



**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: 528 414 373#
Date: **Wednesday, October 29, 2025**
Time: 8:30 A.M. [Join the meeting now](#)

I. MINUTES

- A. None

II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

III. PRESENTATIONS

- A. Actuarial Valuations – Bonnie Wurst, Gabriel Roeder & Smith (GRS)

IV. DEFINED BENEFIT

- A. Job Service COLA – MaryJo (Board Action)

V. GROUP INSURANCE / FLEXCOMP

- A. Flexcomp Plan Renewal – Katheryne (Board Action)
- B. Health Insurance Consultant Contract Amendment – Katheryne (Board Action)

VI. LEGISLATION / ADMINISTRATIVE RULES

- A. Proposed Regular Schedule Administrative Rules – Rebecca (Board Action)

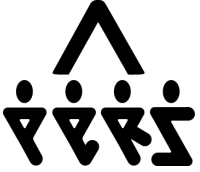
VII. OPERATIONS / ADMINISTRATIVE

- A. ADA Digital Accessibility – Derrick (Board Action)
- B. Next Meeting: Board Planning Meeting 8:30 - 5:00 Wednesday, November 12, 2025

VIII. MEMBER *EXECUTIVE SESSION

- A. Insurance Benefit Appeal Case #973 – Lindsay (Board Action)

*Executive Session pursuant to N.D.C.C. §44-04-19.2(1) and §54-52.1-11 (group insurance) to discuss information pertaining to an eligible employee's group medical records for claims, employee premium payments made, salary reduction amounts taken, history of any available insurance coverage purchased, and amounts and types of insurance applied for under the supplemental life insurance coverage.



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Public Employees Retirement System**
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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: October 29, 2025

SUBJECT: Actuarial Valuations

Bonnie Wurst, our actuary from Gabriel, Roeder, Smith and Company (GRS), will provide the results of our July 1, 2025 actuarial valuations. The attached is the presentation.

Attachment



North Dakota Public Employees Retirement System Presentation of July 1, 2025 Actuarial Valuation Results

October 29, 2025

Bonnie Wurst, ASA, EA, MAAA, FCA

Abra Hill, ASA, MAAA, FCA

Joshua Murner, ASA, EA, MAAA, FCA



Agenda

- GRS Actuarial Valuation Methodology and Approach
- Demographic Data
- Funded Ratio Results
- Contribution Rate Results
- Reconciliation of Unfunded Liability, Actuarial Contribution Rate and Funded Ratio
- Actuarial Valuation Results Key Takeaways
- Projections
- Summary of Board Actions on Actuarial-Related Issues
- Questions
- Appendix





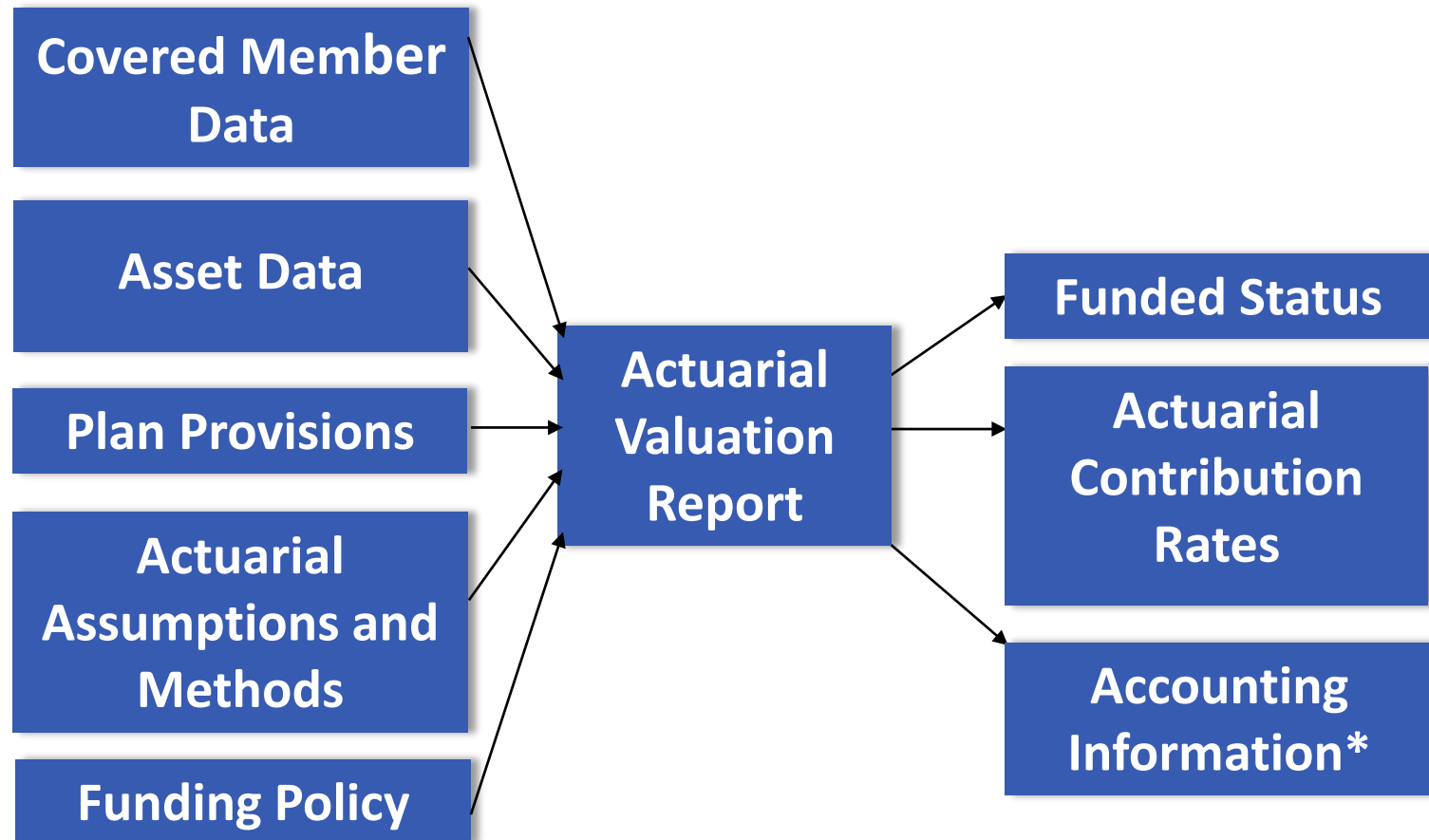
GRS Actuarial Valuation Methodology and Approach

Purpose of the Actuarial Valuation

- Determine Funding Status
- Develop Actuarial Contribution Rates and Compare to Statutory Rates
- Provide Accounting and Other Data
 - Under the current accounting standards, a separate accounting actuarial valuation is performed



Actuarial Valuation Process



** Under the current accounting requirements, GASB 67/68 and GASB 74/75, a separate accounting actuarial valuation report is issued.*

Selection of Actuarial Assumptions

What

Economic	Demographic
<ul style="list-style-type: none">• Investment Return	<ul style="list-style-type: none">• Retirement Rates
<ul style="list-style-type: none">• Payroll Growth Rates	<ul style="list-style-type: none">• Promotional/Step Pay Increases
<ul style="list-style-type: none">• Population Growth Rate	<ul style="list-style-type: none">• Disability
(Usually, a constant population size is assumed)	<ul style="list-style-type: none">• Turnover• Mortality

Actuarial Assumptions

Actuarial assumptions should be reviewed periodically (at least every three to five years) to ensure they continue to reasonably represent past and expected future experience

- Section 54-52-04.4 of the North Dakota Century Code requires an experience study once every five years
- In 2025, GRS performed an experience study covering the period July 1, 2019 through July 1, 2024
- Recommended updated assumptions were adopted by the NDPERS Board in April 2025

Changes in Actuarial Assumptions

- Economic Assumptions
 - Increased price inflation from 2.25% to 2.40%
 - Maintain wage growth assumption
 - Maintain investment return assumptions
 - For PERS and Highway Patrol: 6.50%
 - For RHIC: 5.75%
 - For Job Service: 3.00%
 - Overall decrease in assumed rates of real salary experience

Changes in Actuarial Assumptions

- Demographic Assumptions
 - Updated to reflect observed experience
 - Retirement
 - Disability
 - Turnover
 - RHIC Participation Rates
 - Mortality
 - Updated scaling factors based on observed experience
 - Utilizes the most recent mortality projection scale, MP-2021

Changes in Actuarial Assumptions

- Impact on the Funded Ratio (AVA) and ADEC

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHC
			With Prior	Without Prior			
Funded Ratio (AVA) Before Assumption Changes	69.9%	115.3%	69.1%	96.5%	69.7%	122.1%	70.6%
Funded Ratio (AVA) After Assumption Changes	71.3%	116.8%	73.1%	101.0%	69.2%	122.7%	71.3%
Change in Funded Ratio	1.4%	1.5%	4.0%	4.5%	-0.5%	0.6%	0.7%
ADEC Before Assumption Changes	13.80%	10.40%	12.31%	8.52%	36.57%	N/A	1.26%
ADEC After Assumption Changes	12.79%	9.55%	10.69%	7.49%	37.04%	N/A	1.25%
Change in the ADEC	-1.01%	-0.85%	-1.62%	-1.03%	0.47%	N/A	-0.01%

Investment Return Experience

System	Estimated Rates of Investment Return								Current Assumed Rate of Return
	Market Value				Actuarial Value				
	2022	2023	2024	2025	2022	2023	2024	2025	
Main System	-6.53%	7.83%	8.96%	11.84%	7.43%	6.00%	6.96%	8.72%	6.50%
Judges	-6.53%	7.83%	8.96%	11.84%	7.43%	6.00%	6.96%	8.72%	6.50%
Public Safety with Prior*	-6.53%	7.83%	8.96%	11.84%	7.43%	6.00%	6.96%	8.72%	6.50%
Public Safety without Prior*	-6.53%	7.83%	8.96%	11.84%	7.43%	6.00%	6.96%	8.72%	6.50%
Highway Patrol	-6.55%	7.86%	8.77%	11.88%	6.87%	5.50%	6.47%	8.31%	6.50%
Job Service	-5.90%	2.98%	5.70%	8.78%	1.73%	1.20%	1.26%	2.90%	3.00%
RHIC	-14.72%	10.41%	12.45%	13.05%	5.20%	4.15%	5.94%	8.09%	5.75%

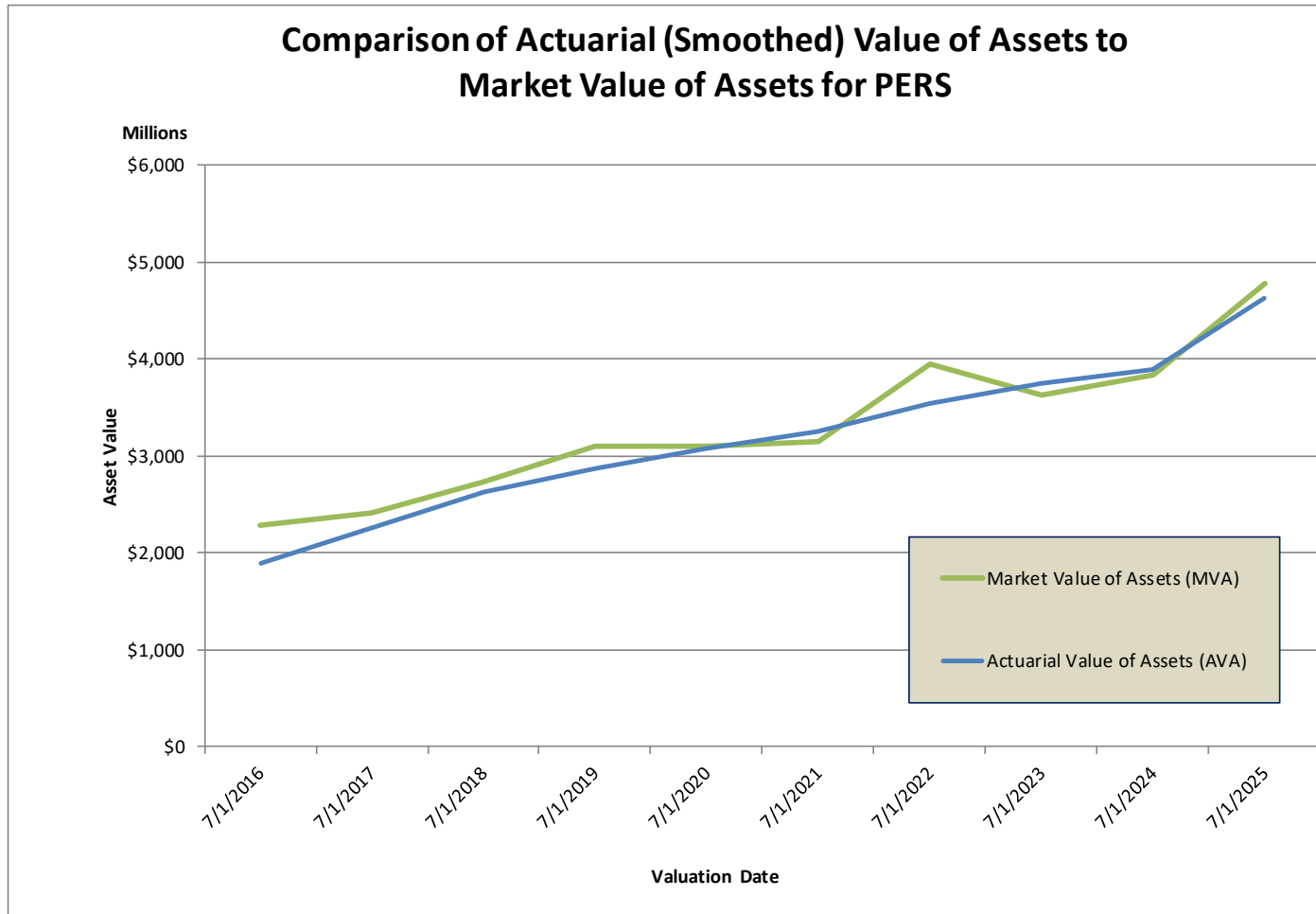
* Public Safety with prior Main System service and Public Safety without prior Main System service.

Actuarial Value of Assets

Asset Smoothing

- Actuarial Value of Assets (AVA or Smoothed Value of Assets)
 - Recognizes the difference between the expected investment return using the valuation assumption and the actual investment return over a 5-year period
 - Dampens volatility of actuarially determined contribution rates

Actuarial Value of Assets



Implementation of House Bill 1040

- Main System

- Closed to new entrants enrolled on or after January 1, 2025
- State employees participating in the Main System on January 1, 2025 with no more than 5 years of service were eligible to irrevocably elect to transfer to the DC Plan
- The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on an actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll (including DC Plan payroll) over a closed period beginning January 1, 2026 and ending June 30, 2056
- The state's 2026 and 2027 contributions to the Main System are based on the Actuarial Employer Contribution as of July 1, 2024.

