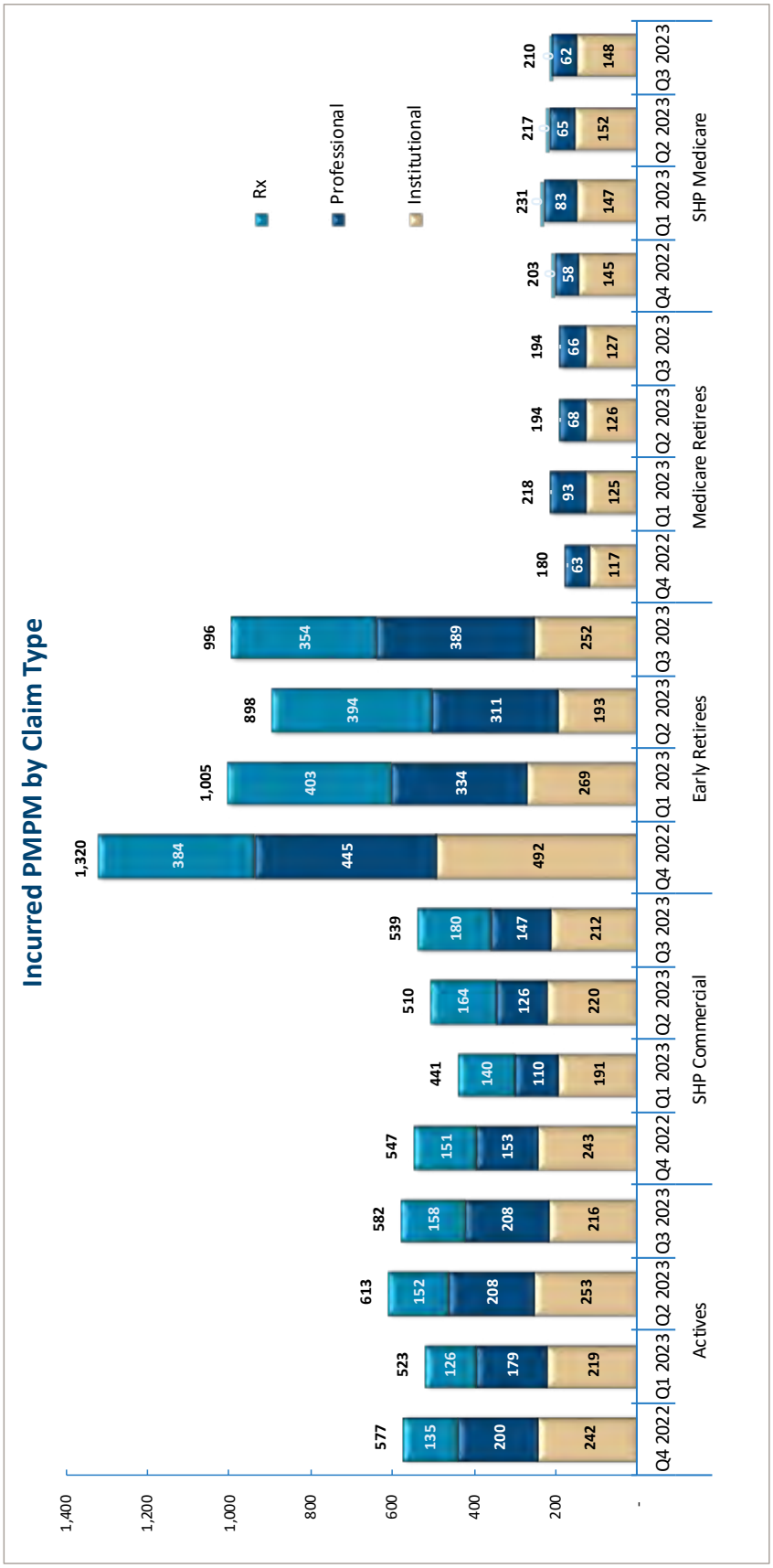


PAID PMPM TREND BY QUARTER



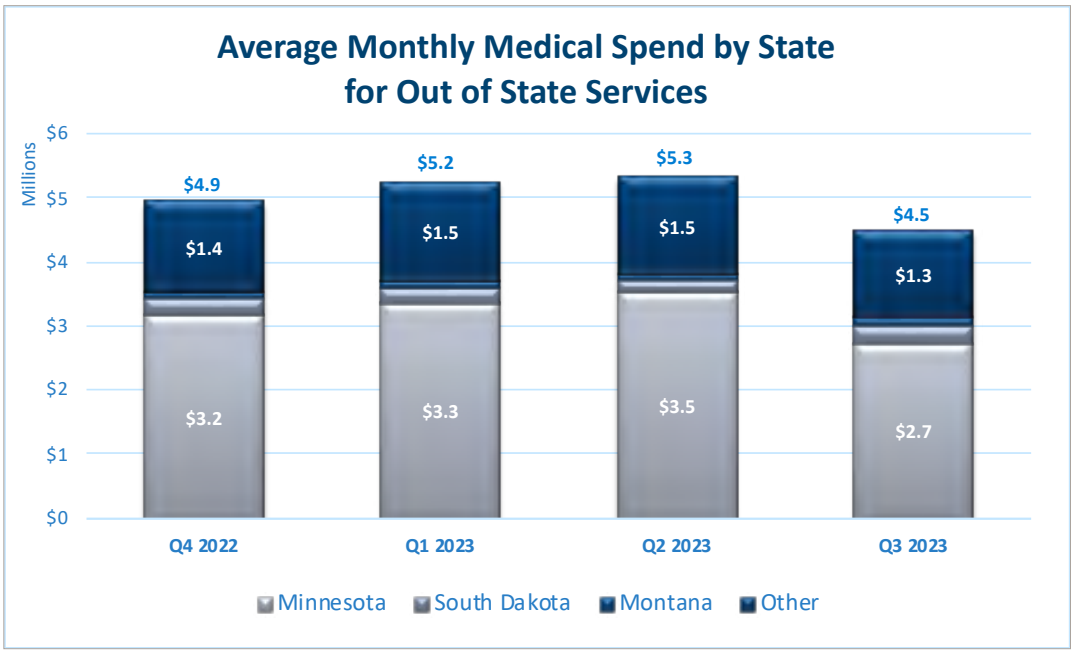
*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

Membership & Utilization

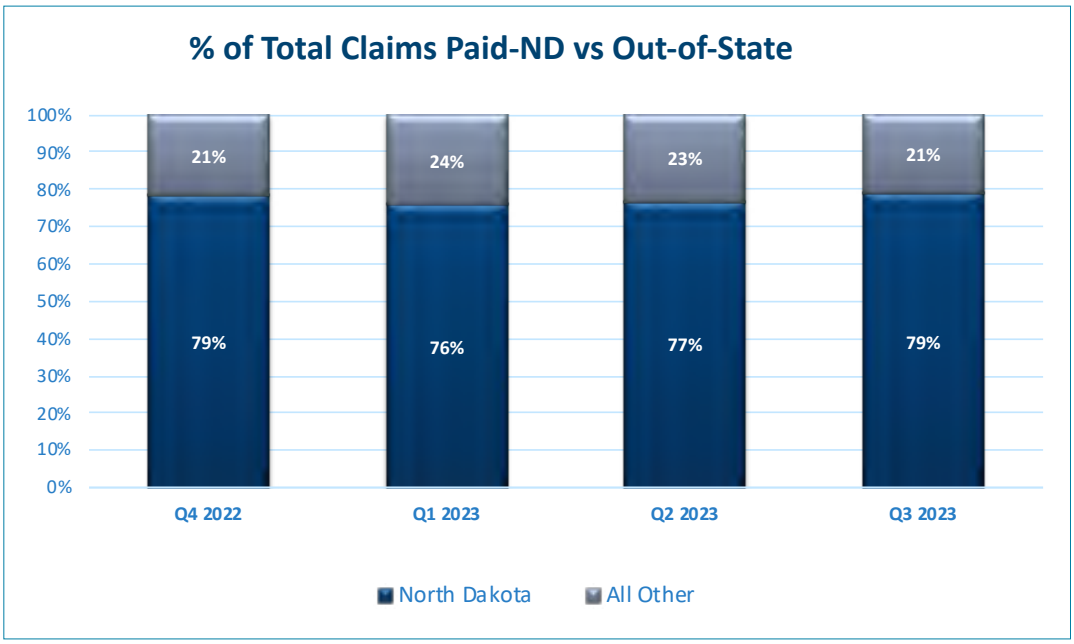


*Incurred between October 1, 2022 and September 30, 2023. Includes IBNR for October 1, 2022 through September 30, 2023, as of November 30, 2023.

PAID CLAIMS BY STATE

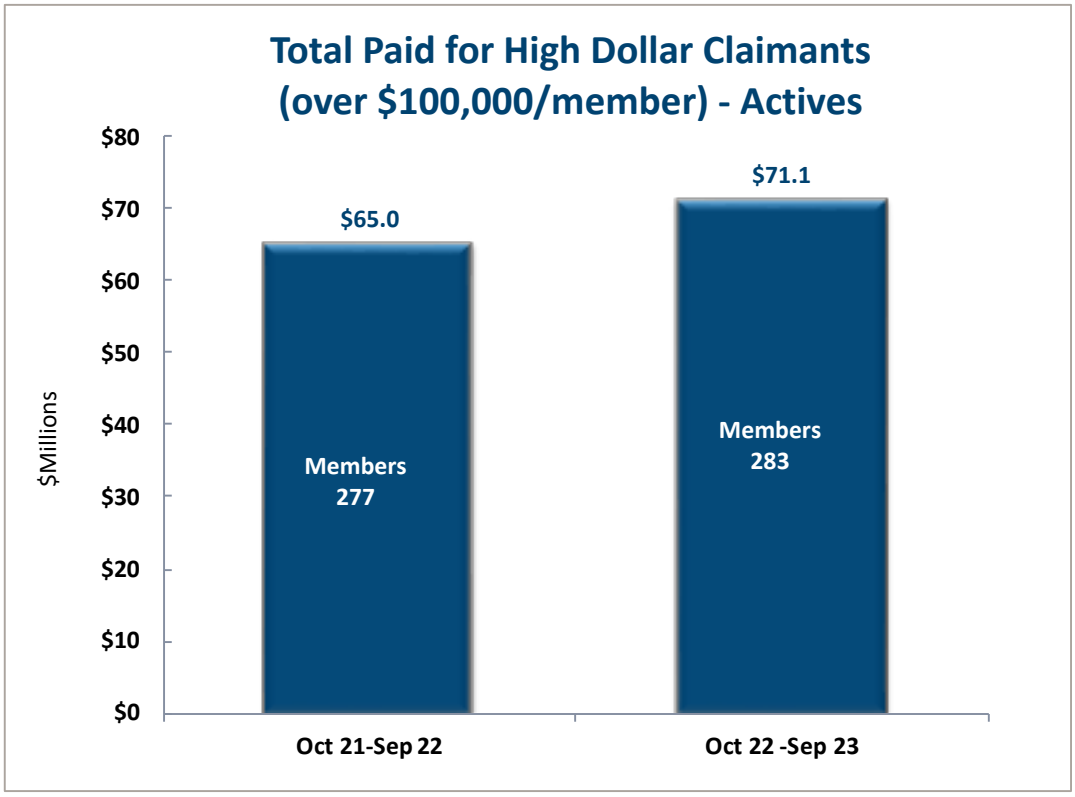


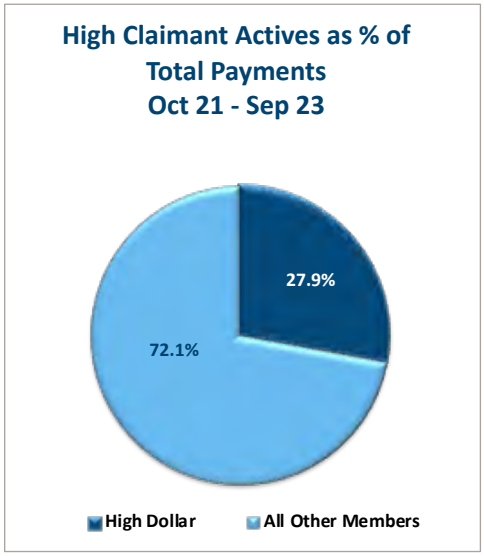
*Paid Claims by State charts include both active and retiree membership.



High Dollar Cases

ACTIVES

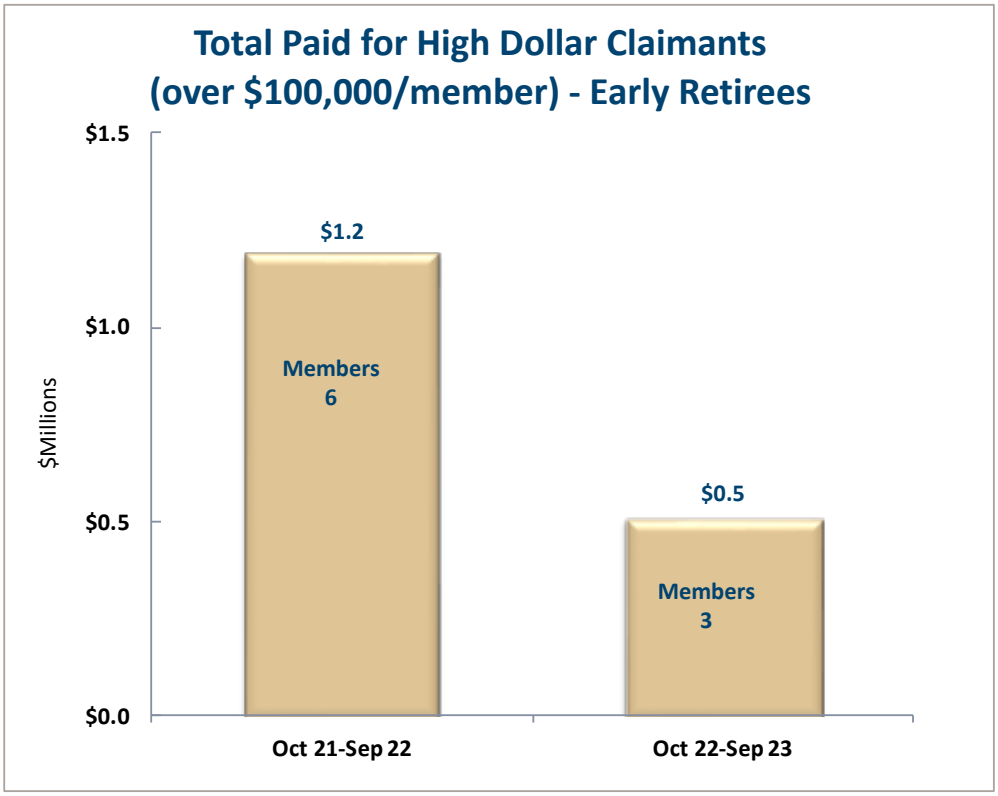


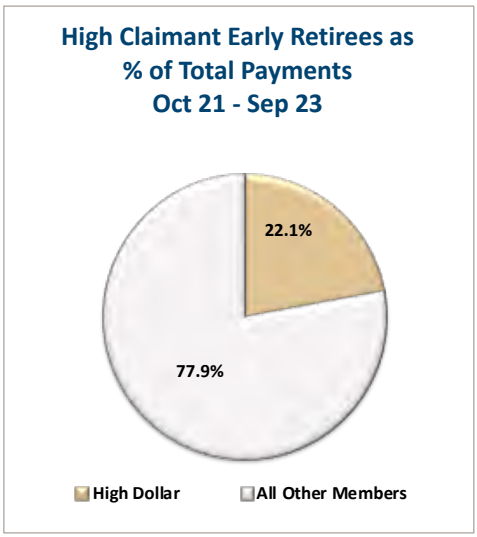


Avg. Paid/Claimant	$251,227
% of Total Payments	27.9%

EARLY RETIREES

High Dollar Cases

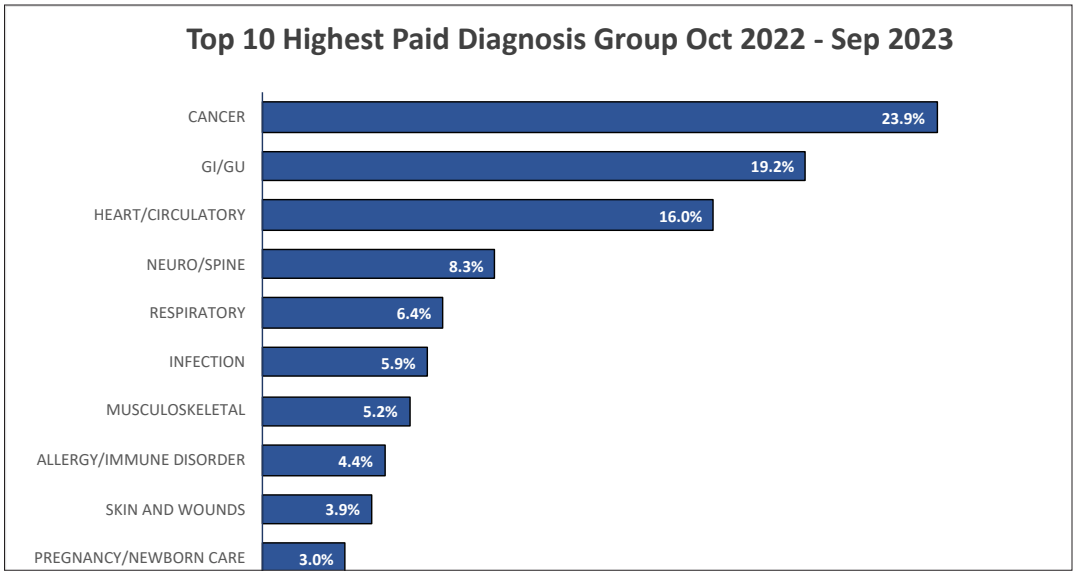


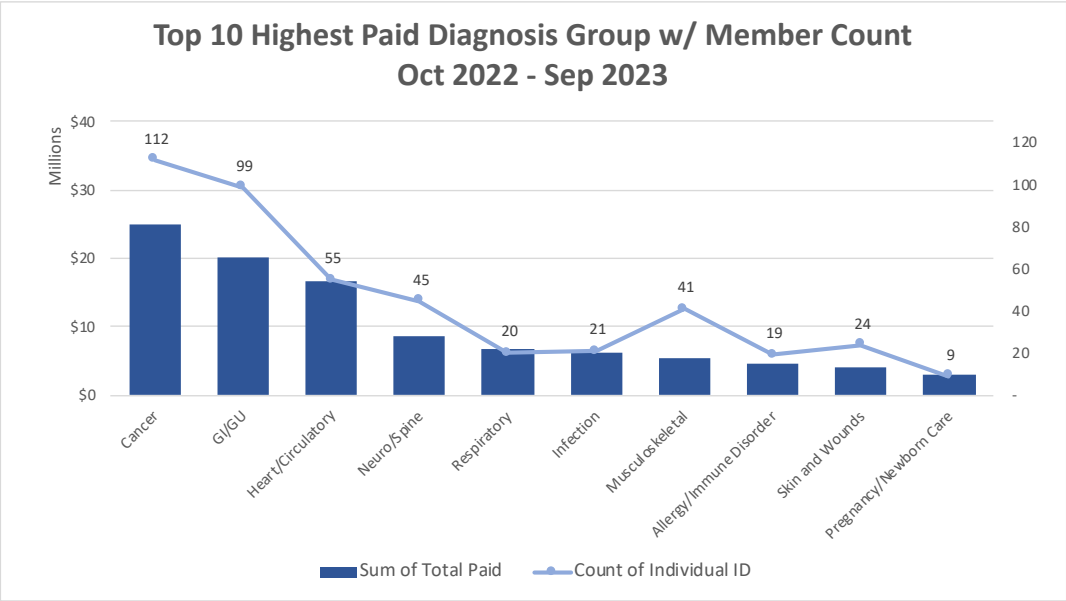


Avg. Paid/Claimant	$169,435
% of Total Payments	22.1%

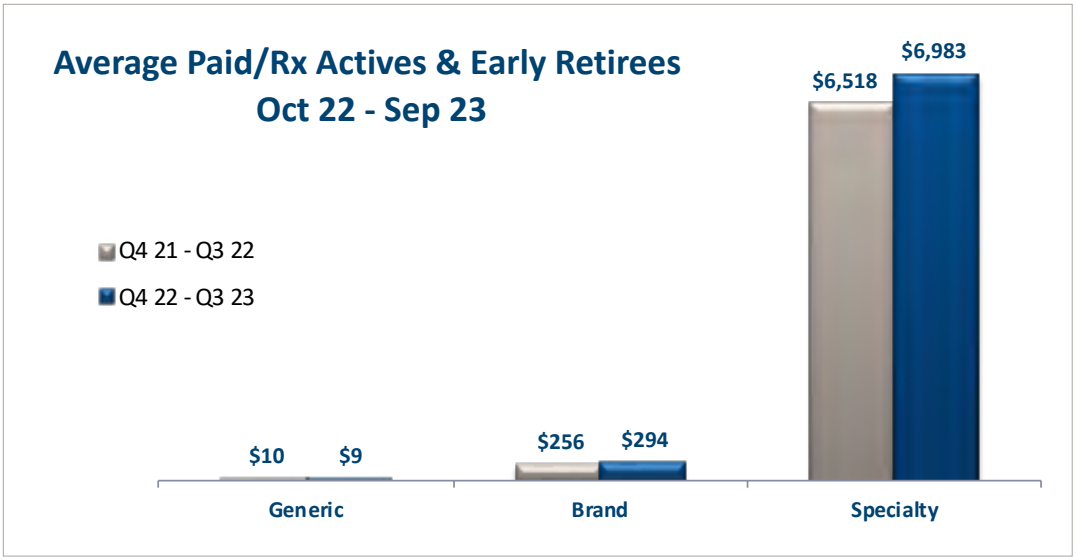
High Dollar Cases

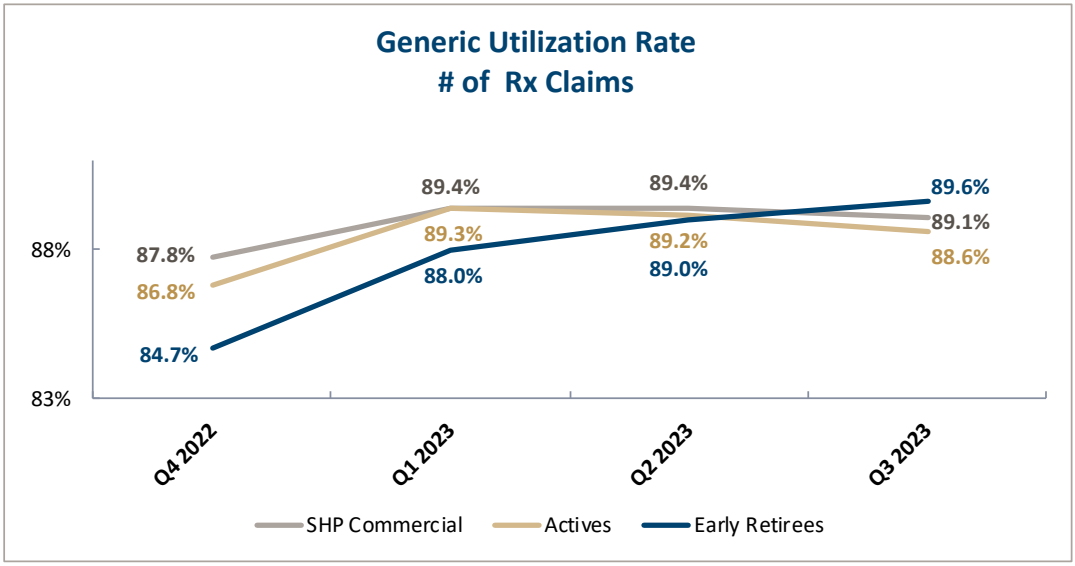
PRIMARY DIAGNOSIS

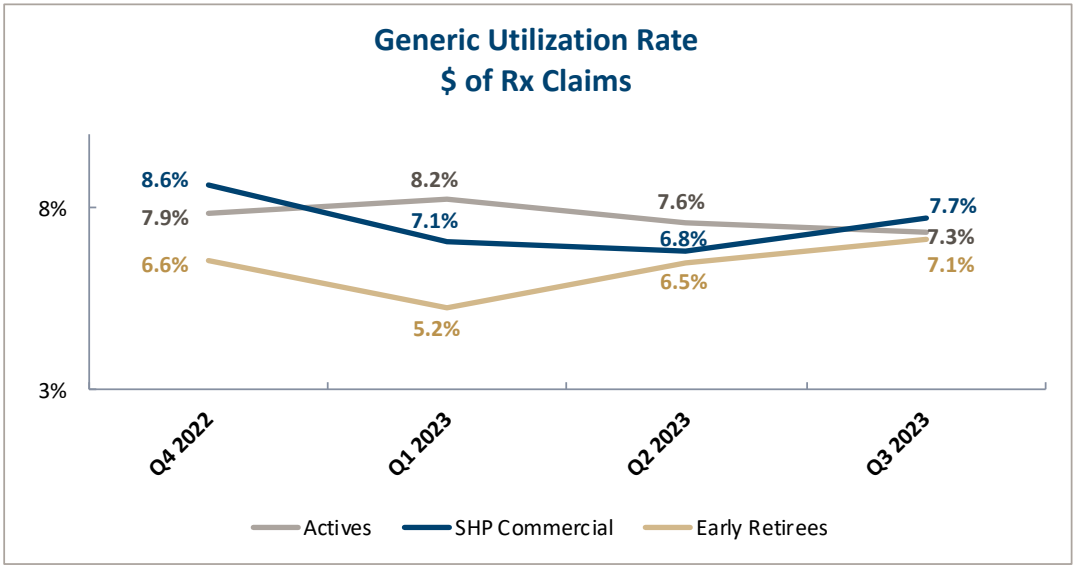




GENERIC UTILIZATION

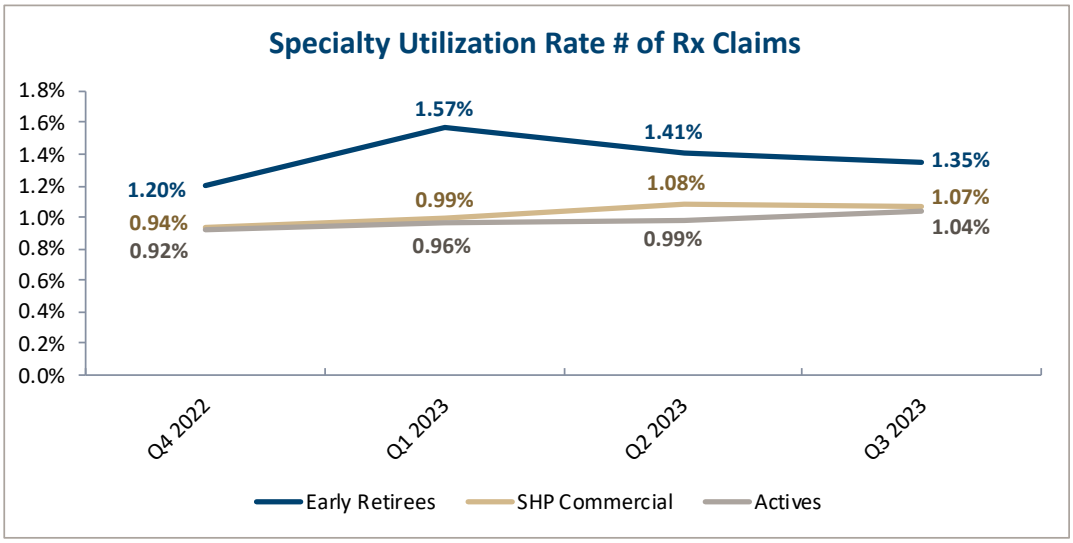


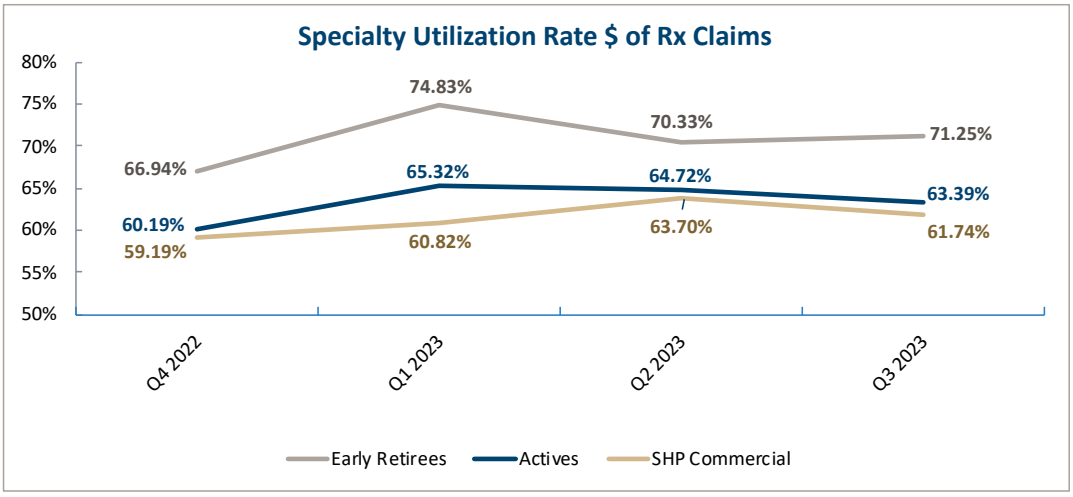




Prescription Drugs

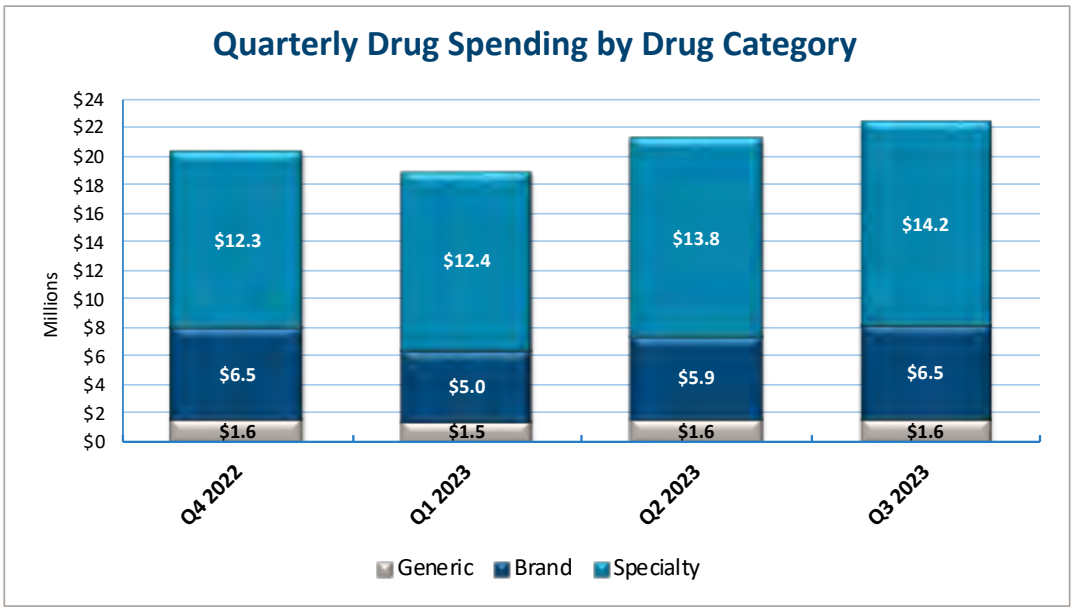
SPECIALTY PHARMACY





PHARMACY

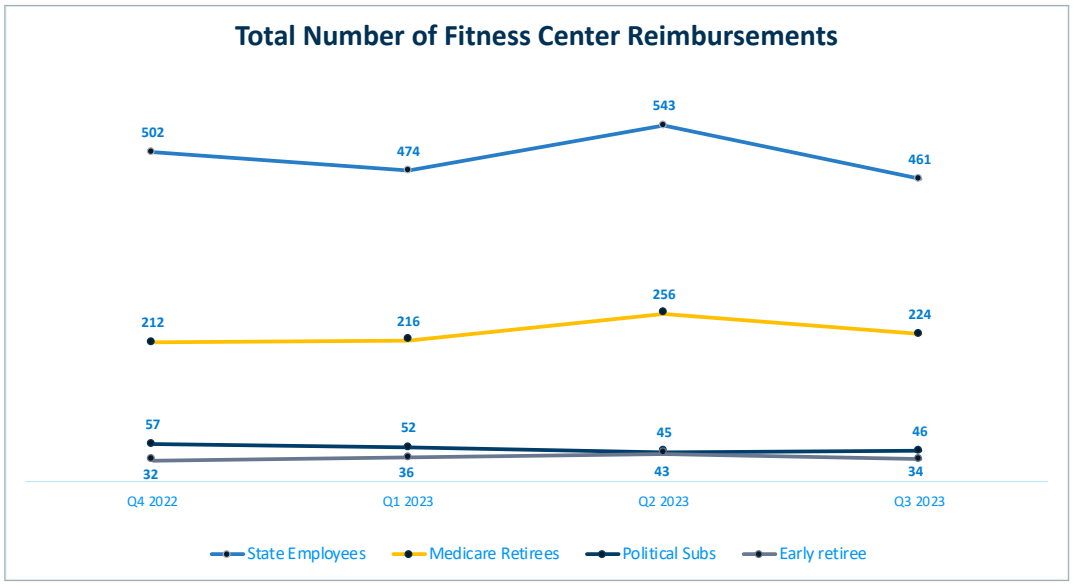
Prescription Drugs



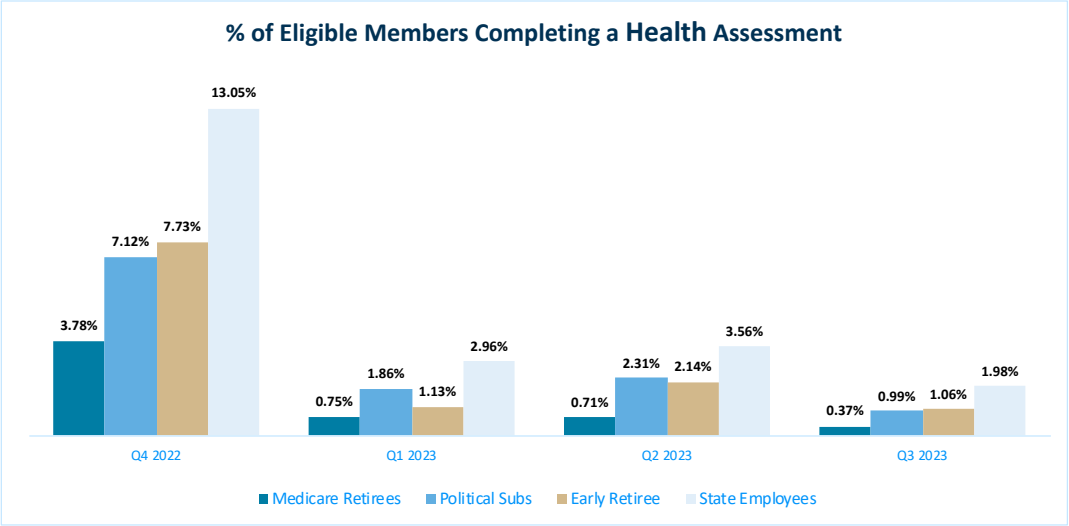
		Humana – NDPERS EGWP	
Description	**Q3 2022**	**Q3 2023**	**Change**
Avg Members per Month	9,113	9,061	-0.6%
Average Member Age	76.5	76.8	0.4%
Members Utilizing Benefit	8,575	8,590	0.2%
% Members Utilizing Benefit	94.1%	94.8%	0.7%
Total Rx (30 day adjusted)	356,316	359,434	0.9%
Total Rx PMPM (30 day adjusted)	4.34	4.41	1.5%
Generic Fill Rate	90.5%	90.2%	-0.3%
Maintenance 90 Day Utilization	78.4%	79.3%	1.1%
Retail - Maintenance 90 Day Utilization	76.5%	77.5%	1.3%
Home Delivery - Maintenance 90 Day Utilization	1.9%	1.8%	-5.3%
Total Specialty Rx	959	833	-13.1%
Specialty % of Plan Paid	35.0%	28.1%	-19.7%

Dakota Wellness Program

FITNESS CENTER REIMBURSEMENT



HEALTH ASSESSMENT



LIFESTYLE MEDICINE PROGRAMS

Dakota Wellness Program

Center for Lifestyle Medicine

NDPERS members with qualifying conditions have access to ongoing visits with a Lifestyle Medicine Specialist to create an individualized Lifestyle Medicine plan.