Implementation of House Bill 1040

- “Spillover” contributions to the Main Plan, effective January 1, 2026, are not reflected. This source of revenue will be recognized after receipt.
- Valuation results do not reflect any changes in discount rate or investment returns due to potential de-risking of the assets of the Main Plan in the future. De-risking would increase required contributions.

Legislative Changes

- State may make lump sum payments to the Main System in lieu of ongoing percent of payroll ADEC contributions, which are otherwise required beginning January 1, 2026
- The additional ADEC contribution for 2026, as calculated in the valuation as of July 1, 2024, is approximately \$44 million annually (approximately \$90 million for the biennium)
 - A cash infusion equal to \$25 million was received in July, 2025
 - This contribution is not reflected in the valuation results as of July 1, 2025, but is reflected in projections
 - An additional cash infusion equal to \$65 million is expected to be received before the end of the biennium (estimated timing October, 2026)
 - The total of \$90 million is intended to satisfy the current biennium's ADEC requirement

Legislative Changes

- Definition of state employer was clarified for purposes of ADEC requirements (impacting 21 employers)
- Various employee groups became eligible for State Public Safety benefits
- Employers may enter into agreements with PERS to extend Public Safety benefits to dispatchers and emergency medical services personnel
- Members eligible for unreduced benefits are not eligible for disability benefits

Public Safety Contribution Changes

Rates Determined by the Board of Retirement								
	Member	Employer						
		Before 2024	2024 and 2025	2026 and Later				
Public Safety with prior Main System service	5.50%	9.81%	11.40%	12.63%				
- National Guard Members	5.50%	9.81%	11.40%	12.63%				
Public Safety without prior Main System service	5.50%	7.93%	9.16%	8.81%				
	Member			Employer				
	Before 2024	2024	2025 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	12/31/2023 to 8/1/2025	8/1/2025 to 12/31/2025	2026 and Later
Public Safety with prior Main System service								
- BCI Employees	6.00%	7.00%	8.00%	9.81%	20.67%	22.26%	22.26%	23.49%
- State Public Safety Employees	6.00%	6.00%	6.00%	N/A	12.75%	14.34%	14.46%	15.69%

Highway Patrol Contributions

- The statutory employee and employer contributions increased by 0.5% of pay on January 1, 2025, the last in a four-year phase-in of contribution increases that began in 2022
- A cash infusion of \$15 million was received in July, 2025
 - This contribution is not reflected in the valuation results as of July 1, 2025, but is reflected in projections

Impact of Changes

- DC Transfer
 - The 2024 valuation recognized a gain of \$19.8 million assuming 50% of eligible members would utilize the DC transfer option
 - Actual experience was much lower; 2.6% of eligible members elected to transfer
 - The difference between the expected number of transfers and actual transfers, results in a loss of \$17.7 million recognized in the 2025 valuation

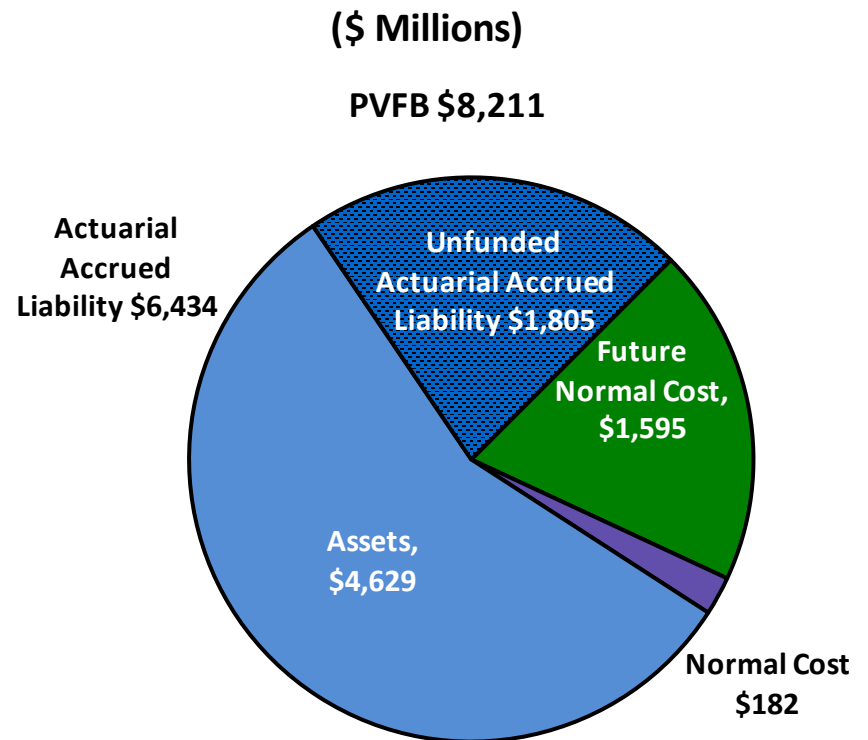
Actuarial Cost Method

Plan	Actuarial Cost Method
Main System	Entry Age Normal
Judges	Entry Age Normal
Public Safety	Entry Age Normal
Highway Patrol	Entry Age Normal
Job Service	Aggregate
RHIC	Modified Aggregate*

**Cost Method changed from Entry Age Normal to a Modified Aggregate method effective with the actuarial valuation as of July 1, 2019 for purposes of calculating the actuarial contribution rate. Entry Age Normal is required to be used for accounting purposes under the Governmental Accounting Standards Board for all Systems.*

Actuarial Cost Method

- **Present value of future benefits** – present value of all future benefits (PVFB) payable to current participants (active, retired, terminated vested)
- **Actuarial accrued liability** – portion of PVFB allocated to prior years (equal to unfunded actuarial accrued liability plus assets)
- **Normal cost** – portion of PVFB allocated to current year
- **Future normal costs** – portion of PVFB allocated to future years
- **Unfunded actuarial accrued liability** – difference between the actuarial accrued liability and assets



Numbers may not add due to rounding

Actuarially Determined Employer Contribution – Excluding RHIC

- The purpose of the Actuarially Determined Employer Contribution (ADEC) calculation is to evaluate the sufficiency of actual contributions
 - A 30.5 year closed amortization period is used to determine actual contributions to the Main System beginning in 2026
 - The amortization periods for the Judges and Public Safety Systems were updated from open to closed periods with the most recent experience study

Actuarially Determined Employer Contribution – Excluding RHIC

- Actuarially Determined Employer Contribution (ADEC) rate equals
 - Employer Normal Cost, plus
 - Amortization of Unfunded Liability
 - Level percent of pay amortization
 - Payment increases as a dollar amount
 - Payroll is assumed to increase by 3.50% each year (3.00% for Judges)
 - Amortization Period
 - Closed period ending June 30, 2056 for Main System actual contributions
 - 20-year closed period (Judges, Public Safety)
 - 20-year open period (Highway Patrol)
 - Not currently applicable for Job Service due to large surplus and Aggregate cost method

Actuarially Determined Employer Contribution – RHIC

- Actuarially Determined Employer Contribution (ADEC) rate equals
 - The rate needed to pay off the unfunded liability and future Normal Cost contributions by July 1, 2039 as a level percent of closed group (decreasing) payroll
 - The remaining amortization period as of July 1, 2025 is 14 years

Current Funding Policy

- Employer/employee contribution rates are based on fixed rates set by Statute/Board

Plan	Employer Rate as of 7/1/2025	Employee Rate as of 7/1/2025	Total Rate	Total Actuarial Rate
Judges	17.52%	8.00%	25.52%	17.55%
Public Safety With Prior Main	12.17% ^a	5.67% ^b	17.84%	16.36%
Public Safety Without Prior Main	9.16% ^c	5.50%	14.66%	12.99%
Highway Patrol ^d	21.70%	15.30%	37.00%	52.34%
RHIC ^e	1.14%	0.00%	1.14%	1.25%
Job Service	0.00%	7.00%	7.00%	NA

^a Employer rates for Public Safety with prior Main System service is 11.40% (12.63% in 2026), BCI is 22.26% (23.49% in 2026), and State Public Safety is 14.34% (14.46% beginning 8/1/2025 and 15.69% in 2026).

^b Employee rates: Public Safety with prior Main System service 5.50%, BCI 8.00%, and State Public Safety 6.00%.

^c Employer rates for Public Safety without prior Main System service will be 8.81% in 2026.

^d Highway Patrol actuarial rate does not reflect the \$15 million cash infusion received in July, 2025.

^e RHIC rate for members first enrolled on or after January 1, 2020 is made to the Main System for Main System members and to the DC System for DC System members.

Causes of Unfunded Liability

- Not contributing at least Normal Cost + Interest on the Unfunded Liability.
- Actual experience which is less favorable than assumed. Examples:
 - Lower rates of investment earnings;
 - Higher salary increases;
 - Earlier retirement date(s); and
 - Lower rates of non-death terminations.
- Granting initial benefits or granting benefit increases for service already rendered.



Demographic Data

Demographic Data

PERS Plans

	PERS							Total Change
	Statistics as of July 1							
	2025					2024		
	Main System	Judges	Public Safety		Total PERS	Total PERS		
		With Prior Main	Without Prior Main					
Membership Counts								
Active Members	22,711	58	1,872	272	24,913	25,799	-3.4%	
Retired Members	15,916	66	190	28	16,200	15,632	3.6%	
Inactive Vested and Non-Vested Members	18,451	3	684	232	19,370	18,667	3.8%	
Total	57,078	127	2,746	532	60,483	60,098	0.6%	
Average Age (Active)	46.2	56.1	38.0	37.5	45.6	45.2	0.4	
Average Ben Service (Active)	9.4	9.8	7.6	5.2	9.2	8.8	0.4	
Total Base Payroll	\$1,323,548,419	\$10,042,982	\$137,554,576	\$18,315,333	\$1,489,461,311	\$1,454,921,813	2.4%	
Average Pay	58,278	173,155	73,480	67,336	59,787	56,395	6.0%	
Total Retiree Benefits	\$280,829,331	\$4,020,035	\$4,595,100	\$335,258	\$289,779,723	\$274,389,628	5.6%	
Average Annual Benefit	17,644	60,910	24,185	11,974	17,888	17,553	1.9%	

Demographic Data

Highway Patrol, Job Service, RHIC

	Highway Patrol			Job Service			RHIC		
	Statistics as of July 1		Change	Statistics as of July 1		Change	Statistics as of July 1		Change
	2025	2024		2025	2024		2025	2024	
Membership Counts									
Active Members	162	167	-3.0%	1	1	0.0%	15,381	16,283	-5.5%
Retired Members	154	147	4.8%	155	163	-4.9%	16,164	15,599	3.6%
Inactive Vested and Non-Vested Members	54	59	-8.5%	-	-		8,245	8,255	-0.1%
Total	370	373	-0.8%	156	164	-4.9%	39,790	40,137	-0.9%
Average Age (Active)	38.2	37.6	0.6	69.7	68.7	1.0	48.7	48.5	0.2
Average Ben Service (Active)	11.1	10.4	0.7	50.3	49.3	1.0	13.5	13.0	0.5
Total Base Payroll	\$15,098,680	\$14,820,158	1.9%	\$67,692	\$65,088	4.0%	\$1,038,907,846	\$1,036,707,331	0.2%
Average Pay	93,202	88,743	5.0%	67,692	65,088	4.0%	67,545	63,668	6.1%
Total Retiree Benefits	\$7,150,803	\$6,659,658	7.4%	\$5,234,911	\$5,344,890	-2.1%	\$17,098,688	\$16,619,346	2.9%
Average Annual Benefit	46,434	45,304	2.5%	33,774	32,791	3.0%	1,058	1,065	-0.7%

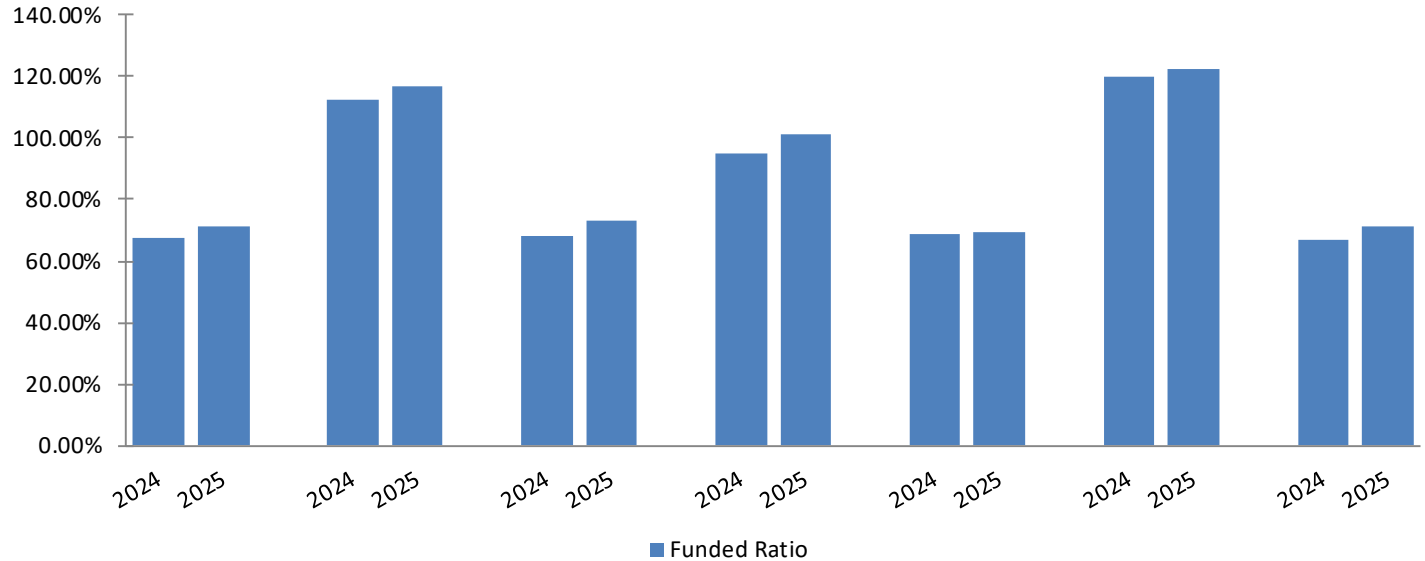
Retiree benefit amounts for Job Service exclude the portion of the total benefit amount paid by the insurer.