Total NDPERS Participants that have completed the program: **56**

Outcomes among all program graduates

- **4%** (4.5%) decrease in BMI (38.4278 to 36.6885) in patients with an obesity diagnosis
- Graduates increased their physical activity from 112 to 200 minutes of physical activity minutes increased by **79%**
- Those with a diagnosis of DM II reduced their Blood glucose by **60** points

Exercise is Medicine (EIM)

Exercise has endless benefits to our health, including reducing obesity, improving sleep and our emotional well-being while reducing and reversing heart disease, diabetes, and high blood pressure.

Sanford Health patients who have a diagnosis of a BMI of 30 or greater, hypertension, hyperlipidemia, pre-diabetes, type 2 diabetes, metabolic syndrome or depression are eligible for this 12 week group exercise program. The goal of EIM is to increase confidence when it comes to making exercise a habit.

ALL TIME
175
Completed the full program

Pre Program Cardiovascular Minutes (N=319)	Post Program	6 Month Post Program Cardiovascular Minutes (N=122)
Average 67 minutes per week	**Average 137 minutes per week**	**Average 106 minutes per week**
104%	increase in moderate intensity physical activity minute post program	
58%	increase in moderate intensity physical activity minutes 6 months post program	

Diabetes Prevention Program (DPP)

1 OUT OF 3 American adults has prediabetes. Sanford Health Plan members have access to diabetes prevention offerings to help them make permanent lifestyle changes to reduce the risk for developing Type 2 Diabetes. Trained Lifestyle Coaches will help members learn to eat healthy, increase physical activity, manage stress, remove barriers and stay motivated. We offer virtual programming for DPP.

2023 Q3 Enrollees
30

2023 Enrollees
70

Dakota Wellness Program

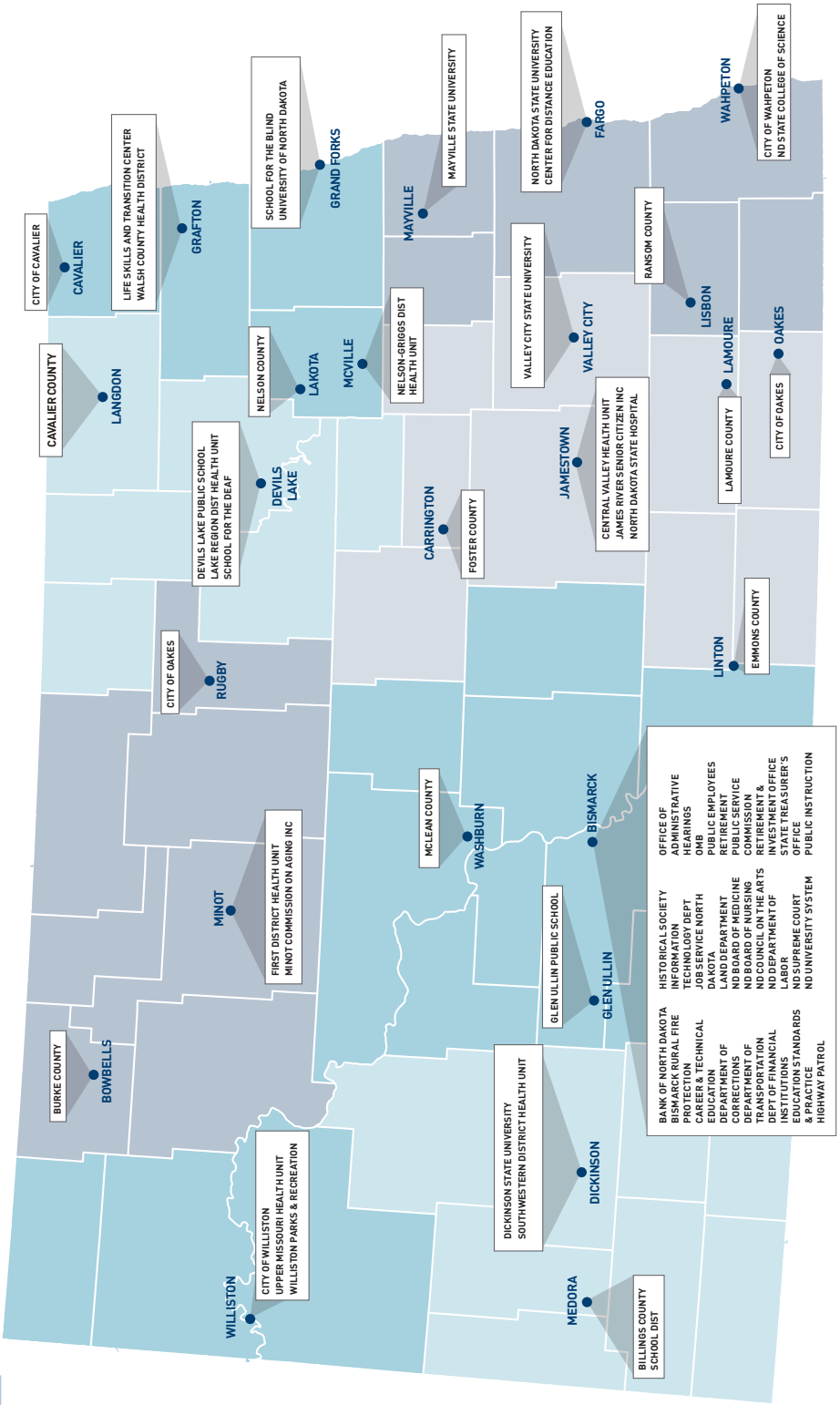
MONTHLY WELLNESS THEMES

Monthly themes keep the wellness program fresh throughout the year and keeps members engaged in their individual wellness pursuit. Newsletters, e-blasts and worksite posters are used to introduce themes.

EVENT ATTENDANCE BY AGENCY

The Sanford Health Plan NDPERS wellness team continues to engage members across the state, despite pandemic-related in-person restrictions. Wellness educators support agency wellness coordinators and provide worksite education and activities in a virtual format. This map shows where participants are from.

Dakota Wellness Program



TOTAL NUMBER OF AGENCIES VISITED (UNDUPLICATED)

62

WEBINARS/PRESENTATIONS/EVENTS:

July: Community and Social Well-being
August: Career Growth and Development
September: Nutrition and Physical Activity for Kids
Q3 wellness challenge: Rethink Your Drink
Wellness Coordinator Recharge
3 workshops
Wellbeing for Prevention

Promoting Healthy Behavior with Positivity
Exercise without Perfection
Nutrition & Hydration
Phase Out Fads
Exercise without Perfection

TOTAL MEMBER ATTENDANCE THIS QUARTER:

1468

Dakota Wellness Program

Special Events

Wellness Coordinator Recharge Webinar

- The purpose of the Recharge Webinar was to provide an overview of the Dakota Wellness Program, well-being resources and chronic disease programs as well as how Sanford Health Plan can support agency and employer-based wellness programs.
- Three virtual webinars were provided in August.
- **Participation: 79**

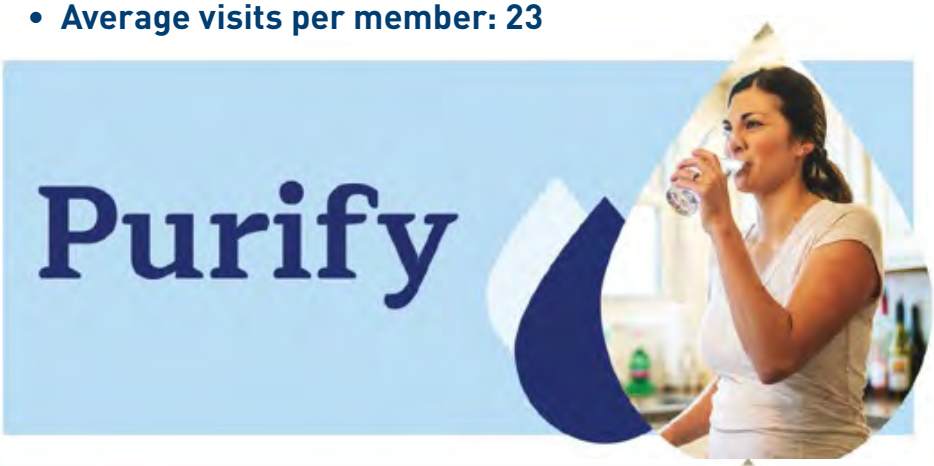
Q3 Quarterly Wellness Challenge:

Rethink Your Drink

Members tracked their water intake for 21 of the 28 days between August 2 and August 29. Those that drank six or more glasses of water on at least 14 days earned 1,500 points towards their annual wellness benefit.

Participation:

- **Members enrolled: 1,129**
- **Total visits: 26,309**
- **Average visits per member: 23**



Performance Standards & Guarantees

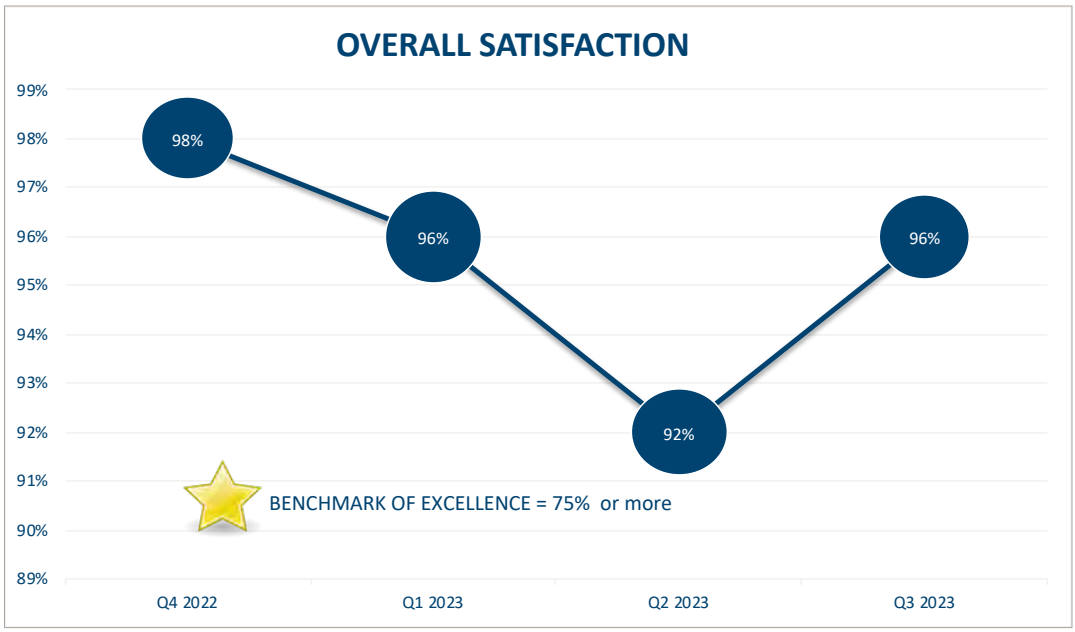
2021-2023

MEASURE	GOAL	MEASUREMENT PERIOD	Q3 2023 REPORTING PERIOD	CURRENT
WELLNESS:				
Health risk assessment completion	18%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	1.49%
Worksite interventions agency participation	75%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	35%
Fitness center reimbursement participation	5%	1.1.23 – 12.31.23	1.1.23 – 9.30.23	1.94%
Wellness redemption center payments	$850,000	1.1.23 – 12.31.23	1.1.23 – 9.30.23	$433,165
Wellness redemption center rate	9%	1.1.23 - 12.31.23	1.1.23 – 9.30.23	4.8%
HEALTH OUTCOMES:				
Healthy Pregnancy Program	+3%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	11.9%
Diabetes Prevention Program	5%	1.1.23 – 12.31.23	1.1.23 – 9.30.23	5.5%
Breast cancer screening rates	80%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	81.1%
Cervical cancer screening rates	85%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	77.6%
Colorectal cancer screening rates	60%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	64.2%
PROVIDER NETWORK/CONTRACTING:				
PPO network participation rate	Hospital, MDs & DOs: 92%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	100% Hospital 97% MD/DO
Par medical network minimum discount	30%	7.1.23 – 6.30.25	1.1.23 – 9.30.23	44.90%
CUSTOMER SERVICE & CLAIMS:				
Claims financial accuracy	99%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	99.98%
Claims payment accuracy	98%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	99.86%
Claim timeliness	95%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	99.62%
Claims processing accuracy	95%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	99.85%
Average speed of answer	30 seconds	7.1.23 – 6.30.24	7.1.23 – 9.30.23	35 seconds
Call abandoned rate	5%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	0.99%
First call resolution	95%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	99.52%
Written inquiry response time	95%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	99.51%
PHARMACY & FINANCIAL:				
Prescription drug turnaround times	98%	7.1.23 – 6.30.25	7.1.23 – 9.30.23	100%
Network Pharmacy Access	<5%	7.1.23 – 6.30.24	7.1.23 – 9.30.23	1%
About the patient program payment	5 days	7.1.23 – 6.30.24	7.1.23 – 9.30.23	100%
Interest Rate determined by PERS/SHP	Quarterly	7.1.23 – 6.30.25	7.1.23 – 9.30.23	100%

Performance Standards & Guarantees

2021-2023

Survey Score



CASE MANAGEMENT JULY 1, 2022 – JUNE. 30, 2023				
Offered	**Responded**		**Engaged**	
2,923	1,394	47.5%	379	27.2%
Performane Metrics	**Pre-enrollment**	**Post-enrollment**	**Difference**	**% Change**
PMPM Medical Claims	$8,133	$7,941	$192	**2%**
PMPM Pharmacy Claims	$1,353	$1,683	($303)	**-24%**
Inpatient Visits/1000	682	315	$367	**54%**
Emergency Room Visits/1000	654	409	245	**37%**

503-687-151 Rev. 1/24

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 16
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: Sanford Health Plan Member Engagement Tool

Representatives from Sanford Health Plan (SHP) will be at the meeting to discuss a new member engagement tool available for use with the NDPERS population. Included in your materials is a memorandum (Attachment 1) and an overview (Attachment 2) of the engagement tool.

Board Action Requested:
Provide direction to Sanford Health Plan regarding the use of the member engagement tool for NDPERS members on the plan.

Attachment 1

Memo

To: Rebecca Fricke

From: Courtney Meyer

Date: February 27, 2024

Re: Member Engagement tools

The purpose of this memo is to seek guidance from the NDPERS Board surrounding Sanford Health Plan's (SHP) use of a new member engagement tool for the NDPERS population.

Too often, members disengage from important healthcare decisions due to being overwhelmed by complex or irrelevant information. SHP implemented a HIPAA compliant software tool (+Oscar), a member engagement platform to generate and perform campaigns to engage members to be actionable in improving health outcomes. Members can receive communications through e-mail and SMS (text messages) in real-time that can replace or increase the value of conventional mail. Convenient applets allow members to indicate preferences and desired next steps without having to log-in to a portal and communicate these to SHP's care teams.

The OSCAR platform allows SHP to deliver scalable, personalized interventions or communication in a fraction of the time or costs of print mail and focuses direct phone outreach to those who have indicated that as a next step, creating an expectation to receiving a call, which is more likely to be answered. For our commercial market, OSCAR has proven increase engagement with members, delivering communication at the right time through the most convenient medium with messaging that resonates best with the member to drive action.

SHP is seeking approval for use of this tool with NDPERS membership. Members can opt-out of e-mails or SMS at any time. Use of these tools are in accordance with Federal requirements for text and email communciations.

Attachment 2

North Dakota Public Employees Retirement System

MEMBER ENGAGEMENT
MARCH 2024

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM | SANFORD HEALTH PLAN

EXAMPLE: Driving Annual Wellness Visits

CHALLENGES

- Difficulty connecting with and engaging patients to drive them to schedule an Annual Wellness Visit (AWV) appointment with an in-network Primary Care Provider as a foundation for healthier outcomes and value-based returns.

SOLUTION

- Campaign Builder unifies disparate sources to identify patients that are due for an AWV and engages them through omni-channel communications to provide a unified patient experience and minimize administrative burden on manual outreach

RESULTS

- **10% increase in PCP appointments completed**
- **15% increase in PCP attribution**

Driving Annual Wellness Visits

PATIENT EXPERIENCE

Patient receives email or text message highlighting the importance of scheduling an AWV with a link to schedule with available in-network providers

Patient receives **text message** reminder for their upcoming visit, if an appointment was scheduled

Patient receives reminder via email if patient had not scheduled an appointment within 2 weeks of initial message

Patient completes the appointment, renews her prescriptions, receives referral for diabetes screenings

CAMPAIGN BUILDER

CB intakes data from a variety of sources —Claims, Eligibility Files, etc. — to identify that a patient is attributed but has not had an AWV in the plan year

Patients enrolled in the campaign are randomized into control and variations with messaging stratification to determine engagement preferences for future campaigns

Applet data is fed into CB and used for follow up interventions and relayed back to organization for tracking and outreach by care team as needed

Campaign is triggered to care team call center platform for direct outreach

Messaging Segmentation

PATIENT EXPERIENCE

CAMPAIGN BUILDER

Patient receives email or text message highlighting the importance of scheduling an AWV with a link to schedule with available in-network providers

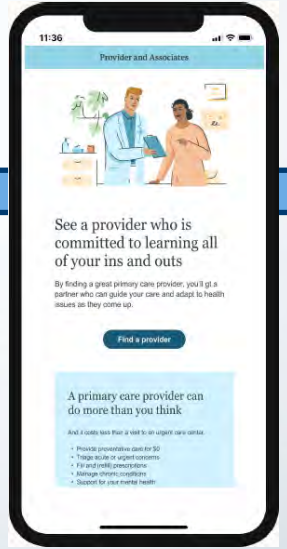
Patients enrolled in the campaign are randomized into control and variations with messaging stratification to determine engagement preferences for future campaigns

1 - Cost and convenience

Subject: Get affordable care right in your neighborhood

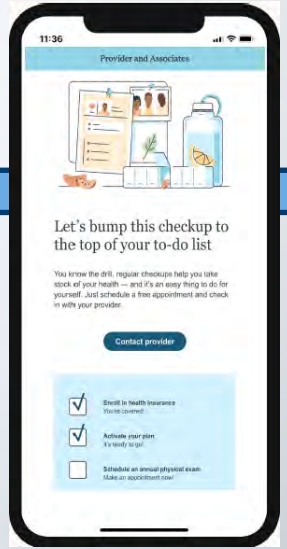
2 - Relationship

Subject: Find a doctor who's with you for the long haul.



3 – Task-focused

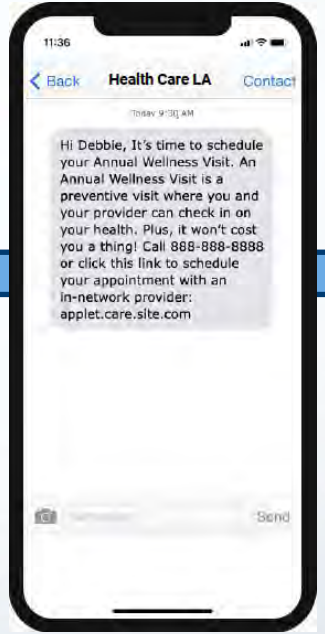
Subject: You've done so much for your health this year—just one step left.



Omnichannel Messaging

PATIENT EXPERIENCE

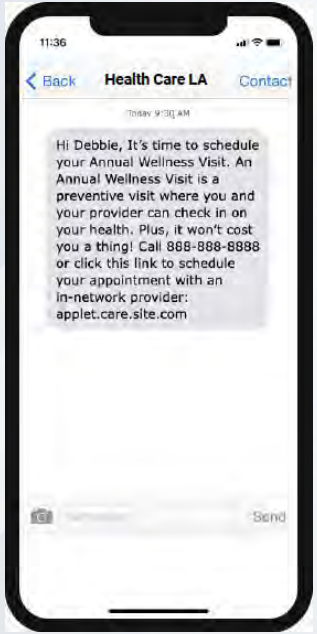
Patient receives email or text message highlighting the importance of scheduling an AWV with a link to schedule with available in-network providers



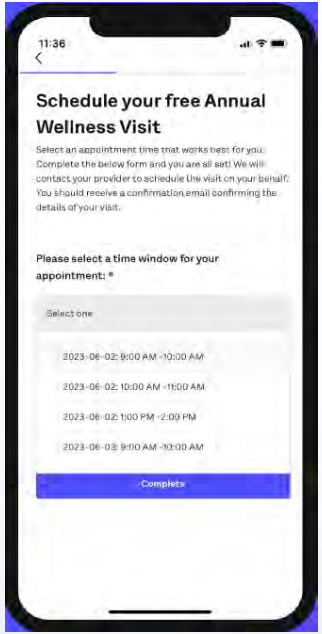
CAMPAIGN BUILDER

Applets in Action

SMS



APPLET



Applets are highly-personalized web-based digital experiences that drive members to complete desired actions — without the hassle of logging in to a portal

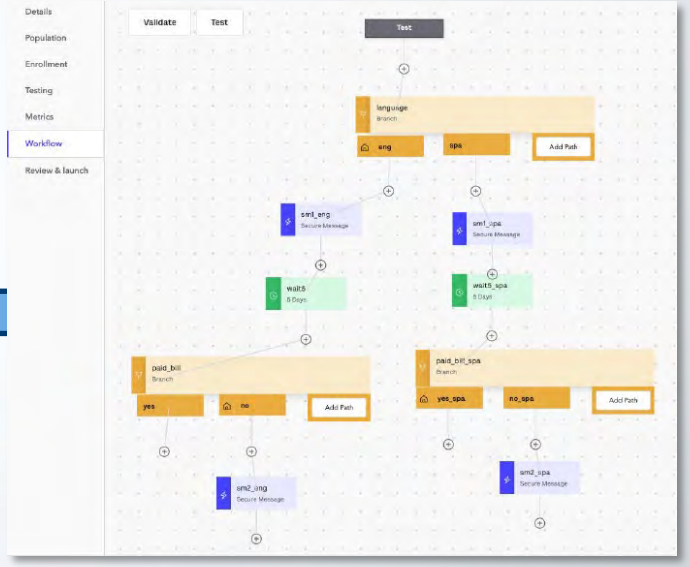
- **52% - Applet completion rate**
  - Compared to 30% completion rate for a logged in survey
- **33% - Click rate for Applet links**
  - when shared via SMS
- **98% - Thumbs up response**
  - to the optional consumer satisfaction question at the end of an Applet experience

Automation Logic

PATIENT EXPERIENCE

CAMPAIGN BUILDER

Applet data is fed into CB and used for follow up interventions and relayed back to organization for tracking and outreach by care team as needed

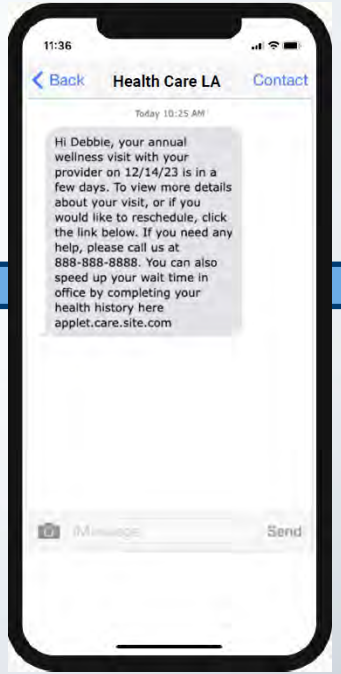


Omnichannel Messaging

PATIENT EXPERIENCE

CAMPAIGN BUILDER

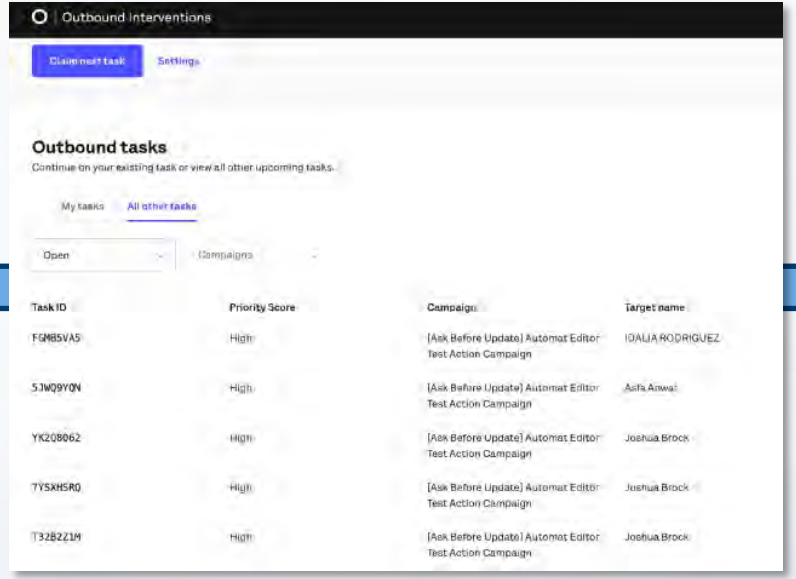
Patient receives **text message** reminder for their upcoming visit



Task Manager

PATIENT EXPERIENCE

CAMPAIGN BUILDER



Campaign is triggered to care team call center platform for direct outreach

Driving Annual Wellness Visits

PATIENT EXPERIENCE

Patient receives email or text message highlighting the importance of scheduling an AWV with a link to schedule with available in-network providers

Patient receives **text message** reminder for their upcoming visit, if an appointment was scheduled

Patient receives reminder via email if patient had not scheduled an appointment within 2 weeks of initial message

Patient completes the appointment, renews her prescriptions, receives referral for diabetes screenings

CAMPAIGN BUILDER

CB intakes data from a variety of sources —Claims, Eligibility Files, etc. — to identify that a patient is attributed but has not had an AWV in the plan year

Patients enrolled in the campaign are randomized into control and variations with messaging stratification to determine engagement preferences for future campaigns

Applet data is fed into CB and used for follow up interventions and relayed back to organization for tracking and outreach by care team as needed

Campaign is triggered to care team call center platform for direct outreach

Results

PATIENT EXPERIENCE

Patient completes the appointment, renews her prescriptions, receives referral for diabetes screenings

CAMPAIGN BUILDER

10% increase in PCP appointments completed

15% increase in PCP attribution

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: Proposed Legislation

At the January Board Planning Meeting, the Board decided to submit several pieces of legislation for the Employee Benefits Programs Committee's consideration prior to the April 1 bill submission deadline.

Since our January discussion, staff have identified two additional law changes that would be beneficial within the technical bill draft that are related to the Defined Contribution plan. These changes are included in the technical bill draft. The first is found under NDCC 54-52.6-01(8) which provides the definition of wages and salary for reporting purposes to the plan. Staff recommend removing "and annualized" in the final sentence as follows:

> 8. "Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported ~~and annualized~~ pursuant to rules adopted by the board.

The second is due to an incorrect code citation that was passed as part of House Bill 1040 related to the special election window for state employees with no more than five years of service. The code currently references chapter 54-42 for the main system and should reference chapter 54-52. It does reference the correct code in the following line.

The following are the various bill drafts prepared by legal counsel and reviewed by staff:

Attachment 1	Highway Patrol Cash Infusion	Provides for a cash infusion for the Highway Patrol Retirement Plan
Attachment 2	457 Plan Administrative Fees	Provides authority for NDPERS to charge 457 Deferred Compensation Plan members administrative fees for services
Attachment 3	Final Average Salary Calculation	Revises the Final Average Salary calculation for the Highway Patrol and Defined Benefit Plan to remove the higher of component within the calculation
Attachment 4	Disability Benefit Eligibility	Clarifies that a member cannot apply for a disability retirement benefit if they have reached their normal retirement age or date
Attachment 5	Diabetic Medication & Supplies	SB 2140 requires NDPERS to submit a bill for consideration to roll the coverage out to the commercial insurance market
Attachment 6	Technical Corrections	- Clarifies temporary employee participation - Updates early retirement eligibility due to vesting schedule change (HB 1309) - Clarifies that judges disability retirement benefits are reduced by any social security benefit and workforce safety and insurance benefit - Adopts language related to Required Minimum Distributions due to federal law changes - Due to federal law, clarifies eligibility for district health units to participate in the health plan - Adds language specific to ROTH contributions in 457

		plan due to federal law changes - Clarifies that bonuses do not need to be annualized in the defined contribution plan - Corrects an erroneous section of code passed in HB 1040

Staff will be available to discuss the proposed legislation bill drafts and answer any questions you may have.

Board Action Requested: Approve the proposed bills for submission to the Employee Benefits Programs Committee.

Attachment 1

Sixty-ninth
Legislative Assembly
of North Dakota

_____ BILL NO. _____

Introduced by

North Dakota Public Employees Retirement System

A BILL for an Act to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HIGHWAY PATROL TROOPERS RETIREMENT SYSTEM.

The office of management and budget shall transfer an amount from the strategic investment and improvements fund to the highway patrol troopers' retirement system fund, for the purpose of increasing the funded liability of the highway patrol troopers retirement plan to ninety percent as of January 1, 2026.

Attachment 2

Sixty-ninth
Legislative Assembly
of North Dakota

_____BILL NO._____

Introduced by

North Dakota Public Employees Retirement System

A BILL for an Act to create and enact a new section to chapter 54-52.2 of the North Dakota Century Code, relating to payment of administrative expenses for the public employees retirement system deferred compensation plan; and to provide a continuing appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 54-52.2 of the North Dakota Century Code is created and enacted as follows:

Administrative expenses - Continuing appropriation.

A participating member shall pay the administrative expenses of the plan in a manner determined by the board. The board, or vendor contracted for by the board, may charge reasonable administrative expenses and deduct those expenses from a participating member's account in the deferred compensation plan established under this chapter. The board also may pay the administrative expenses of the plan from fines and fees collected from a vendor in a manner determined by the board. The board shall deposit vendor fines and fees and any money deducted from a participating member's account in an administrative expenses account with the state treasurer. The board may use funds from the payroll clearing account established under section 54-52.3-03 and the administrative expenses account to pay for consulting expenses. All money in the payroll clearing account and the administrative expenses account are appropriated to the board on a continuing basis for the purpose of retaining a consultant as required for the administration of this chapter.