Funded Ratio Results



Funded Ratio Results

All Plans – Actuarial Value of Assets

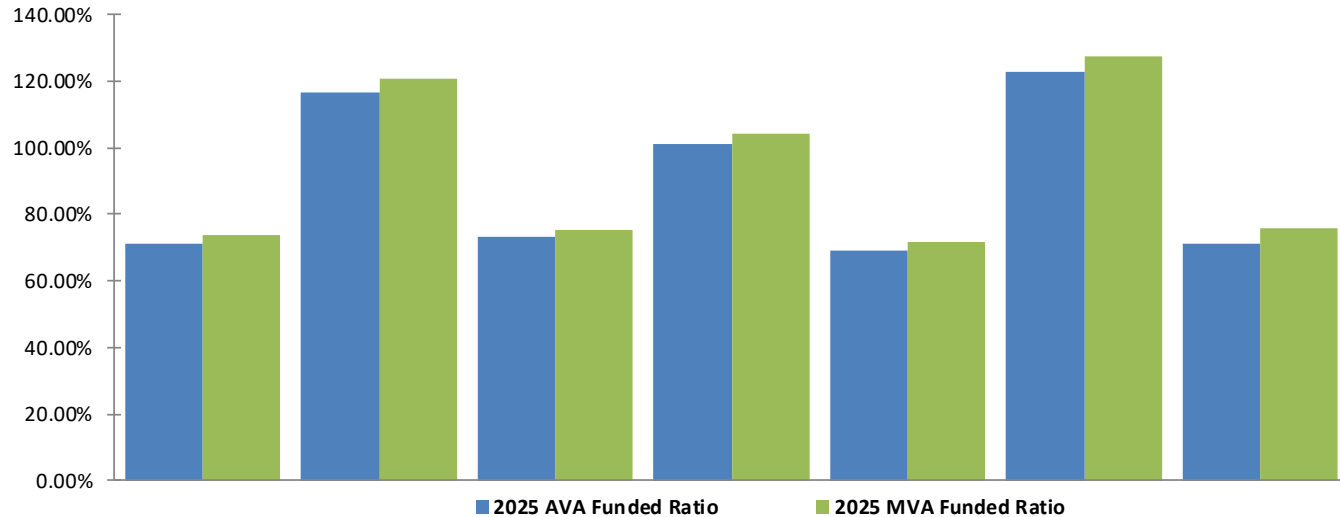


Valuation Results	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior Main	Without Prior Main			
Actuarial Accrued Liability	\$ 6,028,956,303	\$ 64,337,912	\$ 313,363,032	\$ 27,776,900	\$ 166,363,036	\$ 66,316,032	\$ 273,402,330
Actuarial Value of Assets	4,297,296,053	75,176,617	228,961,790	28,042,939	115,182,394	81,341,806	194,960,104
2025 Unfunded Actuarial Liability	1,731,660,250	(10,838,705)	84,401,242	(266,039)	51,180,642	(15,025,774)	78,442,226
UAL as Percent of Payroll	131%	-108%	61%	-1%	339%	-22197%	8%
2024 Unfunded Actuarial Liability	\$ 1,887,233,572	\$ (7,590,318)	\$ 90,830,855	\$ 1,303,246	\$ 49,119,040	\$ (13,994,936)	\$ 89,637,373
2025 Funded Ratio	71.3%	116.8%	73.1%	101.0%	69.2%	122.7%	71.3%
2024 Funded Ratio	67.7%	112.1%	67.9%	94.9%	68.6%	119.9%	67.2%



Funded Ratio Results

All Plans – Actuarial/Market Value



Valuation Results	Main	Judges	Public Safety		Highway	Job	RHIC
	System		With Prior Main	Without Prior Main	Patrol	Service	
2025 Unfunded Actuarial Liability (AVA)	\$ 1,731,660,250	\$ (10,838,705)	\$ 84,401,242	\$ (266,039)	\$ 51,180,642	\$ (15,025,774)	\$ 78,442,226
2024 Unfunded Actuarial Liability (AVA)	1,887,233,572	(7,590,318)	90,830,855	1,303,246	49,119,040	(13,994,936)	89,637,373
2025 Unfunded Actuarial Liability (MVA)	1,589,919,727	(13,318,304)	76,849,246	(1,190,998)	47,447,117	(18,219,909)	65,774,686
2024 Unfunded Actuarial Liability (MVA)	1,870,356,046	(7,889,713)	90,013,989	1,200,897	49,189,748	(12,512,517)	86,405,552
2025 Funded Ratio (AVA)	71.3%	116.8%	73.1%	101.0%	69.2%	122.7%	71.3%
2024 Funded Ratio (AVA)	67.7%	112.1%	67.9%	94.9%	68.6%	119.9%	67.2%
2025 Funded Ratio (MVA)	73.6%	120.7%	75.5%	104.3%	71.5%	127.5%	75.9%
2024 Funded Ratio (MVA)	68.0%	112.6%	68.1%	95.3%	68.6%	117.8%	68.3%

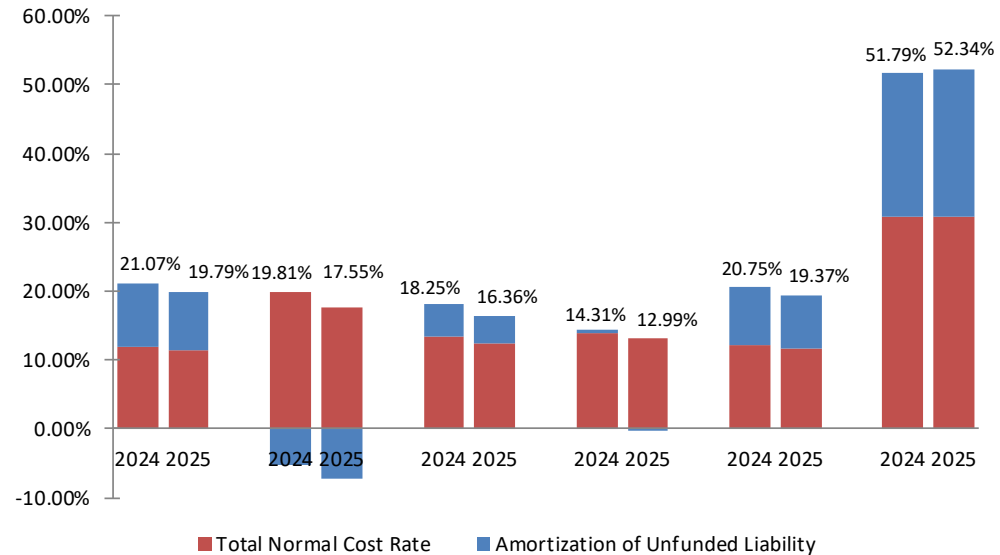


Contribution Rate Results



Contribution Rate Results

Actuarial Contribution Rate (including employee rate)



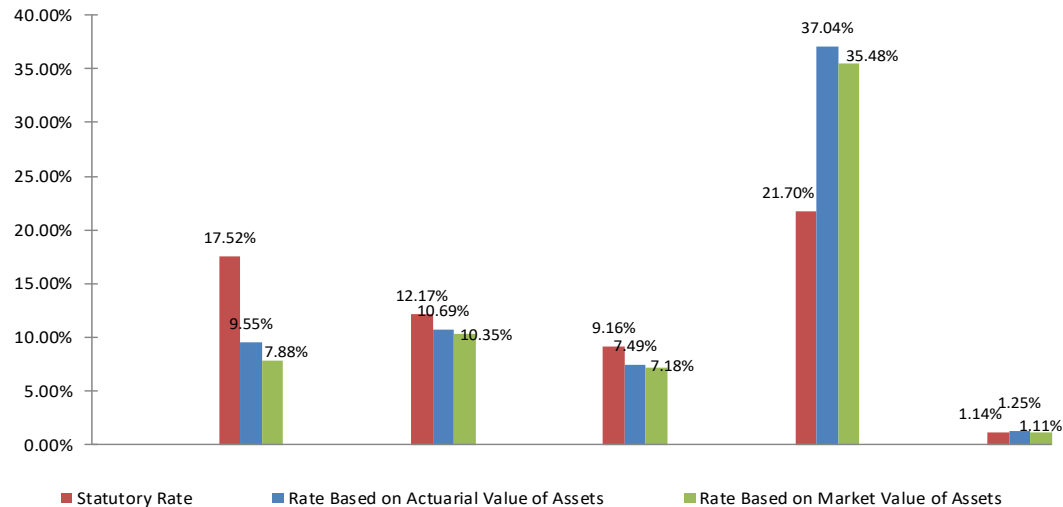
	Public Safety					
	Main System	Judges	With Prior Main	Without Prior Main	Total PERS	Highway Patrol
Total Normal Cost Rates						
FY 2026 (2025 Valuation)	11.53%	24.84%	12.54%	13.08%	11.73%	30.94%
FY 2025 (2024 Valuation)	12.01%	24.94%	13.45%	13.80%	12.23%	30.89%
Amortization of Unfunded Liability Rates						
FY 2026 (2025 Valuation)	8.26%	-7.29%	3.82%	-0.09%	7.64%	21.40%
FY 2025 (2024 Valuation)	9.06%	-5.13%	4.80%	0.51%	8.52%	20.90%

Amount shown in graph for Judges and Public Safety without Prior Main is the total normal cost rate net of the unfunded liability contribution.
 RHIC normal cost rate for FY 2025 is 0.40% and for FY 2026 is 0.38% and the amortization of the unfunded liability rate for FY 2025 is 0.94% and for FY 2026 is 0.87% of pay.
 Main System amortization rate is based on a 20-year period, for benchmark ADEC purposes.



Contribution Rate Results

Comparison of Statutory and Actuarial Contribution Rates



Valuation Results

	Public Safety			Highway	
	Judges	With Prior Main	Without Prior Main	Patrol	RHIC
Statutory Contribution Rate	25.52%	17.84%	14.66%	37.00%	1.14%
Actuarial Contribution Rate (AVA)	17.55%	16.36%	12.99%	52.34%	1.25%
Statutory Rate Excess/(Deficiency)	7.97%	1.48%	1.67%	-15.34%	-0.11%
Actuarial Contribution Rate (MVA)	15.88%	16.02%	12.68%	50.78%	1.11%
Statutory Rate Excess/(Deficiency)	9.64%	1.82%	1.98%	-13.78%	0.03%

Contribution Rate Results – Main System

Main System Results - Employer Contributions for 2026			
	July 1, 2024 Actuarial Valuation		July 1, 2025 Actuarial Valuation ¹
% of Projected Main System and Defined Contribution Pay			
Total Gross Normal Cost		11.01%	10.77%
Amortization Payment ^{2,3}		6.58%	5.76%
Total Actuarial Contribution Requirement		17.59%	16.53%
Expected Employee Contributions		6.42%	6.54%
Employer Actuarial Contribution Requirement		11.17%	9.99%
Employer Contribution by Employer Type			
Political Subdivisions (Fixed Rate)		8.49%	8.59%
State Employers (Remaining Obligation)		14.46%	11.81%
Political Subdivisions (Fixed Rate) \$ Amount	\$	56,075,328	\$ 62,794,703
State Employers (Remaining Obligation) \$ Amount	\$	107,539,811	\$ 89,578,488
Total \$ Amount	\$	163,615,139	\$ 152,373,191
Contributions to be Made By State Employers			
State Employer Contribution Rate		14.46%	11.81%
Projected Blended Fixed Rate		8.54%	8.53%
Additional State Contribution Requirement		5.92%	3.28%
Additional State Contribution Requirement \$ Amount	\$	44,015,783	\$ 24,851,507

¹The actuarial valuation as of July 1, 2024 calculated the employer contribution amount for 2026 and 2027. The employer contribution calculated above based on the July 1, 2025 actuarial valuation is only for illustrative purposes.

²Based on projected unfunded liability as of January 1, 2026 and level percent of payroll (including Defined Contribution Plan payroll) amortization over a closed period beginning on January 1, 2026 and ending June 30, 2056.

³ The contributions calculated above based on the July 1, 2025 actuarial valuation do not include a \$25 million cash infusion that was received in July 2025. This infusion is intended to cover a portion of the additional state contribution requirement that was calculated in the July 1, 2024 actuarial valuation.



Reconciliation of Unfunded Liability, Actuarial Contribution Rate and Funded Ratio

FY 2025 Experience

System	Assets (AVA)	Salary [^]	Other (Demographic)	Statutory Contributions	Assumption Changes	Change in Funded Ratio	Change in ADEC Rate
Main System**	Gain	Loss	Loss	Loss	Decrease UAL	3.6%	-1.28%
Judges	Gain	Loss	Gain	Gain	Decrease UAL	4.7%	-2.26%
Public Safety with Prior*	Gain	Loss	Loss	Gain	Decrease UAL	5.2%	-1.94%
Public Safety without Prior*	Gain	Loss	Loss	Gain	Decrease UAL	6.1%	-1.32%
Highway Patrol	Gain	Gain	Loss	Loss	Increase UAL	0.6%	0.05%
Job Service	Loss	Loss	Gain	Loss	Decrease UAL	2.8%	NA
RHIC	Gain	NA	Gain	Loss	Decrease UAL	4.1%	-0.09%

[^] Salary gains reduce the unfunded liability. Lower than expected salary increases reduce the payroll base (in addition to decreases in the number of total active members) which increases the actuarial contribution rate.

* Public Safety with prior Main System service and Public Safety without prior Main System service.