Attachment 3

Sixty-ninth
Legislative Assembly
of North Dakota

_____ BILL NO. _____

Introduced by

North Dakota Public Employees Retirement System

A BILL for an Act to amend and reenact subsection 2 of section 39-03.1-11 and subsection 2 of section 54-52-17 of the North Dakota Century Code, relating to the computation of final average salary.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 2 of section 39-03.1-11 of the North Dakota Century Code is amended and reenacted as follows:

2. Retirement benefits are based on the contributor's final average salary. Final average salary is the average of the highest salary received by the contributor for any thirty-six months employed during the last one hundred twenty months of employment. For contributors who terminate employment on or after August 1, 2010, final average salary is the average of the highest salary received by the contributor for any thirty-six months employed during the last one hundred eighty months of employment. For contributors who terminate employment between July 31, 2005, and August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the period for which the board has appropriate and accurate salary records on its electronic database, but that period may not be more than the last one hundred eighty months of employment. For members who terminate employment after December 31, 2019, final average salary is ~~the higher of the final average salary calculated on December 31, 2019, or~~ the average salary earned in the three highest periods of twelve consecutive months employed during the last one

hundred eighty months of employment. Months without earnings are excluded for the purpose of computing an average. If the contributor has worked for less than thirty-six months at the postponed retirement date, the final average salary is the average salary for all months of employment.

SECTION 2. AMENDMENT. Subsection 2 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

2. Retirement benefits are calculated from the participating member's final average salary, which is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred twenty months of employment. For members who terminate employment on or after August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the last one hundred eighty months of employment. For members who terminate employment between July 31, 2005, and August 1, 2010, final average salary is the average of the highest salary received by the member for any thirty-six months employed during the period for which the board has appropriate and accurate salary records on its electronic database, but that period may not be more than the last one hundred eighty months of employment. For members who terminate employment after December 31, 2019, final average salary is ~~the higher of the final average salary calculated on December 31, 2019, or~~ the average salary earned in the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. Months without earnings are excluded for the purpose of computing an average. If the participating member has worked for less than thirty-six months at the normal retirement date, the final average salary is the average salary for the total months of employment.

Attachment 4

Introduced by

North Dakota Public Employees Retirement System

A BILL for an Act to create and enact paragraph 3 of subdivision h of subsection 3 of section 54-52-17 of the North Dakota Century Code, relating to disability eligibility.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Paragraph 3 of subdivision h of subsection 3 of section 54-52-17 of the North Dakota Century Code is created and enacted as follows:

(3) A member who has reached normal retirement age or normal retirement date and is eligible for unreduced retirement benefits, may not apply for a disability retirement benefit.

Introduced by

North Dakota Public Employees Retirement System

A BILL for an Act to create and enact section 26.1-36-09.16 of the North Dakota Century Code, relating to individual and group health insurance coverage of insulin drugs and supplies; and to amend and reenact section 54-52.1-04.18 of the North Dakota Century Code.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 26.1-36-09.16 of the North Dakota Century Code is created and enacted as follows:

26.1-36-09.16. Health insurance benefits coverage - Insulin drug and supply out of pocket limitations.

1. As used in this section:

A health benefit plan as defined in 26.1-36.3-01.

a. "Insulin drug" means a prescription drug that contains insulin and is used to treat a form of diabetes mellitus. The term does not include an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor, or supplies needed specifically for the use of such electronic devices. The term includes insulin in the following categories:

(1) Rapid-acting insulin;

(2) Short-acting insulin;

(3) Intermediate-acting insulin;

(4) Long-acting insulin;

(5) Premixed insulin product;

(6) Premixed insulin/GLP-1 RA product; and

(7) Concentrated human regular insulin.

b. "Medical supplies for insulin dosing and administration" means supplies

needed for proper insulin dosing, as well as supplies needed to detect or address medical emergencies in an individual using insulin to manage diabetes mellitus. The term does not include an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor, or supplies needed specifically for the use of such electronic devices. The term includes:

(1) Blood glucose meters;

(2) Blood glucose test strips;

(3) Lancing devices and lancets;

(4) Ketone testing supplies, such as urine strips, blood ketone meters, and blood ketone strips;

(5) Glucagon, in injectable and nasal forms;

(6) Insulin pen needles; and

(7) Insulin syringes.

c. "Pharmacy or distributor" means a pharmacy or medical supply company, or other medication or medical supply distributor filling a prescription.

2. A health carrier shall provide benefits coverage that provides for insulin drug and medical supplies for insulin dosing and administration which complies with this section.

3. The health benefit plan must limit out-of-pocket costs for a thirty-day supply of:

a. Covered insulin drugs which may not exceed twenty-five dollars per pharmacy or distributor, regardless of the quantity or type of insulin drug used to fill the covered individual's prescription needs.

b. Covered medical supplies for insulin dosing and administration, the total of which may not exceed twenty-five dollars per pharmacy or distributor, regardless of the quantity or manufacturer of supplies used to fill the covered individual's

prescription needs.

4. The health benefit plan may not allow a pharmacy benefits manager or the pharmacy or distributor to charge, require the pharmacy or distributor to collect, or require a covered individual to make a payment for a covered insulin drug or medical supplies for insulin dosing and administration in an amount that exceeds the out-of-pocket limits set forth under subsection 3.

5. The health benefit plan may not impose a deductible, copayment, coinsurance, or other cost sharing requirement that causes out-of-pocket costs for prescribed insulin or medical supplies for insulin dosing and administration to exceed the amount set forth under subsection 3.

6. Subsection 3 does not require the health benefit plan to implement a particular cost-sharing structure and does not prevent the limitation of out-of-pocket costs to less than the amount specified under subsection 3. Subsection 3 does not limit out-of-pocket costs on an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor. This section does not limit whether the health benefit plan classifies an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor as a drug or as a medical device or supply.

7. If application of subsection 3 would result in the ineligibility of a health benefit plan that is a qualified high-deductible health plan to qualify as a health savings account under section 223 of the Internal Revenue Code [26 U.S.C. 223], the requirements of subsection 3 do not apply with respect to the deductible of the health benefit plan until after the enrollee has satisfied the minimum deductible under section 26 U.S.C. 223.

SECTION 2. Section 54-52.1-04.18 of the North Dakota Century Code is amended and enacted as follows:

54-52.1-04.18. Health insurance benefits coverage - Insulin drug and supply out of pocket limitations. ~~(Expired effective July 31, 2025)~~

~~1. As used in this section:~~

~~a. "Insulin drug" means a prescription drug that contains insulin and is used to treat a form of diabetes mellitus. The term does not include an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor, or supplies needed specifically for the use of such electronic devices. The term includes insulin in the following categories:~~

~~(1) Rapid-acting insulin;~~

~~(2) Short-acting insulin;~~

~~(3) Intermediate-acting insulin;~~

~~(4) Long-acting insulin;~~

~~(5) Premixed insulin product;~~

~~(6) Premixed insulin/GLP-1 RA product; and~~

~~(7) Concentrated human regular insulin.~~

~~b. "Medical supplies for insulin dosing and administration" means supplies needed for proper insulin dosing, as well as supplies needed to detect or address medical emergencies in an individual using insulin to manage diabetes mellitus. The term does not include an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor, or supplies needed specifically for the use of such electronic devices. The term includes:~~

~~(1) Blood glucose meters;~~

~~(2) Blood glucose test strips;~~

~~(3) Lancing devices and lancets;~~

~~(4) Ketone testing supplies, such as urine strips, blood ketone meters, and blood ketone strips;~~

~~(5) Glucagon, in injectable and nasal forms;~~

~~(6) Insulin pen needles; and~~

~~(7) Insulin syringes.~~

~~c. "Pharmacy or distributor" means a pharmacy or medical supply company, or other medication or medical supply distributor filling a covered individual's prescriptions.~~

~~2.~~ The board shall provide health insurance benefits coverage that provides for insulin drug and medical supplies for insulin dosing and administration ~~which complies with this section.~~in the same manner as provided under section 26.1-36-09.16.

~~3. The coverage must limit out-of-pocket costs for a thirty-day supply of:~~

~~a. Covered insulin drugs which may not exceed twenty-five dollars per pharmacy or distributor, regardless of the quantity or type of insulin drug used to fill the covered individual's prescription needs.~~

~~b. Covered medical supplies for insulin dosing and administration, the total of which may not exceed twenty-five dollars per pharmacy or distributor, regardless of the quantity or manufacturer of supplies used to fill the covered individual's prescription needs.~~

~~4. The coverage may not allow a pharmacy benefits manager or the pharmacy or distributor to charge, require the pharmacy or distributor to collect, or require a covered individual to make a payment for a covered insulin drug or medical supplies for insulin dosing and administration in an amount that exceeds the out-of-pocket limits set forth under subsection 3.~~

~~5. The coverage may not impose a deductible, copayment, coinsurance, or other cost sharing requirement that causes out-of-pocket costs for prescribed insulin or medical supplies for insulin dosing and administration to exceed the amount set forth under subsection 3.~~

~~6. Subsection 3 does not require the coverage to implement a particular cost-sharing structure and does not prevent the limitation of out-of-pocket costs to less than the amount specified under subsection 3. Subsection 3 does not limit out-of-pocket costs~~

~~on an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor. This section does not limit whether coverage classifies an insulin pump, an electronic insulin-administering smart pen, or a continuous glucose monitor as a drug or as a medical device or supply.~~

~~7. If application of subsection 3 would result in the ineligibility of a health benefit plan that is a qualified high-deductible health plan to qualify as a health savings account under section 223 of the Internal Revenue Code [26 U.S.C. 223], the requirements of subsection 3 do not apply with respect to the deductible of the health benefit plan until after the enrollee has satisfied the minimum deductible under section 26 U.S.C. 223.~~

~~8. This section does not apply to the Medicare part D prescription drug coverage plan.~~

Attachment 6

Introduced by

North Dakota Public Employees Retirement System

A BILL for an Act to amend and reenact subsection 22 of section 54-52-01, subdivision f of subsection 4 of section 54-52-17, subdivision g of subsection 4 of section 54-52-17, subsection 2 of section 54-52-28, section 54-52.1-03.1, section 54-52.2-06, subsection 8 of section 54-52.6-01, and subsection 1 of section 54-52.6-02.2 of the North Dakota Century Code, relating to administering the public employees retirement system.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 22 of section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

22. "Temporary employee" means a governmental unit employee who is not eligible to participate as a permanent employee, who is at least eighteen years old and not actively contributing to another employer-sponsored ~~pension~~retirement fund, and, if employed by a school district, occupies a noncertified teacher's position.

SECTION 2. AMENDMENT. Paragraph 4 of subdivision g of subsection 3 of section 54 52-17 of the North Dakota Century Code is amended and reenacted as follows:

(4) For a peace officer employed by the bureau of criminal investigation, early retirement date is the first day of the month next following the month in which the peace officer attains the age of fifty years and: 1) has completed at least three years of eligible employment, if hired before August 1, 2023; or 2) has completed at least ten years of eligible employment, if hired on or after August 1, 2023.

SECTION 3. AMENDMENT. Subdivision g of subsection 4 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:

g. Except for supreme and district court judges, disability retirement benefits are twenty-five percent of the member's final average salary. Disability retirement benefits for supreme and

district court judges are seventy percent of final average salary reduced by ~~the member's primary~~any social security benefits and ~~by~~ any workforce safety and insurance benefits paid to the member. The minimum monthly disability retirement benefit under this section is one hundred dollars.

SECTION 4. AMENDMENT. Subsection 2 of section 54-52-28 of the North Dakota Century Code is amended and reenacted as follows:

2. The minimum distribution rules under section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirements under section 401(a)(9)(G), and the regulations issued under that provision to the extent applicable to governmental plans~~.~~, as amended. Accordingly, benefits must be distributed or begin to be distributed no later than a member's required beginning date, and the required minimum distribution rules override any inconsistent provision of this chapter. ~~For a member who attains age seventy and one-half before January 1, 2020, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy and one-half or terminates employment. For a member who attains age seventy and one-half after December 31, 2019, the member's required beginning date is April first of the calendar year following the later of the calendar year in which the member attains age seventy-two or terminates employment.~~

SECTION 5. AMENDMENT. Section 54-52.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

54-52.1-03.1. Certain political subdivisions authorized to join uniform group insurance program - Employer contribution.

If eligible under federal law, a political subdivision may extend the benefits of the uniform group insurance program under this chapter to its permanent employees, subject to minimum requirements established by the board and a minimum period of

participation of sixty months. If the political subdivision withdraws from participation in the uniform group insurance program, before completing sixty months of participation, unless federal or state laws or rules are modified or interpreted in a way that makes participation by the political subdivision in the uniform group insurance program no longer allowable or appropriate, the political subdivision shall make payment to the board in an amount equal to any expenses incurred in the uniform group insurance program that exceed income received on behalf of the political subdivision's employees as determined under rules adopted by the board. The Garrison Diversion Conservancy District~~,~~ shall participate in the uniform group insurance program under the same terms and conditions as state agencies. ~~and d~~District health units required to participate in the public employees retirement system under section 54-52-02, which were participating in the uniform group insurance program at the time the Affordable Care Act was enacted, shall participate in the uniform group insurance program under the same terms and conditions as state agencies. A retiree who has accepted a retirement allowance from a participating political subdivision's retirement plan may elect to participate in the uniform group under this chapter without meeting minimum requirements at age sixty-five, when the employee's spouse reaches age sixty-five, upon the receipt of a benefit, when the political subdivision joins the uniform group insurance plan if the retiree was a member of the former plan, or when the spouse terminates employment. If a retiree or surviving spouse does not elect to participate at the times specified in this section, the retiree or surviving spouse must meet the minimum requirements established by the board. Each retiree or surviving spouse shall pay directly to the board the premiums in effect for the coverage then being provided. The board may require documentation that the retiree has accepted a retirement allowance from an eligible retirement plan other than the

public employees retirement system.

SECTION 6. AMENDMENT. Section 54-52.2-06 of the North Dakota Century Code is amended and reenacted as follows:

54-52.2-06. Deferred compensation program - Benefits - Taxation – Exemption from judicial process - Assignment.

The deferred compensation program established by this chapter shall exist and serve in addition to retirement, pension, or benefit systems established by the state, county, city, town, or other political subdivision, and no deferral of income under the deferred compensation program shall effect a reduction of any retirement, pension, or other benefit provided by law. However, <u>with the exception of Roth contributions,</u> any sum deferred under the deferred compensation program is not subject to taxation until distribution is actually made to the employee. Any unpaid benefits under the deferred compensation program established by this chapter are not subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, except as provided by section 54-52.2-03.3. Neither the employee, the employee's beneficiary, nor any designee of the employee or the employee's beneficiary has the right to commute, sell, assign, transfer, or otherwise convey the right to receive payments under this chapter.

SECTION 7. AMENDMENT. Subsection 8 of section 54-52.6-01 of the North Dakota Century Code is amended and reenacted as follows:

8. "Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical

insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported ~~and annualized~~ pursuant to rules adopted by the board.

SECTION 8. AMENDMENT. Subsection 1 of section 54-52.6-02.2 of the North Dakota Century Code is amended and reenacted as follows:

1. As used in this section, "eligible employee" means a permanent state employee who on December 31, 2024, is a participating member of the public employees retirement system main system plan under chapter 54-~~42~~52, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: Proposed Administrative Rules

Staff have continued reviewing changes necessary in administrative rules.

Attachment 1 contains the proposed rules prepared by staff, reviewed by legal counsel, and as discussed at the February meeting. Attachment 2 is the summary of proposed rule changes. Attachments 3 and 4 are the Abbreviated Notice of Intent and the Formal Notice to Adopt. Attachment 5 is a summary of the Fiscal Note, Regulatory Analysis, Takings Assessment, and Small Entity Impact Statement and Analysis. Attachment 6 includes House Bill 1040 and Special Session HB 1547.

As reported in previous meetings, the following is the schedule we are following, assuming approval at today's meeting:

2024 Proposed Administrative Rule Revision/Addition/Deletion Schedule

January 9	Initial Board review of proposed rules.
February 13	Second Board review.
March 12	Third and Final Board review.
March 14	Post copy of proposed rules on NDPERS website, notify all employer groups that rules are on website, send formal notice and materials to Legislative Council.
March 14	Notify North Dakota Newspaper Association (NDNA) of upcoming notice and verify timing of printed notice.

April 8	(Week of) Notice has been printed in all required newspapers and notice sent to any pertinent legislator with proposed rule changes.
April 29	Public Hearing at 11:00 a.m. in NDPERS Conference Room
April 29	Hearing held and comment period opened.
May 13	Comment period closed.
June 11	Board review of comments. Final approval of proposed rules.
June 12	Send to Attorney General's office for review.
August/ September	After receipt of Attorney General review, send to Legislative Council.
October 31	Deadline to submit proposed rules to Legislative Council.
December TBD	Administrative Rules Committee Meeting held.
January 1	New rules take effect, provided there are no holds placed on them by the committee.

Board Action Requested: Approve moving forward with the rulemaking process with the attached proposed administrative rules.

Attachment 1

ARTICLE 71-01
GENERAL ADMINISTRATION

Chapter

71-01-01 Organization of Board
71-01-02 Election Rules
71-01-03 Confidential Information Requests

CHAPTER 71-01-01
ORGANIZATION OF BOARD

Section

71-01-01-01. Organization of Public Employees Retirement Board

Subsection 2 of Section 75-01-01-01 is amended as follows:

71-01-01-01. Organization of public employees retirement board.

1. **History.** The 1965 legislative assembly created the public employees retirement system by legislation codified as North Dakota Century Code chapter 54-52. The starting date of the program was July 1, 1066. The board acts as the administrating body to manage the public employees retirement system, the judges retirement system, the highway patrol retirement system, the national guard security officers and firefighters system, the uniform group insurance program, the deferred compensation plan, the prefunded retiree health program, and a pretax benefit program for public employees.

2. **Board membership**. The board consists of ~~nine~~eleven members. ~~Two~~Four are members of the legislative assembly. ~~appointed by the chairman of the legislative management~~ The majority leader of the house of representatives shall appoint two members of the house of representatives and the majority leader of the senate shall appoint two members of the senate. The members of the legislature shall serve a term of two years, at the pleasure of the appointing majority leader. ~~one member, the chairman, is~~ Four members of the board must be appointed by the governor to serve a term of five years, at the pleasure of the Governor. ~~one member is appointed by the attorney general from the attorney general's staff; one member is the state health officer or state health officer's designee;~~ ~~t~~Three members are elected by the active membership of the system to serve a term of five years.~~and one member is elected by the retired public employees.~~

3. **Executive director**. The executive director is appointed by the board and is responsible for the administration of the day-to-day activities of the retirement systems, the prefunded retiree health program, the uniform group insurance program, the deferred compensation program, and the pretax benefit program for public employees.

4. Inquiries. Inquiries regarding the board may be addressed to:

   Executive Director
   Box 1657
   Bismarck, North Dakota 58502

History: Amended Effective November 1, 1981, November 1, 1985; April 1, 1988; September 1, 1989; January 1, 1992; May 1, 2004; April 1, 2016;_____
General Authority: NDCC 28-32-02.1, 54-52-04
Law Implemented: NDCC 28-32-02.1, 54-52-03

CHAPTER 71-01-02
ELECTION RULES

Section	
71-01-02-01	Election Committee
71-01-02-02	Eligible Voters
71-01-02-03	Candidate Eligibility
71-01-02-04	Election Notification
71-01-02-05	Petition Format
71-01-02-06	Procedure For Completing and Filing Petitions
71-01-02-07	Election Ballots
71-01-02-08	Election
71-01-02-09	Canvassing Rules
71-01-02-10	Notification of Election
71-01-02-11	Special Elections
71-01-02-12	Penalties
71-01-02-13.1	Election Voting

71-01-02-01. Election Committee.

1. The retirement board must appoint a committee of three, one of whom will be designated as chair, from its membership to oversee elections to the board.

2. Committee members, or their authorized representatives, are responsible for reviewing the election rules for the retirement board membership of the North Dakota public employees retirement system, for counting ballots, and for reporting the election results to the board.

3. Committee members will be appointed at the February meeting of the North Dakota public employees retirement system board to serve until the retirement board meeting for the following February.

History: Effective April 1, 1992.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

Subsection 2 of Section 71-01-02-02 is amended as follows:

71-01-02-02. Eligible voters.

1. All active employees, eligible to serve as elected members of the board in accordance with subsection 4 of North Dakota Century Code section 54-52-03, are eligible to cast one vote for each active member vacancy on the retirement board.

2. ~~All persons receiving retirement benefits are eligible to cast one vote for a retiree member vacancy on the retirement board.~~ Persons participating in the uniform group insurance program, the deferred compensation plan for public employees, or the pretax benefits program but not in the retirement system are ineligible to cast votes in retirement board elections.

History: Effective April 1, 1992; amended effective July 1, 1994; April 1, 2008; April 1, 2012;_____
General Authority: NDCC 54-52-04, 54-52-17(5)
Law Implemented: NDCC 54-52-03

Subsection 1 of Section 71-01-02-03 is amended as follows and Subsection 2 of Section 71-01-02-03 is repealed:

71-01-02-03. Candidate eligibility.

1. Any active participating member, members of the defined contribution retirement plan, the highway patrol retirement system, and the job service retirement plan are eligible to serve as an elected member of the board in accordance with subsection 4<u>5</u> of North Dakota Century Code section 54-52-03, may become a candidate for election to the board. A<u>n</u> ~~department~~<u>agency</u> or political division may not be represented by more than one elected member. Employees who have terminated their employment for whatever reason are not eligible to serve as an active elected member of the board.

~~2. Any person, as of April fifteenth of the election year, who has accepted a retirement allowance, may become a candidate for the retiree member to the board.~~

History: Effective April 1, 1992; amended effective July 1, 1994; July 1, 2000; April 1, 2008; July 1, 2010; April 1, 2012; _____
General Authority: NDCC 54-52-04, 54-52-17(5)
Law Implemented: NDCC 54-52-03

Subsection 1 of Section 71-01-02-04 is amended as follows:

71-01-02-04. Election notification.

1. The director of the North Dakota public employees retirement system shall ensure that notification of an active member vacancy and the election is given to all employees through publication of a notice in the North Dakota public employees retirement system newsletter or any other method of communication as deemed appropriate by the director at least ~~three weeks~~ <u>twenty-one calendar days</u> in advance of a filing date for nomination petitions. ~~The director shall ensure that notification of the vacancy of a retiree member and the election is given to all persons who have accepted a retirement allowance through publication of a notice in the North Dakota public employees retirement system newsletter or any other method of communication as deemed appropriate by the director at least three weeks in advance of a filing date for nomination petitions.~~

2. The notice must include a statement of voter and candidate eligibility, the candidate nomination requirements, the date of election, and where to obtain the nomination petitions for filing.

History: Effective April 1, 1992; amended effective July 1, 2000; April 1, 2008; April 1, 2014; April 1, 2020;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

Subsection 1 of Section 71-0-1-02-05 is amended as follows:

71-01-02-05. Petition format.

1 The nomination petition for an active member on the board must include the signatures of at least one hundred active eligible voters.~~ The nomination petition for the retiree member on the board must include the signatures of at least twenty-five persons receiving a retirement allowance.~~

2 The nomination petition must include the following statement: "We, the petitioners, who are members of the North Dakota Public Employees Retirement System, nominate _____ for election to the North Dakota Public Employees Retirement System board.

3 The nomination petition must include a certification by the candidate, as follows: "I accept the

nomination and if elected will fulfill the responsibilities as a member of the North Dakota Public Employees Retirement System board.

4 If there is not room for the required signatures on a single nomination petition, additional petitions may be used. Candidates may reproduce, at their own expense, blank nomination petitions that meet the format requirements without requesting additional petitions from the North Dakota public employees retirement system. All nomination petitions used must be certified and signed by the nominee when submitted to the North Dakota public employees retirement system office.

History: Effective April 1, 1992; amended effective May 1, 2004; April 1, 2008; April 1, 2012;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

Subsection 5 of Section 71-01-02-06 is amended as follows:

71-01-02-06. Procedure for completing and filing petitions.

1. No period of time, on which an employee is entitled to receive wages or salary from the state of North Dakota or a political subdivision, may be used by the candidates to promote their election except as permitted by the employing agency. In addition, no public funds may be used for the purpose of promoting an election unless permitted by the employing agency.

2. Nomination petitions must be filed with the North Dakota public employees retirement system no later than four p.m. on the date provided in the election notice and must be validated by the election committee or their representatives following the filing deadline and prior to ballots being distributed.

3. Nomination petitions not furnished by the North Dakota public employees retirement system will be accepted provided they are submitted in the prescribed form.

4. A candidate may withdraw that candidate's nomination petition up until one week after the date the nomination petition is filed with the North Dakota public employees retirement system. The notice must be in writing and duly witnessed.

5. Nomination petitions may be accompanied by a three-inch ~~[76.20-millimeter]~~ by five-inch ~~[127.00-millimeter]~~ photograph of the candidate and a narrative not to exceed two hundred words. The absence of a photo or narrative will not invalidate the candidate's eligibility, but only the candidate's name will then appear with the other candidates' information that accompanies the ballots.

6. The retirement board or its representative reserves the right to edit lengthy narratives to the two hundred word limit.

7. The board or its representative shall inform all candidates of the validation of their candidacy.

History: Effective April 1, 1992; amended effective July 1, 2000; April 1, 2008; April 1, 2020;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

71-01-02-07. Election ballots.

1. Ballots must be prepared by the North Dakota public employees retirement system staff in accordance with the election rules.

2. Ballots must be printed on postcards with return postage supplied and will be mailed to all eligible voters with a narrative on candidates who have provided that information.

3. Ballots must first be arranged with the names of each candidate on the ballot. In printing the ballots, the position of the names must be changed as many times as there are candidates' names on the ballot. The change must be accomplished by taking the name at the head of the ballot and placing it at the bottom and moving the name that was second before the change to the head of the names on the ballot. The same number of ballots must be printed after each change of position so as to result in an equal number of ballots with each candidate's name at the head of the ballot. The ballot must provide a space for write-in candidates.

4. If there is only one candidate for an election, the election will nonetheless be conducted in compliance with the provisions of this chapter

5. If there is no candidate, the board shall solicit at least two persons from the eligible pool of candidates to run for election to the board. The election will then be conducted in compliance with the provisions of this chapter.

History: Effective April 1, 1992; amended effective July 1, 2000; April 1, 2008.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

Subsection 1 of Section 71-01-02-08 is amended as follows:

71-01-02-08. Election.

1. Ballots must be mailed by first-class United States mail to the address of all eligible active voters for an election of an active board member~~, or all eligible retired voters for an election of a retired board member,~~ as determined by the North Dakota public employees retirement system's membership roles as of April fifteenth in the year of the election. Each eligible voter gets one ballot. Lost ballots may not be replaced.

2. North Dakota public employees retirement system members who become eligible to vote after April fifteenth, but before the deadline for the receipt of ballots, may be issued a special election ballot by making their request for such ballot in writing to the North Dakota public employees retirement system office no later than the two weeks before the deadline for receipt of ballots.

3. Ballots must be returned to the North Dakota public employees retirement system office no later than four p.m. on the date provided on the election ballots.

4. The candidate receiving the highest number of votes must be considered elected. When there is more than one active member board vacancy to be filled, the candidate with the second highest number of votes must be considered elected. If there are three active member board vacancies to be filled, the person with the third highest number of votes must be considered elected.

History: Effective April 1, 1992; amended effective April 1, 2008; April 1, 2020;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

71-01-02-09. Canvassing rules.

1. Ballot counting by election committee members or their authorized representatives will commence on the date set for the election committee to do so and will continue until complete.

2. Each candidate may have one overseer present at the canvassing who may examine each ballot as to its sufficiency after the canvassers have completed the canvassing of all ballots. No overseer may possess a pen, pencil, or other device which could be considered capable of altering a ballot in any manner.

3. A candidate may act as his or her overseer. If a candidate wishes to designate a representative to act as his or her overseer, that candidate must provide a written authorization, duly witnessed, to the election committee at the canvassing. An overseer may act on behalf of more than one candidate; however, each person must show the required authorization from each candidate represented.

4. The overseer may question the decision of the canvassers regarding a ballot after completion of the canvassing. If questioned, the comments of an overseer will be heard. The canvassers will then vote regarding the acceptability of the ballot with the majority vote ruling.

5. A ballot is not valid where the number of votes on the ballot exceeds the number of vacancies in the election. A ballot that does not, in the opinion of a majority of the canvassers, show a clear indication of the voter's intention, may not be counted.

6. If the percentage of votes received by the candidate receiving the highest number of votes is less than one percent more than the votes received by the candidate receiving the next highest number of votes, the board shall order a recount.

7. Tie votes will be determined by a coin toss. If this procedure is necessary, the election committee will establish and notify the tied candidates of the procedure and location for resolving the tie.

8. If the committee should determine that the outcome of the election has been compromised for any reason, the committee may determine the election to be invalid. If the election is determined to be invalid, the committee shall call for a new election with a new election schedule.

History: Effective April 1, 1992; amended effective April 1, 2008; July 1, 2010; April 1, 2020.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

71-01-02-10. Notification of election results.

1. Election results must be presented to the retirement board following the canvassing of votes. Such report must include an itemization of the number of ballots returned, votes cast for each candidate, votes invalidated, and votes not counted due to late receipt.

2. All candidates will be notified of the election results no later than the business day following the June meeting of the retirement board.

3. Employers and the membership participating in the North Dakota public employees retirement system will be notified of the election results.

History: Effective April 1, 1992; amended effective April 1, 2008; April 1, 2020.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

Section 71-01-02-11 is amended as follows:

71-01-02-11. Special elections.

A special election ~~will~~ may be called for by the retirement board in the event of a vacancy resulting from the death, resignation, or termination of North Dakota public employees retirement system membership by any elected board members.

1. Special elections must be conducted in accordance with the regular elections rules, except that the board will determine a new election schedule.

2. In the case of a special election, the term to be filled is the unexpired portion of the vacant board position.

History: Effective April 1, 1992; _____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

71-01-02-12. Penalties.

A violation of any provision under this chapter may result in one or more of the following penalties, as determined by the board:

1. A candidate's petitions may be declared void.

2. A candidate's nomination may be declared void.

3. A candidate's election may be declared void.

4. Within thirty days of beginning an elected member's term in office, the elected member may be removed.

History: Effective July 1, 2000.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

Section 71-01-02-13 is amended as follows:

71-01-02-13. Election voting.

In lieu of sections 71-01-02-07 and 71-01-02-08, and 71-01-02-09 the retirement board may allow for a process by which electronic ballots are submitted to elect an active ~~or retiree~~ candidate to the board.

History: Effective April 1, 2014;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-03

CHAPTER 71-02-03
SERVICE CREDIT

Section	
71-02-03-01	Service Credit – General Rule
71-02-03-01.1	Noneligible Service Credit
71-02-03-01.2	Service Credit Given for Leave Taken
71-02-03-02	Military Credit [Repealed]
71-02-03-02.1	Purchase of Additional Service Credit and Repurchase of Past Service
71-02-03-02.2	Payment
71-02-03-02.3	Delinquent Payment
71-02-03-02.4	Crediting Purchased or Repurchased Service
71-02-03-02.5	Costs
71-02-03-03	Service After Age Sixty-Five [Repealed]
71-02-03-04	Cancellation of Credits
71-02-03-05	Coordination of Multiple Plan Membership
71-02-03-06	Conversion of Sick Leave
71-02-03-07	Employer Purchase of Service Credit or Sick Leave Program
71-02-03-08	Eligible Sick Leave

71-02-03-01. Service credit – General rule.

A member receives credit for each month a contribution is made. Service credit shall be granted upon proper verification without member contribution after an employee has participated in eligible employment not less than two years for prior service employment as defined in North Dakota Century Code section 54-52-01. For employees employed prior to July 1, 2004, service credit shall be granted upon proper verification without member contribution after an employee has participated in eligible employment not less than two years for:

1. Probationary employment prior to July 1, 1979, that was previously excluded from eligible employment.

2. Eligible employment between the ages of eighteen and twenty-one that was previously excluded by the age limitation of twenty-one for participation in the retirement program.

3. Summer months for eligible school employees for the period July 1, 1979, to July 1, 1982.

4. Former members of the teachers' fund for retirement, job service North Dakota, or highway patrolmen's retirement systems will be granted credit for previous service in these funds if they received a lump sum refund prior to September 1, 1976.

History: Amended effective September 1, 1982; November 1, 1990; June 1, 1996; May 1, 2004.
General Authority: NDCC 54-52-04, 54-52-17
Law Implemented: NDCC 54-52-01(11)(12)(16), 54-52-17

71-02-03-01.1. Noneligible service credit.

Service credit will not be granted for:

1. Prior service if the member received a refund of contributions after July 1, 1966, unless service has been repurchased in its entirety.

2. Service if the member received a refund of contributions after July 1, 1966, unless it is repurchased or purchased in its entirety or in part as specified by the member.

3. Prior service for any member whose employer joined the retirement system on or after July 1, 1977, unless purchased for the member at the time the employer joined or unless purchased

by the member.

4. Service the member waived when transferring into the defined contribution retirement plan, including service not yet granted pursuant to section 71-02-03-01.

History: Effective November 1, 1990; amended effective April 1, 1992; July 1, 2000.
General Authority: NDCC 54-52-04, 54-52-17
Law Implemented: NDCC 54-52-05, 54-52-17, 54-52-19.2

71-02-03-01.2. Service credit given for leave taken.