** The Main System received a cash infusion of \$65 million that offset Statutory contribution losses.

Unfunded Liability Reconciliation

Based on Actuarial Value of Assets – All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior*	Without Prior*			
Unfunded liability at previous valuation	\$ 1,887,233,572	\$ (7,590,318)	\$ 90,830,855	\$ 1,303,246	\$ 49,119,040	\$ (13,994,936)	\$ 89,637,373
<u>Expected unfunded liability at current valuation</u>							
Normal cost for plan year	167,002,931	2,566,018	16,986,685	2,371,612	4,848,426	-	4,421,101
Interest on unfunded liability and normal cost	128,012,334	(411,288)	6,447,382	160,575	3,347,831	(419,848)	5,279,479
Contributions using ADEC with interest	<u>302,408,278</u>	<u>2,103,078</u>	<u>23,789,886</u>	<u>2,537,292</u>	<u>8,388,675</u>	<u>2,411</u>	<u>15,091,433</u>
Total expected change in unfunded liability	(7,393,013)	51,652	(355,819)	(5,105)	(192,418)	(422,259)	(5,390,853)
Total expected unfunded liability at current valuation	1,879,840,559	(7,538,666)	90,475,036	1,298,141	48,926,622	(14,417,195)	84,246,520
Change due to:							
Amount of contributions and expenses**	6,212,314	(624,164)	(1,456,660)	(229,735)	2,091,334	1,392	2,363,771
Recognition of asset (gains)/losses	(88,239,400)	(1,607,333)	(4,135,153)	(514,300)	(1,932,599)	86,235	(4,252,982)
Salary experience	16,630,134	380,920	835,470	387,994	(141,402)	5,737	-
Demographic and other experience***	17,416,926	(632,493)	16,661,836	72,242	1,129,928	(354,948)	(1,092,190)
Change in actuarial assumptions	(117,930,018)	(816,969)	(17,979,287)	(1,280,381)	1,106,759	(346,995)	(2,822,893)
Changes in plan provisions****	<u>17,729,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total change	(148,180,309)	(3,300,039)	(6,073,794)	(1,564,180)	2,254,020	(608,579)	(5,804,294)
Unfunded liability at current valuation	\$ 1,731,660,250	\$ (10,838,705)	\$ 84,401,242	\$ (266,039)	\$ 51,180,642	\$ (15,025,774)	\$ 78,442,226

* Public Safety with prior Main System service and Public Safety without prior Main System service.

** Change due to difference between actual contributions based on statutory rate and contributions using actuarial rate. For the Main System, losses were offset by a cash infusion of \$65 million.

*** Includes the net impact of liability and asset transfers. For Job Service, actual COLA granted of 2.5% compared with expected COLA of 2.25% resulted in a loss and a decrease in the surplus.

**** For the Main System, the change in plan provisions is due to the change in the estimated impact of the DC transfer.

Funded Ratio Reconciliation

Based on Actuarial Value of Assets – All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior*	Without Prior*			
July 1, 2024 Funded Ratio (AVA)	67.7%	112.1%	67.9%	94.9%	68.6%	119.9%	67.2%
Expected July 1, 2025 Funded Ratio (AVA)	69.1%	111.5%	71.1%	95.5%	70.2%	121.5%	69.6%
Change due to:							
Amount of contributions and expenses**	-0.1%	1.0%	0.5%	0.8%	-1.3%	0.0%	-0.9%
Recognition of asset (gains)/losses	1.4%	2.5%	1.3%	1.8%	1.2%	-0.1%	1.5%
Salary experience	-0.2%	-0.7%	-0.2%	-1.3%	0.1%	0.0%	0.0%
Demographic and other experience	-0.2%	1.0%	-3.6%	-0.3%	-0.5%	0.7%	0.3%
Change in actuarial assumptions	1.4%	1.5%	4.0%	4.5%	-0.5%	0.6%	0.7%
Changes in plan provisions***	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total change	2.2%	5.2%	2.0%	5.5%	-1.0%	1.2%	1.7%
July 1, 2025 Funded Ratio (AVA)	71.3%	116.8%	73.1%	101.0%	69.2%	122.7%	71.3%

* *Public Safety with prior Main System service and Public Safety without prior Main System service.*

** *Expected funded ratio is based on contributions using the actuarial rate. The change due to amount and timing of contributions is based on the statutory contributions that were made compared to the actuarial contributions. For the Main System, losses were offset by a cash infusion of \$65 million.*

*** *For the Main System, the change in plan provisions is due to the change in the estimated impact of the DC transfer.*

Numbers may not add due to rounding.



Actuarial Contribution Rate Reconciliation

Based on Actuarial Value of Assets – All Plans

	Main System	Judges	Public Safety		Highway Patrol	RHIC
			With Prior*	Without Prior*		
FY 2025 ADEC	14.07%	11.81%	12.63%	8.81%	36.99%	1.34%
Expected FY 2026 ADEC	13.72%	11.99%	12.41%	8.79%	35.69%	1.34%
Expected FY 2026 ADEC with New Pay Base	14.03%	12.05%	11.75%	8.59%	35.90%	1.29%
Change due to:						
Amount of contributions and expenses**	0.05%	-0.40%	-0.04%	-0.06%	0.88%	0.03%
Recognition of asset (gains)/losses	-0.42%	-1.08%	-0.18%	-0.17%	-0.81%	-0.05%
Salary experience	0.08%	0.26%	0.03%	0.13%	-0.06%	0.00%
Demographic and other experience	-0.12%	-0.43%	0.75%	0.03%	0.66%	-0.01%
Change in actuarial assumptions	-1.01%	-0.85%	-1.62%	-1.03%	0.47%	-0.01%
Changes in plan provisions***	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%
Total change	-1.24%	-2.50%	-1.06%	-1.10%	1.14%	-0.04%
FY 2026 ADEC	12.79%	9.55%	10.69%	7.49%	37.04%	1.25%

Excludes Job Service due to Job Service being in a surplus position with no required contributions.

Actuarial Rate for Main System is a benchmark ADEC based on 20-year amortization.

* *Public Safety with prior Main System service and Public Safety without prior Main System service.*

** *Expected actuarial contribution rate is based on contributions using the actuarial rate. The change due to amount and timing of contributions is based on the statutory contributions that were made compared to the actuarial contributions. For the Main System, losses were offset by a cash infusion of \$65 million.*

*** *For the Main System, the change in plan provisions is due to the change in the estimated impact of the DC transfer.*

Numbers may not add due to rounding.



Summary of Change in Results

All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service	RHIC
			With Prior	Without Prior			
Unfunded Liability							
Based on Actuarial Value of Assets (AVA)							
Unfunded liability at previous valuation	\$ 1,887,233,572	\$ (7,590,318)	\$ 90,830,855	\$ 1,303,246	\$ 49,119,040	\$ (13,994,936)	\$ 89,637,373
Unfunded liability at current valuation	1,731,660,250	(10,838,705)	84,401,242	(266,039)	51,180,642	(15,025,774)	78,442,226
Change	(155,573,322)	(3,248,387)	(6,429,613)	(1,569,285)	2,061,602	(1,030,838)	(11,195,147)
Based on Market Value of Assets (MVA)							
Unfunded liability at previous valuation	\$ 1,870,356,046	\$ (7,889,713)	\$ 90,013,989	\$ 1,200,897	\$ 49,189,748	\$ (12,512,517)	\$ 86,405,552
Unfunded liability at current valuation	1,589,919,727	(13,318,304)	76,849,246	(1,190,998)	47,447,117	(18,219,909)	65,774,686
Change	(280,436,319)	(5,428,591)	(13,164,743)	(2,391,896)	(1,742,631)	(5,707,392)	(20,630,866)
Actuarial Employer Contribution Rate							
Based on Actuarial Value of Assets (AVA)							
FY 2025 ADEC	14.07%	11.81%	12.63%	8.81%	36.99%	NA	1.34%
FY 2026 ADEC	12.79%	9.55%	10.69%	7.49%	37.04%	NA	1.25%
Change in ADEC Rate	-1.28%	-2.26%	-1.94%	-1.32%	0.05%	NA	-0.09%
Based on Market Value of Assets (MVA)							
FY 2025 ADEC	13.99%	11.61%	12.59%	8.77%	37.02%	NA	1.31%
FY 2026 ADEC	12.12%	7.88%	10.35%	7.18%	35.48%	NA	1.11%
Change in ADEC Rate	-1.87%	-3.73%	-2.24%	-1.59%	-1.54%	NA	-0.20%
Funded Ratio							
Based on Actuarial Value of Assets (AVA)							
2024 Funded Ratio	67.7%	112.1%	67.9%	94.9%	68.6%	119.9%	67.2%
2025 Funded Ratio	71.3%	116.8%	73.1%	101.0%	69.2%	122.7%	71.3%
Change in Funded Ratio	3.6%	4.7%	5.2%	6.1%	0.6%	2.8%	4.1%
Based on Market Value of Assets (MVA)							
2024 Funded Ratio	68.0%	112.6%	68.1%	95.3%	68.6%	117.8%	68.3%
2025 Funded Ratio	73.6%	120.7%	75.5%	104.3%	71.5%	127.5%	75.9%
Change in Funded Ratio	5.6%	8.1%	7.3%	9.0%	2.9%	9.7%	7.6%

*Job Service is in a surplus position with no required contributions.
Numbers may not add due to rounding.
ADEC for Main System is a benchmark based on 20-year amortization.*

Summary of Key Actuarial Valuation Results

All Plans

	Main System	Judges	Public Safety		Highway Patrol	Job Service*	RHIC
			With Prior	Without Prior			
Membership Information							
Active Members	22,711	58	1,872	272	162	1	15,381
Retired Members	15,916	66	190	28	154	155	16,164
Vested Former Members	18,451	3	684	232	54	0	8,245
Total Members	57,078	127	2,746	532	370	156	39,790
Total Base Payroll	\$1,323,548,419	\$10,042,982	\$137,554,576	\$18,315,333	\$15,098,680	\$67,692	\$1,038,907,846
Employee Contribution Rate	7.00%	8.00%	5.67%	5.50%	15.30%	7.00%	0.00%
Statutory Employer Contribution Rate	8.56%	17.52%	12.17%	9.16%	21.70%	NA	1.14%
Actuarial Valuation Results (AVA)							
	Based on Actuarial Value of Assets						
Actuarial Accrued Liability (AAL)	\$6,028,956,303	\$64,337,912	\$313,363,032	\$27,776,900	\$166,363,036	\$66,316,032	\$273,402,330
Actuarial Value of Assets	4,297,296,053	75,176,617	228,961,790	28,042,939	115,182,394	81,341,806	194,960,104
Unfunded Actuarial Liability	1,731,660,250	(10,838,705)	84,401,242	(266,039)	51,180,642	(15,025,774)	78,442,226
Funded Ratio	71.3%	116.8%	73.1%	101.0%	69.2%	122.7%	71.3%
FY 2025 Estimated Investment Return (AVA)	8.72%	8.72%	8.72%	8.72%	8.31%	2.90%	8.09%
Employer Normal Cost Rate	4.53%	16.84%	6.87%	7.58%	15.64%	NA	0.38%
ADEC Rate	12.79%	9.55%	10.69%	7.49%	37.04%	NA	1.25%
Amortization Period from Statutory Rate (Years)**	NA	None	13	None	100+	NA	18
Statutory Contribution Deficit/(Surplus)**	NA	-7.97%	-1.48%	-1.67%	15.34%	NA	0.11%
Actuarial Valuation Results (MVA)							
	Based on Market Value of Assets						
Market Value of Assets	\$4,439,036,576	\$77,656,216	\$236,513,786	\$28,967,898	\$118,915,919	\$84,535,941	\$207,627,644
Unfunded Actuarial Liability	1,589,919,727	(13,318,304)	76,849,246	(1,190,998)	47,447,117	(18,219,909)	65,774,686
Funded Ratio	73.6%	120.7%	75.5%	104.3%	71.5%	127.5%	75.9%
FY 2025 Estimated Investment Return (AVA)	11.84%	11.84%	11.84%	11.84%	11.88%	8.78%	13.05%
ADEC Rate	12.12%	7.88%	10.35%	7.18%	35.48%	NA	1.11%
Amortization Period from Statutory Rate (Years)***	NA	None	12	None	100+	NA	14
Statutory Contribution Deficit/(Surplus)***	NA	-9.64%	-1.82%	-1.98%	13.78%	NA	-0.03%

* Job Service is in a surplus position with no required contributions. AAL shown for Job Service is equal to the Present Value of Future Benefits.

** Contribution Deficits and Amortization Period from Statutory Rate do not reflect future increases in contribution rates for the Public Safety plans, or the \$15 million cash infusion to the Highway Patrol.

ADEC for Main System is a benchmark based on 20-year amortization.





Actuarial Valuation Results Key Takeaways

Key Takeaways

Main System actuarial contributions beginning in 2026 are expected to bring the plan to full funding in 30 years.

The Highway Patrol results shown previously do not reflect the \$15 million cash infusion received after the valuation date.

When the \$15 million is reflected for the Highway Patrol System, the funding status improves from 69.2% to 78.3%, and the contribution deficiency is reduced from 15.34% of pay to 9.07% of pay.

The Judges plan has a current funded ratio of 117% and the statutory employer contribution rate is significantly higher than the actuarial rate.

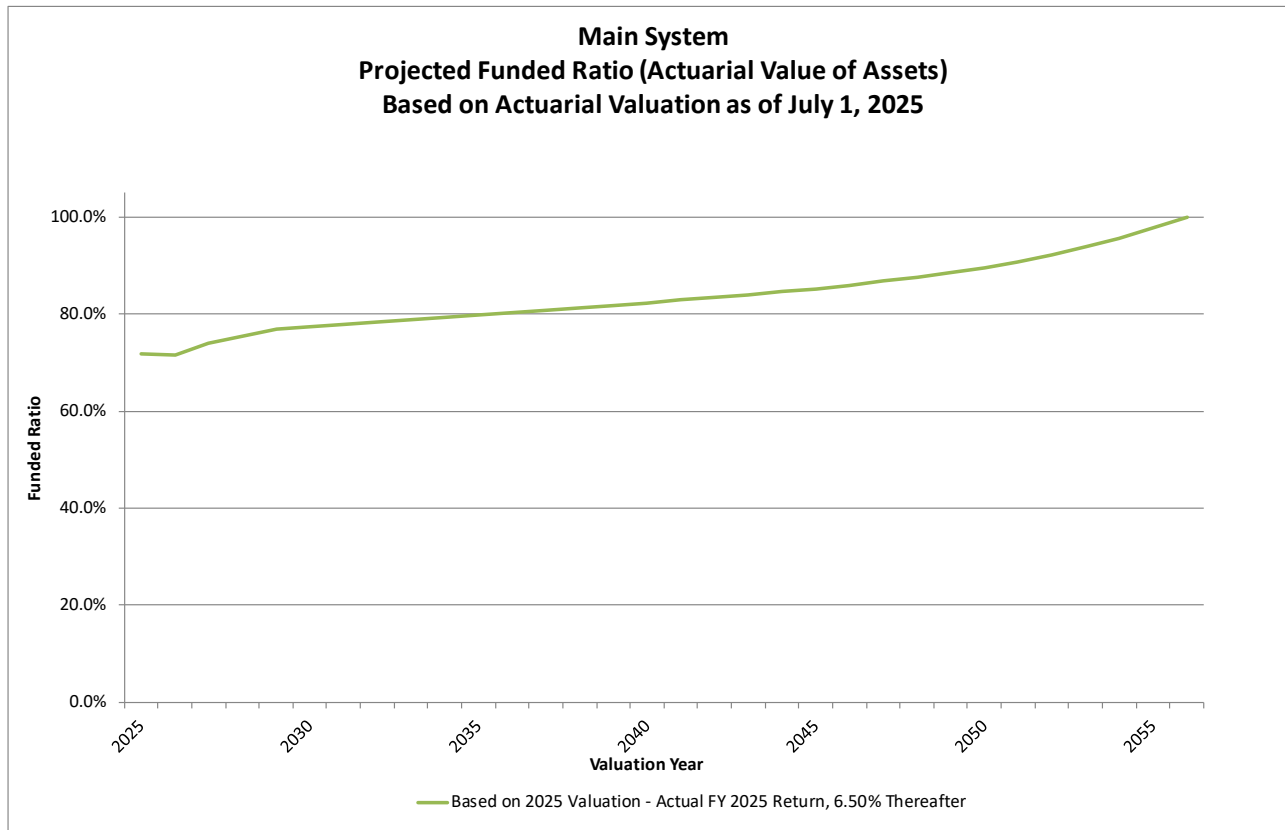
The RHIC contribution rate is expected to amortize the unfunded liability in 18 years.

Projections



Actuarial Projections

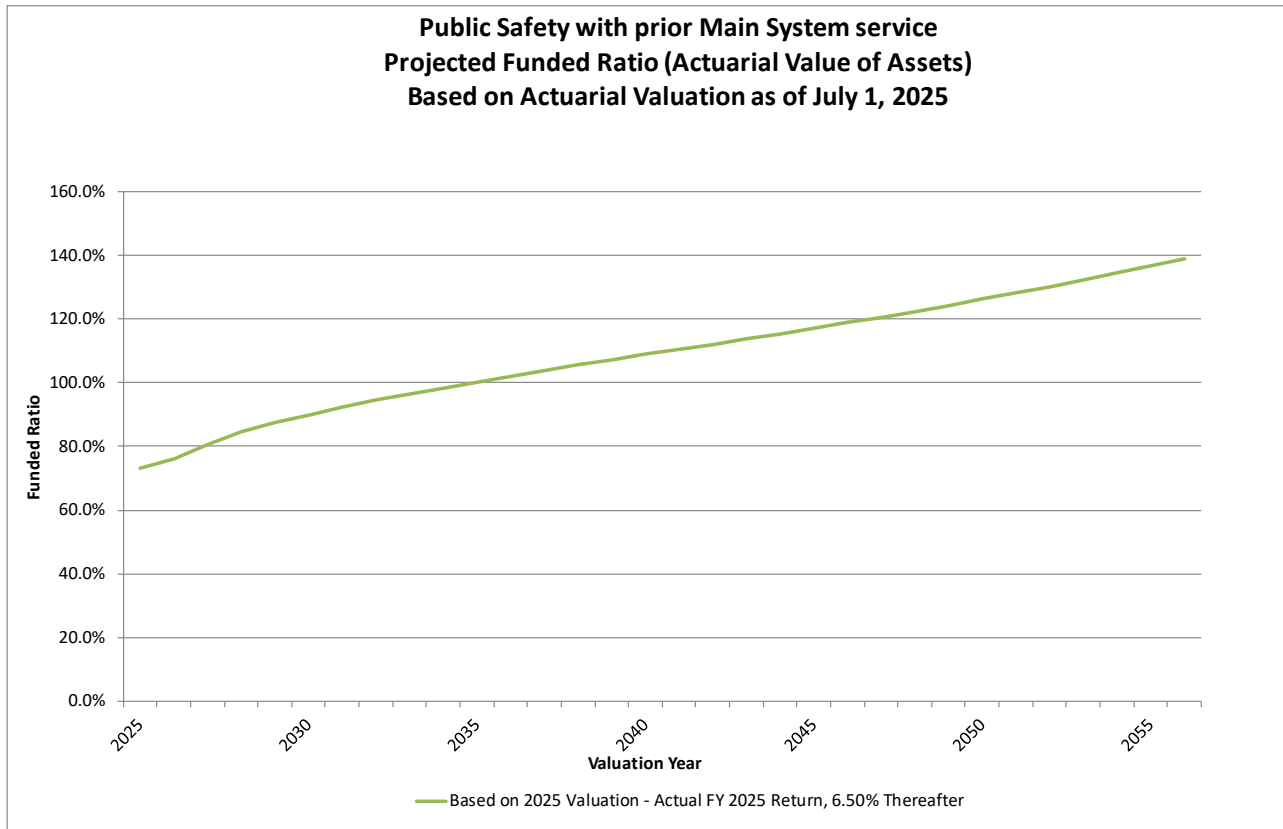
PERS – Main System



Reflects legislative changes described herein, including closure of plan to new hires in 2025 and change to Actuarial contribution policy in 2026.

Actuarial Projections

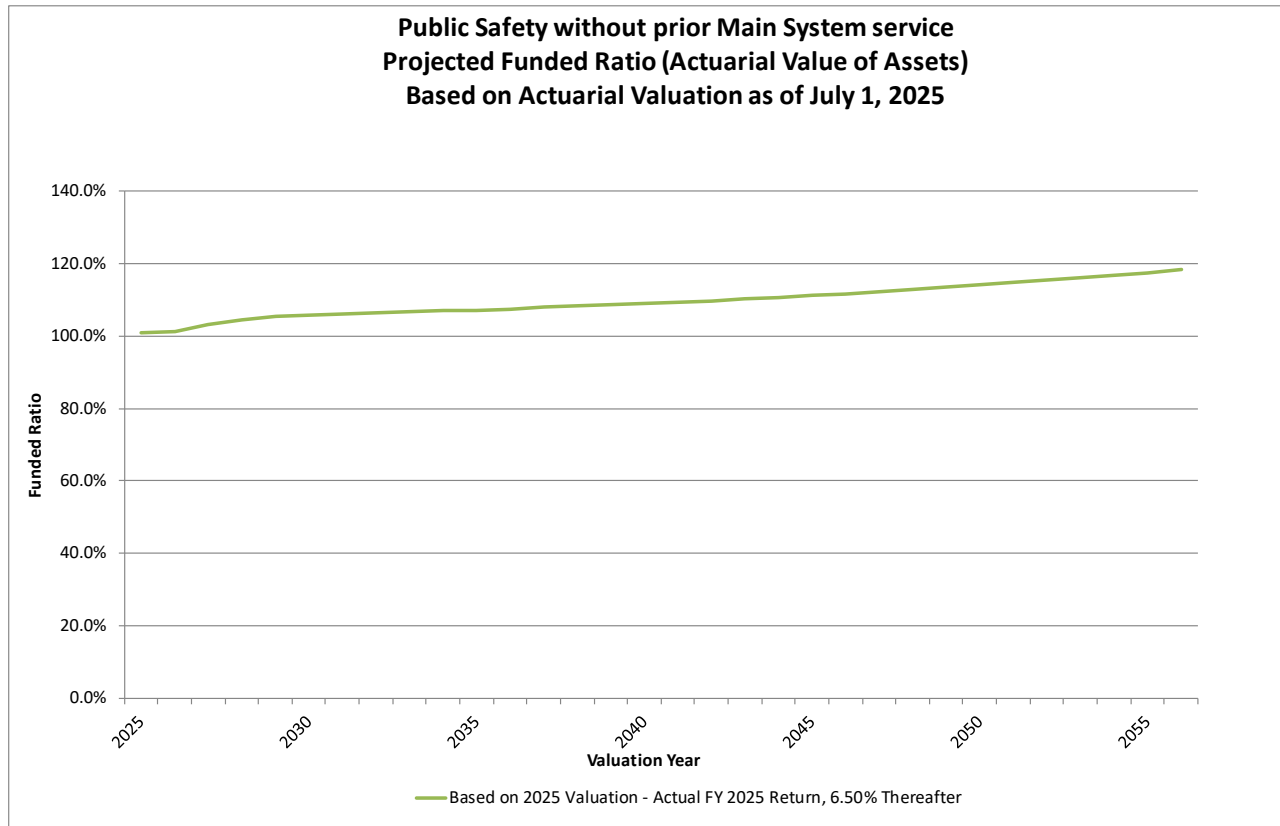
PERS – Public Safety with Prior Main System Service



Projection assumes current statutory fixed rates continue indefinitely.

Actuarial Projections

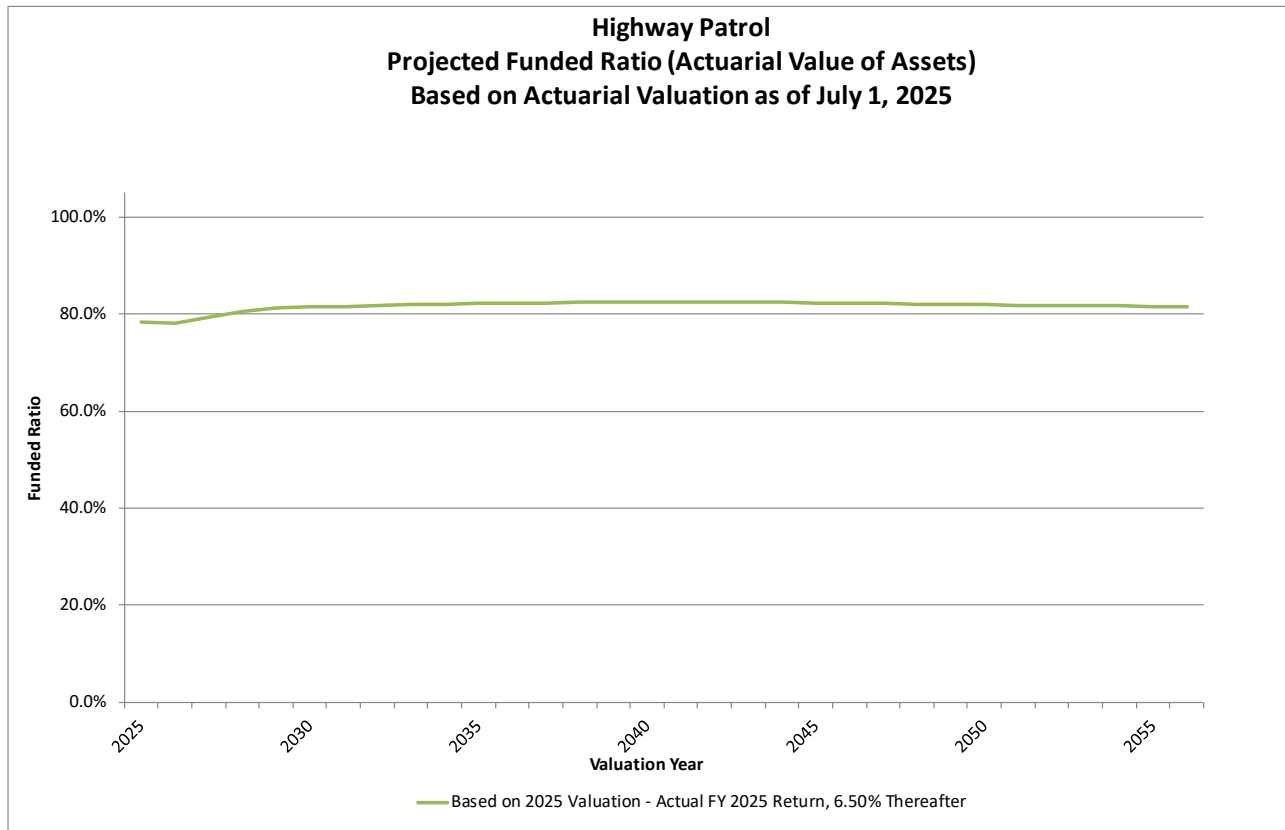
PERS – Public Safety without Prior Main System Service



Projection assumes current statutory fixed rates continue indefinitely.

Actuarial Projections

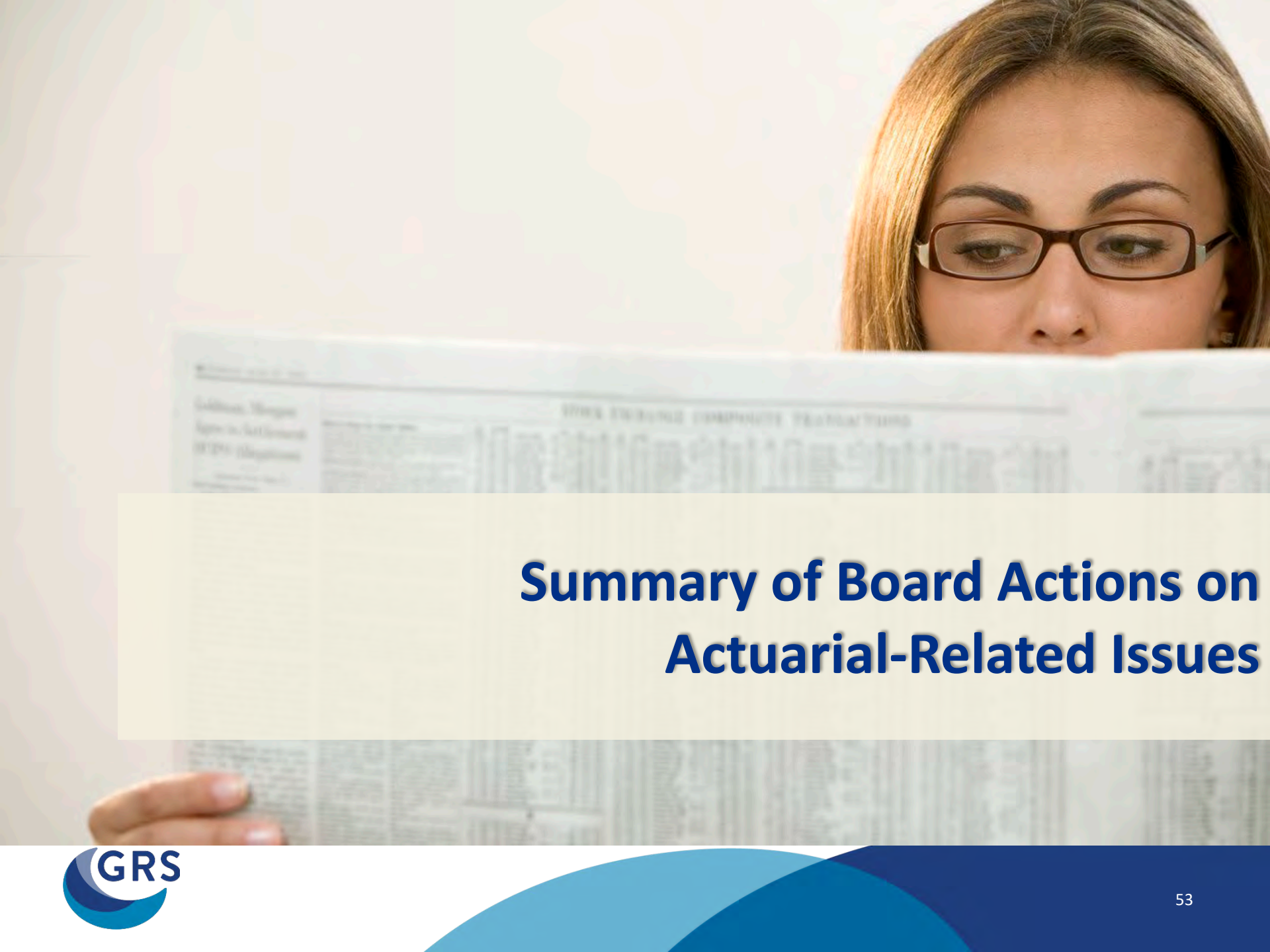
Highway Patrol



* The projections include the \$15 million cash infusion that was received in July 2025.