A member may take leave pursuant to policies, rules, and statutes applicable to the member's employing unit. However, service credit may only be given for leave that is part of a participating member's continuous service. Service credit may not be given for isolated leave that is not part of continuous service.

History: Effective June 1, 1996.
General Authority: NDCC 54-52-04, 54-52-17
Law Implemented: NDCC 54-52-01(11)(12)(16), 54-52-17

71-02-03-02.1. Military credit.

Repealed effective November 1, 1990.

71-02-03-02.1. Purchase of additional service credit and repurchase of past service.

In order to purchase additional credit or repurchase past service, a member must notify the office, in writing, of the service for which they wish to receive credit. In addition to the written request, the following information must be submitted if applicable:

1. Verification by the former employer of previous North Dakota or out-of-state public service, or service with the federal government.

2. Documentation of military service by submitting a DD214 or NGB22.

3. Certification of approval by the member's employer of any leave of absence and length of that leave.

4. Statement from employee or former employer that service credits being applied for does not qualify for retirement benefits under another retirement system.

History: Effective November 1, 1990; amended effective July 1, 1994; June 1, 1996; May 1, 2004.
General Authority: NDCC 54-52-02.6, 54-52-04, 54-52-17, 54-52-17.2, 54-52-17.4
Law Implemented: NDCC 54-52-02.6, 54-52-17, 54-52-17.2, 54-52-17.4

71-02-03-02.2. Payment.

The total dollar amount for the purchase or repurchase may be paid in a lump sum or on a monthly, quarterly, semiannual, or annual basis. Payments may be subject to contribution limitations established under 26 U.S.C. 415. Payments must begin within ninety days of the date the written cost confirmation is prepared. If the installment method is used, the following conditions apply:

1. Simple interest at the actuarial rate of return must accrue monthly on the unpaid balance. Interest is calculated from the fifteenth of each month.

2. The installment schedule may extend while the employee is employed by a participating employer but for no longer than a fifteen-year time period.

3. Installment payments may be made by a payroll deduction where available. However, it is the responsibility of the member to initiate and terminate the payroll deduction.

4. Payments may only be received until the fifteenth of the month following the month of the member's termination date with a participating employer.

5. Payments are due by the fifteenth of the month to be credited for the month.

6. Payments must be greater or equal to fifty dollars per month, large enough to pay the current interest plus a portion of principal, and an amount necessary to complete the payment contract within the fifteen-year time period.

History: Effective November 1, 1990; amended effective July 1, 1994; June 1, 1996; May 1, 2004; July 1, 2006; July 1, 2010.
General Authority: NDCC 54-52-02.6, 54-52-04, 54-52-17, 54-52-17.2, 54-52-17.4
Law Implemented: NDCC 54-52-02.6, 54-52-17, 54-52-17.2, 54-52-17.4

71-02-03-02.3. Delinquent payment.

If no payment is received within thirty days of the due date, the public employees retirement system shall send a letter to the member advising them of the delinquency. If no payment is received within sixty days after the due date, the account must be closed. Payments received on closed accounts must be returned to the member. The member may submit written documentation as to the cause for the delinquency to the executive director for review and to request that the purchase contract be reestablished without a new calculation.

History: Effective November 1, 1990; amended effective July 1, 1994; June 1, 1996; May 1, 2004.
General Authority: NDCC 54-52-02.6, 54-52-04, 54-52-17, 54-52-17.2, 54-52-17.4
Law Implemented: NDCC 54-52-02.6, 54-52-17, 54-52-17.2, 54-52-17.4

71-02-03-02.4. Crediting purchased or repurchased service.

Service purchased or repurchased will be credited in the following manner:

1. For each month the system receives a payment toward a purchase contract, the member will earn a proportion of service credit.

2. Member acceptance of a service purchase contract extinguishes all pending service purchase cost estimates, excluding purchase of unused sick leave.

3. Service purchase contracts set up on a payment plan and only partially paid will have the remaining unpaid portion of service credit included when preparing the new service purchase cost calculation

4. For members converting service under the public employees retirement system to service under the judge's retirement system, each month of county judge service under the public employees retirement system will be converted to one month of judicial service credit. The account balance from the public employees retirement system will be transferred to the judges' retirement system account once the contract is paid in full or closed.

History: Effective November 1, 1990; amended effective July 1, 1994; June 1, 1996; May 1, 2004; July 1, 2010; April 1, 2020.
General Authority: NDCC 54-52-02.6, 54-52-04, 54-52-17, 54-52-17.2, 54-52-17.4
Law Implemented: NDCC 54-52-02.6, 54-52-17, 54-52-17.2, 54-52-17.4

71-02-03-02.5. Costs.

If purchasing under North Dakota Century Code section 54-52-02.6 or subdivision d of subsection 1 of North Dakota Century Code section 54-52-17.4, the cost will be the higher of the amount refunded to the member plus interest at the actuarial rate of return or the actuarial cost to provide the credit. All other types of service purchases must be actuarially determined. An actuarial cost must be calculated by applying actuarial factors to the amount of retirement and retiree health insurance credit being purchased by the member. The member's current age, average salary, current credited service, and actuarial factors on record and in effect with the North Dakota public employees retirement system in the month in which the member's written request is processed by the office must be used in the cost calculation. A member's written request must be processed by the office within sixty days of receipt. The amount of retirement and retiree health insurance credit being purchased must be calculated using the benefit formulas in place at the time the written request from the member is processed by the office. When calculating the cost, enhancements to the benefit formula must be considered to be in place at the time the law is signed by the governor.

The member’s average salary shall be calculated as follows:

1. For members working full time with more than twelve months of service credit, by using the calculation found in subsection 2 of North Dakota Century Code section 54-52-17.

2. For members working full time with less than twelve months of service credit, by using the calculation found in subsection 2 of North Dakota Century Code section 54-52-17, but disregarding any month in which the member was paid less than a full-month salary. A full-month salary is the compensation the member and the member's employer agreed the member would be paid for working a full month.

3. For members who have not yet received a full-month salary, the member's average salary shall equal the member's full-month salary, as defined in subsection

4. For members working part time, by using the applicable calculations found in subsections 1 and 2, but using a monthly salary equal to the equivalent of the salary the member would have received if the member was working full time.

The retirement board must adopt actuarial assumptions necessary to determine the actuarial factors for the cost calculation. The assumptions must be reviewed concurrently with the assumptions for the retirement program.

Upon receipt of the written request from the member, and all required documentation, a written cost confirmation must be prepared and mailed to the member. The cost stated in the confirmation letter is valid for a period of ninety days from the date of the letter unless the contributor terminates employment with a participating employer. If the contributor terminates employment, then the cost stated in the confirmation letter is valid only until the earlier of the end of the ninety-day period or the fifteenth day of the month following the month of termination.

History: Effective July 1, 1994; amended effective June 1, 1996; July 1, 2000; April 1, 2002; May 1,2004; July 1, 2006; July 1, 2018.
General Authority: NDCC 54-52-02.6, 54-52-04, 54-52-17, 54-52-17.2, 54-52-17.4
Law Implemented: NDCC 54-52-02.6, 54-52-17, 54-52-17.2, 54-52-17.4

71-02-03-03. Service after age sixty-five.

Repealed as the result of S.L. 1981, ch. 547, § 1.

71-02-03-04. Cancellation of credits.

If a member terminates service and receives a return of the member's accumulated contributions, service credit for the years of such contributions shall be canceled.

History:
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

71-02-03-05. Coordination of multiple plan membership.

Upon providing proper documentation of retirement plan participation, a member who meets the following criteria may use service credit in the teachers' insurance retirement fund for the purpose of meeting the normal retirement date for vesting purposes under North Dakota Century Code chapter 54-52. The member:

1. Must have participated in both the teachers' fund for retirement and the teachers' insurance and annuity association of America-college retirement equities fund.

2. Must have elected to transfer the member's teachers' insurance retirement fund account balance to teachers' insurance and annuity association of America-college retirement equities fund in connection with the administrative coordination of the various state retirement plans as provided under chapter 133 of the 1973 North Dakota Session Laws.

3. Did not have a cash out since the time of the transfer of funds.

4. Did not relinquish such service credit in writing.

History: Effective June 1, 1996; amended effective July 1, 1998; April 1, 2020.
General Authority: NDCC 54-52-04, 54-52-17
Law Implemented: NDCC 54-52-01(11)(12)(16), 54-52-17

Subdivision c of Subsection 1 and Subdivision c of Subsection 3 of Section 71-02-03-06 are amended as follows:

71-02-03-06. Conversion of sick leave.

To convert unused sick leave to service credit, the member must submit an application to the office, no later than the end of the month in which the member is no longer eligible to accrue the sick leave hours, unless otherwise approved by the executive director. The member's employer must confirm the member's unused balance of accumulated sick leave as of the date the member is no longer eligible to accrue sick leave hours. For members transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. The public employees retirement system must receive the certification within sixty days after the member leaves employment with the former employer. One month of service credit must be awarded for each one hundred seventy-three and three-tenths hours of unused accumulated sick leave. The employer and employee contributions rates used to calculate the cost must be the rate of the retirement program of the member at termination.

1. Aftertax payments may be accepted from the member as early as six months prior to when the member is no longer eligible to accrue sick leave hours, if the following requirements are met:

   a. A notice of employment change has been provided to the public employees retirement system.

b. A written certification by the member's employer, as to the member's unused balance of accumulated sick leave as of the date the member wishes to begin payment, is on file with the public employees retirement system.

c. The sick leave conversion payment must be ~~re~~calculated using the member's unused balance of accumulated sick leave confirmed by the member's employer, and the member's final average salary as of ~~that~~ the date of calculation. If there is a difference between the sick leave conversion payment amount and the amount the member has paid, any overpayment must be refunded to the member and any underpayment must be collected from the member by the fifteenth of the month following the month the member is no longer eligible to accrue sick leave hours.

2. The member's record must be updated with the additional service credit once payment is made in full.

3. Pretax rollover or transfer payments may be accepted from the member as early as sixty days prior to when the member is no longer eligible to accrue sick leave hours, if the following requirements are met:

a. A notice of employment change has been provided to the public employees retirement system.

b. A written certification by the member's employer, as to the member's projected unused balance of accumulated sick leave no sooner than sixty days prior to the date the member is no longer eligible to accrue sick leave hours, is on file with the public employees retirement system. This certification must also include a certification by the employer of the projected salaries to be reported to the public employees retirement system during the final months of employment.

c. The sick leave conversion payment must be ~~re~~calculated using the member's unused balance of accumulated sick leave confirmed by the member's employer and the member's final average salary as of the date ~~the member is no longer eligible to accrue sick leave hours.~~ of calculation. If there is a difference between the sick leave balance or conversion payment amount and the amount the member has paid, then only the amount of sick leave available as of the date the member is no longer eligible to accrue sick leave hours will be added to the member's record. The member account balance will be credited with the full amount of funds from the rollover or transfer.

d. If an underpayment has occurred, then the remaining amount must be collected from the member by the fifteenth of the month following the month the member is no longer eligible to accrue sick leave hours.

e. The retiree health credit portion must be paid as a personal aftertax payment.

4. The member's record must be updated with the additional service credit once payment is made in full.

History: Effective June 1, 1996; amended effective April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2008; July 1, 2018;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-27

71-02-03-07. Employer purchase of service credit or sick leave program.

An employer may elect to purchase up to five years of service credit for an employee and purchase an employee's unused sick leave that meets the requirements of section 71-02-03-08. Before offering a purchase program to its employees, the employer must create a program and an employer must document

the program in writing and submit a copy to the public employees retirement system. The governing authority of the employer shall also submit to the executive director of the public employees retirement system a letter indicating:

1. The program meets all the requirements of the North Dakota Century Code.

2. The program meets all applicable federal requirements.

3. The employer agrees to remit to the public employees retirement system a lump sum payment of the cost of the purchase upon being billed.

4. The employer has not given the employee the option of a cash payment in lieu of the employer purchase.

5. The employer shall clearly specify who is eligible for the program and indicate if the program is intended to be permanent or will be for a specific time period only.

6. The employer agrees that all purchases for service credit will be based upon actuarial cost as determined by the public employees retirement system and all unused sick leave purchases will be based upon the computation specified in the North Dakota Century Code. The employer also agrees that all purchases will be completed no later than the fifteenth day of the month following the month of the employee's termination or sixty days from the date the employer and employee agree to the purchase, whichever comes first.

7. The employer agrees that in offering such a program the employer will direct each employee interested in the program to first apply to the employer's authorized agent who will then certify the eligibility of the member, the amount of service credit to be purchased or sick leave to be converted, and send such certification to the public employees retirement system. The employer also agrees that the employer's authorized agent will coordinate the program, authorize all purchases in writing to the public employees retirement system, and be the focal point for communications between the public employees retirement system, the employer, and the employee.

8. The employer agrees that for each employee certified to be eligible to have service credit purchased or sick leave converted, the employer will first obtain from the employee authorization for the public employees retirement system to share confidential information with the employer.

9. The employer certifies that in offering the program, the employer is making it available to all employees or a specified class of employees on a nondiscriminatory basis.

10. The employer agrees to provide information and policies relating to an employer purchase program pursuant to North Dakota Century Code section 54-52-26.

When an employer files the above letter with the public employees retirement system, it may offer the program to its employees. An employer may terminate this program at any time upon the governing authority of the employer sending to the executive director of the public employees retirement system a letter indicating when the program is to be canceled

History: Effective May 1, 2004; amended effective July 1, 2006; April 1, 2008; July 1, 2010.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17.4, 54-52-29

71-02-03-08. Eligible sick leave.

An employer or a member may only purchase unused sick leave that has not been previously purchased by a former employer or the member.

History: Effective May 1, 2004; amended effective July 1, 2006.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-27

CHAPTER 71-02-05
DISABILITY

Section
71-02-05-01 Eligibility (Repealed)
71-02-05-02 Commencement of Benefit (Repealed)
71-02-05-03 Cancellation of Disability Benefits
71-02-05-04 Calculation of Disability Benefit (Repealed)
71-02-05-05 Conditions for changing to a Disability Retirement Benefit From, an Early Reduced Retirement Benefit
71-02-05-06 Determination of Disability Procedures
71-02-05-07 Optional Benefits
71-02-05-07.1 Judges' Retirement Plant Optional Benefits
71-02-05-08 Transitional Period
71-02-05-09 Interest Accrual on Accumulated Contributions for Disabled Annuitants

71-02-05-01. Eligibility.

Repealed effective January 1, 1992.

71-02-05-02. Commencement of benefit.

Repealed effective January 1, 1992.

Section 71-02-05-03 is repealed:

~~**71-02-05-03. Cancellation of disability benefit.**~~

~~When a member receiving a disability benefit attains the member's normal retirement date, that member may elect to terminate that member's disability benefits and draw retirement benefits as specified in North Dakota Century Code section 54-52-17.~~

~~**History:** Amended effective January 1, 1992; May 1, 2004; July 1, 2006.~~ Repealed effective _____
~~**General Authority:** NDCC 54-52-04~~
~~**Law Implemented:** NDCC 54-52-17~~

71-02-05-04. Calculation of disability benefit.

Repealed effective November 1, 1990.

71-02-05-05. Conditions for changing to a disability retirement benefit from an early reduced retirement benefit.

A member may elect to start receiving an early reduced retirement benefit, should the member be eligible to do so, pending a disability determination or appeal. Upon receiving a disability determination, interest accrual shall resume beginning the first of the month following notice of the determination, continuing to accrue on the annuitant's accumulated contribution until the annuitant reaches the annuitant's normal retirement date. The disability benefit will be calculated, and a differential payment made retroactive to the first day of the month following the member's termination from covered employment.

History: Effective September 1, 1982; amended effective November 1, 1990; January 1, 1992; July 1, 1998; July 1, 2006.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

71-02-05-06. Determination of disability - Procedures.

1. **Application.**

   a. If the member is unable or unwilling to file a public employees retirement system application for disability retirement, the member's legal representative may file the member's disability application.

   b. For the main system and the national guard and law enforcement system, the application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to be engaged in any gainful occupation for which the person is, or could become, reasonably fitted by education, training, or experience. For the judges' retirement plan, the application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to mentally or physically fulfill the duties and responsibilities of being a judge. A judge who is determined to be disabled pursuant to subdivision a of subsection 3 of North Dakota Century Code section 27-23-03 shall file an application documenting this determination and the effective date of the disability.

   c. The application must be filed with the public employees retirement system and may not be filed earlier than one hundred twenty days before the expected termination date.

2. **Medical consultant.**

   a. The board may retain a medical consultant to evaluate and make recommendations on disability retirement applications.

   b. The medical consultant shall review all medical information provided by the applicant.

   c. The medical consultant is responsible to determine eligibility for disability benefits for applicants not approved for social security disability benefits or for judges not approved pursuant to subsection 3 of North Dakota Century Code section 27-23-03 and shall advise the executive director of the decision in writing. Applicants who become eligible for disability benefits under the Social Security Act and who meet the requirements of subdivision h of subsection 3 of North Dakota Century Code section 54-52-17 are eligible for benefits under subdivision e of subsection 4 of North Dakota Century Code section 54-52-17 without submitting further medical information to the medical adviser, but are subject to recertification requirements specified in this chapter. The social security disability award must provide proof that the member's disability was determined during the member's period of eligible employment. In determining eligibility for judges not approved pursuant to the above, the medical director shall work with a review committee composed of one supreme court judge and a district court judge to review the proposed application. In order for the application to be approved, it must have the concurrence of the medical director and at least one judge. The executive director shall appoint two judges to serve on the review committee.

3. **Medical examination.**

   a. The applicant for disability retirement shall provide the medical examination reports as requested by the medical consultant.

   b. The member is liable for any costs incurred by the member in undergoing medical examinations and completing and submitting the necessary medical examination reports, medical reports, and hospital reports necessary for initial determination of eligibility for benefits.

c. If determined to be eligible for disability benefits, the member must be reimbursed fo the cost of medical examinations specifically requested by the medical adviser and the executive director.

4. **Appeal.**

a. If the applicant has terminated employment, the public employees retirement system shall notify the applicant in writing of the decision. If the applicant is determined not to be eligible for disability benefits, the public employees retirement system shall advise the applicant of the appeal procedure. If the applicant is determined eligible for disability benefits, benefits must be paid pursuant to subsection 5.

b. If the applicant has not terminated employment, the applicant must be provided with a preliminary notification of the decision in writing. The preliminary notification remains in effect for a period not to exceed two hundred seventy days. If an applicant does not terminate employment within two hundred seventy days of the date of termination provided on the disability application, the application must be considered to be vacated but the applicant may reapply as provided in subsection 1.

c. The applicant may appeal an adverse determination to the board by providing a written notice of appeal within thirty days of the date that the public employees retirement system mailed the decision.

d. The board shall consider all appeals at regularly scheduled board meetings. The applicant must be notified of the time and date of the meeting and may attend and be represented by legal counsel. The executive director shall provide to the board for its consideration a case history brief that includes membership history, medical examination summary, and the plan administrator's conclusions and recommendations. The board shall make the determination for eligibility at the meeting unless additional evidence or information is needed. The discussion concerning disability applications must be confidential and closed to the general public.

e. If the initial board decision is adverse to the applicant after exhausting the administrative procedure under subdivisions a and b, the applicant may file a request for a formal hearing to be conducted under North Dakota Century Code chapter 28-32. The request for a formal hearing must be filed within thirty days after notice of the initial decision has been mailed or delivered. If an appeal is not filed within the thirty-day period, the initial decision of the board is final. If a request for a formal hearing is timely filed, notice of the hearing must be served at least thirty days prior to the date set for the hearing. The board shall request appointment of an administrative law judge from the office of administrative hearings to conduct the hearing and make recommended findings of fact, conclusions of law, and order. The board shall either accept the administrative law judge's recommended findings of fact, conclusions of law, and order or adopt its own findings of fact, conclusions of law, and order. The applicant may under North Dakota Century Code section 28-32-15 appeal the final decision resulting from this procedure to the district court.

5. **Payment of annuity.**

If awarded, the disability annuity is payable on, or retroactive to, the first day of the month following the member's termination from covered employment minus any early retirement benefits that have been paid.

6. **Redetermination and recertification.**

a. A disabled annuitant's eligibility must be recertified eighteen months after the date the first check is issued and thereafter as specified by the medical consultant unless proof of receipt of ongoing social security disability benefits is received. The executive director

may waive the necessity for a recertification, based on the recommendation of the medical consultant or upon proof of receipt of ongoing social security disability benefits.

b. The public employees retirement system will send a recertification application and request for a statement of annual earnings by certified mail with return receipt to the disabled annuitant to be completed and sent back to the office. If completed recertification application has not been received by the recertification date set in the recertification request, benefits will be suspended effective the first of the month following that date. If the recertification application is not received within six months of the recertification date set in the recertification request unless an alternative date has been approved by the executive director, the member will no longer be eligible to receive disability benefits. Benefits suspended within six months of the recertification date set in the recertification request will be reinstated the first of the month following recertification by the medical consultant, or upon proof of receipt of ongoing social security disability benefits, unless an alternative date has been approved by the executive director. The regular accrued disability benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to the first day of the month benefits were suspended, unless otherwise approved by the board.

c. The medical consultant may require the disabled annuitant to be reexamined by a doctor. The submission of medical reports by the annuitant, and the review of those reports by the board's medical consultant, may satisfy the reexamination requirement. Upon recertification, the disabled annuitant must be reimbursed for the cost of the required reexamination if deemed necessary by the medical consultant and the executive director.

d. When the member has not provided proof of receipt of ongoing social security disability benefits, the medical consultant will make the recertification decision. The executive director may require additional recertifications, if the facts warrant this action. The decision may be appealed to the board within ninety days of receiving the written recertification decision.

e. Benefit payments must be suspended immediately upon notice received from the medical consultant that the annuitant does not meet recertification requirements. The executive director shall notify the annuitant of the suspension of benefits by certified mail and shall reinstate benefits back to date of suspension if the annuitant is subsequently found to meet recertification requirements.

f. If it is determined that the disability annuitant was not eligible for benefits during any time period when benefits were provided, the executive director may do all things necessary to recover the erroneously paid benefits.

History: Effective January 1, 1992; amended effective July 1, 1994; June 1, 1996; April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2016; July 1, 2018.
General Authority: NDCC 54-52-04, 54-52-17
Law Implemented: NDCC 54-52-17, 54-52-26

71-02-05-07. Optional benefits.

For the main system and national guard/law enforcement retirement plans, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit.

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17 and after the member's death the same amount will be continued to the member's surviving spouse during

the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary is still living and has supplied a marriage certificate and the member's death certificate. Benefits terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option must be canceled and the member's benefit must be returned to the single life amount. Payment of the single life amount must commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.

2. **Fifty percent joint and survivor benefit.** A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17 and after the member's death one-half the rate of the reduced benefit will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, providing the beneficiary has supplied a marriage certificate and death certificate and is still living. Benefits terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option must be canceled and the member's benefit must be returned to the single life amount. Payment of the single life amount must commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.

3. **Twenty-year or ten-year certain option.** A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

History: Effective January 1, 1992; amended effective July 1, 1994; May 1, 2004; July 1, 2006; April 1, 2008; April 1, 2012; April 1, 2016.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-06.4, 54-52-17

71-02-05-07.1. Judges' retirement plan optional benefits.

For the judges' retirement plan, an individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit.

1. **One hundred percent joint survivor benefit.** A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision e of subsection 3 of North Dakota Century Code section 54-52-17 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary is still living and has supplied a marriage certificate and the member's death certificate. Benefits terminate in the month in which the death of the beneficiary occurs. In the event the designated beneficiary predeceases the member or, in the event of divorce, the option must be canceled and the member's benefit must be returned to the normal retirement amount. Payment of the normal retirement amount must commence on the first day of the month following the spouse's death providing written notification of death and a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.

2. **Twenty-year or ten-year certain option.** A member may elect an option which is the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

History: Effective May 1, 2004; amended effective July 1, 2006; April 1, 2008; July 1, 2010; April 1, 2012.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

71-02-05-08. Transitional period.

For purposes of providing a transition period during the twelve-month application period provided under previous law, amendments to chapter 71-02-05 dated January 1, 1992, apply to disabled employees who terminated on or after July 1, 1991. However, the previous rules will continue in effect for disabled employees who terminated before July 1, 1991.

History: Effective January 1, 1992.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

71-02-05-09. Interest accrual on accumulated contributions for disabled annuitants.

Effective January 1, 1998, interest must accrue on accumulated contributions as defined in article 71-02 until the disabled annuitant reaches that person's normal retirement age, cancels the benefit in accordance with section 71-02-05-03, the account is closed, or until benefit payments commence to the member's beneficiary.

History: Effective July 1, 1998; amended effective May 1, 2004; July 1, 2006; July 1, 2010.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

Section 71-02-05-10 is created as follows:

71-02-05-10. Converting disability retirement benefit to normal unreduced retirement benefit.

A member receiving a disability benefit will be provided a one-time irrevocable election to convert to an unreduced retirement benefit upon meeting normal retirement date, as defined in N.D.C.C. 54-52-17(3), if eligibility is met. A member receiving a disability benefit must begin receiving an unreduced retirement benefit upon meeting normal retirement age. Upon receipt of normal retirement benefits, interest accrual on the member account shall end and benefit option factors will be based upon the actuarial retirement factors on the date of disability to normal conversion.

History: Effective _____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-17

CHAPTER 71-02-08
PARTICIPATION BY GOVERNMENTAL UNITS

Section
71-02-08-01 Participation
71-02-08-02 Withdrawal
71-02-08-03 Transfer of Funds [Repealed]
71-02-08-04 Transfer Date [Repealed]
71-02-08-05 Merger of Eligible Employer Groups

Section 71-02-08-01.1 is repealed.

~~71-02-08-01. Participation.~~

~~Any governmental unit not participating in the retirement system on July 1, 1977, may choose to participate in the retirement system and may elect to purchase past service in accordance with North Dakota Century Code section 54-52-02.1. If the governmental unit elects to purchase past service and prior to the governmental unit's governing authority contracting with the retirement board, the governmental unit must furnish the board with information concerning the permanent employees of the governmental unit. This information should contain, but is not limited to (1) name; (2) social security number; (3) date of birth; (4) date of employment; (5) current monthly salary; and (6) any previous public employment.~~

~~After receipt of this data, the retirement office will calculate the cost to the governmental unit to participate in the retirement plan as offered in North Dakota Century Code section 54-52-17. The governmental unit's governing authority will then decide whether or not to participate in the plan and whether or not to provide service credit for employment prior to the date of participation.~~

~~**History:** Amended effective September 1, 1982; April 1, 2012.~~ Repealed effective _____
~~**General Authority:** NDCC 54-52-04~~
~~**Law Implemented:** NDCC 54-52-02.1~~

71-02-08-02. Withdrawal.

Any political subdivision may discontinue participation in the fund if the following requirements are met:

1. The political subdivision must provide the board with a copy of a resolution adopted by the governing authority authorizing the termination of participation in the fund.

2. Upon receiving a copy of the written resolution, an actuarial study must be done by the plan's actuary to determine the accrued benefit of all vested employees minus allocated assets from the date of participation. The interest assumption used must be two hundred basis points less than the plan's interest assumption used for funding purposes. The withdrawal liability must include an administrative expense assessment of five percent.

3. Any costs incurred by the fund, resulting from a political subdivision ceasing participation, including the actuarial fee study and the withdrawal liability, must be assessed against the political subdivision and paid in full before a political subdivision terminates its participation.

4. All employees of a political subdivision that has terminated participation in the fund must not be eligible for future benefit accruals or improvements granted to employees or former employees of participating governmental units after the date the employer's participation ceases.

5. An employee who is not vested at the time an employer ceases participation has the option of

taking a refund or rollover of the employee's contribution plus interest.

History: Effective September 1, 1982; amended effective June 1, 1996; April 1, 2019.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52-2.1

71-02-08-03. Transfer of funds.

Repealed effective April 1, 2012.

71-02-08-04. Transfer date.

Repealed effective April 1, 2012**.**

71-02-08-05. Merger of eligible employer groups.

If a merger between two or more eligible employer groups occurs, the following requirements apply:

1. Written notification must be provided to the office no later than sixty days before the merger is final.

2. When two or more employer groups merge into one, and all do not presently participate in the public employees retirement system, the units merging must decide upon one of the following:

   a. The participating employer or employers may elect to cease participation as of the date of the merger, subject to payment of any actuarial liabilities accrued. An actuarial study must be conducted at the cost of the exiting employer upon providing the public employees retirement system with written notice of the employer's election to cease participation.

   b. Subject to executing a revised participation agreement, eligible employees who have not previously participated shall be given the opportunity to participate or waive participation effective the date of the merger. Any person hired in an eligible position after the consolidation date must participate.

History: Effective June 1, 1996.
General Authority: NDCC 54-52-04
Law Implemented: NDCC 15-10-17, 54-52-02.1

CHAPTER 71-03-03
EMPLOYEE RESPONSIBILITIES

Section
71-03-03-01 Enrollment
71-03-03-02 Late Enrollment
71-03-03-03 Early Enrollment [Repealed]
71-03-03-04 Open Enrollment [Repealed]
71-03-03-05 Special Enrollment for Certain Qualifying Events [Repealed]
71-03-03-06 Continuation of Health, Dental, Vision, or Prescription Drug Coverage After Termination
71-03-03-07 Continuation of Health, Dental, Vision, or Prescription Drug Coverage for Dependents
71-03-03-08 Continuation of Life Insurance After Retirement
71-03-03-09 Leave Without Pay
71-03-03-10 Employee Contribution

Subsection 2 of Section 71-03-03-01 is amended as follows:

71-03-03-01. Enrollment.

An eligible employee is entitled to coverage the first of the month following the month of employment, or the month following meeting eligibility criteria, unless otherwise noted below, if the employee submits an application for coverage within the first thirty-one days of employment or within the thirty-one days of meeting eligibility for one of the following special enrollment periods:

1. Loss of coverage under any other health, dental, vision, or prescription drug insurance plan.

2. Marriage. The enrollment of an employee's spouse. An employee who previously waived coverage must enroll for coverage at the time the employee's spouse is enrolled.

3. Addition of a dependent as a result of receiving legal guardianship or receiving a court order to provide health coverage. An employee who previously waived coverage must enroll for coverage at the same time that the employee's eligible dependent is enrolled.

4. Addition of a dependent as a result of birth, adoption, or placement for adoption. Effective date of coverage is the first of the month in which the event occurred. An employee who previously waived coverage shall enroll for coverage at the same time that the employee's eligible dependent is enrolled.

History: Effective October 1, 1986; amended effective July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2010; April 1, 2012; April 1, 2016; April 1, 2022. _____
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-02, 54-52.1-03

71-03-03-02. Late enrollment.

An eligible employee failing to submit an application for coverage within the first thirty-one days of employment or eligibility for a special enrollment period may enroll during the annual open enrollment. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

History: Effective October 1, 1986; amended effective June 1, 1996; July 1, 1998; May 1, 2004; April 1, 2016.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-03, 42 U.S.C. 300gg-3

71-03-03-03. Early enrollment.

Repealed effective June 1, 1996.

71-03-03-04. Open enrollment.

Repealed effective June 1, 1996.

71-03-03-05. Special enrollment for certain qualifying events.

An eligible employee, retiree, or surviving spouse who elects to take a periodic distribution from the defined contribution retirement plan or a monthly retirement benefit from the North Dakota public employees retirement system, North Dakota highway patrolmen's retirement system, the retirement system established by job service North Dakota, the teachers' fund for retirement, or teachers' insurance and annuity association of America - college retirement equities fund, or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan and provide verification of distribution are eligible for coverage with the health, dental, vision, or prescription drug insurance program.

1. The employee, retiree, or surviving spouse must submit application for coverage within thirty-one days from one of the following qualifying events:

    a. The month in which the eligible employee or retiree turns age sixty-five or becomes eligible for Medicare.

    b. The month in which the eligible employee's or retiree's spouse turns age sixty-five or becomes eligible for Medicare.

    c. The month in which the eligible employee terminates employment.

    d. The month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems outlined above.

    e. The month in which an eligible employee or retiree who is covered through a spouse's plan becomes ineligible for the spouse's plan due to divorce, death, loss of employment, reduction in hours or other events which may cause loss of coverage as determined by the board.

    f. The month in which the eligible employee or retiree is no longer eligible for employer-sponsored insurance, including coverage provided under the Consolidated Omnibus Budget Reconciliation Act.

2. Coverage will become effective on the first day of the month following the month in which the qualifying event occurred or under subdivision a or b of subsection 1 may become effective the month in which eligibility for Medicare occurs. If an application is not submitted within thirty-one days of a qualifying event, the eligible individual must be considered to have waived coverage and may not be enrolled unless the individual meets the criteria of another qualifying event. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

3. Other individuals eligible for the health, dental, vision, or prescription drug insurance plan include a surviving spouse who is not receiving a qualified monthly retirement benefit from one of the eligible retirement systems outlined above, but who was a covered dependent on the eligible retiree's health, dental, vision, or prescription drug insurance plan at the time of the eligible retiree's death if there is no lapse in coverage.

4. Individuals not eligible for the health, dental, vision, or prescription drug insurance plan include:

    a. A former employee who received a refund of the employee's retirement account, including

individuals in the defined contribution plan who take a cash withdrawal of the employee's account, roll their account into another qualified plan, or use the moneys in their account to purchase an annuity.

b. A nonspouse beneficiary (eligible for Consolidated Omnibus Budget Reconciliation Act).

c. A deferred retiree or surviving spouse between the time in which the retiree or surviving spouse's eligibility for the Consolidated Omnibus Budget Reconciliation Act (if eligible) ends and the month in which the eligible retiree or surviving spouse receives the first monthly retirement benefit from one of the eligible retirement systems.

d. A formerly deferred retiree who received a refund of the retiree's retirement account.

e. A surviving spouse of a nonvested employee eligible for the Consolidated Omnibus Budget Reconciliation Act.

f. A surviving spouse of a former employee who received a refund of the employee's retirement account.

g. A former participating member of the defined contribution retirement program who would not qualify for one of the retirement dates set forth in subsection 3 of North Dakota Century Code section 54-52-17 if that employee was a member of the defined benefit retirement plan, unless eligible under the Consolidated Omnibus Budget Reconciliation Act, and then only for the required duration of eligibility under the Act.

h. For the purposes of the medical and prescription drug plan, employees who first retire after July 1, 2015, and are not eligible for Medicare upon their retirement and completion of any period of eligibility under the Consolidated Omnibus Budget Reconciliation Act, until such time as they or their spouse become eligible for Medicare.

History: Effective October 1, 1986; amended effective November 1, 1990; July 1, 1994; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; April 1, 2012; April 1, 2016; July 1, 2018.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-02, 54-52.1-03, 54-52.1-03.1; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

71-03-03-06. Continuation of health, dental, vision, or prescription drug coverage after termination.

An employee who terminates employment and is not receiving a monthly retirement benefit from one of the eligible retirement systems, and applies for continued coverage with the health, dental, vision, or prescription drug plan may continue such coverage for a maximum of eighteen months by remitting timely payments to the board. The employee desiring coverage shall notify the board within sixty days of the termination. Coverage will become effective on the first day of the month following the last day of coverage by the employing agency if an application is submitted within sixty days. An individual who fails to timely notify the board is not eligible for coverage.

History: Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; April 1, 2012.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-02; Pub. L. 99-272; 100 Stat. 222; 26 USC 162 et seq.

71-03-03-07. Continuation of health, dental, vision, or prescription drug coverage for dependents.

Dependents of employees with family coverage may continue coverage with the group after their eligibility would ordinarily cease. This provision includes divorced or widowed spouses and children

when they are no longer dependent on the employee. Coverage is contingent on the prompt payment of the premium, and in no case will coverage continue for more than thirty-six months. Dependents desiring coverage shall notify the board within sixty days of the qualifying event and must submit an application in a timely manner. An individual who fails to notify the board within the sixty days, and who desires subsequent coverage, will not be eligible for coverage.

History: Effective October 1, 1986; amended effective November 1, 1990; April 1, 2012.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-02; Pub. L. 99-272; 100 Stat. 232; 42 USC 300 et seq.

Section 71-03-03-08 is amended as follows:

71-03-03-08. Continuation of life insurance after retirement.

An employee who is enrolled in the group life insurance program may continue the basic and supplemental life insurance coverage upon retirement or disability only if: 1) the employee ~~is entitled to~~ receives a retirement allowance from an eligible retirement system; and 2) by ~~making application~~ applying for life insurance coverage and remitting timely payments to the board. Life Insurance Coverage must be continuous from when active group life insurance ends and retired employee life insurance benefits coverage begins. Supplemental life insurance coverage can only be continued until age sixty-five.

History: Effective October 1, 1986; amended effective June 1, 1996; May 1, 2004; April 1, 2014;_____
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-03

71-03-03-09. Leave without pay.

An employee on an approved leave without pay may elect to continue coverage for the periods specified in the plans for life insurance, health, dental, vision, or prescription drug coverages by paying the full premium to the agency. An eligible employee electing not to continue coverage during a leave of absence is entitled to renew coverage for the first of the month following the month that the employee has returned to work if the employee submits an application for coverage within the first thirty-one days of returning to work. An eligible employee failing to submit an application for coverage within the first thirty-one days of returning to work or eligibility for a special enrollment period, may enroll during the annual open enrollment. Upon a showing of good cause, the executive director may waive the thirty-one day application requirement.

History: Effective October 1, 1986; amended effective November 1, 1990; June 1, 1996; September 1, 1997; July 1, 1998; May 1, 2004; April 1, 2012; April 1, 2022.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-02, 54-52.1-03

Section 71-03-03-10 is amended as follows:

71-03-03-10. Employee contribution.

An employee who selects a level of coverage which requires an additional amount of premium shall pay the amount due to the employing agency ~~in advance~~. The employee contribution may be paid via payroll deduction or any other means acceptable to the agency.

History: Effective October 1, 1986._____
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-03

CHAPTER 71-03-05
BOARD RESPONSIBILITIES

Section
71-03-05-01 Premium Billing
71-03-05-02 Retiree Billing
71-03-05-03 Late Premium for Retirees [Repealed]
71-03-05-04 Late Premium for Terminated Employee [Repealed]
71-03-05-05 Appeal Process
71-03-05-06 Recovery of Benefit Payments
71-03-05-07 Erroneous Payment of Premiums – Overpayments
71-03-05-08 Erroneous Payment of Premiums – Underpayments
71-03-05-09 Erroneous Payment of Premiums – Appeals
71-03-05-10 Determining Amount of Premium Overpayments and Underpayments
71-03-05-11 Failure to Provide Notification and Errors

Section 71-03-05-01 is amended as follows:

71-03-05-01. Premium billing.

The board will maintain a monthly billing, and reconcile the moneys, for all ~~agencies, individual retiree~~s, employers, and other eligible individuals provided in N.D.C.C. 54-52.1~~terminated employees with continued coverage~~.

~~The board will reconcile the moneys received from each agency, retiree, and terminated employee to the billing.~~

History: Effective October 1, 1986._____
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-02. Retiree billing.

Retirees receiving a monthly retirement benefit from the board in a sufficient amount to pay premium will have the total monthly premium deducted from their benefit check.

History: Effective October 1, 1986; amended effective November 1, 1990; April 1, 2008; July 1, 2018.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-03

71-03-05-03. Late premium for retirees.

Repealed effective April 1, 2008.

71-03-05-04. Late premium for terminated employees.

Repealed effective April 1, 2012.

71-03-05-05. Appeal process.

If a member's benefits have been denied in whole or in part by the board or its agent, the member will be notified in writing of the denial and the reasons. Within sixty days of the date shown on the denial notice, the member may file a petition for review. The petition must be in writing, the reasons stated for disputing the denial and be accompanied by any documentation. Should the member filing a petition for review, or should the board or its agent desire information which cannot be presented satisfactorily by correspondence, the board or its designated appeals committee may schedule a hearing. The member filing the appeal will be notified in writing at least fifteen days prior to hearing of the time, date, and place.

The board or its agent will render a decision as soon as possible, but not later than one hundred twenty days after the receipt of the petition for review. The decision will be in writing.

History: Effective October 1, 1986; amended effective November 1, 1990; July 1, 2010; April 1, 2012.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-06. Recovery of benefit payments.

Whenever benefits are paid in noncompliance with the contract, the board retains the right to recover the payments from the party responsible. In case the claims payor is at fault, the amount of overpayment will be withheld from the administrative fees paid by the board. In case overpayments are made because of false or misleading information provided by a member, the claims payor shall attempt to recover the amount. Any moneys recovered shall be credited to the board. In case an overpayment is made because of a mistake or deliberate act by a health care provider, the claims payor shall collect the money from the provider and credit that amount to the board. In cases of suspected fraud, the board may turn the evidence over to the state's attorney or attorney general's office for possible prosecution.

History: Effective October 1, 1986.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-07. Erroneous payment of premiums - Overpayments.

1. An "overpayment" means a payment of money to the public employees retirement system for group insurance premiums that exceeds the premiums due for the level of coverage that should have been in effect.

2. If an overpayment occurs, the amount of the overpayment must be paid to the insured in a lump sum within thirty days of the discovery of the error. The payment may be made to any person insured under the policy.

History: Effective April 1, 2002; amended effective April 1, 2016.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-08. Erroneous payment of premiums - Underpayments.

1. An "underpayment" means a payment of money to the public employees retirement system for group insurance premiums that is less than the premiums due for the level of coverage that should have been in effect. Underpayment of premium is solely an error in the amount of premium billed to the individual.

2. An individual who underpays premiums is liable to pay those premiums upon receiving a request for repayment and an explanation of the amount due from the executive director. All underpayments must be collected using the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like gains. If the cost of recovering the underpayment is estimated to exceed the amount of the underpayment, the underpayment is considered to be unrecoverable.

3. If an underpayment is discovered in the first month it occurs, the individual must pay the amount due in a lump sum within thirty days of the discovery of the error.

4. If an underpayment is not discovered within the first month it occurs, the following will apply:

a. If not the result of any wrongdoing, negligence, misrepresentation, or omission by the individual, then the individual must make arrangements within sixty days of receiving written notification to either pay by lump sum or installments. The installment payment schedule is subject to approval by the executive director with the minimum repayment amount no less than fifty dollars a month. If repayment arrangements are not in place within sixty days of the date of the written request for repayment, the executive director shall authorize payment to be made in three equal installments, using the same payment method the individual has authorized for paying current monthly premiums.

b. If underpayment is the result, in whole or in part, of the wrongdoing, negligence, misrepresentation, or omission of the individual, underpayments must be made in full within sixty days of written notification.

5. If an underpayment occurs and the individual no longer participates in the group insurance, any premium amounts due are immediately payable.

6. If the individual dies prior to paying in full, then the public employees retirement system must make application to the estate of the deceased to recover the remaining balance.

7. If the individual refuses to repay the underpayment, or the underpayment is not paid in full, coverage may be canceled retroactive to the first day of the month following the month for which full premium payment was received.

History: Effective April 1, 2002; amended effective April 1, 2008; July 1, 2010; April 1, 2016.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-09. Erroneous payment of premiums - Appeals.

1. A person not satisfied with the repayment arrangements made under this policy may appeal the executive director's decision in writing to the board. The written request must explain the basis of the appeal and must be received in the office within sixty days of the executive director's written decision.

2. The board may release a person from liability to repay an underpayment, in whole or in part, if it determines:

a. The underpayment is not the fault of the recipient; or

b. It would be contrary to equity and good conscience to collect the underpayment.

History: Effective April 1, 2002.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-10. Determining amount of premium overpayments and underpayments.

1. The amount of the health premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or July of the earliest contract period still open, whichever is more recent.

2. The amount of the life premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or the first day of the first month of the earliest contract period still open, whichever is more recent.

3. The amount of the dental premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or the first day of the first month of the earliest contract period still open, whichever is more recent.

4. The amount of the vision premium overpayment or underpayment will be determined by calculating the difference between the premium that was paid and the premium that should have been paid, retroactively to the month the change in premium should have occurred, or the first day of the first month of the earliest contract period still open, whichever is more recent.

History: Effective April 1, 2002; amended effective April 1, 2008; April 1, 2014.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

71-03-05-11. Failure to provide notification and errors.

1. If the individual fails to notify the public employees retirement system of a change that affects the level of coverage in force, upon learning of the change, the guidelines for premium overpayment or underpayment will apply.

2. If an individual fails to notify the public employees retirement system to establish coverage, the guidelines for premium overpayment or underpayment will not apply. Coverage will only be established prospectively.

3. If the public employees retirement system makes an error that affects the level of coverage in force for the individual, upon learning of the error, the guidelines for premium overpayment or underpayment will apply.

4. If the public employees retirement system makes an error and does not establish coverage for an individual, upon learning of the error, the guidelines for premium underpayment will apply.

5. If an individual does not receive timely notification of COBRA continuation rights, premiums must be paid in full before continuation coverage is established retroactively.

History: Effective April 1, 2002.
General Authority: NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-08

CHAPTER 71-03-06
PARTICIPATION OF POLITICAL SUBDIVISIONS EMPLOYEE RESPONSIBILITIES

Section
71-03-06-01 Enrollment
71-03-06-02 Late Enrollment
71-03-06-03 Special Enrollment for Certain Qualifying Events
71-03-06-04 Continuation of Hospital and Medical Coverages After Termination
71-03-06-05 Continuation of Health Benefits for Dependents
71-03-06-06 Continuation of Life Insurance After Retirement
71-03-06-07 Leave Without Pay
71-03-06-08 Employee Contribution

Section 71-03-06-01 and Subsection 3 and Subsection 4 are amended as follows:

71-03-06-01. Enrollment.

An eligible employee is entitled to coverage the first of the month following the month of employment, or the month following meeting eligibility criteria, unless otherwise noted below, if the employee submits an application for coverage within the first thirty-one days of employment, or within the thirty-one days of meeting eligibility for one of the following special enrollment periods:

1. Loss of coverage under any other health insurance plan.

2. Marriage. The enrollment of an employee's spouse. An employee who previously waived coverage must enroll for coverage at the time the employee's spouse is enrolled.

3. Addition of a dependent as a result of ~~birth, adoption, placement for adoption,~~ receiving legal guardianship, or receiving a court order to provide health coverage. An employee who previously waived coverage must enroll for coverage at the same time that the employee's eligible dependent is enrolled.

4. Addition of a dependent as a result of birth, adoption, or placement for adoption. Effective date of coverage is the first of the month in which the event occurred. An employee who previously waived coverage shall enroll for coverage at the same time that the employee's eligible dependent is enrolled.

History: Effective June 1, 1996; amended effective July 1, 1998; July 1, 2010;_____
General Authority: NDCC 54-52-04
Law Implemented: NDCC 54-52.1-03.1, 54-52.1-03.4

71-03-06-02. Late enrollment.

Political subdivisions must follow the same late enrollment procedures as outlined in section 71-03-03-02.

History: Effective June 1, 1996; amended effective July 1, 1998; May 1, 2004; July 1, 2010.
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-03, 54-52.1-03.1

71-03-06-03. Special enrollment for certain qualifying events.

Political subdivisions must follow the same enrollment procedures as outlined in section 71-03-03-05.

History: Effective June 1, 1996; amended effective July 1, 2010.
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-03, 54-52.1-03.1

71-03-06-04. Continuation of hospital and medical coverages after termination.

Political subdivisions must follow the same continuation procedure as outlined in section 71-03-03-06.

History: Effective June 1, 1996.
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-03, 54-52.1-03.1

71-03-06-05. Continuation of health benefits for dependents.

Political subdivisions must follow the same continuation procedure as outlined in section 71-03-03-07.

History: Effective June 1, 1996; amended effective July 1, 2010.
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-03, 54-52.1-03.1

71-03-06-06. Continuation of life insurance after retirement.

Political subdivisions must follow the same continuation procedure as outlined in section 71-03-03-08.

History: Effective June 1, 1996.
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-03, 54-52.1-03.1

71-03-06-07. Leave without pay.

Political subdivisions must follow the same leave without pay procedures as outlined in section 71-03-03-09.

History: Effective June 1, 1996.
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-03, 54-52.1-03.1

Section 71-03-06-08 is amended as follows:

71-03-06-08. Employee contribution.

An employee who is enrolled in the group insurance plan and required by the ~~employing agency~~ employer to pay a part of the premium must pay the amount due to the ~~employing agency in advance of the employer's payment to the public employees retirement system~~ employer. The employee contribution may be paid via payroll deduction or any other means acceptable to the employer.

History: Effective June 1, 1996; amended effective July 1, 2010;_____
General Authority: NDCC 54-52-04, 54-52.1-03.1
Law Implemented: NDCC 54-52.1-02, 54-52.1-03.1

ARTICLE 71-04
DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

Chapter

71-04-01 Definitions
71-04-02 Plan Design
71-04-03 Employee Responsibilities
71-04-04 Retirement Board Responsibilities
71-04-05 Employer Responsibilities
71-04-06 Provider Responsibilities
71-04-07 Benefits [Repealed]
71-04-08 Qualified Domestic Relations Orders
71-04-09 Uniform Services Employment and Retirement Rights Act

Chapter 71-04-01
Definitions

Section

71-04-01-01 Definitions

Subsection 10 of Section 71-04-01-01 is amended as follows:

71-04-01-01. Definitions.

The terms used throughout this title have the same meaning as in North Dakota Century Code section 54-52.2-04, except:

1. "Beneficiary" means an individual designated by the participant to receive benefits under the plan in the event the participant dies.

2. "Compensation" means the total annual remuneration for employment or contracted services received by the participant from the employer.

3. "Deferred compensation" means the amount of compensation not yet earned which the participant and the employer shall mutually agree shall be deferred from current monthly salary in accordance with the provisions of the plan.

4. "Eligible state deferred compensation plan" means a plan established and maintained by this state that complies with the Internal Revenue Code (IRC) 457(b).

5. "Employer" means the state of North Dakota or any of its political subdivisions, institutions, departments, or agencies.

6. "Participant" is any employee of a participating employer who executes a participant agreement.

7. "Participant agreement" means an agreement between the employer and a participant setting forth certain provisions and elections relative to the plan, incorporating the terms of the plan and establishing the deferral and participation in the plan.

8. "Provider" means any insurance company, federally insured financial institutions, Bank of North Dakota, or registered dealer under North Dakota Century Code chapter 10-04 authorized by the retirement board to provide investment vehicles to employees.

9. "Retirement" means separation from service with the employer on a date coincidental with the normal, postponed, early, or disability retirement dates as described in North Dakota Century Code chapter 54-52-17.3.

10. Retirement board" or "board" means the ~~nine~~ eleven persons described in North Dakota Century Code chapter 54-52-03.

11. Separation from service" means that term as defined under Internal Revenue Code section 402(d)(4)(A)(3i) and includes termination of employment with the employer by reason of death, disability, retirement, resignation, or discharge.

12. "State" means the state of North Dakota, or any department, institution, or separate agency thereof acting as an employer of the participant.

13. "Unforeseeable emergency" means a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant, the participant's spouse or dependent of the participant, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

Subsection 14 of Section 71-04-01-01 is created as follows:

14. Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported pursuant to rules adopted by the board.

History: Effective April 1, 1989; amended effective July 1, 1994; April 1, 2002; May 1, 2004; July 1, 2010; April 1, 2016; April 1, 2020;_____
General Authority: NDCC 28-32-02, 54-52.2-03.2
Law Implemented: NDCC 54-52.2-03, 54-52.2-03.2, 54-52.2-04

CHAPTER 71-04-03
EMPLOYEE RESPONSIBILITIES

Section
71-04-03-01 Enrollment
71-04-03-02 Effective Date of Deferrals
71-04-03-03 Change in Monthly Deferral
71-04-03-04 Change in Beneficiary
71-03-04-05 Unforeseeable Emergency
71-04-03-06 Termination of Participation
71-04-03-07 Distribution of Assets

Section 71-04-03-01 is amended as follows:

71-04-03-01. Enrollment.

Public employees may enroll, with up to three providers, in the deferred compensation plan by completing and submitting a participant agreement to the office or the board's designated vendor.

History: Effective April 1, 1989; amended effective April 1, 2014; April 1, 2016;_____
General Authority: NDCC 28-32-02, 54-52.2-03.2
Law Implemented: NDCC 54-52.2-03

71-04-03-02. Effective date of deferrals.

All deferrals are effective the payroll period ending in the month following the month in which the deferral is authorized. Deferrals cannot be requested or authorized for the month in which income is being earned.

History: Effective April 1, 1989; amended effective July 1, 2010.
General Authority: NDCC 28-32-02
Law Implemented: NDCC 54-52.2-03; IRC 457(b)(4)

Section 71-04-03-03 is amended as follows:

71-04-03-03. Change in monthly deferral.

A participant may change the amount of deferral at any time, as long as a participant agreement is completed and submitted to the office or the board's designated vendor as set forth in section 71-04-03-01.

History: Effective April 1, 1989; amended effective April 1, 2016;_____
General Authority: NDCC 28-32-02, 54-52.2-03.2
Law Implemented: NDCC 54-52.2-03; IRC 457(b)(4)

71-04-03-04. Change in beneficiary.

The participant may change the primary or contingent beneficiary at any time by contacting the participant's designated provider representative.

History: Effective April 1, 1989; amended effective May 1, 2004.
General Authority: NDCC 28-32-02
Law Implemented: NDCC 54-52.2-03

71-04-03-05. Unforeseeable emergency.

A participant who, prior to separation from service, experiences an unforeseeable emergency as defined in section 71-04-01-01 may apply for a distribution of the participant's deferred compensation n account to the extent reasonably needed to satisfy the financial need. The participant may make application by completing a financial hardship form and delivering it to the retirement board offices.

History: Effective April 1, 1989; amended effective July 1, 1994; April 1, 2002; July 1, 2010
General Authority: NDCC 28-32-02, 54-52.2-03.2
Law Implemented: NDCC 54-52.2-03, 54-52.2-03.2

71-04-03-06. Termination of participation.

Participation in the plan may be terminated at any time by completion of a participant agreement indicating a suspension of monthly deferrals.

History: Effective April 1, 1989; amended effective July 1, 1994; April 1, 2002; May 1, 2004; July 1, 2010.
General Authority: NDCC 28-32-02, 54-52.2-03.2
Law Implemented: NDCC 54-52.2-03, 54-52.2-03.2

71-04-03-07. Distribution of assets.

Distribution of assets may be made only upon separation from service as defined in section 71-04-01-01, or in accordance with section 71-04-03-05 or 71-04-08-01, or as a direct trustee-to-trustee plan transfer to a tax-qualified governmental defined benefit plan (as defined in Internal Revenue Code section 414(d)) for the purchase of permissive service credit (as defined in Internal Revenue Code section 415(n)(3)(A) or a repayment to which Internal Revenue Code section 415 does not apply by reason of section 415(k)(3), regardless of whether or not the participant has had a severance from employment, at a time and in a manner prescribed by the board, as set forth in the 457 deferred compensation plan document, and in a manner consistent with section 457(e)(17) of the Internal Revenue Code.

History: Effective May 1, 2004; amended effective April 1, 2016.
General Authority: NDCC 28-32-02, 54-52-03.2
Law Implemented: NDCC 54-52.2-03, 54-52.2-03.2

CHAPTER 71-05-02
DISABILITY

Section	
71-05-02.01	Disability Retirement Eligibility
71-05-02-01.1	Conditions for Changing to a Disability Retirement Benefit From an Early Reduced Retirement Benefit
71-05-02-02	Determination of Disability – Procedures
71-05-02-03	Aggrieved Parties' rights [Repealed]
71-05-02-04	Optional Benefits
71-05-02-05	Interest Accrued on Accumulated Contributions for Disabled Annuitants
71-05-02-06	Cancellation of Disability Benefit

71-05-02-01. Disability retirement eligibility.

A member of the highway patrol retirement system, who has completed at least one hundred eighty days of employment, is eligible for disability retirement benefits if the member became permanently and totally disabled during the period of covered employment and otherwise complies with section 71-05-02-02. A member eligible for normal retirement date shall receive the normal retirement benefit if it exceeds the disability retirement benefit.

History: Effective November 1, 1990; amended effective July 1, 2006.
General Authority: NDCC 39-03.1-06, 39-03.1-11
Law Implemented: NDCC 39-03.1-11

71-05-02-01.1. Conditions for changing to a disability retirement benefit from an early reduced retirement benefit.

A member may elect to start receiving an early reduced retirement benefit, should the member be eligible to do so, pending a disability determination or appeal. During this period, the member's account will be handled in the same manner as all early reduced retirement benefits. Upon receiving a disability determination, interest accrual on the member's account shall resume beginning the first of the month following notice of the determination, continuing to accrue on the annuitant's accumulated contribution until the annuitant reaches the annuitant's normal retirement date. The disability benefit will be calculated and a differential payment made retroactive to the first day of the month following the member's termination from covered employment.

History: Effective May 1, 2004; amended effective July 1, 2006.
General Authority: NDCC 39-03.1-06, 39-03.1-11
Law Implemented: NDCC 39-03.1-11

71-05-02-02. Determination of disability - Procedures.

1. **Application.**

   a. Application for disability benefits must be made within one year from the last date of covered employment on the form provided by the plan administrator.

   b. If the member is unable or unwilling to file an application, the member's employer or legal representative may file the member's disability application.

   c. The application must explain the cause of the disability, the limitations caused by the disability, the treatment being followed, and the effect of the disability on the individual's ability to be engaged in any gainful occupation for which the person is, or could become, reasonably fitted by education, training, or experience.

2. **Medical examination.**

   a. The applicant for disability retirement must provide the plan administrator with medical examination reports.

   b. An initial medical examination should be completed by the member's attending or family physician on the medical examination form provided by the plan administrator. If deemed necessary by the board's medical consultant, an additional examination must be completed by a specialist in the disability involved. Available medical or hospital reports may be accepted in lieu of a medical examination report if deemed acceptable by the medical consultant.

   c. The member is liable for any costs incurred by the member in undergoing medical examinations and completing and submitting the necessary medical examination reports, medical reports, and hospital reports.

3. **Medical consultant.**

   a. The board will retain a medical doctor to act as its consultant on disability retirement applications.

   b. The medical consultant shall review all medical information provided by the applicant.

   c. The medical consultant will be responsible to advise the plan administrator of the medical diagnosis and whether the condition is a permanent and total disability.

4. **Decision and appeal.**

   a. The plan administrator shall consider applications for disability benefits and shall make a written decision whether an applicant is entitled to benefits. The decision must be mailed to the applicant's address of record.

   b. The applicant may appeal an adverse determination to the board by providing a written notice of appeal within thirty days of the date that the plan administrator mailed the decision.

   c. The board shall consider all appeals at regularly scheduled board meetings. The applicant must be notified of the time and date of the meeting and may attend and be represented by legal counsel. The executive director shall provide to the board for its consideration a case history brief that includes membership history, medical examination summary, and the plan administrator's conclusions and recommendations. The board shall make the determination for eligibility at the meeting unless additional evidence or information is needed. The discussion concerning disability applications must be confidential and closed to the general public.

   d. If the applicant has terminated employment, the plan administrator shall notify the applicant in writing of the decision. If the applicant is determined not to be eligible for disability benefits, the plan administrator shall advise the applicant of the appeal procedure. If the applicant is determined eligible for disability benefits, benefits must be paid pursuant to subsection 5.

   e. If the applicant has not terminated employment, the applicant must be provided with a preliminary notification of the decision in writing. The preliminary notification remains in effect for a period not to exceed two hundred seventy days. If an applicant does not terminate employment within two hundred seventy days of the date of termination provided on the disability application, the application must be considered to be vacated but the applicant may reapply as provided in subsection 1.

f. If the initial board decision is adverse to the applicant, after exhausting the administrative procedure under subdivisions b and c, the applicant may file a request for a formal hearing to be conducted under North Dakota Century Code chapter 28-32. The request for a formal hearing must be filed within thirty days after notice of the initial decision has been mailed or delivered. If an appeal is not filed within the thirty-day period the initial decision of the board is final. If a request for a formal hearing is timely filed, notice of the hearing must be served at least thirty days prior to the date set for the hearing. The board shall request appointment of an administrative law judge from the office of administrative hearings to conduct the hearing and make recommended findings of fact, conclusions of law, and order or adopt its own findings of fact, conclusions of law and order. The applicant may under North Dakota Century Code section 28-32-15 appeal the final decision resulting from this procedure to the district court.

5. **Payment of annuity.** If awarded, the disability annuity is payable on, or retroactive to, the first day of the month following the member's termination from covered employment, minus any early retirement benefits that have been paid.

6. **Redetermination and recertification.**

a. A disabled annuitant's eligibility must be recertified eighteen months after the date the first check is issued and thereafter as specified by the medical consultant. The plan administrator may waive the necessity for a recertification based on the recommendation of the medical consultant.

b. The plan administrator will send a recertification form and request for a statement of annual earnings by certified mail with return receipt to the disabled annuitant to be completed and sent back to the office. If completed recertification has not been received by the recertification date set in the recertification request, benefits will be suspended effective the first of the month following that date. Benefits will be reinstated the first of the month following recertification by the medical consultant. The regular accrued disability benefits will commence with a lump sum equal to the amount of missed payments, without interest, retroactive to the first of the month that benefits were suspended, unless otherwise approved by the North Dakota public employees retirement system board.

c. The medical consultant may require the disabled annuitant to be reexamined by a doctor. The submission of medical reports by the annuitant, and the review of those reports by the board's medical consultant, may satisfy the reexamination requirement. Upon recertification, the disabled annuitant must be reimbursed up to four hundred dollars for the cost of the required reexamination if deemed necessary by the medical consultant and the plan administrator.

d. The medical consultant will make the recertification decision. The executive director may require additional recertifications. The decision may be appealed to the board within ninety days of receiving the written recertification decision.

e. Benefit payments must be suspended immediately upon notice received from the medical consultant that the annuitant does not meet recertification requirements. The plan administrator shall notify the annuitant of the suspension of benefits by certified mail and shall reinstate benefits back to the date of suspension if the annuitant is subsequently found to meet recertification requirements.

f. If it is determined that the disability annuitant was not eligible for benefits during any time period when benefits were provided, the executive director may do all things necessary to recover the erroneously paid benefits.

History: Effective November 1, 1990; amended effective June 1, 1992; June 1, 1996; May 1, 2004.
General Authority: NDCC 39-03.1-06, 39-03.1-11
Law Implemented: NDCC 39-03.1-11

71-05-02-03. Aggrieved parties' rights.

Repealed effective June 1, 1996.

71-05-02-04. Optional benefits.

An individual deemed eligible for a disability benefit may elect, as provided in this section, to receive one of the following optional benefits in lieu of the regular disability benefit.

1. **One hundred percent joint and survivor benefit.** A member shall receive an actuarially reduced disability retirement benefit as long as the member remains eligible for benefits under subdivision d of subsection 3 of North Dakota Century Code section 39-03.1-11 and after the member's death the same amount will be continued to the member's surviving spouse during the spouse's lifetime. The designated beneficiary is limited to the member's spouse. Payments of benefits to a member's surviving spouse must be made on the first day of each month commencing on the first day of the month following the member's death, provided the beneficiary supplies a marriage certificate and death certificate and is still living. Benefits must terminate in the month in which the death of the beneficiary occurs. If the designated beneficiary predeceases the member or, in the event of divorce, the member's benefit must be returned to the normal retirement amount. Payment of the normal retirement amount must commence on the first day of the month following the spouse's death if written notification of death, provided a death certificate has been submitted or, in the event of divorce, a photocopy of the divorce decree.

2. **Twenty-year or ten-year certain option.** A member may receive the actuarial equivalent of the member's normal, early, or deferred vested retirement pension payable for life with a twenty-year or ten-year certain feature, as designated by the member.

History: Effective July 1, 1998; amended effective May 1, 2004; July 1, 2006; April 1, 2008; April 1, 2012.
General Authority: NDCC 39-03.1-06, 39-03.1-11
Law Implemented: NDCC 39-03.1-11.4(d)

71-05-02-05. Interest accrued on accumulated contributions for disabled annuitants.

Effective January 1, 1998, interest shall accrue on accumulated contributions as defined in article 71-01 until the disabled annuitant reaches normal retirement age, cancels the benefit in accordance with section 71-05-02-06, the account is closed, or until benefit payments commence to the member's beneficiary.

History: Effective July 1, 1998; amended effective July 1, 2010.
General Authority: NDCC 39-03.1-06, 39-03.1-11
Law Implemented: NDCC 39-03.1-11.4(d)

Section 71-05-02-06 is amended as follows:

71-05-02-06. Cancellation of disability benefit.

When a member receiving a disability benefit attains the member's normal retirement date, that member may elect to terminate that member's disability benefit and draw retirement benefits as specified in North Dakota Century Code section 39-03.1-11. Upon receipt of normal retirement benefits, interest

accrual on the member account shall end and benefit option factors will be based upon the actuarial retirement factors on the date of disability to normal conversion.

History: Effective May 1, 2004; amended effective July 1, 2006;_____
General Authority: NDCC 39-03.1-06, 39-03.1-11
Law Implemented: NDCC 39-03.1-11

CHAPTER 71-05-04
SERVICE CREDIT

Section
71-05-04-01 Service Credit – General Rule
71-05-04-02 Military Credit
71-05-04-03 Repurchase of Service Credit and Purchase of additional Service Credit
71-05-04-03.1 Purchase of Additional Years of Service [Repealed]
71-05-04-04 Payment
71-05-04-04.1 Costs
71-05-04-05 Delinquent Payment
71-05-04-06 Crediting Purchased or Repurchased Service
71-05-04-07 Cancellation of Credits
71-05-04-08 Conversion of Sick Leave
71-05-04-09 Employer Purchase of Service Credit or Sick Leave Program

71-05-04-01. Service credit - General rule.

A member receives credit for each month a contribution is made.

History: Effective October 1, 1991; amended effective July 1, 1998.
General Authority: NDCC 39-03.1-06
Law Implemented: NDCC 39-03.1-11

71-05-04-02. Military credit.

Eligible service credit may be granted as it pertains to the North Dakota highway patrol retirement system as established in chapter 71-02-11.

History: Effective October 1, 1991.
General Authority: NDCC 39-03.1-06
Law Implemented: 38 USC 2021-2026

71-05-04-03. Repurchase of service credit and purchase of additional service credit.