Projection Results

- The change to an actuarial funding policy for the Main System results in projected full funding in 2056.
- The projection does not reflect any changes in discount rate or investment returns due to potential de-risking of the assets of the Main Plan in the future. De-risking would increase required contributions.
- When the \$15 million cash infusion received in July is reflected, the Highway Patrol plan is expected to achieve and maintain an 80% funded ratio
- The funded ratios of the Public Safety plans are projected to steadily improve.
- For Public Safety and Highway Patrol Plans, projections assume stable active member population (i.e., terminating and retiring members are assumed to be replaced with new members).



Summary of Board Actions on Actuarial-Related Issues

Summary of Board Actions on Actuarial-Related Issues

1

Updated assumptions first used in actuarial valuations as of July 1, 2017, July 1, 2019, July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2025

2

Adopted updated actuarial equivalence factors, most recently effective January 1, 2021 and January 1, 2023

3

Adopted updated service purchase methodology which incorporated updated assumptions

4

Adopted Return to Work methodology

5

Adopted Employer Withdrawal Liability methodology



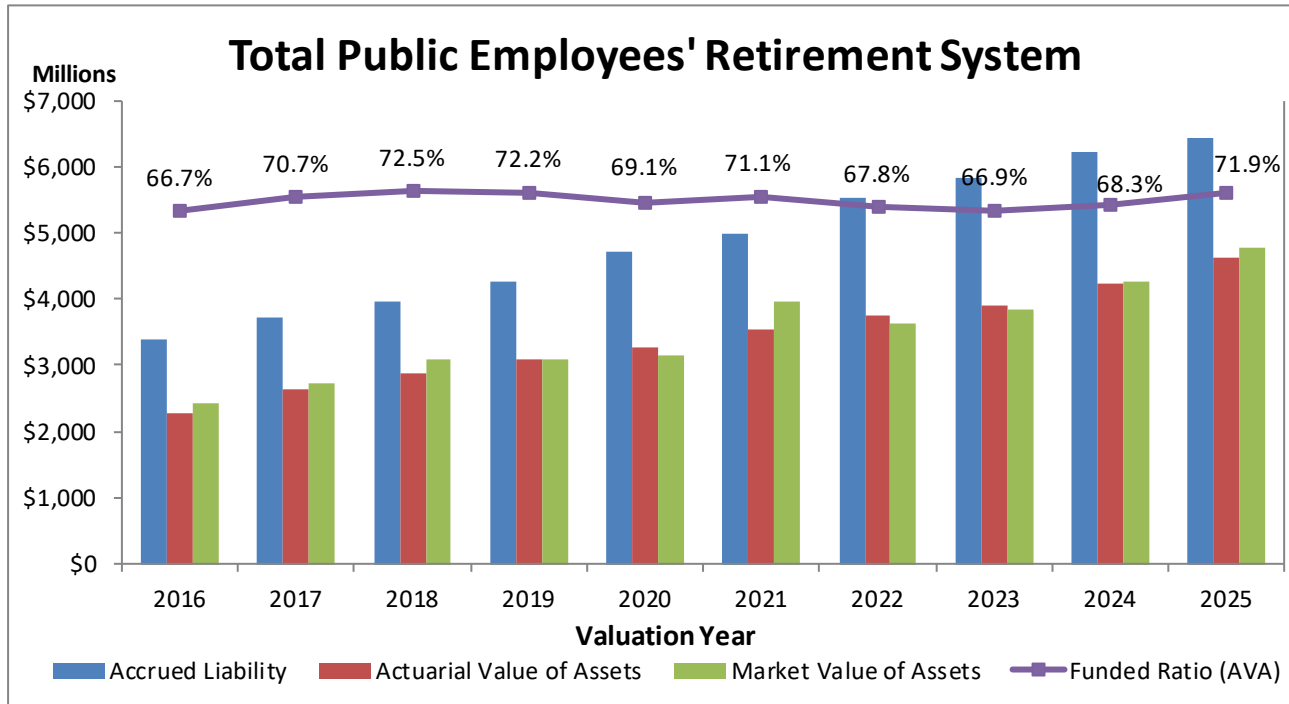


Questions?

APPENDIX

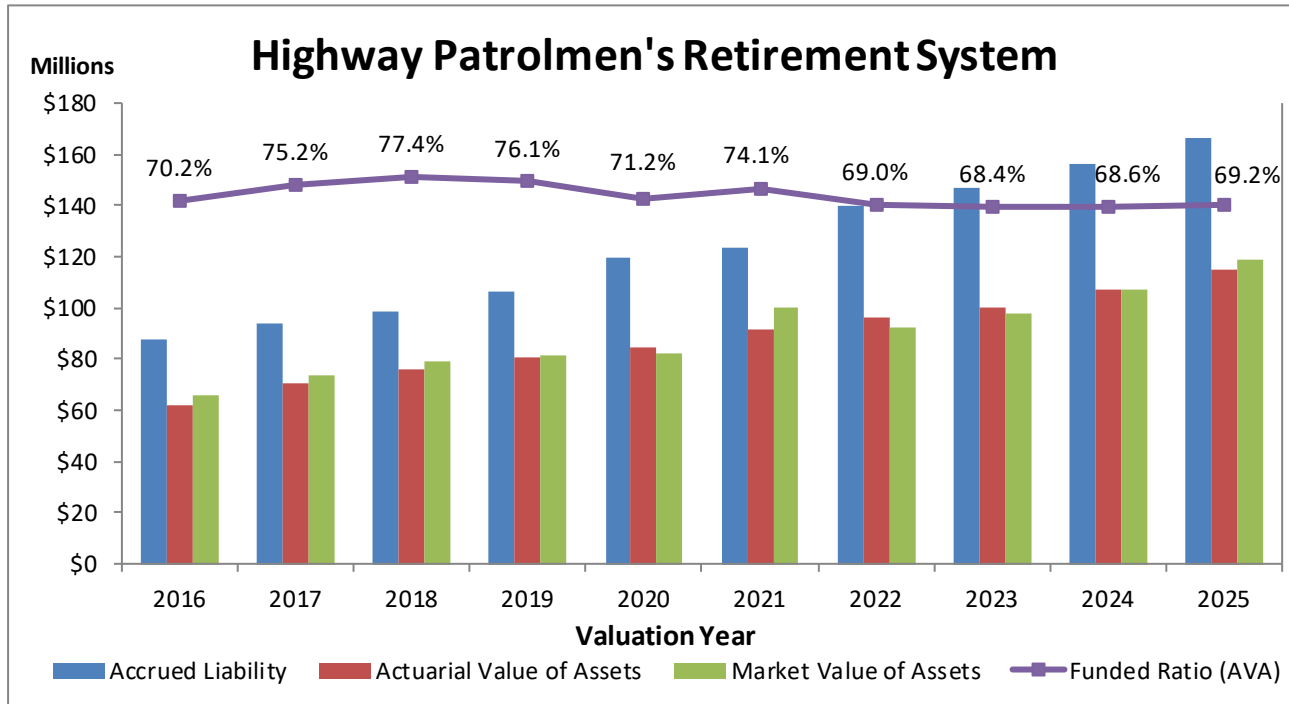
Historical Trends

Change in Funded Status



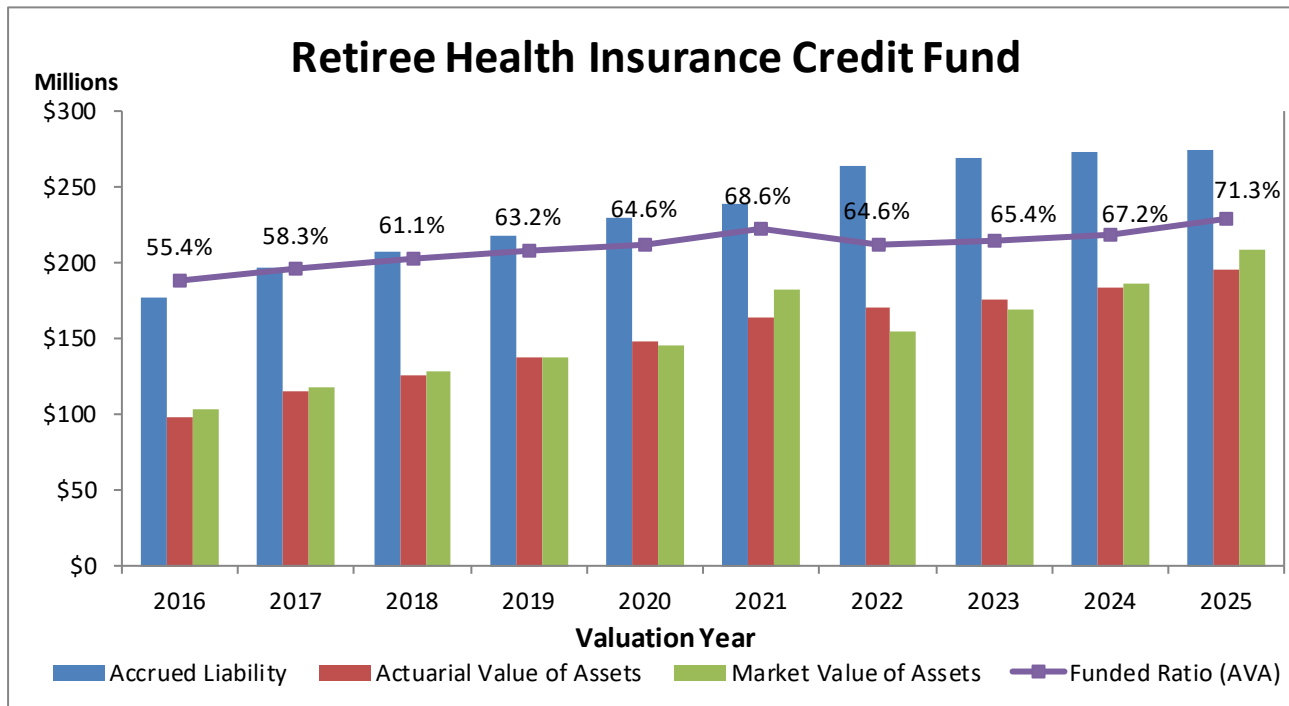
Historical Trends

Change in Funded Status



Historical Trends

Change in Funded Status

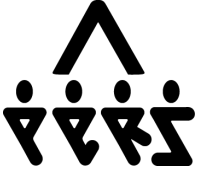


Disclosures

- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- The actuaries submitting this presentation (Bonita Wurst and Abra Hill) are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.
- The purposes of the actuarial valuation are to measure the financial position of the North Dakota Public Employees Retirement System, calculate the actuarial employer contribution rates and provide actuarial reporting and disclosure information for financial reporting.
- The assumptions used in the calculation of the July 1, 2025 actuarial valuation results are based on an experience study for the five-year period ending June 30, 2024, and were provided by, and are the responsibility of, the NDPERS Board.

Disclosures

- Future actuarial measurements may differ significantly from the current and projected measurements presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.
- This is one of multiple documents comprising the actuarial reports for the NDPERS Plans. Additional information regarding actuarial assumptions and methods and important additional disclosures are provided in the Actuarial Valuation Reports as of July 1, 2025.
- If you need additional information to make an informed decision about the contents of this presentation, or if anything appears to be missing or incomplete, please contact us before relying on this presentation.



**North Dakota
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Memorandum

TO: NDPERS Board

FROM: MaryJo Anderson

DATE: October 29, 2025

SUBJECT: Job Service COLA

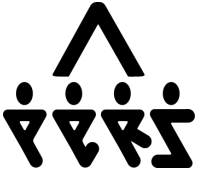
According to Article VII(3) of the plan document for the Retirement Plan for Employees of Job Service North Dakota, “effective each December 1 of any year, the monthly amount of each retirement annuity, death benefit, or disability benefit then payable shall be increased by the percent increase, if any, in the Consumer Price Index.” It further states, “no increase in retirement allowance granted under the Plan, or the date for commencement of such increase, will become effective unless the same increase has been authorized for the Civil Service Retirement System, and unless the increase has been authorized by the NDPERS Board.” This provision for a COLA increase was authorized by the United States Department of Labor as part of a larger agreement reached with the USDOL in the late 1970’s. Since that time, the Plan practice has been to provide COLAs consistent with the Federal Civil Service Plan. The actuarial assumption adopted by the Board for the Job Service COLA in the valuation was changed from 2.25% to 2.40% effective July 1, 2025.

This year the COLA index for the Civil Service Retirement System (CSRS) is 2.80%. Therefore, a 2.80% COLA increase is indicated for the Job Service retirees paid by NDPERS as well as for the Job Service retirees paid by MetLife/BrightHouse. The increase would be effective December 1, 2025. The last increase for annuitants in this system was 2.5% effective December 1, 2024.

The actuarial assumption used in the annual valuation for the COLA is 2.40% effective July 1, 2025; therefore, the 2.80% increase represents a slight loss to the system.

Board Action Requested

Determine whether to approve the 2.80% COLA increase for Job Service annuitants.



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Memorandum

TO: NDPERS Board

FROM: Katheryne Korom

DATE: October 29, 2025

SUBJECT: FlexComp Plan Renewal

Effective January 1, 2025, ASIFlex was awarded the bid for the FlexComp plan. Attachment 1 is ASIFlex's renewal rate confirmation for the January 1, 2027, through December 31, 2028, contract period. This time period represents the 2nd two-year period available for contracting as part of the bid process. As outlined in their proposal, ASIFlex is offering a reduction in the "Go Green" pricing from \$2.25 PPPM to \$2.15 PPPM for the upcoming 2-year period. Pricing for participants not set up for electronic communications will remain at \$2.35 PPPM.

Board Action Requested

Consider ASIFlex's renewal proposal for January 1, 2027, through December 31, 2028.

If the Board does not choose to renew with ASIFlex, staff will present the Administrative and Recordkeeping Services for Section 125 FlexComp Plan Request for Proposal at the December Board meeting for consideration so we can procure another vendor.



Administration Pricing Made Simple!

Prepared for NDPERS FlexComp

➤ Monthly PPM Admin Fees

FSA: \$2.35 or \$2.15 “Go Green”

- “Go Green” - Reduced admin fee for participants who elect direct deposit and electronic communications.
- Only one PPM - Per Participant Per Month fee if more than one benefit is elected.
- Rates locked in for full contract period

On-Site Visits: Included at no charge

FSA Debit Cards: \$0.00

Replacement cards at no additional cost.

Nondiscrimination Testing: \$0.00

Complimentary testing as often as requested.

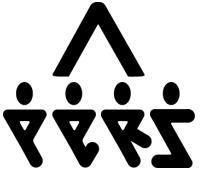
Set Up Fees/Renewal Fees: \$0.00



➤ What else is included at no additional cost?

- Dedicated Account Management
- Live Customer Service - No IVRs!
- Efficient and Accurate Claim Processing
- SPD and Plan Document Services
- Data Interchange Flexibility
- Robust Reporting Options and Ad-Hoc Reports
- Webinars and Virtual OE Sessions
- SSO (Single Sign On) Capabilities
- Mobile Application for Phones and Tablets
- Participant and Employer Surveys
- Employee Plan Communication Materials
- User Friendly Participant and Employer Portals
- On Staff General Counsel to Monitor Regulatory Environment
- Co-branding Options and Customization of Materials





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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: October 29, 2025

SUBJECT: Health Insurance Consultant Contract Amendment

At the July meeting, the Board approved the contract renewal for health insurance consulting services with Deloitte Consulting. The renewal was approved for the January 1, 2026, through December 31, 2027, contract period. Attachment 1 is the contract amendment prepared by NDPERS legal staff and approved by Deloitte Consulting.

Board Action Requested

Consider approval and signature by Chairman Seminary of the contract amendment for health insurance consulting services with Deloitte Consulting for the January 1, 2026, through December 31, 2027, contract period.

**CONTRACT AMENDMENT TO
AGREEMENT FOR SERVICES BETWEEN DELOITTE CONSULTING LLP
AND NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
AMENDMENT NUMBER: 1**

This amendment is made to the Agreement for Services Between Deloitte Consulting LLP and North Dakota Public Employees Retirement System effective January 1, 2024 (Agreement) between the State of North Dakota, acting through its Public Employees Retirement System (NDPERS), and Deloitte Consulting LLP (CONTRACTOR).

The parties agree to the following terms and conditions and expressly agree that if any of the following terms and conditions conflict with any of the terms and conditions of the Agreement, then, notwithstanding any term in the Agreement, the following terms and conditions govern and control the rights and obligations of the parties.

The parties agree to amend the Agreement as follows:

1. **SECTION 1) SCOPE OF SERVICES** is amended as follows:

Project 1: Health and PBM RFP Preparation and Evaluation of the Bids

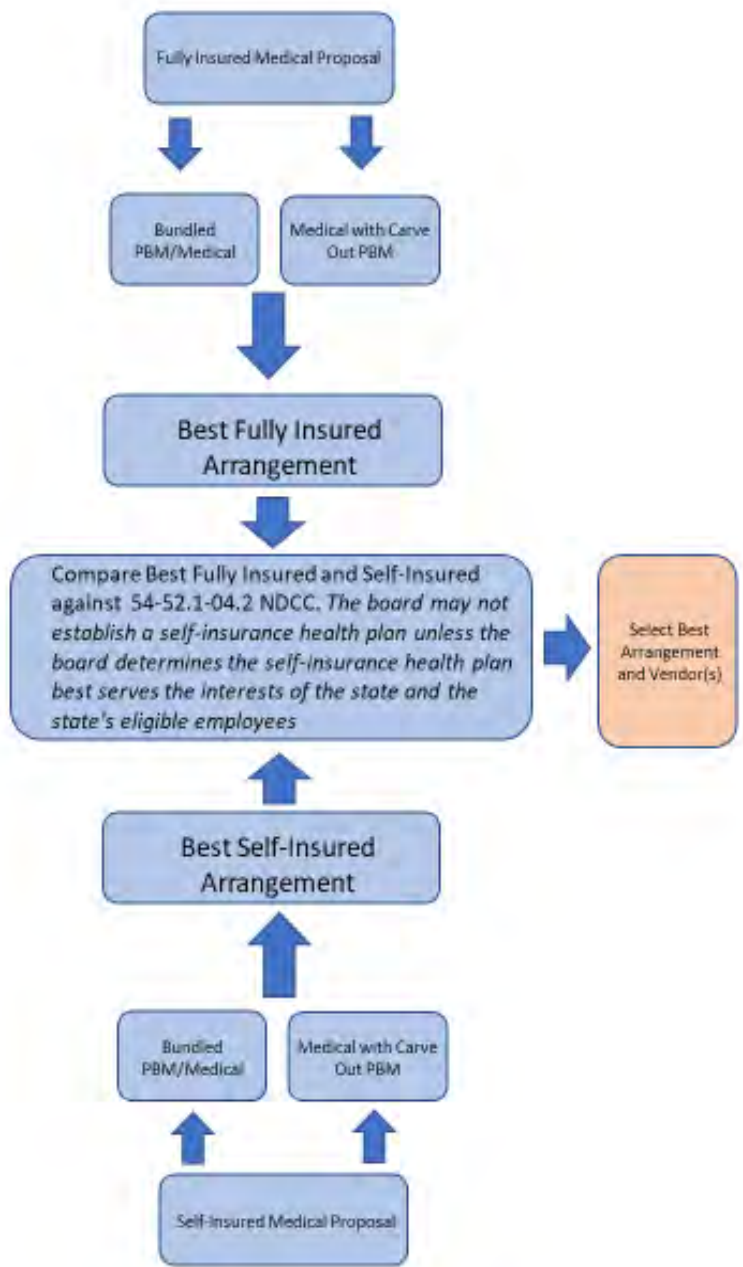
Bid Solicitation and Evaluation for the Health Programs (if necessary). If necessary, CONTRACTOR shall draft the health insurance plan RFP and analyze any proposals received. This includes the development and analysis of carved-out pharmacy benefits.

Bid Process – Health Insurance Plan

CONTRACTOR shall, pursuant to the requirements of N.D.C.C. § 54-52.1-04:

- Draft an RFP for a fully-insured health plan and an RFP for a self-insured health plan
 - Both the-fully insured and self-insured proposals must be bid as a “bundled product” with the medical and Rx service combined and awarded to one vendor, and then as an “unbundled product” with the medical and Rx service awarded separately.
- Review the fully-insured proposals and the self-insured proposals to determine if any of the proposals best serves the interests of the state and the state's eligible employees and make recommendations to the Board

The following chart is an outline of the health insurance plan bid process:



Bid Preparation and Evaluation for the Health Insurance Plan Bids

CONTRACTOR shall, pursuant to the requirements of N.D.C.C. § 54-52.1-04:

- Draft all necessary RFP documents to replicate the existing plans including:
 1. The PPO Grandfathered Plan and a non-grandfathered HDHP/HSA for active state employees. The successful health insurance vendor will need to provide an HSA vendor.
 2. The retiree plan, which is the equivalent of a Medicare Supplement Plan F.
 3. The PPO Non-grandfathered PPO plan and the HDHP (without HSA) are available for political subdivisions of the state.
 4. The wellness program created pursuant to N.D.C.C. § 54-52.1-14
- Develop a list of providers to be solicited. STATE will supplement the list with requests NDPERS has received.
- Solicit proposals from the providers identified by CONTRACTOR and the supplemental providers identified by STATE.
- Review and analyze all proposals. The analysis shall include the following:
 1. Confirm that all bidders meet the minimum requirements and eliminate any non-qualified bidders.
 2. Evaluate the financial implications of each proposal (quantitative factors), including the following factor identified in Section 54-52.1-04, N.D.C.C.:
 - a. The economy to be effected [sic].
 - b. The ease of administration.
 - c. The adequacy of the coverages.
 - d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
 - e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.
 3. Evaluate the technical aspects of each proposal (qualitative factors).
 4. Complete all other analysis requested by the Board.
- Present to the Board the findings from the above-described review and analysis of the proposals.
- Assist in developing contracts with the successful bidder and with the implementation of the plan as requested.

The above-described services related to the Health Insurance Plan shall be completed so that the following tasks can be completed in the following timeframes:

Date	Activity
January 1, 2026	CONTRACTOR shall be available for general program consulting.

January-April 2026	CONTRACTOR submits recommended changes to draft Health RFP to NDPERS staff for consideration. CONTRACTOR shall work with staff to develop a final version.
May/June 2026	Health RFP reviewed and approved by NDPERS Board.
June 2026	CONTRACTOR issues Health RFP if so determined by the NDPERS Board.
July 2026	CONTRACTOR reviews and provides analysis of health proposals if necessary and provides recommendations to the NDPERS Board.
August 2026	NDPERS Board selects health carrier if necessary.
2026 - 2027	CONTRACTOR assists with contracting and plan implementation as requested.

Project 2: Medicare Part D RFP Preparation and Evaluation of the Bids

Bid Solicitation and Evaluation for Medicare Part D Plan (if necessary). If necessary, CONTRACTOR shall develop and issue the Medicare Part D plan RFP and analyze any proposals received.

Bid Process, Solicitation Evaluation of Part D Plan (if necessary)

CONTRACTOR shall, pursuant to the requirements of N.D.C.C. § 54-52.1-04:

- Draft all necessary RFP documents to replicate the existing retiree Prescription Drug Plan (PDP).
- Develop a list of providers to be solicited. STATE will supplement the list with requests NDPERS has received.
- Solicit proposals from the providers identified by CONTRACTOR and the supplemental providers identified by STATE.
- Review and analyze all proposals. The analysis shall include the following:
 1. Confirm that all bidders meet the minimum requirements and eliminate any non-qualified bidders.
 2. Evaluate the financial implications of each proposal (quantitative factors), including the following factor identified in Section 54-52.1-04, N.D.C.C.:
 - a. The economy to be effected [sic].
 - b. The ease of administration.
 - c. The adequacy of the coverages.
 - d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
 - e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.
 3. Evaluate the technical aspects of each proposal (qualitative factors).
 4. Complete all other analysis requested by the Board.

- Present to the Board the findings from the above-described review and analysis of the proposals.
- Assist in developing contracts with the successful bidder and with the implementation of the plan as requested.

The above-described services related to the Medicare Part D Plan shall be completed so that the following tasks can be completed in the following timeframes:

Date	Activity
January 1, 2026	CONTRACTOR shall be available for general program consulting.
January-April 2026	CONTRACTOR submits recommended changes to draft Medicare Part D RFP to NDPERS staff for consideration. CONTRACTOR shall work with staff to develop a final version.
May/June 2026	Submit Medicare Part D RFP to NDPERS Board for approval if Board opts to not renew.
June/July 2026	CONTRACTOR issues Medicare Part D RFP if so determined by the NDPERS Board.
August/September 2026	CONTRACTOR reviews and provides analysis of Part D proposals if necessary and provides recommendations to the NDPERS Board.
August/September 2026	NDPERS Board selects vendor if necessary.
September/October 2026	CONTRACTOR assists in contracting and plan implementation as requested.

Project 3: Health Premium Estimates/Part D Premium – verification that offer premium is reasonable

Premium Calculation for 2027-2029: CONTRACTOR shall estimate the required premiums for the health insurance plan for a twenty-four (24) month period beginning July 1, 2027, and ending June 30, 2029. CONTRACTOR and STATE will agree upon the timeline to prepare the estimate. The purpose of this effort is to provide the Board with an estimate to be used in analyzing the merits of renewing with the existing carrier.

In addition, CONTRACTOR shall verify that the premium being proposed by the Medicare Part D vendor for the upcoming plan year is reasonable based on plan design, the CMS subsidy for the upcoming calendar year, and trends impacting Part D plans.

General Consulting

CONTRACTOR shall provide the following services. All work must be pre-authorized by NDPERS. Any work efforts CONTRACTOR completes or initiates that have not been pre-authorized will not be reimbursed.

CONTRACTOR shall serve in an advisory and review capacity to the NDPERS Board, Executive Director, and NDPERS staff. In this capacity, CONTRACTOR shall attend meetings and present findings and recommendations as required. The NDPERS Board meets on a monthly basis.

CONTRACTOR shall provide the following:

- The actuarial and administrative implications of particular interpretations of the group health, Medicare Part D Plan, life, vision, dental, and EAP insurance statutes and administrative rules.
- The effect of existing and proposed state and federal laws that affect, or may affect the group health, Medicare Part D Plan, life, vision, dental, and EAP insurance programs.
- General assistance to NDPERS, as requested, regarding the ongoing administration of the group health, Medicare Part D Plan, life, vision, dental, and EAP plans including the review of premiums and the development of procedures and forms.
- Technical assistance relating to COBRA administration.
- Technical assistance relating to plan design, Pharmacy Benefit Managers (PBM), disease management programs, wellness programs, provider negotiations, and plan documents.
- Assistance with ACA compliance
- Assistance with HIPAA compliance
- Assistance with Federal and State compliance
- Other necessary compliance assistance

Legislation Analysis

CONTRACTOR shall provide the following services. All work must be pre-authorized by NDPERS. Any work efforts CONTRACTOR completes or initiates that have not been pre-authorized will not be reimbursed.

CONTRACTOR shall assist in the following areas relating to proposed legislation:

- Provide consultation on, and perform certain work in pricing, proposed legislation, or plan benefit modifications.
- Assist in the preparation and review of proposed changes to the governing laws.
- Pricing or general review work on legislation or plan benefit modifications shall specifically address each issue and give the basis for each finding.
- Furnish its review in writing and, for pricing efforts, show the assumptions, pricing base, and actuarial implications on the total program, cost, and alternatives, if appropriate.

2. **SECTION 2) TERM** is amended as follows:

The Agreement commenced on January 1, 2024, for a period of two years with an option to renew the Agreement for up to two additional two-year periods.

The parties have agreed to renew the Agreement for an additional two-year period (Renewal Term). Therefore, the Agreement is amended to change the expiration date to December 31, 2027. The Agreement has one renewal remaining.

a. Renewal Option

NDPERS may renew this Agreement upon satisfactory completion of the Renewal Term. NDPERS reserves the right to execute up to one additional option to renew this Agreement for a period of two years under the same terms and conditions except that fees may be adjusted as provided in the Renewal Cost Proposal attached as Exhibit 1 to this Amendment.