To purchase additional credit or repurchase past service, a contributor must notify the public employees retirement system, in writing, of the service for which the person wishes to receive credit. In addition to the written request, the following information must be submitted, if applicable:

1. Documentation of military service by submitting a DD214 or NGB22.

2. Certification of approval by the member's employer of any leave of absence and length of that leave.

History: Effective October 1, 1991; amended effective June 1, 1996; April 1, 2002; May 1, 2004.
General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1
Law Implemented: NDCC 39-03.1-08.1, 39-03.1-10.1, 39-03.1-14.1

71-05-04-03.1. Purchase of additional years of service.

Repealed effective May 1, 2004.

71-05-04-04. Payment.

The total dollar amount for repurchase or purchase may be paid in a lump sum or on a monthly, quarterly, semiannual, or annual basis. Payments may be subject to contribution limitations established

under 26 U.S.C. 415. Payments must begin within ninety days of the date the written cost confirmation is prepared. If the installment method is used, the following conditions apply:

1. Simple interest at the actuarial rate of return must accrue monthly on the unpaid balance. Interest is calculated from the fifteenth of each month.

2. The installment schedule may extend while the member is employed by the participating employer but for no longer than a fifteen-year time period.

3. Installment payments may be made by a payroll deduction where available. However, it is the responsibility of the contributor to initiate and terminate the payroll deduction.

4. Payments are due by the fifteenth of the month to be credited for the month.

5. Payments may only be received from a contributor until the fifteenth of the month following the month of the member's termination date with a participating employer.

6. Payments must be greater or equal to fifty dollars per month, large enough to pay the current interest plus a portion of the principal and an amount necessary to complete the payment contract within the fifteen-year time period.

History: Effective October 1, 1991; amended effective June 1, 1996; May 1, 2004; July 1, 2006; July 1, 2010.
General Authority: NDCC 39-03.1-06, 39-03.1-08.1, 39-03.1-10.1, 39-03.1-14.1
Law Implemented: NDCC 39-03.1-08.1, 39-03.1-10.1, 39-03.1-14.1

71-05-04-04.1. Costs.

The cost to repurchase service credit must be calculated by applying actuarial factors to the amount of the retirement and retiree health insurance credit being purchased by the contributor or member of an alternative retirement system. The contributor's current age, average salary as calculated under subsection 2 of North Dakota Century Code section 39-03.1-11, and current credited service on record with the North Dakota public employees retirement system in the month in which the contributor's written request is received must be used in the cost calculation. The amount of retirement and retiree health insurance credit benefits being purchased must be calculated using the benefit formulas in place at the time the written request is received from the contributor. When calculating the cost, enhancements to the benefit formula must be considered to be in place at the time the law is signed by the governor.

The retirement board must adopt actuarial assumptions necessary to determine the actuarial factors for the cost calculation. The assumptions must be reviewed concurrently with the assumptions for the retirement program.

Upon receipt of the written request from the contributor, a written cost confirmation must be prepared and mailed to the individual. The cost stated in the confirmation letter is valid for a period of ninety days from the date of the letter unless the contributor terminates employment with the employer. If the contributor terminates employment, then the cost stated in the confirmation letter is valid only until the earlier of the end of the ninety-day period or the fifteenth day of the month following the month of termination.

History: Effective June 1, 1996; amended effective May 1, 2004; July 1, 2006.
General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1
Law Implemented: NDCC 39-03.1-08.1, 39-03.1-10.1, 39-03.1-14.1

71-05-04-05. Delinquent payment.

If a payment to be made pursuant to section 71-05-04-04 is not received within thirty days of the due

date, the public employees retirement system shall send a letter to the contributor or member of an alternative retirement system advising the person of the delinquency. If no payment is received within sixty days after the due date, the account must be closed. Payments received on a closed account must be returned to the member. The member may submit written documentation as to the cause for the delinquency to the executive director for review and to request that the purchase contract be reestablished without a new calculation.

History: Effective October 1, 1991; amended effective June 1, 1996; May 1, 2004.
General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1
Law Implemented: NDCC 39-03.1-08.1, 39-03.1-10.1, 39-03.1-14.1

71-05-04-06. Crediting purchased or repurchased service.

For each month the system receives a payment toward a purchase contract, the member will earn a proportion of service credit.

History: Effective October 1, 1991; amended effective June 1, 1996; May 1, 2004; July 1, 2010.
General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1
Law Implemented: NDCC 39-03.1-08.1, 39-03.1-10.1, 39-03.1-14.1

71-05-04-07. Cancellation of credits.

If a member terminates service and receives a return of the member's accumulated contributions, service credit for the years of such contributions must be canceled.

History: Effective October 1, 1991.
General Authority: NDCC 39-03.1-06
Law Implemented: NDCC 39-03.1-10.1, 39-03.1-14.1

Subdivision c of Subsection 1 is amended as follows:

71-05-04-08. Conversion of sick leave.

To convert unused sick leave to service credit, the member must notify the office, in writing, of the amount of unused sick leave to be converted and the member's employer must confirm the member's unused balance of accumulated sick leave as of the date the member terminates employment. For members transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system will record unused sick leave of a participating member if the new employer certifies that it will not transfer that leave. The certification must include documentation from the previous employer detailing the number of hours of sick leave. The public employees retirement system must receive the certification within sixty days after the member leaves employment with the former employer.

One month of service credit must be awarded for each one hundred seventy-three and three-tenths hours of unused accumulated sick leave. The cost to convert unused sick leave into service credit must be paid with after tax employee contributions.

1. Aftertax payments may be accepted from the member as early as six months prior to termination if the following requirements are met:

    a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.

    b. A written certification by the member's employer, as to the member's unused balance of accumulated sick leave as of the date the member wishes to begin payment, is on file with the public employees retirement system.

c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave, confirmed by the member's employer, and the member's final average salary as of ~~that~~ the date of calculation.

d. If there is a difference between the sick leave conversion payment amount and the amount the member has paid, any overpayment must be refunded to the member and any underpayment must be collected from the member by the fifteenth of the month following the month of the member's date of termination.

e. The member's record must be updated with the additional service credit once payment is made in full and the member has terminated employment.

Subdivision c of Subsection 2 is amended as follows:

2. Pretax rollover or transfer payments may be accepted from the member as early as sixty days prior to termination if the following requirements are met:

   a. A notice of termination or application for monthly benefits form is on file with the public employees retirement system.

   b. A written certification by the member's employer, as to the member's projected unused balance of accumulated sick leave no sooner than sixty days prior to the date of termination, is on file with the public employees retirement system. This certification must also include a certification by the employer of the projected salaries to be reported to the public employees retirement system during the final months of employment.

   c. At termination, the sick leave conversion payment must be recalculated using the member's unused balance of accumulated sick leave confirmed by the member's employer, and the member's final average salary as of ~~that~~ the date of calculation. If there is a difference between the sick leave balance or conversion payment amount and the amount the member has paid, then only the amount of sick leave available as of the termination date will be added to the member's record. The member account balance will be credited with the full amount of funds from the rollover or transfer.

   d. If an underpayment has occurred, then the remaining amount must be collected from the member by the fifteenth of the month following the month of the member's date of termination.

   e. The retiree health credit portion must be paid as a personal aftertax payment.

3. The member's record must be updated with the additional service credit once payment is made and the member has terminated employment.

History: Effective June 1, 1996; amended effective April 1, 2002; May 1, 2004; July 1, 2006; April 1, 2008;_____
General Authority: NDCC 39-03.1-06
Law Implemented: NDCC 39-03.1-30

71-05-04-09. Employer purchase of service credit or sick leave program.

An employer may elect to purchase up to five years of service credit for an employee and purchase an employee's unused sick leave that meets the requirements of section 71-02-03-08. Before offering a purchase program to its employees the employer must create a program and document the program in writing and submit a copy to the public employees retirement system. The governing authority of the employer shall also submit to the executive director of the public employees retirement system a letter indicating:

1. The program meets all the requirements of the North Dakota Century Code.
2. The program meets all applicable federal requirements.
3. The employer agrees to remit to the public employees retirement system a lump sum payment of the cost of the purchase upon being billed.
4. The employer has not given the employee the option of a cash payment in lieu of the employer purchase.
5. The employer shall clearly specify who is eligible for the program and indicate if the program is intended to be permanent or will be for a specific time period only.
6. The employer agrees that all purchases for service credit will be based upon actuarial cost as determined by the public employees retirement system. The employer also agrees that all purchases will be completed no later than the fifteenth day of the month following the month of the employee's termination or sixty days from the date the employer and employee agree to the purchase, whichever comes first.
7. The employer agrees that in offering such a program the employer will direct each employee interested in the program to first apply to the employer's authorized agent who will then certify the eligibility of the member, the amount of service credit to be purchased, and send such certification to the public employees retirement system. The employer also agrees that the employer's authorized agent will coordinate the program, authorize all purchases in writing to the public employees retirement system, and be the focal point for communications between the public employees retirement system, the employer, and the employee.
8. The employer agrees that for each employee certified to be eligible to have service credit purchased, the employer will first obtain from the employee authorization for the public employees retirement system to share confidential information with the employer.
9. The employer certifies that in offering the program, the employer is making it available to all employees or a specified class of employees on a nondiscriminatory basis.
10. The employer agrees to provide information and policies pertaining to the employer purchase program pursuant to North Dakota Century Code section 39-03.1-28.

When an employer files the above letter with the public employees retirement system, it may offer the program to its employees. An employer may terminate this program at any time upon the governing authority of the employer sending to the executive director of the public employees retirement system a letter indicating when the program is to be canceled.

History: Effective May 1, 2004; amended effective July 1, 2006; April 1, 2008; July 1, 2010.
General Authority: NDCC 39-03.1-06
Law Implemented: NDCC 39-03.1-10.2

ARTICLE 71-08
DEFINED CONTRIBUTION RETIREMENT PLAN

Chapter

71-08-01	Election and Transfer
71-08-02	Membership in Defined Contribution Retirement Plan
71-08-03	Disability
71-08-04	Qualified Domestic Relations Order
71-08-05	Review Procedure
71-08-06	Uniformed Services Employment and Reemployment Rights Act
71-08-07	Additional Contributions
71-08-08	Temporary Employee Participation
71-08-09	Return to Service – Retired Member
71-08-10	Permanent Employee Participation
71-08-11	Contributions

CHAPTER 71-08-01
ELECTION AND TRANSFER

Section

~~71-08-01-01~~	~~Ability to Elect to Transfer Into the Defined Contribution Retirement Plan~~
71-08-01-02	Vesting in Transferred Accumulated Fund Balance
71-08-01-03	Spousal Signature Requirements
71-08-01-04	Transfer of Members With Qualified Domestic Relations Order on Their Accounts
71-08-01-05	Transfer Amount of Persons Transferring Into Eligible Employment After December 31, 1999
71-08-01-06	Public Employees Retirement System Retirees Not Eligible to Transfer Upon Return to work
~~71-08-01-07~~	~~Late Election Opportunity~~
71-08-01-08	Transfer of Funds

Section 71-08-01-01 is repealed.

~~71-08-01-01. Ability to elect to transfer into the defined contribution retirement plan~~~~.~~

~~Once a member of the public employees retirement system under North Dakota Century Code chapter 54-52 has declined or failed to elect to transfer into the defined contribution retirement plan, that member may not later elect to transfer unless one of the following applies:~~

1. ~~The member is appointed or elected to a new office that is eligible for the defined contribution retirement plan.~~

2. ~~The member leaves eligible employment and later reacquires eligible employment.~~

~~**History:** Effective July 1, 2000.~~ Repealed effective _____
~~**General Authority:** NDCC 28-32-02(1)~~
~~**Law Implemented:** NDCC 54-52.6-02~~

71-08-01-02. Vesting in transferred accumulated fund balance.

Vesting in that portion of the accumulated fund balance attributable to the employer's contribution which is transferred from the defined benefit public employees retirement system pursuant to North Dakota Century Code section 54-52.6-03 will follow the same schedule provided in North Dakota Century Code section 54-52.6-10.

History: Effective July 1, 2000.
General Authority: NDCC 28-32-02(1)
Law Implemented: NDCC 54-52.6-03, 54-52.6-10

71-08-01-03. Spousal signature requirements.

For purposes of the spousal signature requirements of subsection 4 of North Dakota Century Code section 54-52.6-02 and North Dakota Century Code section 54-52.6-11, extenuating circumstances alleviating the requirement of a spouse's signature are only present if the board determines the spouse is unavailable for the entire election period or the member has a power of attorney over the spouse which would legally allow the member to sign for the spouse.

History: Effective July 1, 2000.
General Authority: NDCC 28-32-02(1)
Law Implemented: NDCC 54-52.6-02(4), 54-52.6-11

71-08-01-04. Transfer of members with qualified domestic relations orders on their accounts.

Members of the public employees retirement system under North Dakota Century Code chapter 54-52 who have a valid qualified domestic relations order on their account may only transfer to the defined contribution retirement plan if they obtain a new qualified domestic relations order from the applicable court. The account shall not be transferred unless both the participating member and the member's ex-spouse agree to transfer to the defined contribution retirement plan.

History: Effective July 1, 2000.
General Authority: NDCC 28-32-02(1)
Law Implemented: NDCC 54-52.6-12

Section 71-08-01-05 is amended as follows:

71-08-01-05. Transfer amount of persons transferring into eligible employment after December 31, 1999.

The amount the board shall transfer for persons beginning or transferring to eligible employment after December 31, 1999 and before January 1, 2025, shall equal the actual employer and employee contributions plus interest, as provided in subsection 2 of North Dakota Century Code section 54-52.6-03.

History: Effective July 1, 2000;_____
General Authority: NDCC 28-32-02(1)
Law Implemented: NDCC 54-52.6-03

71-08-01-06. Public employees retirement system retirees not eligible to transfer upon return to work.

A member of the public employees retirement system defined benefit plan who has retired and received a retirement annuity and later returns to work in a position that is eligible for the defined contribution retirement plan is nonetheless ineligible to transfer into the defined contribution retirement plan and must remain a member of the public employees retirement system.

History: Effective July 1, 2000.
General Authority: NDCC 28-32-02(1)
Law Implemented: NDCC 54-52.6-02

Section 71-08-01-07 is repealed.

~~**71-08-01-07. Late election opportunity.**~~

~~An eligible member who is not provided a timely opportunity to enroll in the defined contribution plan within the first six months of employment may be provided additional time to make an election if:~~

1. ~~The executive director determines that the member was not given an election opportunity within the first six months of employment. The executive director shall then give the member a special enrollment opportunity of three months beginning from the date a new enrollment packet is mailed to the member.~~

2. ~~The board determines that member was not given timely notice or the member was unable to make an election within the first six months. If the board determines that the member should have an additional election opportunity, the member shall have three months from the date a new enrollment packet is mailed to the member.~~

~~**History:** Effective April 1, 2002.~~
~~**General Authority:** NDCC 28-32-02(1)~~
~~**Law Implemented:** NDCC 54-52.6-02~~

71-08-01-08. Transfer of funds.

Pursuant to subdivision a of subsection 4 of North Dakota Century Code section 15-10-7, funds may be transferred on behalf of those persons who are eligible through their employment with the state board of higher education. The following requirements apply:

1. Applicant must file a completed application for the teachers' insurance and annuity association of America - college retirement equities fund.

2. Notice of termination and verification of teachers' insurance and annuity association of America - college retirement equities fund eligibility must be filed by either the applicant or appropriate payroll officer.

3. A participating member is eligible to transfer that person's accumulated balance in the plan upon becoming a former participating member.

History: Effective April 1, 2012.
General Authority: NDCC 15-10-17
Law Implemented: NDCC 15-10-17

CHAPTER 71-08-08
TEMPORARY EMPLOYEE PARTICIPATION

Section
71-08-08-01 Temporary Employee Participation

Subsection 1 of Section 71-08-08-01 is amended as follows:

71-08-08-01.Temporary employee participation.

For each eligible employee who elects to participate as such in the defined contribution plan, the following applies.

1. Before January 1, 2025, ~~A~~a temporary employee must submit a completed participation agreement within six months of the date of hire as a temporary employee or within six months of a change in status from a permanent to temporary position. If no application is made and filed with the office, an irrevocable waiver of participation will occur for as long as the employee is in temporary status.

2. Contributions for temporary employees must be submitted no later than the sixth working day of the month for the previous month's salary.

3. Delinquent payments of over thirty days, for reasons other than leave of absence or seasonal employment, will result in termination of eligibility to participate as a temporary member.

4. Upon taking a refund, future participation as a temporary member is waived.

5. A member may not participate as both a permanent and a temporary member. Permanent employment has precedence.

Subsections 6, 7, 8 of Section 71-08-08-01 are created.

6. All temporary employee contributions shall be made on an after-tax basis. An employer shall not enter into a pick-up arrangement under IRC 414(h) with any temporary employee.

7. A temporary employee first employed after December 31, 2024 may elect, within one hundred eighty days of beginning employment, to participate in the defined contribution retirement plan under this chapter. If no application is made and filed with the office, an irrevocable waiver of participation will occur for as long as the employee is in temporary employee status. Monthly, the temporary employee shall contribute an amount equal to nine and twenty-six hundredths percent times the temporary employee's present monthly salary, and may elect to contribute up to an additional one, two, three, four, five or six percent. The election to contribute an additional percent is a lifetime election and will continue for as long as the temporary employee is employed by any participating employer.

8. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee. For a temporary employee that becomes a permanent employee, all provisions applicable to permanent employees shall apply upon eligibility as a permanent employee.

History: Effective July 1, 2006; _____
General Authority: NDCC 54-52-04, 54-52.6
Law Implemented: NDCC 54-52.6-01.3, 54-52.6-02.6, 54-52-02.9, 54-52.6-09.6

CHAPTER 71-08-10
PERMANENT EMPLOYEE PARTICIPATION

Chapter 71-08-10 is created as follows:

Section

71-08-10-01 Permanent Employee Participation
71-08-10-02 Contribution
71-08-10-03 Designation of Beneficiary

71-08-10-01. Permanent employee participation.

1. Under this section "eligible employee" means a permanent employee who:

   a. Meets all the eligibility requirements set by NDCC 54-52;

   b. Is at least eighteen years of age;

   c. Becomes a participating member after December 31, 2024; and

   d. Is not eligible to participate in the law enforcement plan, judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative retirement program established under NDCC 15-10-17 for university system employees.

2. Effective January 1, 2025, the public employees retirement system defined benefit main plan maintained for employees is closed to new eligible employees. However, an employee who first becomes a participating or deferred member under NDCC 54-52 before January 1, 2025, remains in the defined benefit retirement plan under NDCC 54-52, regardless of being rehired after December 31, 2024.

3. Except as otherwise provided under this section, effective January 1, 2025, an eligible employee who begins employment with an employer shall participate in the defined contribution retirement plan under NDCC 54-52.6 as provided under NDCC 54-52.6-02.1.

4. This section does not impact an employee to the extent the employee is a participating member in one or more of the following enumerated plans: law enforcement plan, judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative retirement program established under NDCC 15-10-17 for university system employees.

   a. A participating or deferred member in the defined contribution retirement plan under NDCC 54-52.6 who becomes eligible to participate in a plan enumerated under this subsection 4 shall cease participation in the defined contribution retirement plan under NDCC 54-52.6 and commence participation in the retirement plan enumerated under this subsection.

   b. Unless subsection 2 applies, a participating member of a retirement plan enumerated under this section 4 who ceases participation in that plan and becomes an eligible employee under the defined contribution retirement plan under NDCC 54-52.6 shall participate in the defined contribution retirement plan under NDCC 54-52.6.

5. An eligible employee under section 1 must be enrolled in the plan within the first thirty days of employment.

71-08-10-02. Contribution.

1. A participating member who first joined the defined contribution retirement plan after December 31, 2024, except for an employee who elects to participate in the defined contribution plan under section 54-52.6-02.2, shall contribute monthly four percent of the monthly salary or wage paid to the participant. In addition, the participating member may elect, within thirty days of beginning employment, to contribute monthly to the defined contribution retirement plan up to an additional three percent of the monthly salary or wage paid to the participant. All additional contributions shall be in whole percentages.

2. An employee's election for additional contributions under section 1 is a one-time, irrevocable election as long as the individual is a participating member with any participating employer.

71-08-10-03. Designation of beneficiary.

A member may designate a beneficiary or beneficiaries by filing such designation with the office. A member shall have the right to change the member's designation of beneficiary without the consent of the beneficiary, but no such change shall be effective or binding unless it is received by the office prior to the death of the member. If a vested, married member designates a beneficiary other than or in addition to a spouse, the member's spouse's consent must be obtained before benefits can be paid other than to the member's spouse.

History: Effective _____
General Authority: NDCC 54-52-04, 54-52.6
Law Implemented: NDCC 54-52-02.15, 54-52.6-09

CHAPTER 71-08-11
CONTRIBUTIONS

Chapter 71-08-11 is created as follows:

Section

71-08-11-01 Adjustment for bonuses, profit sharing, and contributions paid in a month other than earned
71-08-11-02 Basis for calculation contributions – Salary reduction – Salary deferral arrangements
71-08-11-03 Employer payment of employee contributions
71-08-11-04 Retirement contributions for individuals working less than forty-hour workweek
71-08-11-05 Individual employee incentive payments
71-08-11-06 Contributions transferred from defined benefit retirement plan
71-08-11-07 Employer paid additional contribution for transferees
71-08-11-08 Employer obligations; employee eligibility

71-08-11-01. Adjustment for bonuses, profit sharing, and contributions paid in a month other than month earned.

Adjustments for the following must be made for all members:

1. Participating employers shall report bonuses or profit-sharing amounts paid when remitting the contribution associated with the bonus. Recruitment and retention bonuses under North Dakota Century Code section 54-06-31 are not eligible for consideration as salary and no contributions associated with those types of bonuses shall be submitted.

2. Bonuses or profit-sharing amounts may not be submitted to the public employees retirement system for any month other than the month paid.

History: Effective
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-01, 54-52.6-02

71-08-11-02. Basis for calculating contributions - Salary reduction - Salary deferral arrangements.

1. Amounts deducted from a member's salary at the member's option to a qualified section 125 cafeteria plan, 401(k) plan, 403(b) plan, or 457 plan are part of wages or salary when calculating retirement contributions.

2. Employee contributions paid by the employer under IRC 414(h) pursuant to a salary reduction agreement do not reduce wages or salary when calculating retirement contributions.

3. Amounts contributed to a qualified section 125 cafeteria plan, 401(k) plan, 403(b) plan, or 457 plan by the employer are not part of wages or salary when calculating retirement contributions.

History: Effective
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-01, 54-52.6-02

71-08-11-03. Employer payment of employee contributions.

1. A written election submitted under subsection 3 of North Dakota Century Code section 54-52.6-09 shall be reported to the board a minimum of thirty-one days prior to the effective date.

2. An employer may not discriminate in its contributions to eligible participating employees within the same plan under North Dakota Century Code section 54-52.6-09.

History: Effective _____

General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-09

71-08-11-04. Retirement contributions for individuals working less than a forty-hour workweek.

Retirement contributions must be made on wages paid to eligible permanent employees who are regularly scheduled for less than forty hours per week but who work at least twenty hours per week during a twelve-month period.

History: Effective _____
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-09.6

71-08-11-05. Individual employee incentive payments.

Individual employee incentive payments received under North Dakota Century Code section 54-06-24 or similar programs are not considered to be salary and are not subject to retirement contributions.

History: Effective _____
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-01, 54-52.6-02

71-08-11-06. Contributions transferred from defined benefit retirement plan.

1. The lump sum amount to be transferred from the defined benefit retirement plan under NDCC 54-52.6-02.2 and NDCC 54-52.6-03 based on the actuarial present value of the eligible employee's accumulated benefit obligation, as of January 1, 2025, includes an employee contribution portion and an employer contributions portion.

2. The employee contribution portion of the actuarial present value of the eligible employee accumulated benefit obligation means the employee's direct contribution to the defined benefit retirement plan plus the interest on the employee's contributions in the defined benefit retirement plan.

3. The employer contribution portion of the actuarial present value of the eligible employee's accumulated benefit obligation means the lump sum amount transferred minus the employee share. The employee shall vest in the employer contribution under the provisions found in NDCC 54-52.6-10.

History: Effective _____.
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-02.2, NDCC 54-52.6-03

71-08-11-07. Employer paid additional contribution for transferees.

For eligible employees who transfer from the defined benefit plan to the defined contribution plan, the eligible employee's state employer, on January 1 of each year an additional contribution is due, will make the additional contribution under 54-52.6-02.2(3) no later than January 15 of the year in which the additional contribution is required. Only eligible employees who are employed by a state employer at the time each additional contribution is required will receive the additional contribution.

History: Effective _____ _____ .
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52.6-02.2, NDCC 54-52.6-03

71-08-11-08. Employer obligations; employee eligibility.

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

History: Effective _____ _____ .
General Authority: NDCC 54-52.6-02
Law Implemented: NDCC 54-52-06(1)(a), NDCC 54-52.6-02.2, NDCC 54-52.6-09.5

Attachment 2

SUMMARY OF PROPOSED ADMINISTRATIVE RULE CHANGES:

Section	Description	Reason
71-01-01-01(2). Organization of public employees retirement board.	Modify language regarding board membership to be consistent with 54-52-03.	Comply with state law, HB 1547
71-01-02-02(2). Eligible voters.	Remove reference to retirees being eligible to cast a vote for a retiree member on the board.	Comply with state law, HB 1547
71-01-02-03(2). Candidate eligibility.	Remove reference of eligible voter for retiree member of the board.	Comply with state law, HB 1547
71-01-02-04(1). Election notification.	Clarify that communication of active members of active member vacancy and election will be provided twenty-one calendar days prior to the due date to file nomination petitions. Remove reference of retiree board member notice.	Comply with state law, HB 1547
71-01-02-05(1). Petition format.	Remove reference of nomination petition for the retiree member of the board.	Comply with state law, HB 1547
71-01-02-06(5). Procedure for completing and filing petitions.	Modified requirements for submitting a candidate photograph for board election.	Clarification
71-01-02-08(1). Election.	Remove reference to election of a retiree member of the board	Comply with state law, HB 1547
71-01-02-11. Special elections.	Allows board option rather than requirement to hold special election	Clarification
71-01-02-13. Election voting.	Clarify that canvassing rules apply if electronic ballots used. Also, remove reference of retiree candidate.	Clarification and to comply with state law, HB 1547
71-02-03-06. Conversion of sick leave.	Modify language regarding the calculation of unused sick leave related to the final average salary to be used.	Clarification
71-02-05-03. Cancellation of disability benefits.	Repeal cancellation of disability benefit as new section added with additional detail on calculation of benefit.	Clarification
71-02-05-10. Converting disability retirement benefit to normal unreduced retirement benefit.	New section added regarding a member's eligibility to convert a disability benefit to a normal unreduced benefit, including clarification on interest accrual and benefit option factors.	Clarification
71-02-08-01. Participation.	Repeal as employer groups will no longer be able to join the Defined Benefit Plan as of closure date.	Comply with state law, HB 1040
71-03-03-01. Enrollment.	Ensure consistency to 71-03-06-01 between state agency employees and political subdivision employees.	Clarification
71-03-03-08. Continuation of life insurance after retirement.	Clarify eligibility to continue life insurance after retirement and that individual must have continuous coverage as they transition from active employment to retirement.	Clarification

Section	Description	Reason
71-03-05-01. Premium billing.	Simplify language to reference NDCC 54-52.1.	Clarification
71-03-06-01. Enrollment.	Ensure consistency to 71-03-03-01 between state agency employees and political subdivision employees.	Clarification
71-03-06-08. Employee contribution.	Clarify employee's responsible for paying part of insurance premium must pay premium to their employer.	Clarification
71-04-01-01. Definitions.	Updates number of members on board to eleven and adds definition of wages and salary for 457 plan to be consistent with other retirement definitions.	Comply with state law and clarification, HB 1547 & HB 1040
71-04-03-01. Enrollment.	Allows employees to participate with up to three providers and for the deferral election to be filed with NDPERS office of with the Board's selected vendor.	Clarification
71-04-03-03. Change in monthly deferral.	Allows deferral election to be filed with NDPERS office of with the Board's selected vendor.	Clarification
71-05-02-06. Cancellation of disability benefit.	Clarifies interest accrual ends and benefit option factors to be used for normal retirement benefit for highway patrol members.	Clarification
71-05-04-08. Conversion of sick leave.	Modify language for Highway Patrol Retirement System regarding the calculation of unused sick leave related to the final average salary to be used.	Clarification
71-08-01-01. Ability to elect to transfer into the defined contribution plan.	Repeal due to special enrollment window outlined in HB 1040 for state employees with no more than 5 years of service.	Comply with state law, HB 1040
71-08-01-05. Transfer amount of persons transferring into eligible employment after December 31, 1999.	Add clarification that calculation identified in rule expires as of closure date due to different calculation for special window outlined in HB 1040.	Comply with state law, HB 1040
71-08-01-07. Late election opportunity.	Repeal as late election opportunities are no longer applicable.	Comply with state law, HB 1040
71-08-08-01. Temporary employee participation.	Add language regarding temporary participation after defined benefit plan closure to clarify new temporary employee must participate in new defined contribution.	Comply with state law, HB 1040
71-08-10-01. Permanent employee participation.	Add new section to rules related to permanent employee participation and allow NDPERS to auto enroll eligible employees.	Comply with state law, HB 1040 and IRC requirements related to governmental 401(a) plans and contribution elections
71-08-10-02. Contribution.	Add new section to specify additional contribution requirements due to federal restrictions.	Comply with federal law
71-08-10-03. Designation of beneficiary.	Add new section clarifying designation of beneficiary provisions.	Clarification

Section	Description	Reason
71-08-11-01. Contributions.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to bonuses, calculating contributions, employer payment of employe contributions, reporting for individuals working less than a forty hour week and employee incentive payments.	Comply with state law, HB 1040 and clarification for consistency between plan administration
71-08-11-02. Basis for calculating contributions – salary reduction – salary deferral arrangements.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to calculating contributions.	Clarification for consistency between plan administration
71-08-11-03. Employer payment of employee contributions.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to employer payment of employe contributions.	Clarification for consistency between plan administration
71-08-11-04. Retirement contributions for individuals working less than a forty-hour workweek.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to reporting for individuals working less than a forty hour week.	Clarification for consistency between plan administration
71-08-11-05. Individual employee incentive payments.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to employee incentive payments under NDCC 54-06-24.	Clarification for consistency between plan administration
71-08-11-06. Contributions transferred from defined benefit retirement plan.	Add new section providing clarification regarding contributions transferred from the defined benefit plan to the defined contribution plan.	Comply with state law, HB 1040
71-08-11-07. Employer paid additional contribution for transferees.	Add new section for provisions of employer payment of additional contribution for eligible employees who elect to transfer from the defined benefit plan to the defined contribution plan under provisions of NDCC 54-52.6-02.2(3).	Comply with state law, HB 1040
71-08-11-08. Employer obligations; employee eligibility.	Add new section to define state governmental unit and state employer for purposes of administering NDCC 54-52.6-02.2, NDCC 54-52.6-09.5 and NDCC 54-52.6-02.2.	Comply with state law, HB 1040 and clarification for administration of these provisions

Attachment 3

ABBREVIATED NOTICE OF INTENT TO ADOPT, AMEND AND REPEAL ADMINISTRATIVE RULES APPLICABLE TO THE NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM RELATING TO BOARD MAKEUP, BOARD ELECTION, CONVERSION OF SICK LEAVE, DISABILITY BENEFITS, EMPLOYER PARTICIPATION, INSURANCE ENROLLMENT, PREMIUM BILLING, EMPLOYEE CONTRIBUTION, DEFERRED COMPENSATION ENROLLMENT, DEFERRAL CHANGES, ELECTION TO TRANSFER TO DEFINED CONTRIBUTION PLAN, TRANSFER AMOUNT, EMPLOYEE PARTICIPATION, CONTRIBUTION, DESIGNATION OF BENEFICIARY, CALCULATION OF CONTRIBUTIONS, EMPLOYER PAYMENT OF EMPLOYEE CONTRIBUTIONS, CONTRIBUTIONS FOR INDIVIDUALS WORKING LESS THAN A FORTY HOUR WORK WEEK, INDIVIDUAL EMPLOYEE INCENTIVE PAYMENTS, CONTRIBUTIONS TRANSFERRED FROM DEFINED BENEFIT PLAN, EMPLOYER PAID ADDITIONAL CONTRIBUTION FOR TRANSFEREES, EMPLOYER OBLIGATIONS AND EMPLOYEE ELIGIBILITY.

TAKE NOTICE that the North Dakota Public Employees Retirement System will hold a public hearing to address proposed changes to N.D. Administrative Code at 11:00 A.M. on Monday, April 29, 2024 at 1600 East Century Avenue, Suite 2, Bismarck, ND 58503.

A copy of the proposed rules may be obtained on the NDPERS website at https://www.ndpers.nd.gov/about/notice-of-hearing or by contacting NDPERS at the above address or calling 701-328-3900 or toll-free at 1-800-803-7377. Also, written comments may be submitted until May 13, 2024, to PO Box 1657, Bismarck ND 58502-1657, or by email to ndpers-info@nd.gov. If you plan to attend the public hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Public Employees Retirement System at the above telephone number or address at least three days prior to the public hearing.

Dated this 14th day of March 2024
Rebecca Fricke, NDPERS Executive Director

Attachment 4

NOTICE OF INTENT TO ADOPT, AMEND, REPEAL ADMINISTRATIVE RULES

TAKE NOTICE that the North Dakota Public Employees Retirement System will hold a public hearing to address proposed new rules, amendments to, and repeal of N.D.A.C. Articles 71-01, 71-02, 71-03, 71-04, 71-05, and 71-08. The proposed rulemaking implements House Bill 1040 enacted during the 2023 regular legislative session relating to the closure of the North Dakota Public Employees Retirement System (NDPERS) main plan, the deferred compensation program, and expansion of the defined contribution retirement plan; HB 1547 enacted during the 2023 special legislative session relating to the membership of the public employees retirement system board; and rules relating to procedure for completing and filing petitions, special elections, conversion of sick leave, disability benefits, insurance enrollment, continuation of life insurance after retirement, premium billing, employee contribution, deferred compensation enrollment and deferral changes. The hearing will be held at 11:00 A.M. on Monday, April 29, 2024, in the NDPERS Conference Room at 1600 East Century Avenue, Suite 2, Bismarck, North Dakota. The hearing will continue until 12:00 P.M. or until no further testimony is offered, whichever occurs last. The proposed rules may be viewed online at https://www.ndpers.nd.gov/about/notice-of-hearing or at the NDPERS office at the following location:

North Dakota Public Employees Retirement System
1600 East Century Avenue, Suite 2
Bismarck, ND 58503

Written or oral comments on the proposed rules submitted to the above address or below referenced telephone number and received by May 13, 2024, will be fully considered. The proposed rule changes are not expected to have an impact on the regulated community in excess of $50,000. A copy of the proposed rules may also be obtained by accessing them on the NDPERS website at https://www.ndpers.nd.gov/about/notice-of-hearing, or by writing to PO Box 1657, Bismarck ND 58502-1657, or by calling the North Dakota Public Employees Retirement System at 701-328-3900. If you plan to attend the public hearing and will need special accommodations or assistance relating to a disability, please contact the Public Employees Retirement System at the above address or telephone number at least three business days prior to the public hearing. Specific sections affected and explanations for proposed revisions are summarized below.

Section	Description	Reason
71-01-01-01(2). Organization of public employees retirement board.	Modify language regarding board membership to be consistent with 54-52-03.	Comply with state law, HB 1547

Section	Description	Reason
71-01-02-02(2). Eligible voters.	Remove reference to retirees being eligible to cast a vote for a retiree member on the board.	Comply with state law, HB 1547
71-01-02-03(2). Candidate eligibility.	Remove reference of eligible voter for retiree member of the board.	Comply with state law, HB 1547
71-01-02-04(1). Election notification.	Clarify that communication of active members of active member vacancy and election will be provided twenty-one calendar days prior to the due date to file nomination petitions. Remove reference of retiree board member notice.	Comply with state law, HB 1547
71-01-02-05(1). Petition format.	Remove reference of nomination petition for the retiree member of the board.	Comply with state law, HB 1547
71-01-02-06(5). Procedure for completing and filing petitions.	Modified requirements for submitting a candidate photograph for board election.	Clarification
71-01-02-08(1). Election.	Remove reference to election of a retiree member of the board.	Comply with state law, HB 1547
71-01-02-11. Special elections.	Allows board option rather than requirement to hold special election	Clarification
71-01-02-13. Election voting.	Clarify that canvassing rules apply if electronic ballots used. Also, remove reference of retiree candidate.	Clarification and to comply with s law, HB 1547
71-02-03-06. Conversion of sick leave.	Modify language regarding the calculation of unused sick leave related to the final average salary to be used.	Clarification
71-02-05-03. Cancellation of disability benefits.	Repeal cancellation of disability benefit as new section added with additional detail on calculation of benefit.	Clarification
71-02-05-10. Converting disability retirement benefit to normal unreduced retirement benefit.	New section added regarding a member's eligibility to convert a disability benefit to a normal unreduced benefit, including clarification on interest accrual and benefit option factors.	Clarification
71-02-08-01. Participation.	Repeal as employer groups will no longer be able to join the Defined Benefit Plan as of closure date.	Comply with state law, HB 1040

Section	Description	Reason
71-03-03-01. Enrollment.	Ensure consistency to 71-03-06-01 between state agency employees and political subdivision employees.	Clarification
71-03-03-08. Continuation of life insurance after retirement.	Clarify eligibility to continue life insurance after retirement and that individual must have continuous coverage as they transition from active employment to retirement.	Clarification
71-03-05-01. Premium billing.	Simplify language to reference NDCC 54-52.1.	Clarification
71-03-06-01. Enrollment.	Ensure consistency to 71-03-03-01 between state agency employees and political subdivision employees.	Clarification
71-03-06-08. Employee contribution.	Clarify employee's responsible for paying part of insurance premium must pay premium to their employer.	Clarification
71-04-01-01. Definitions.	Updates number of members on board to eleven and adds definition of wages and salary for 457 plan to be consistent with other retirement definitions.	Comply with state law and clarification, HB 1547 & HB 1040
71-04-03-01. Enrollment.	Allows employees to participate with up to three providers and for the deferral election to be filed with NDPERS office of with the Board's selected vendor.	Clarification
71-04-03-03. Change in monthly deferral.	Allows deferral election to be filed with NDPERS office of with the Board's selected vendor.	Clarification
71-05-02-06. Cancellation of disability benefit.	Clarifies interest accrual ends and benefit option factors to be used for normal retirement benefit for highway patrol members.	Clarification
71-05-04-08. Conversion of sick leave.	Modify language for Highway Patrol Retirement System regarding the calculation of unused sick leave related to the final average salary to be used.	Clarification
71-08-01-01. Ability to elect to transfer into the defined contribution plan.	Repeal due to special enrollment window outlined in HB 1040 for state employees with no more than 5 years of service.	Comply with state law, HB 1040
71-08-01-05.Transfer amount of persons transferring into eligible employment	Add clarification that calculation identified in rule expires as of closure date due to different calculation for special window outlined in HB 1040.	Comply with state law, HB 1040

Section	Description	Reason
after December 31, 1999.		
71-08-01-07. Late election opportunity.	Repeal as late election opportunities are no longer applicable.	Comply with state law, HB 1040
71-08-08-01. Temporary employee participation.	Add language regarding temporary participation after defined benefit plan closure to clarify new temporary employee must participate in new defined contribution.	Comply with state law, HB 1040
71-08-10-01. Permanent employee participation.	Add new section to rules related to permanent employee participation and allow NDPERS to auto enroll eligible employees.	Comply with state law, HB 1040 and IRC requirements related to governmental 401(a) plans and contribution elections
71-08-10-02. Contribution.	Add new section to specify additional contribution requirements due to federal restrictions.	Comply with federal law
71-08-10-03. Designation of beneficiary.	Add new section clarifying designation of beneficiary provisions.	Clarification
71-08-11-01. Contributions.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to bonuses, calculating contributions, employer payment of employe contributions, reporting for individuals working less than a forty hour week and employee incentive payments.	Comply with state law, HB 1040 and clarification for consistency between plan administration
71-08-11-02. Basis for calculating contributions – salary reduction – salary deferral arrangements.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to calculating contributions.	Clarification for consistency between plan administration
71-08-11-03. Employer payment of employee contributions.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to employer payment of employe contributions.	Clarification for consistency between plan administration
71-08-11-04. Retirement contributions for individuals working less than a forty-hour workweek.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to reporting for individuals working less than a forty hour week.	Clarification for consistency between plan administration

Section	Description	Reason
71-08-11-05. Individual employee incentive payments.	Add new section regarding employer reporting requirements to be consistent with reporting between defined benefit plan and defined contribution plan members, specifically related to employee incentive payments under NDCC 54-06-24.	Clarification for consistency between plan administration
71-08-11-06. Contributions transferred from defined benefit retirement plan.	Add new section providing clarification regarding contributions transferred from the defined benefit plan to the defined contribution plan.	Comply with state law, HB 1040
71-08-11-07. Employer paid additional contribution for transferees.	Add new section for provisions of employer payment of additional contribution for eligible employees who elect to transfer from the defined benefit plan to the defined contribution plan under provisions of NDCC 54-52.6-02.2(3).	Comply with state law, HB 1040
71-08-11-08. Employer obligations; employee eligibility.	Add new section to define state governmental unit and state employer for purposes of administering NDCC 54-52.6-02.2, NDCC 54-52.6-09.5 and NDCC 54-52.6-02.2.	Comply with state law, HB 1040 and clarification for administration of these provisions

Dated this 18th day of March, 2024

Rebecca Fricke, NDPERS Executive Director

Attachment 5

NDPERS 2024 Proposed Administrative Rules
Fiscal Note / Regulatory Analysis / Takings Assessment /
Small Entity Economic Impact Statement / Small Entity Regulatory Analysis

A fiscal note was not required because these rules have no fiscal effect.

No regulatory analysis was required as the proposed rules are not expected to have an impact on the regulated community in excess of $50,000, and neither the Governor nor any member of the Legislative Assembly requested a regulatory analysis.

No takings assessment was required because the rules do not limit the uses of real property.

No small entity economic impact statement was required because none of the proposed rules will have an adverse economic impact on small entities.

No small entity regulatory analysis was required because the proposed rule changes impose no additional requirements on small entities and therefore have no impact on small entities.

Rebecca Fricke
Executive Director

Attachment 6

Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023

HOUSE BILL NO. 1040
(Legislative Management)
(Retirement Committee)

AN ACT to create and enact sections 54-52-02.15, 54-52.2-09, 54-52.6-02.1, 54-52.6-02.2, 54-52.6-05.1, 54-52.6-09.5, 54-52.6-09.6, 54-52.6-22, and 54-52.6-23 of the North Dakota Century Code, relating to the closure of the public employees retirement system main plan, the deferred compensation program, and expansion of the defined contribution retirement plan; to amend and reenact paragraph 1 of subdivision a of subsection 1 of section 15-39.1-10.3, sections 54-52-01, 54-52-02.5, 54-52-02.9, 54-52-02.11, and 54-52-02.12, subsection 2 of section 54-52-05, sections 54-52-06 and 54-52-14.3, subdivision b of subsection 1 of section 54-52-17.2, and sections 54-52.6-01, 54-52.6-02, 54-52.6-03, 54-52.6-05, 54-52.6-08, 54-52.6-09, 54-52.6-10, 54-52.6-13, 54-52.6-15, 54-52.6-19, and 57-51.1-07.5 of the North Dakota Century Code, relating to the public employees retirement system defined benefit and defined contribution retirement plans and the state share of oil and gas taxes; to repeal sections 54-52-06.5 and 54-52.6-03 of the North Dakota Century Code, relating to public employees retirement system retirement plan contribution rates upon reaching full funding and balance transfer when opting to participate in the defined contribution plan; to provide for a legislative management study; to provide for a transfer; to provide for application; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Paragraph 1 of subdivision a of subsection 1 of section 15-39.1-10.3 of the North Dakota Century Code is amended and reenacted as follows:

(1) The public employees retirement system, except an "eligible employee" as that term is defined under section 54-52-02.15.

SECTION 2. AMENDMENT. Section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52-01. Definition of terms.

As used in this chapter, unless the context otherwise requires:

1. "Account balance" means the total contributions made by the employee, vested employer contributions under section 54-52-11.1, the vested portion of the vesting fund as of June 30, 1977, and interest credited thereon at the rate established by the board.

2. "Beneficiary" means any person in receipt of a benefit provided by this plan or any person designated by a participating member to receive benefits.

3. "Correctional officer" means a participating member who is employed as a correctional officer by a political subdivision.

4. "Deferred member" means a participating member who is not actively participating in the main plan under this chapter and who has an account intact in the main plan under this chapter.

5. "Eligible employee", except as otherwise provided under section 54-52-02.15, means ~~all~~a permanent ~~employees~~employee who ~~meet~~meets all of the eligibility requirements set by this chapter and who ~~are~~is eighteen years or more of age~~, and~~. The term includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11, and 54-52-02.12, and nonteaching employees of the superintendent of public instruction, including the superintendent of public

instruction, who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.13, and employees of the state board for career and technical education who elect to transfer from the teachers' fund for retirement to the public employees retirement system under section 54-52-02.14. ~~Eligible employee~~The term does not include nonclassified state employees who ~~elect~~elected under section 54-52.6-02 to become members of the retirement plan established under chapter 54-52.6 ~~but~~. The term does include employees of the judicial branch and employees of the board of higher education and state institutions under the jurisdiction of the board of higher education.

~~5.~~6. "Employee" means any individual employed by a governmental unit, whose compensation is paid out of the governmental unit's funds, or funds controlled or administered by a governmental unit, or paid by the federal government through any of its executive or administrative officials; licensed employees of a school district means those employees eligible to participate in the teachers' fund for retirement who, except under subsection 2 of section 54-52-17.2, are not eligible employees under this chapter.

~~6.~~7. "Employer" means a governmental unit.

~~7.~~8. "Firefighter" means a participating member who is employed as a firefighter by a political subdivision and, notwithstanding subsection 13, for an individual employed after July 31, 2017, is employed at least thirty-two hours per week and at least twenty weeks each year of employment. A firefighter who is a participating member of the law enforcement retirement plan created by this chapter who begins employment after July 31, 2017, is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system. The term does not include a firefighter employee of the North Dakota national guard.

~~8.~~9. "Funding agent" or "agents" means an investment firm, trust bank, or other financial institution which the retirement board may select to hold and invest the employers' and members' contributions.

~~9.~~10. "Governmental unit" means the state of North Dakota, except the highway patrol for members of the retirement plan created under chapter 39-03.1, or a participating political subdivision ~~thereof~~of the state.

~~10.~~11. "National guard security officer or firefighter" means a participating member who is:

a. A security police employee of the North Dakota national guard; or

b. A firefighter employee of the North Dakota national guard.

~~11.~~12. "Participating member" means an eligible employee who through payment into the plan has established a claim against the plan.

~~12.~~13. "Peace officer" means a participating member who is a peace officer as defined in section 12-63-01 and is employed as a peace officer by the bureau of criminal investigation or by a political subdivision and, notwithstanding subsection 13, for persons employed after August 1, 2005, is employed thirty-two hours or more per week and at least twenty weeks each year of employment. A peace officer who is a participating member of the law enforcement retirement plan created by this chapter who begins employment after August 1, 2005, is ineligible to participate concurrently in any other retirement plan administered by the public employees retirement system.

~~13.~~14. "Permanent employee" means ~~a governmental unit~~an employee whose services are not limited in duration and who is filling an approved and regularly funded position in an eligible governmental unit, and is employed twenty hours or more per week and at least twenty weeks each year of employment.

~~14.~~15. "Prior service" means service or employment before July 1, 1966.

~~15.~~16. "Prior service credit" means such credit toward a retirement benefit as the retirement board may determine under the provisions of this chapter.

~~16.~~17. "Public employees retirement system" means the retirement plan and program established by this chapter.

~~17.~~18. "Retirement" means the acceptance of a retirement allowance under this chapter upon either termination of employment or termination of participation in the retirement plan.

~~18.~~19. "Retirement board" or "board" means the governing authority created under section 54-52-03.

~~19.~~20. "Seasonal employee" means a participating member who does not work twelve months a year.

~~20.~~21. "Service" means employment on or after July 1, 1966.

~~21.~~22. "Service benefit" means the credit toward retirement benefits as determined by the retirement board under the provisions of this chapter.

~~22.~~23. "Temporary employee" means ~~a governmental unit~~an employee who is not eligible to participate as a permanent employee, who is at least eighteen years old and not actively contributing to another employer-sponsored pension fund, and, if employed by a school district, occupies a noncertified teacher's position.

~~23.~~24. "Wages" and "salaries" means the member's earnings in eligible employment under this chapter reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the member and participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

SECTION 3. AMENDMENT. Section 54-52-02.5 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.5. Newly elected and appointed state officials.

1. After December 31, 1999, ~~a person~~but before January 1, 2025, an individual elected or appointed to a state office for the first time must, from and after the date that ~~person~~individual qualifies and takes office, be a participating member of the public employees retirement system unless that person makes an election at any time during the first six months after the date the person takes office to participate in the defined contribution retirement plan established under chapter 54-52.6.

2. After December 31, 2024, an individual elected or appointed to a state office for the first time, from and after the date that individual qualifies and takes office, must be a participating member of the defined contribution retirement plan established under chapter 54-52.6, unless at the time of election or appointment the individual is a participating or deferred member under this chapter, in which case the official remains a participating member under this chapter.

3. As used in this section, the phrase "for the first time" means ~~a person~~an individual appointed, who, after December 31, 1999, does not hold office as an appointed official at the time of that ~~person's~~individual's appointment.

SECTION 4. AMENDMENT. Section 54-52-02.9 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.9. Participation by temporary employees.

1. ~~Within~~Before January 1, 2025, within one hundred eighty days of beginning employment, a temporary employee may elect to participate in the public employees retirement system under this chapter and receive credit for service after enrollment. Monthly, the temporary employee shall pay to the fund an amount equal to ~~eight~~fourteen and twelve hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by ~~two~~one percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January ~~2012, and with an additional two percent increase, beginning with the reporting period of January 2013, and with an additional increase of two percent, beginning with the monthly reporting period of January 2014~~2025.

2. If the temporary employee first enrolled:

   a. Before January 1, 2020, in addition the temporary employee shall pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2.

   b. After December 31, 2019, the temporary employee shall pay to the fund an additional amount equal to one and fourteen hundredths percent times the temporary employee's present monthly salary.

3. A temporary employee who is a participating member under this chapter due to employment before January 1, 2025, who becomes a permanent employee after December 31, 2024, qualifies to participate in the defined benefit retirement plan under this chapter and receive credit for service after enrollment.

4. After December 31, 2024, and within one hundred eighty days of beginning employment, a temporary employee may elect to participate in the defined contribution retirement plan under chapter 54-52.6.

5. An employer may not pay the temporary employee's contributions. A temporary employee may continue to participate as a temporary employee in the public employees retirement system until termination of employment or reclassification of the temporary employee as a permanent employee. A temporary employee may not purchase any additional credit, including additional credit under section 54-52-17.4 or past service under section 54-52-02.6.

SECTION 5. AMENDMENT. Section 54-52-02.11 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.11. Participation requirements for nonstate elected officials.

~~Elected~~

1. Before January 1, 2025, eligible elected officials of participating counties, at their individual option, may enroll in the defined benefit plan within the first six months of their term.

2. After December 31, 2024, eligible elected officials of participating counties, at their individual option, may enroll in the defined contribution retirement plan under chapter 54-52.6 within the first six months of their term.

SECTION 6. AMENDMENT. Section 54-52-02.12 of the North Dakota Century Code is amended and reenacted as follows:

54-52-02.12. Participation requirements for nonstate appointed officials.

1. Nonstate appointed officials of participating employers appointed on or after August 1, 1999, but before January 1, 2025, who meet the participation requirements of this chapter must be enrolled in the defined benefit plan effective within the first month of taking office.

2. After December 31, 2024, nonstate appointed officials of participating employers who meet the participation requirements must be enrolled in the defined contribution retirement plan under chapter 54-52.6 effective within the first month of taking office.

SECTION 7. Section 54-52-02.15 of the North Dakota Century Code is created and enacted as follows:

54-52-02.15. Public employees retirement system main plan - Closure to new hires - Multiple plan membership.

1. Under this section "eligible employee" means a permanent employee who:

   a. Meets all the eligibility requirements set by this chapter;

   b. Is at least eighteen years of age;

   c. Becomes a participating member after December 31, 2024; and

   d. Is not eligible to participate in the law enforcement plan, judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative retirement program established under section 15-10-17 for university system employees.

2. Effective January 1, 2025, the public employees retirement system defined benefit main plan maintained for employees is closed to new eligible employees. However, an employee who becomes a participating or deferred member under this chapter before January 1, 2025, remains in the defined benefit retirement plan under this chapter, regardless of being rehired after December 31, 2024.

3. Except as otherwise provided under this section, effective January 1, 2025, an eligible employee who begins employment with an employer shall participate in the defined contribution retirement plan under chapter 54-52.6 as provided under section 54-52.6-02.1.

4. This section does not impact an employee to the extent the employee is a participating member in one or more of the following enumerated plans: law enforcement plan, judges' plan, highway patrol plan, teachers' fund for retirement plan, or alternative retirement program established under section 15-10-17 for university system employees.

   a. A participating or deferred member in the defined contribution retirement plan under chapter 54-52.6 who becomes eligible to participate in a plan enumerated under this subsection is eligible to participate in the retirement plan enumerated under this subsection.

   b. A participating member of a retirement plan enumerated under this subsection who becomes an eligible employee is not eligible to participate in the defined benefit retirement plan under this chapter but instead participates in the defined contribution retirement plan under chapter 54-52.6. However, this subdivision does not apply to an individual who before January 1, 2025, is a participating or a deferred member under this chapter, as that individual continues to participate in the defined benefit retirement plan under this chapter.

5. The board shall adopt rules to implement this section.

SECTION 8. AMENDMENT. Subsection 2 of section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

2. Each member must be assessed and required to pay monthly ~~four~~seven percent of the monthly salary or wage paid to the member, and such assessment must be deducted and retained out of such salary in equal monthly installments commencing with the first month of employment. ~~Member contributions increase by one percent of the monthly salary or wage paid to the member beginning with the monthly reporting period of January 2012, and with an additional increase of one percent, beginning with the monthly reporting period of January 2013, and with an additional increase of one percent, beginning with the monthly reporting period of January 2014.~~

SECTION 9. AMENDMENT. Section 54-52-06 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06. Employer's contribution to retirement plan - Report to the ~~legislative assembly~~employee benefits programs committee.

1. Each governmental unit shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; ~~and~~ with an additional increase of one percent, beginning with the monthly reporting period of January 2014; and with an additional increase of one percent, beginning with the monthly reporting period of January 2024. For a participating member who first enrolls after December 31, 2019, the governmental unit shall contribute an additional amount equal to one and fourteen-hundredths percent of the monthly salary or wage of the participating member.

2. For those members who elect to exercise their rights under section 54-52-17.14, the employing governmental unit, or in the case of a member not presently under covered employment the most recent employing governmental unit, shall pay the associated employer contribution. If the employee's contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition, an amount equal to the required employee's contribution. Each governmental unit shall pay the contribution monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, into the retirement fund from the governmental unit's funds appropriated for payroll and salary or any other funds available for these purposes. Any governmental unit failing to pay the contributions monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, or failing to otherwise comply with the board's established wage reporting or payroll reporting process requirements, is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction of a month after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date the contributions became due, penalty and interest to be paid on delinquent contributions may be waived.

3. An employer is required to submit contributions for any past eligible employee who was employed after July 1, 1977, for which contributions were not made if the employee would have been eligible to become vested had the employee participated and if the employee elects to join the public employees retirement system. Employer contributions may not be assessed for eligible service that an employee has waived pursuant to subsection 1 of section 54-52-05.

4. ~~The~~Annually, the board shall report to ~~each session of the legislative assembly~~the employee benefits programs committee the contributions necessary, as determined by the actuarial study, to maintain the fund's actuarial soundness.

SECTION 10. AMENDMENT. Section 54-52-06 of the North Dakota Century Code is amended and reenacted as follows:

54-52-06. Employer's contribution to retirement plan - Report to the employee benefits programs committee.

~~1. Each~~

1. a. As determined by actuarial valuations, each state governmental unit shall contribute to the defined benefit plan an amount ~~equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; with an additional increase of one percent, beginning with the monthly reporting period of January 2014; and with an additional increase of one percent, beginning with the monthly reporting period of January 2024~~on a level percent of compensation basis for all main system defined benefit retirement plan employees and all defined contribution retirement plan employees sufficient under the actuarial valuation to meet both the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability of the main plan over a closed period of thirty and one-half years, beginning January 1, 2026, and continuing through June 30, 2056. By November fifteenth of each even-numbered year the board shall publish the contribution rate required under this subsection. The board shall calculate this rate based on the July first actuarial report of that year.

   b. Each participating political subdivision shall contribute an amount equal to eight and twelve-hundredths percent of the monthly salary or wage of a participating member.

   c. For a participating member who first enrolls after December 31, 2019, ~~the governmental unit~~a participating political subdivision shall contribute an additional amount equal to one and fourteen-hundredths percent of the monthly salary or wage of the participating member.

2. For those members who elect to exercise their rights under section 54-52-17.14, the employing governmental unit, or in the case of a member not presently under covered employment the most recent employing governmental unit, shall pay the associated employer contribution. If the employee's contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition, an amount equal to the required employee's contribution. Each governmental unit shall pay the contribution monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, into the retirement fund from the governmental unit's funds appropriated for payroll and salary or any other funds available for these purposes. Any governmental unit failing to pay the contributions monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, or failing to otherwise comply with the board's established wage reporting or payroll reporting process requirements, is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction of a month after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date the contributions became due, penalty and interest to be paid on delinquent contributions may be waived.

3. An employer is required to submit contributions for any past eligible employee who was employed after July 1, 1977, for which contributions were not made if the employee would have been eligible to become vested had the employee participated and if the employee elects to join the public employees retirement system. Employer contributions may not be assessed for eligible service that an employee has waived pursuant to subsection 1 of section 54-52-05.

4. Annually, the board shall report to the employee benefits programs committee the contributions necessary, as determined by the actuarial study, to maintain the fund's actuarial soundness.

SECTION 11. AMENDMENT. Section 54-52-14.3 of the North Dakota Century Code is amended and reenacted as follows:

54-52-14.3. Public employee retirement funds - Use and investment.

Any provision of law relating to the use and investment of public employee retirement funds must be deemed a part of the employment contracts of the employees participating in any public employee retirement system. All moneys from any source paid into any public employee retirement system fund created by the laws of this state must be used and invested only for the exclusive benefit of the members, retirees, and beneficiaries of ~~that~~the retirement system, including the payment of system administrative costs.

SECTION 12. AMENDMENT. Subdivision b of subsection 1 of section 54-52-17.2 of the North Dakota Century Code is amended and reenacted as follows:

b. ~~Pursuant~~Subject to section 54-52-02.15 and pursuant to rules adopted by the board, an employee who has service credit in the system and in any of the plans described in paragraphs 1 and 2 of subdivision a is entitled to benefits under this chapter. The benefits of a temporary employee employed after July 31, 2015, must be calculated using the benefit formula in section 54-52-17. A permanent employee or a temporary employee employed before August 1, 2015, may elect to have benefits calculated using the benefit formula in section 54-52-17 under either of the following methods:

(1) The final average salary as calculated in section 54-52-17. If the participating member has worked for less than thirty-six months at retirement, the final average salary is the average salary for the total months of employment.

(2) The final average salary as calculated in section 54-52-17 for employment with any of the three eligible employers under this subdivision, with service credit not to exceed one month in any month when combined with the service credit earned in the alternate retirement system.

SECTION 13. Section 54-52.2-09 of the North Dakota Century Code is created and enacted as follows:

54-52.2-09. Employer match for members of defined contribution retirement plan.

An employee who first participated in the defined contribution retirement plan under chapter 54-52.6 after December 31, 2024, who elects to contribute less than the optional three percent of wages or salary under subdivision b of subsection 1 of section 54-52.6-09, who participates in the deferred compensation program under this chapter, qualifies for employer matching of contributions made under this section. The employee may elect to contribute an amount of wages or salary which does not exceed any remaining balance of the optional three percent contribution and the employer shall match this contribution. This section does not limit the ability of an employee to contribute unmatched wages or salary under this chapter, subject to federal contribution limitations.

SECTION 14. AMENDMENT. Section 54-52.6-01 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-01. Definition of terms.

As used in this chapter, unless the context otherwise requires:

1. "Board" means the public employees retirement system board.

2. "Deferred member" means ~~a person who elected to receive deferred vested retirement benefits~~an individual who is not actively participating in the main plan under chapter 54-52 who has an account intact in the main plan under chapter 54-52.

3. "Eligible employee" ~~means a permanent state employee, except an employee of the judicial branch or an employee of the board of higher education and state institutions under the jurisdiction of the board, who is eighteen years or more of age and who is in a position not classified by North Dakota human resource management services. If a participating member loses permanent employee status and becomes a temporary employee, the member may still participate in the defined contribution retirement plan~~, for employees who become participating members after December 31, 2024, has the same meaning as provided under section 54-52-02.15. For employees who elected to join the defined contribution retirement plan under this chapter before January 1, 2025, the term includes a permanent state employee, except an employee of the judicial branch or an employee of the board of higher education and state institutions under the jurisdiction of the board of higher education, who is at least eighteen years of age and who is in a position not classified by the North Dakota human resource management services.

4. "Employee" means ~~any person~~an individual employed by ~~the state~~a governmental unit, whose compensation is paid out of ~~state~~the governmental unit's funds, or funds controlled or administered by ~~the state~~a governmental unit or paid by the federal government through any of its executive or administrative officials.

5. "Employer" means ~~the state of North Dakota~~a governmental unit.

6. "Governmental unit" means the state of North Dakota or a participating political subdivision of the state.

7. "Normal retirement date" is determined based on subsection 3 of section 54-52-17.

8. "Participating member" means an eligible employee who ~~elects to participate~~participates in the defined contribution retirement plan established under this chapter.

~~7.~~9. "Permanent employee" means ~~a state~~an employee whose services are not limited in duration and who is filling an approved and regularly funded position and is employed twenty hours or more per week and at least five months each year.

~~8.~~10. "Temporary employee" means a governmental unit employee who is not an eligible employee due to not meeting the qualification of being a permanent employee, and who is not actively contributing to another employer-sponsored pension fund, and, if employed by a school district, occupies a noncertified teacher's position.

11. "Wages" and "salaries" means earnings in eligible employment under this chapter reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously

employer-provided fringe benefits under an agreement between an employee and a participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

SECTION 15. AMENDMENT. Section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-02. Election through December 31, 2024.

1. The board shall provide an opportunity for each eligible employee who is a member of the public employees retirement system on September 30, 2001, and who has not made a written election under this section to transfer to the defined contribution retirement plan before October 1, 2001, to elect in writing to terminate membership in the public employees retirement system and elect to become a participating member under this chapter. Except as provided in section 54-52.6-03, an election made by an eligible employee under this section is irrevocable. The board shall accept written elections under this section from eligible employees during the period beginning on July 1, 1999, and ending 12:01 a.m. December 14, 2001. An eligible employee who does not make a written election or who does not file the election during the period specified in this section continues to be a member of the public employees retirement system. An eligible employee who makes and files a written election under this section ceases to be a member of the public employees retirement system effective twelve midnight December 31, 2001; becomes a participating member in the defined contribution retirement plan under this chapter effective 12:01 a.m. January 1, 2002; and waives all of that person's rights to a pension, annuity, retirement allowance, insurance benefit, or any other benefit under the public employees retirement system effective December 31, 2001. This section does not affect ~~a person's~~an individual's right to health benefits or retiree health benefits under chapter 54-52.1. An eligible employee who is first employed and entered upon the payroll of that person's employer after September 30, 2001, and before January 1, 2025, may make an election to participate in the defined contribution retirement plan established under this chapter at any time during the first six months after the date of employment. If the board, in its sole discretion, determines that the employee was not adequately notified of the employee's option to participate in the defined contribution retirement plan, the board may provide the employee a reasonable time within which to make that election, which may extend beyond the original six-month decision window.

2. If an individual who is a deferred member of the public employees retirement system on September 30, 2001, is re-employed before January 1, 2025, and by virtue of that employment is again eligible for membership in the public employees retirement system under chapter 54-52, the individual may elect in writing to remain a member of the public employees retirement system or if eligible to participate in the defined contribution retirement plan established under this chapter to terminate membership in the public employees retirement system and become a participating member in the defined contribution retirement plan established under this chapter. An election made by a deferred member under this section is irrevocable. The board shall accept written elections under this section from a deferred member during the period beginning on the date of the individual's re-employment and ending upon the expiration of six months after the date of that re-employment. If the board, in its sole discretion, determines that the employee was not adequately notified of the employee's option to participate in the defined contribution retirement plan, the board may provide the employee a reasonable time within which to make that election, which may extend beyond the original six-month decision window. A deferred member who makes and files a written election to remain a member of the public employees retirement system retains all rights and is subject to all conditions as a member of that retirement system. A deferred member who does not make a written election or who does not file the election during the period specified in this section continues to be a member of the public employees retirement system. A deferred member who makes and files a written election to terminate membership in the public employees retirement system ceases to be a member of the public employees retirement system effective on the last day of the payroll period that includes the date of the election; becomes a participating

member in the defined contribution retirement plan under this chapter effective the first day of the payroll immediately following the date of the election; and waives all of that person's rights to a pension, an annuity, a retirement allowance, insurance benefit, or any other benefit under the public employees retirement system effective the last day of the payroll that includes the date of the election. This section does not affect any right to health benefits or retiree health benefits to which the deferred member may otherwise be entitled.

3. An eligible employee who elects under this section to participate in the retirement plan established under this chapter must remain a participant even if that employee returns to the classified service or becomes employed by a political subdivision that participates in the public employees retirement system. The contribution amount must be as provided in this chapter, regardless of the position in which the employee is employed. Notwithstanding the irrevocability provisions of this chapter, if a member who elects to participate in the retirement plan established under this chapter becomes a supreme or district court judge, becomes a member of the highway patrol, becomes employed in a position subject to teachers' fund for retirement membership, or becomes an employee of the board of higher education or state institution under the jurisdiction of the board of higher education who is eligible to participate in an alternative retirement program established under subsection 6 of section 15-10-17, the member's status as a member of the defined contribution retirement plan is suspended, and the member becomes a new member of the retirement plan for which that member's new position is eligible. The member's account balance remains in the defined contribution retirement plan, but no new contributions may be made to that account. The member's service credit and salary history that were forfeited as a result of the member's transfer to the defined contribution retirement plan remain forfeited, and service credit accumulation in the new retirement plan begins from the first day of employment in the new position. If the member later returns to employment that is eligible for the defined contribution retirement plan, the member's suspension must be terminated, the member again becomes a member of the defined contribution retirement plan, and the member's account resumes accepting contributions. At the member's option, and pursuant to rules adopted by the board, the member may transfer any available balance as determined by the provisions of the alternate retirement plan into the member's account under this chapter.

4. After consultation with its actuary, the board shall determine the method by which a participating member or deferred member may make a written election under this section. If the participating member or deferred member is married at the time of the election, the election is not effective unless the election is signed by the individual's spouse. However, the board may waive this requirement if the spouse's signature cannot be obtained because of extenuating circumstances.

5. If the board receives notification from the internal revenue service that this section or any portion of this section will cause the public employees retirement system or the retirement plan established under this chapter to be disqualified for tax purposes under the Internal Revenue Code, then the portion that will cause the disqualification does not apply.

6. A participating member under this section who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee.

   a. The temporary employee electing to participate in the defined contribution retirement plan shall pay ~~monthly to the fund an amount equal to eight and twelve hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012, and with an additional increase of two percent, beginning with the monthly reporting period of January 2013, and with an additional increase of two percent, beginning with the monthly reporting period of January 2014. The temporary employee~~

~~shall also pay the required monthly contribution to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must be recorded as a member contribution pursuant to section 54-52.1-03.2~~into the plan as provided under section 54-52.6-09.6.

b. An employer may not pay the temporary employee's contributions.

c. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.

7. A former participating member under this section who has accepted a retirement distribution pursuant to section 54-52.6-13 and who subsequently becomes employed by an entity different from the employer with which the member was employed at the time the member retired but which does participate in any state-sponsored retirement plan may, before re-enrolling in the defined contribution retirement plan, elect to permanently waive future participation in the defined contribution retirement plan, whatever plan in which the new employing entity participates, and the retiree health program and maintain that member's retirement status. Neither the member nor the employer are required to make any future retirement contributions on behalf of that employee.

8. After December 31, 2024, an eligible employee is no longer allowed to elect participation under this section.

SECTION 16. Section 54-52.6-02.1 of the North Dakota Century Code is created and enacted as follows:

54-52.6-02.1. Participation in defined contribution retirement plan.

1. Except as otherwise provided under section 54-52-02.5 or 54-52-02.15 or this chapter, effective January 1, 2025, an eligible employee who is first enrolled shall participate in the defined contribution retirement plan under this chapter.

2. A temporary employee may elect to participate in the defined contribution retirement plan as provided under section 54-52.6-09.6.

3. A county elected official may elect to participate in the defined contribution retirement plan as provided under section 54-52-02.11.

4. A nonstate appointed official shall participate in the defined contribution retirement plan as provided under section 54-52-02.12.

SECTION 17. Section 54-52.6-02.2 of the North Dakota Century Code is created and enacted as follows:

54-52.6-02.2. Election after December 31, 2024 - Additional employer contribution.

1. As used in this section, "eligible employee" means a permanent state employee who on December 31, 2024, is a participating member of the public employees retirement system main system plan under chapter 54-42, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.

2. The board shall provide a three-month election period, from January 1, 2025, through March 31, 2025, for an eligible employee to transfer to the defined contribution plan under this chapter pursuant to the rules and policies adopted by the board.

   a. An election under this section made by a member of the public employees retirement system under chapter 54-52 to transfer to the defined contribution retirement plan under this chapter is irrevocable.

b. For an eligible employee who elects to transfer from the public employees retirement system under chapter 54-52 to the defined contribution retirement plan under this chapter, the board shall transfer a lump sum amount from the public employees retirement system fund to the member's account in the defined contribution retirement plan under this chapter. However, if the eligible employee terminates employment before receiving the lump sum transfer under this section, the election made is ineffective and the eligible employee remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and privileges under that chapter.

c. The board shall calculate the lump sum amount to be transferred based on the actuarial present value of the eligible employee's accumulated benefit obligation under the public employees retirement system based on the assumption the eligible employee will retire under the earlier applicable normal retirement age, plus interest from January 1, 2025, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election.

d. This section does not affect an eligible individual's right to health benefits under chapter 54-52.1.

3. The state employer of an eligible employee who elects under this section to participate in the defined contribution retirement plan under this chapter shall pay an additional annual contribution of three thousand three hundred and thirty-three dollars for up to three years. Under this subsection, the employer shall pay the additional contribution each year the eligible employee continues permanent employment with the state, beginning January 2026, and extending no further than January 2028.

4. If the board receives notification from the internal revenue service that this section or any portion of this section will cause the public employees retirement system or the retirement plan established under this chapter to be disqualified for tax purposes under the Internal Revenue Code, that portion that will cause the disqualification does not apply.

SECTION 18. AMENDMENT. Section 54-52.6-03 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-03. Transfer of accumulated fund balances.

1. For an individual who elects under section 54-52.6-02 to terminate membership in the public employees retirement system under chapter 54-52, the board shall transfer a lump sum amount from the retirement fund to the participating member's account in the defined contribution retirement plan under this chapter. However, if the individual terminates employment ~~prior to~~before receiving the lump sum transfer under this section, the election made under section 54-52.6-02 is ineffective and the individual remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and benefits provided under that chapter. The board shall calculate the amount to be transferred for persons employed before October 1, 2001, using the two following formulas, and shall transfer the greater of the two amounts obtained:

~~1.~~a. The actuarial present value of the individual's accumulated benefit obligation under the public employees retirement system based on the assumption that the individual will retire under the earliest applicable normal retirement age, plus interest from January 1, 2001, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election; or

~~2.~~b. The actual employer contribution made, less vested employer contributions made pursuant to section 54-52-11.1, plus compound interest at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election plus the employee account balance.

2. The board shall calculate the amount to be transferred for persons employed after September 30, 2001, and before January 1, 2025, using only the formula contained in subdivision b of subsection ~~2~~1.

SECTION 19. AMENDMENT. Section 54-52.6-05 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-05. Direction of investments.

1. Each participating member shall direct the investment of the individual's accumulated employer and employee contributions and earnings to one or more investment choices within available categories of investment provided by the board.

2. The board shall provide an investment menu of investment options. In establishing the investment options, the board shall:

   a. Include predetermined investment portfolio options constructed to reflect different risk profiles that automatically reallocate and rebalance contributions as a participating member ages.

   b. Allow a participating member to construct an investment portfolio using some or all of the investment options.

3. The board shall provide a diversified menu of mutual funds and in-plan lifetime annuity options, either fixed, variable, or a combination of both. In selecting an annuity provider the board shall comply with section 54-52.6-05.1.

SECTION 20. Section 54-52.6-05.1 of the North Dakota Century Code is created and enacted as follows:

54-52.6-05.1. Annuity provider - Qualifications.

1. The board shall select one or more annuity providers to provide the annuity options under this chapter.

2. In selecting an annuity provider under this section, the board shall:

   a. Determine whether the annuity provider and the provider's subsidiaries and affiliates have appropriate financial strength and stability at the time of selection and during the term of contract with the board.

      (1) The board may require the provider to provide the board with written representation:

         (a) The provider is in compliance with title 26.1.

         (b) The provider at the time of selection is and for each of the preceding seven years was in compliance and good standing with the insurance commissioner of the provider's domiciliary state and the provider is not operating under an order of rehabilitation or liquidation.

         (c) The provider maintains and has maintained reserves that satisfy the statutory requirements of each state in which the provider does business.

      (2) The board may require a provider selected by the board to provide annuities under this chapter to notify the board of a change of circumstances resulting in the provider failing to meet any of the requirements under paragraph 1.

      (3) The board must have determined the provider has a claims paying ability rating that meets standards adopted by the board.

b. Determine whether the annuity provider is able to provide contracted rights and benefits to a participating member.

c. Determine whether the costs, including fees and commissions, of the annuity options in relation to the benefits and product features of the annuity options are reasonable.

d. Determine whether the administrative services to be provided under the annuity option are appropriate. At a minimum the administrative services must include periodic reports to the board.

e. Determine whether the annuity provider is experienced in paying lifetime retirement income through annuities offered to public employee defined contribution retirement plans.

f. Determine whether the annuity provider offers a menu of annuity options that meet the following conditions:

(1) The annuity options are suitable for participating members and beneficiaries.

(2) The contract terms and income benefits are clearly stated, based on reasonable assumptions.

(3) The menu of annuity options offers a range of lifetime income options.

(4) If an annuity is a variable annuity, the annuity offers a fixed account option along with a variable option.

g. Determine whether the annuity provider offers objective and participant-specific education and tools to help a participating member understand the appropriate use of annuities as a long-term retirement savings vehicle.

SECTION 21. AMENDMENT. Section 54-52.6-08 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-08. Credit of transfers.

The board ~~shall~~ promptly shall credit the plan account of a participating member who makes an election under ~~this chapter~~section 54-52.6-02 to terminate membership in the public employees retirement system under chapter 54-52 with any amount transferred from the public employees retirement system.

SECTION 22. AMENDMENT. Section 54-52.6-09 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-09. Contributions - Penalty.

1. ~~Each~~

a. A participating member who first joined the defined contribution retirement plan before January 1, 2025, and an employee who elects to participate in the defined contribution plan under section 54-52.6-02.2, shall contribute monthly seven percent of the monthly salary or wage paid to the participant.

b. A participating member who first joined the defined contribution retirement plan after December 31, 2024, except for an employee who elects to participate in the defined contribution plan under section 54-52.6-02.2, shall contribute monthly four percent of the monthly salary or wage paid to the participant~~, and this~~. In addition, the participating member may elect to contribute monthly up to an additional three percent of the monthly salary or wage paid to the participant.

c. This assessment must be deducted from the participant's salary in equal monthly installments commencing with the first month of participation in the defined contribution retirement plan established under this chapter. ~~Participating member contributions increase by one percent of the monthly salary or wage paid to the participant beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; and with an additional increase of one percent, beginning with the monthly reporting period of January 2014.~~

2. ~~The~~

a. For a participating member who first joined the defined contribution retirement plan before January 1, 2025, and for an employee who elects to participate in the defined contribution plan under section 54-52.6-02.2, the employer shall contribute an amount equal to seven and twelve-hundredths percent of the monthly salary or wage of the participating member.

b. For a participating member who first joined the defined contribution retirement plan after December 31, 2024, except for an employee who elects to participate in the defined contribution plan under section 54-52.6-02.2, the employer shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member, plus up to an additional three percent as an employer matching contribution calculated based on the participating member's election under subdivision b of subsection 1. ~~Employer contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the monthly reporting period of January 2013; and with an additional increase of one percent, beginning with the monthly reporting period of January 2014.~~

c. For ~~members~~a participating member first enrolled after December 31, 2019, the employer contribution includes an additional increase of one and fourteen-hundredths percent.

d. If the employee's contribution is paid by the employer under subsection 3, the employer shall contribute, in addition, an amount equal to the required employee's contribution. Monthly, the employer shall pay such contribution into the participating member's account from the employer's funds appropriated for payroll and salary or any other funds available for such purposes.

e. If the employer fails to pay the contributions monthly, or fails to otherwise comply with the board's established wage reporting or payroll reporting process requirements, the employer is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction of a month after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date the contributions became due, penalty and interest to be paid on delinquent contributions may be waived.

3. Each employer, at its option, may pay the employee contributions required by this section for all compensation earned after December 31, 1999. The amount paid must be paid by the employer in lieu of contributions by the employee. If the employer decides not to pay the contributions, the amount that would have been paid will continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. Contributions paid by the employer may not be included as gross income of the employee in determining tax treatment under this code and the federal Internal Revenue Code until they are distributed or made available. The employer shall pay these employee contributions from the same source of funds used in paying compensation to the employee.

The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a combination of a reduction in gross salary and offset against future salary increases. Employee contributions paid by the employer must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made before the date on which employee contributions were assumed by the employer. An employer shall exercise its option under this subsection by reporting its choice to the board in writing.

SECTION 23. Section 54-52.6-09.5 of the North Dakota Century Code is created and enacted as follows:

54-52.6-09.5. Employer contribution for defined benefit plan.

In addition to the employer contribution under section 54-52.6-09, a state employer shall contribute to the defined benefit retirement plan under chapter 54-52, an amount equal to the contribution rate calculated under section 54-52-06 less the amount of the required employer contribution under sections 54-52.2-09 and 54-52.6-09. If a state employer uses federal funds to pay any or all of an employee's wages, the employer shall use state funds to pay this additional contribution.

SECTION 24. Section 54-52.6-09.6 of the North Dakota Century Code is created and enacted as follows:

54-52.6-09.6. Participation by temporary employees.

A temporary employee may elect, within one hundred eighty days of beginning employment, to participate in the defined contribution retirement plan under this chapter. Monthly, the temporary employee shall contribute an amount equal to nine and twenty-six hundredths percent times the temporary employee's present monthly salary, and may elect to contribute up to an additional six percent. An employer may not pay the temporary employee's contribution. A temporary employee may continue to participate as a temporary employee until termination of employment or reclassification of the temporary employee as a permanent employee.

SECTION 25. AMENDMENT. Section 54-52.6-10 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-10. Vesting.

1. A participating member is immediately one hundred percent vested in that member's contributions made to that member's account under this chapter. A participating member vests in the employer contributions made on that member's behalf to an account under this chapter according to the following schedule:

   ~~1.~~a. Upon completion of two years of service, fifty percent.

   ~~2.~~b. Upon completion of three years of service, seventy-five percent.

   ~~3.~~c. Upon completion of four years of service, one hundred percent.

2. A participating member also becomes one hundred percent vested in the employer contributions upon reaching age sixty-five. A participating member who was a member or deferred member of the public employees retirement system under chapter 54-52 who makes an election to participate in the defined contribution retirement plan ~~pursuant to this chapter~~under section 54-52.6-02 or 54-52.6-02.2 must be credited with the years of service accrued under the public employees retirement system on the effective date of participation in the defined contribution retirement plan for the purpose of meeting vesting requirements for benefits under this section. Any forfeiture as a result of the failure of a participating member to vest in the employer contribution must be deposited in the administrative expenses account.

SECTION 26. AMENDMENT. Section 54-52.6-13 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-13. Distributions.

1. A participating member is eligible to receive distribution of that ~~person's~~individual's accumulated balance in the plan upon becoming a former participating member.

2. Upon the death of a participating member or former participating member, the board shall pay the accumulated account balance of that deceased participant to the deceased participant's refund beneficiary, if any, as provided in this subsection. If the deceased participant designated an alternate refund beneficiary with the surviving spouse's written consent, the board shall distribute the accumulated balance to the named beneficiary. If the deceased participant named more than one primary beneficiary with the surviving spouse's written consent, the board shall pay the accumulated account balance to the named primary beneficiaries in the percentages designated by the deceased participant or, if the deceased participant had not designated a percentage for the beneficiaries, in equal percentages. If one or more of the primary beneficiaries has predeceased the deceased participant, the board shall pay the predeceased beneficiary's share to the remaining primary beneficiaries. If any beneficiary survives the deceased participant, yet dies before distribution of the beneficiary's share, the beneficiary must be treated as if the beneficiary predeceased the deceased participant. If there is no remaining primary beneficiary, the board shall pay the accumulated account balance of that deceased participant to the contingent beneficiaries in the same manner. If there is no remaining designated beneficiary, the board shall pay the accumulated account balance of that deceased participant to the deceased participant's estate. If the deceased participant had not designated an alternate refund beneficiary or the surviving spouse is the refund beneficiary, the surviving spouse of the deceased participant may select a form of payment as provided in subdivision d of subsection 3.

3. a. A former participating member may elect one or a combination of several of the following methods of distribution of the accumulated balance:

   ~~a.~~ (1) A lump sum distribution to the recipient.

   ~~b.~~ (2) A lump sum direct rollover to another qualified plan, to the extent allowed by federal law.

   ~~c.~~ (3) Periodic distributions, including annuities, as authorized by the board.

   ~~d.~~ (4) No current distribution, in which case the accumulated balance must remain in the plan until the former participating member or refund beneficiary elects a method or methods of distribution under this section, to the extent allowed by federal law.

   b. A surviving spouse beneficiary may elect one or a combination of several of the methods of distribution provided in ~~subdivisions a, b, or c~~paragraph 1, 2, or 3 of subdivision a if the surviving spouse is the sole refund beneficiary. If the surviving spouse is not the sole refund beneficiary, the refund beneficiary may only choose a lump sum distribution of the accumulated balance.

4. If the former participating member's vested account balance is less than one thousand dollars, the board ~~shall~~ automatically shall refund the member's vested account balance upon termination of employment. The member may waive the refund if the member submits a written statement to the board, within one hundred twenty days after termination, requesting that the member's vested account balance remain in the plan.

SECTION 27. AMENDMENT. Section 54-52.6-15 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-15. Board to provide information.

1. The board shall provide information to employees who are eligible under section 54-52.6-02 or 54-52.6-02.2 to elect to become participating members under this chapter. The information must include at a minimum the employee's current account balance, the assumption of investment risk under a defined contribution retirement plan, administrative and investment costs, coordination of benefits information, and a comparison of projected retirement benefits under the public employees retirement system under chapter 54-52 and the retirement plan established under this chapter.

2. The board, or the board's vendor, shall provide to participating members:

   a. Enrollment information that includes benefits of the defined contribution retirement plan, investment options available, the assumption of risk, and administrative and investment costs.

   b. Ongoing investment and retirement income planning, including education on how to set, measure, and adjust income and saving goals based on desired retirement income and financial objectives, actual behavior, and changing circumstances.

   c. Retirement income education, including distribution options available and in-plan annuitization options.

   d. Advice and guidance information, tools, and services primarily focused on long-term planning and investing and life events that potentially influence and impact retirement savings.

3. Notwithstanding any other provision of law, the board is not liable for any election or investment decision made by an employee based upon information provided to an employee under this chapter.

SECTION 28. AMENDMENT. Section 54-52.6-19 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-19. Overpayments.

The board has the right of setoff to recover overpayments made under this chapter and to satisfy any claims arising from embezzlement or fraud committed by a participating member, deferred member under this chapter, refund beneficiary, or other person ~~who~~that has a claim to a distribution or any other benefit from a plan governed by this chapter.

SECTION 29. Section 54-52.6-22 of the North Dakota Century Code is created and enacted as follows:

54-52.6-22. Report to employee benefits programs committee.

Annually, the board shall provide a report to the employee benefits programs committee on the status of the defined contribution retirement plan under this chapter.

SECTION 30. Section 54-52.6-23 of the North Dakota Century Code is created and enacted as follows:

54-52.6-23. Savings clause - Plan modification.

If the board determines any section of this chapter does not comply with applicable federal statutes or rules, the board shall adopt appropriate terminology with respect to that section as will comply with those federal statutes or rules, subject to the approval of the employee benefits programs committee. Any plan modifications made by the board pursuant to this section are effective until the effective date

of any measure enacted by the legislative assembly providing the necessary amendments to this chapter to ensure compliance with the federal statutes or rules.

SECTION 31. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.5. State share of oil and gas taxes - Deposits.

From the revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the following order:

1. The first two hundred million dollars into the state general fund;

2. The next two hundred million dollars into the tax relief fund;

3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;

4. The next two hundred million dollars into the state general fund;

5. The next ten million dollars into the lignite research fund;

6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;

7. The next four hundred million dollars into the strategic investment and improvements fund;

8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;

9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;

~~9.~~10. The next one hundred seventy million two hundred fifty thousand dollars or the amount necessary to provide a total of two hundred thirty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;

~~10.~~11. The next twenty million dollars into the airport infrastructure fund; and

~~11.~~12. Any additional revenues into the strategic investment and improvements fund.

SECTION 32. REPEAL. Sections 54-52-06.5 and 54-52.6-03 of the North Dakota Century Code are repealed.

SECTION 33. LEGISLATIVE MANAGEMENT STUDY - PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREMENT PLAN. During the 2023-24 interim, the legislative management shall study the public employees retirement system main system plan, including funding options and contributions by political subdivisions. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 34. LEGISLATIVE MANAGEMENT STUDY - PUBLIC EMPLOYEES RETIREMENT SYSTEM MAIN RETIREMENT PLAN. During the 2023-24 interim, the legislative management shall study best practices for public employee retirement plans, including defined benefit plans, defined

contribution plans, and hybrid plans such as side-by-side hybrid plans, cash benefit plans, and stacked hybrid plans. The study must include development of legislation to implement the retirement plan best suited to meet the needs of the state, political subdivisions, and public employees. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 35. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO PUBLIC EMPLOYEES RETIREMENT SYSTEM FUND. The office of management and budget shall transfer $135,000,000 from the strategic investment and improvements fund to the public employees retirement system fund, for the purpose of reducing the unfunded liability of the public employees retirement system main system plan, during the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 36. APPLICATION. Subdivision a of subsection 1 of section 54-52-06, as amended under section 10 of this Act, applies to employer contributions beginning January 2026, using a contribution rate based on the July 1, 2024, actuarial analysis.

SECTION 37. EFFECTIVE DATE. Sections 9, 31, 33, 34, and 35 of this Act become effective August 1, 2023; sections 1 through 8, sections 11 through 22, sections 24 through 30, and section 32 of this Act become effective January 1, 2025; and sections 10, 23, and 36 of this Act become effective January 1, 2026.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1040.

House Vote:	Yeas 76	Nays 17	Absent 1
Senate Vote:	Yeas 28	Nays 19	Absent 0

Chief Clerk of the House

Received by the Governor at 11:30 AM. on April 26, 2023.

Approved at 4:43 PM. on April 29, 2023.

Governor

Filed in this office this 1 day of May, 2023,

at 11:28 o'clock A M.

Secretary of State

Sixty-eighth Legislative Assembly of North Dakota
In Special Session Commencing Monday, October 23, 2023

HOUSE BILL NO. 1547
(Legislative Management)

AN ACT to amend and reenact section 54-52-03 of the North Dakota Century Code, relating to the membership of the public employees retirement system board; to provide for duties of the public employees retirement system and public employees retirement system board; to provide for a transition; to provide an exemption; to provide for retroactive application; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-52-03 of the North Dakota Century Code is amended and reenacted as follows:

54-52-03. Governing authority.

1. A state agency is hereby created to constitute the governing authority of the system to consist of a board of ~~nine~~eleven individuals known as the retirement board. No more than one elected member of the board may be in the employ of a single department, institution, or agency of the state or in the employ of a political subdivision. An employee of the public employees retirement system or the state retirement and investment office may not serve on the board.

~~1. Two~~

2. Four members of the legislative assembly must be appointed ~~by the chairman of the legislative management~~ to serve on the board.

   ~~a. If the same political party has the greatest number of members in both the house and senate, one member must be from that majority party and one member from the political party with the next greatest number of members in the house and senate.~~

   ~~b. If the same political party does not have the greatest number of members in both the house and senate, one member must be from the majority party in the house and one member must be from the majority party in the senate.~~

~~2. One member~~ The majority leader of the house of representatives shall appoint two members of the house of representatives and the majority leader of the senate shall appoint two members of the senate. The members appointed under this subsection shall serve a term of two years. The members appointed under this subsection serve at the pleasure of the appointing majority leader.

3. Four members of the board must be appointed by the governor to serve a term of five years. ~~The~~Each appointee under this subsection must be a North Dakota citizen who is not a state or political subdivision employee and who ~~by experience~~ is familiar with ~~money management~~retirement and employee benefit plans. The governor shall appoint one of the citizen ~~member is~~members to serve as chairman of the board. The members appointed under this subsection serve at the pleasure of the governor.

~~3. One member of the board must be appointed by the attorney general from the attorney general's legal staff and shall serve a term of five years.~~

~~4. The state health officer appointed under section 23-01-05 or the state health officer's designee is a member of the board.~~

~~5.~~4. Three board members must be elected by and from among the active participating members, members of the retirement plan established under chapter 54-52.6, members of the retirement plan established under chapter 39-03.1, and members of the job service North Dakota retirement plan. Employees who have terminated their employment for whatever reason are not eligible to serve as elected members of the board under this subsection. Board members must be elected to a five-year term pursuant to an election called by the board. Notice of board elections must be given to all active participating members. The time spent in performing duties as a board member may not be charged against any employee's accumulated annual or any other type of leave.

~~6. One board member must be elected by and from among those individuals who are receiving retirement benefits under this chapter. The board shall call the election and must give prior notice of the election to the individuals eligible to participate in the election pursuant to this subsection. The board member shall serve a term of five years.~~

~~7.~~5. The members of the board are entitled to receive one hundred forty-eight dollars per day compensation and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due the chairman or a member, plus an allowance for expenses they may incur through service on the board.

~~8.~~6. A board member shall serve ~~a five-year term and~~ until the board member's successor qualifies. Each board member is entitled to one vote, and ~~five~~eight of the ~~nine~~eleven board members constitute a quorum. ~~Five~~Six votes are necessary for resolution or action by the board at any meeting.

SECTION 2. PUBLIC EMPLOYEES RETIREMENT SYSTEM - MAIN SYSTEM DEFINED BENEFIT PLAN INVESTMENTS. During the 2023-25 biennium, the retirement board may not reduce the actuarial rate of return assumption for the public employees retirement system main system defined benefit plan below six and one-half percent.

SECTION 3. PUBLIC EMPLOYEES RETIREMENT SYSTEM - RETIREMENT PLAN TRANSITION EDUCATION. During the 2023-25 biennium, the public employees retirement system shall conduct an informational campaign to educate current and prospective state employees of the transition from the defined benefit retirement plan to the defined contribution retirement plan.

SECTION 4. PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD - TRANSITION. Upon the effective date of this Act, the terms of all appointed members of the public employees retirement system board end, and within fourteen days following the effective date of this Act, all appointing officers shall appoint individuals to serve on the board.

SECTION 5. EXEMPTION - EMPLOYEE BENEFITS PROGRAMS COMMITTEE. This Act is exempt from the requirements of section 54-35-02.4.

SECTION 6. RETROACTIVE APPLICATION. Sections 2 and 3 of this Act apply retroactively to July 1, 2023.

SECTION 7. EFFECTIVE DATE. This Act becomes effective immediately upon its filing with the secretary of state.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1547.

House Vote:	Yeas 80	Nays 12	Absent 2
Senate Vote:	Yeas 34	Nays 13	Absent 0

Chief Clerk of the House

Received by the Governor at 1:25 P.M. on October 25, 2023.

Approved at 1:44 P.M. on October 25, 2023.

Governor

Filed in this office this 25th day of October, 2023, at 1:54 o'clock P. M.

Secretary of State

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Shawna Piatz

DATE: March 12, 2024

SUBJECT: Audit Committee Minutes

Attached are the approved minutes from the November 13, 2023 Audit Committee meeting. The minutes may also be viewed on the NDPERS website at www.nd.gov/ndpers.

The next regular audit committee meeting is scheduled virtually and in person for May 13, 2024 at 3:00 pm. This is for your information.

Attachment

MEMORANDUM **Attachment**

TO: Audit Committee
Adam Miller
Tyler Erickson
Nina Sand
Derrick Hohbein
Rebecca Fricke
Dean DePountis
Shannon Ennen

FROM: Shawna Piatz, Chief Audit Officer

DATE: Monday November 13, 2023

SUBJECT: **November 13, 2023 Audit Committee Meeting**

In Attendance:
Adam Miller
Tyler Erickson
Nina Sand
Dean DePountis
Shawna Piatz
Shannon Ennen
Scott Miller
Rebecca Fricke
Derrick Hohbein
Brittany Smith (CliftonLarsonAllen)

The meeting was called to order at 3:02 p.m. by Mr. Miller

I. Conflict of Interest Disclosure

A. Per direction from the Attorney General's Office this will need to be on the agenda every meeting for the Board and its Subcommittees to consider any conflict of interest disclosures concerning any of the agenda topics. No conflicts of interest were disclosed.

II. Approval of prior Audit Committee Minutes

A. The Audit Committee minutes from the prior Audit Committee meetings held on May 8, 2023 and August 14, 2023 were examined. Ms. Sand moved approval of the minutes. The motion was seconded by Mr. Erickson. This was followed and approved by voice vote.

III. Presentations

A. CliftonLarsonAllen Report – CliftonLarsonAllen (CLA) has completed most of their field work for the NDPERS FY 2023 financial audit with no material issues noted. Brittany Smith from CLA presented the preliminary results. The final results will be provided to the Board at the December meeting.

IV. Internal Audit Reports

A. Quarterly Audit Plan Status Report – Information was provided of the past quarter's activity and the 2022-2023 Audit Plan update was provided.

B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the new monthly retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedural, system or compliance issues.

In fiscal year 2023, a total of 604 out of 1,052 new retirees were audited, which equates to $2,726,999 of $4,564,350 being audited. An internal calculation accuracy rate of 87.09% was achieved for FY 2023 for new retirement benefit payments, which is below the 97% goal. The FY 2023 compliance/other accuracy rate is 94.7% resulting in an overall accuracy rate of 81.79% for FY 2023.

In fiscal year 2024, to date, a total of 259 out of 569 new retirees were audited, which equates to $863,850 of $1,884,333 being audited. An internal calculation accuracy rate of 97.68% was achieved fiscal year to date as of November 2023 for new retirement benefit payments, which is above the 97% goal. The fiscal year to date compliance/other accuracy rate is 96.91% resulting in an overall accuracy rate of 94.59% year to date for fiscal year 2024.

In fiscal year 2023, a total of 129 of the 2,145 refunds issued were audited, which equates to $5,163,905 of $19,133,055. An internal calculation accuracy rate of 91.47% was achieved for FY 2023 retirement refunds. This falls below the 97% accuracy rate goal. The FY 2023 compliance/other accuracy rate is 98.45% resulting in an overall accuracy rate of 89.92% for FY 2023. A limited number of retirement refunds were audited and a portion of the sample continues to be focused on those refunds in which a known system issue is likely to have occurred.

In fiscal year 2024, to date a total of 68 of the 976 refunds issued were audited, which equates to $2,097,519 of the $8,592,113 An internal calculation accuracy rate of 91.18% was achieved fiscal year to date as of November 2023 for retirement refunds. This falls below the 97% accuracy rate goal. The fiscal year to date compliance/other accuracy rate is 94.12% resulting in an overall accuracy rate of 85.29% for FY 2024. A limited number of retirement refunds were audited and a portion of the sample continues to be focused on those refunds in which a known system issue is likely to have occurred.

C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. The dollar amount and the number of errors has increased slightly over the last quarter. There were 16 adjustments that were

new this quarter and 22 previously reported adjustments remain outstanding. The new adjustments were due to the untimely notification of changes in membership status or information, system programming errors and processing errors.

D. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of October 31, 2023. There were four existing recommendation with no change and fifteen new recommendations added to this report. Staff continue to be proactive about addressing recommendations as they are made. Any recommendations made in the previous quarter that have already been addressed would not be included in this report.

IV. Administrative

A. Meeting Dates – The Audit Committee reviewed and discussed the purposed 2024 Meeting Dates. Mr. Erickson moved approval of the dates. The motion was seconded by Ms. Sand. This was followed and approved by voice vote.

B. Audit Committee Charter Matrix – In order to confirm all responsibilities outlined in the Audit Committee Charter are carried out annually, a matrix was developed to review each objective quarterly and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress and activities completed through November 2023.

C. Internal Audit Charter Matrix – A summary matrix of the progress made and activities completed by the Internal Audit division through November 2023 was presented to the Audit Committee for review.

V. Miscellaneous

A. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon procedures and any non-audit services provided."

Provided was a summary of the consulting, investment and administrative fees paid during the prior fiscal year ended September 2023.

B. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Board and/or Executive Director for the period August 1, 2023 through October 31, 2023. This was provided for the Audit Committee's information.

C. CPE, Training and Webinars – A report on the training and education, including continuing professional education (CPE) webinars and seminars, Internal Audit participated in for the period August 1, 2023 through October31, 2023 was provided to the committee for their review.

The meeting adjourned at 4:32 p.m. by Mr. Miller.

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 165
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: Strategy Planning Topic Request From the Retirement and Investment Office

This is a placeholder to provide the Board with an update on this topic since our last meeting in February due to a meeting that took place on February 26.

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

SUBJECT: National Employee Benefits Day

National Employee Benefits Day is April 6th. Previous Board members have recognized staff on this day to show gratitude for the service they do for our state and political subdivisions in administering benefits for our many members. Is this something the Board is interested in continuing?

North Dakota
Public Employees Retirement System
1600 East Century Avenue, Suite 2 ● PO Box 1657
Bismarck, North Dakota 58502-1657

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: Rebecca

DATE: March 12, 2024

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 2024:

Vendor	Amount	Notes
CliftonLarsonAllen	$ -	GASB 68 & 75 Representation Lettess
TIAA	$ -	Termination notice due to recordkeeper award
BND	$ 909.00	Staff Years of Service Awards (Gift Cards)

Contracts Signed Since Last Reported:

Vendor	Amount	Notes
City of Berthold	$ -	Joined Life Insurance Plan 3/1/2024
Mandaree Public Schools	$ -	Joined Deferred Compensation Plan 3/1/2024
Interoffice	$ 1,179.44	Office Chair
Emmons County	$ -	Joined Public Safety Plan 4/1/2024