3. **SECTION 3) FEES** is amended as follows:

a. Contractual Amount

NDPERS shall pay for the accepted services provided by CONTRACTOR under this Agreement an amount not to exceed:

Project 1: Health and PBM RFP Preparation and Evaluation of the Bids

Fixed fee: \$165,000

Project 2: Medicare Part D RFP Preparation and Evaluation of the Bids

Fixed fee: \$82,500

Project 3: Health Premium Estimates/Part D Premium – verification that offer premium is reasonable

Fixed fee: \$22,500

General Consulting

Hourly Rate: \$325

Legislative Consulting

Hourly Rate: \$325

Payment for Project 1, Project 2, and Project 3 shall be due in accordance with the terms of this section.

The Contractual Amount is firm for the duration of this Agreement and constitutes the entire compensation due CONTRACTOR 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 CONTRACTOR, except as provided by an amendment to this Agreement.

The cadence of the payment schedule for the above Fees is as follows, consistent with the previously agreed schedule between the CONTRACTOR and NDPERS for the original Agreement:

- Hourly Rate activities: will be invoiced monthly for any month in which Hourly Rate activities are performed
- Fixed Fee activities:
 - Calendar Year 2026 invoice total amount: \$228,750
 - July 2026 (representing services through 6/30/2026): \$114,375
 - 50% Project 1 (\$82,500) + 25% Project 2 (\$20,625) + 50% Project 3 (\$11,250)
 - October 2026 (upon final approval of deliverables): \$114,375
 - 50% Project 1 (\$82,500) + 25% Project 2 (\$20,625) + 50% Project 3 (\$11,250)
 - Calendar Year 2027 invoice total amount: \$41,250
 - July 2027 (representing services through 6/30/2027): \$20,625
 - 0% Project 1 (\$0) + 25% Project 2 (\$20,625) + 0% Project 3 (\$0)
 - October 2027 (upon final approval of deliverables): \$20,625
 - 0% Project 1 (\$0) + 25% Project 2 (\$20,625) + 0% Project 3 (\$0)

b. Payment

- 1) Payment made in accordance with this Fees section shall constitute payment in full for the services and work performed and the deliverables and work(s) provided under this Agreement and CONTRACTOR shall not receive any additional compensation hereunder.
- 2) NDPERS shall make payment under this Agreement within forty-five (45) calendar days after receipt of a correct invoice.
- 3) Payment of an invoice by NDPERS will not prejudice NDPERS's right to object to or question that or any other invoice or matter in relation thereto. CONTRACTOR's invoice will be subject to reduction for amounts included in any invoice or payment made which are determined by NDPERS, on the basis of audits conducted in accordance with the terms of this Agreement, not to constitute allowable costs. At NDPERS's

sole discretion, all payments shall be subject to reduction for amounts equal to prior overpayments to CONTRACTOR.

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

c. Travel

CONTRACTOR acknowledges travel costs are covered by the Contractual Amount and shall not invoice NDPERS for travel costs.

d. Prepayment

NDPERS will not make any advance payments before performance or delivery by CONTRACTOR under this Agreement.

4. **SECTION 4) BILLINGS** is deleted.
5. **SECTION 5) TERMINATION** is amended as follows:

a. Termination for Convenience or by Mutual Agreement

Either party may terminate this agreement for convenience with thirty (30) days written notice mailed to the other party, or as mutually agreed to by the parties.

b. Termination for Lack of Funding or Authority

NDPERS by written notice to CONTRACTOR may terminate for convenience the whole or any part of this Agreement under any of the following conditions:

- 1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
- 2) If federal or state laws or rules are modified or interpreted in a way that the services 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.

c. Termination for Cause

NDPERS may terminate this Agreement effective upon thirty (30) days prior written notice to CONTRACTOR, or any later date stated in the notice:

- 1) If CONTRACTOR fails to provide services required by this Agreement within the time specified or any extension agreed to by NDPERS; or
- 2) If CONTRACTOR 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.

In the event of any termination under this subsection, CONTRACTOR shall have the right to cure within the notice period. The rights and remedies of NDPERS provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

6. **SECTION 7) ACCESS TO RECORDS AND CONFIDENTIALITY** is amended to provide:

The phrase “Exhibit A” is replaced with “Section 1 to Amendment No. 1 to this Agreement.” The remainder of Section 7 remains in effect.

7. **SECTION 9) MERGER AND MODIFICATION** is amended to provide:

This Agreement, including the following documents, 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, as may be amended;
- b. CONTRACTOR’s Request for Proposal for Uniform Group Insurance Consultant Technical Response date August 29, 2023; and
- c. NDPERS’ Request for Proposal for North Dakota Public Employees Retirement System Uniform Group Insurance Consultant.

No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or

change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.

8. **SECTION 17) NOTICE** is amended as follows:

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

NDPERS:

Executive Director
ND Public Employees Retirement System
1600 East Century Avenue, Suite 2
P.O. Box 1657
Bismarck, ND 58502-1657

CONTRACTOR:

Deloitte Consulting LLP
50 South Sixth Street, Suite 2800
Minneapolis, MN 55402

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.

All other terms of the Agreement remain in effect. This Amendment is not effective until fully executed by all parties.

Deloitte Consulting LLP

**State of North Dakota through
its Public Employees Retirement
System**

Signature:  _____

Signature: _____

Printed: Timothy J. Egan

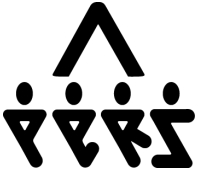
Printed: _____

Title: Managing Director

Title: _____

Date: 10/17/2025

Date: _____



**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 Fricke

DATE: October 29, 2025

SUBJECT: Proposed Administrative Rules

Staff has begun the process of drafting our administrative rules. The first effort is to identify areas of proposed rulemaking. Attachment 1 is the summary of proposed rule changes. Attachment 2 is a draft of the proposed rules reviewed by staff and prepared by legal counsel.

We are asking you to review and identify any additional areas we should be considering. At the December 9th meeting we will seek your approval to distribute the rules for public comment. Please note that there will be a few additional rules brought forward at the December meeting for your consideration that are currently being worked on with staff and legal counsel.

Following is the schedule:

2025-2026 Proposed Administrative Rule Revision/Addition/Deletion Schedule

October 29	Initial review at October 29 Board Meeting
December 9	Final Board approval of proposed rules
December 12	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
December 12	Notify NDNA of upcoming notice and verify timing of printed notice

December 29	Notice has been printed in all required newspapers and notice sent to any pertinent legislator with proposed rule changes
January 20	Proposed date for Public Hearing
January 20	Hearing held and comment period opened
February 2	Comment period closed
February 10	Final Board review of comments
February 13	Send to Attorney General's office for review
April 29	After receipt of AG review, send to Legislative Council
May 1	Deadline to submit proposed rules to Legislative Council
June (Date TBD)	Administrative Rules Committee Meeting held
July 1, 2026	New rules take effect, provided there are no holds placed on them by the committee

Board Action:

Provide comments on additions/edits to proposed rules.

SUMMARY OF PROPOSED ADMINISTRATIVE RULE CHANGES:

Section	Description	Reason
71-02-01-01(10). Definitions.	Remove definition of "correctional officer" as no longer needed.	Conflicts with current state law
71-02-01-01(14). Definitions.	Adds references to BCI and public safety plans in definition of "normal retirement".	Clarify references to public safety plans for consistency
71-02-01-01(16). Definitions	Definition of overtime.	Remove erroneous citation
71-02-01-01(19). Definitions	Adds references to BCI and public safety plans in definition of "permanent and total disability".	Clarify references to public safety plans for consistency
71-02-03-02.2(4). Payment.	Provides timeframe for payment towards additional service purchases.	Clarification
71-02-03-06 (2). Conversion of Sick Leave.	Removes language regarding when additional service purchased is added to member's record.	Clarification based upon administrative processes
71-02-04-07. Amount of early retirement benefit.	Clarified the amount of early retirement benefit for consistency with state law.	Clarification
71-02-04-09.1. Dual membership limitations.	Clarifies dual membership application among defined benefit plans and does not include defined contribution plan.	Clarification
71-02-05-06. Determination of disability – Procedures.	Clarify disability application procedures, timeframes and appeal rights.	Comply with SB 2119 and provide clarification
71-02-05-07. Optional benefits.	Reflects updated public safety plan names and removes erroneous citation	Clarification
71-02-05-07.1. Judges' retirement plan optional benefits.	Removes erroneous citation	Removes erroneous citation
71-02-06-01. Conditions for return.	Clarifies automatic refund provisions for various plans under NDCC 54-52	Comply with SB 2121 and clarification due to varying vesting schedule among plans
71-03-03-05. Special enrollment for certain qualifying events.	Clarify qualifying events for enrollment into uniform group insurance plans, including timeframe to make application and effective date of coverage	Consistency with federal law and current administrative procedures

Section	Description	Reason
71-03-04-01. Employer contributions.	Provide guidance on treatment of state employees that transfer employment between participating employers and provide definitions of termination of employment and transfer for administration of uniform group insurance plans.	Consistency in administration of NDPERS plans among participating employers
71-03-05-10(5). Determining amount of premium overpayments and underpayments.	Add new rule regarding treatment of overpayments and underpayments for the employee assistance program.	Consistency among uniform group insurance plans
71-03-07-01. Employer contribution.	Provide guidance on treatment of political subdivision employees that transfer employment between participating employers and provide definitions of termination of employment and transfer for administration of uniform group insurance plans.	Consistency in administration of NDPERS plans among participating employers
71-04-05-02. Payroll deductions.	Allows NDPERS and participating 457 plan employer ability to agree to a different timeframe for payroll remittances.	Clarification
71-05-01-01(6). Definitions.	Definition of “overtime” in Highway Patrol Plan.	Remove erroneous citation and plan consistency
71-05-01-01(8). Definitions.	Clarify plan administrator of Highway Patrol Plan to include person or committee appointed by NDPERS Board.	Consistency among plans
71-05-04-03. Repurchase of service credit and purchase of additional service credit.	Mirror language regarding Highway Patrol Plan and purchasing previous public employment as already provided for main plan under NDAC 71-02-03-02.1.	Consistency among plans
71-05-04-04.1. Costs.	Mirror language regarding Highway Patrol Plan purchase of service costs as already provided for main plan under NDAC 71-02-03-02.5.	Consistency among plans
71-05-04-06. Crediting purchased or repurchased service.	Mirror language regarding Highway Patrol Plan crediting of purchased service as already provided for main plan under NDAC 71-02-03-02.4.	Consistency among plans
71-05-05-08. Retirement – Dual membership.	Clarifies dual membership application among defined benefit plans and does not include defined contribution plan.	Clarification
71-08-02-01. Membership of individuals who become	Clarifies dual membership application among defined benefit plans and does not include defined contribution plan.	Clarification

Section	Description	Reason
covered under the judges retirement plan, the highway patrol retirement plan, the teachers' fund for retirement plan, or the alternate retirement plan of the state board of higher education.		
71-08-03-01. Disability distribution.	Corrects erroneous citation	Corrects erroneous citation
71-08-11-08. Forfeiture rights upon distribution.	Clarifies forfeiture of rights upon distribution within defined contribution plan.	Clarification

Title 71 Retirement Board

Article	
71-01	General Administration
71-02	Public Employees Retirement System
71-03	Uniform Group Insurance Program
71-04	Deferred Compensation Plan for Public Employees
71-05	Highway Patrol Retirement System
71-06	Retiree Health Insurance Credit
71-07	Pretax Benefits Program
71-08	Defined Contribution Plan

ARTICLE 71-02 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter	
71-02-01	Definitions
71-02-02	Membership
71-02-03	Service Credit
71-02-04	Retirement Benefits
71-02-05	Disability
71-02-06	Contributions
71-02-07	Return to Service
71-02-08	Participation by Governmental Units
71-02-09	Review Procedure
71-02-10	Qualified Domestic Relations Orders
71-02-11	Uniformed Services Employment and Reemployment Rights Act

CHAPTER 71-02-01 DEFINITIONS

71-02-01-01. Definitions.

As used in North Dakota Century Code chapter 54-52 and this article:

1. "Accumulated contributions" means the total of all of the following:

- a. The employee account fund balance accumulated under the prior plan as of June 30, 1977.
- b. The vested portion of the employee's "vesting fund" accumulated under the prior plan as of June 30, 1977.

- c. The member's mandatory contributions made after July 1, 1977.
 - d. The member's vested employer contributions made after January 1, 2000, pursuant to North Dakota Century Code section 54-52-11.1.
 - e. The interest on the sums determined under subdivisions a, b, c, and d, compounded annually at the rate of five percent from July 1, 1977, to June 30, 1981, six percent from July 1, 1981, through June 30, 1986, and one-half of one percent less than the actuarial interest assumption from July 1, 1986, to the member's withdrawal from the plan or retirement.
 - f. The sum of any employee purchase or repurchase payments.
2. "Actuarial equivalent" means a benefit calculated to be of equal value to the benefit otherwise payable when computed on the basis of assumptions and methods adopted for this purpose by the board in a way that precludes employer discretion pursuant to Internal Revenue Code section 401(a)(25). Such assumptions and methods adopted by the board, and any table of adjustment factors established in accordance with the assumptions and methods, shall be incorporated herein by reference.
 3. "Alternative retirement system" means the teachers' fund for retirement, the highway patrolmen's retirement system, and the teachers' insurance and annuity association of America.
 4. "Beneficiary" means any person in receipt of a benefit provided by this plan or any person designated by a participating member to receive benefits.
 5. "Board" means the board of trustees for the public employees retirement system.
 6. "Bonus" means cash compensation for services performed in addition to base salary excluding commission and shift differentials. Bonus does not include lump sum payments of sick leave provided under North Dakota Century Code section 54-06-14 or lump sum payments of annual leave or vacation pay.
 7. "Claim" means the right to receive a monthly retirement allowance, the receiving of a retirement allowance, or the receiving of a disability benefit.
 8. "Continuously employed" means any period of employment uninterrupted by voluntary or involuntary termination or discharge. A member who has taken a leave of absence approved by the member's employer, not to exceed a year unless approved by the executive director, and returns to employment shall be regarded as continuously employed for the period.
 9. "Contribution" means the payment into the fund as a percentage of the salary of a member.

~~10. "Correctional officer" means a person who has completed a correctional officer course approved or certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in North Dakota Century Code chapter 12-44.1.~~

~~41. 10. "County judge" means a judge who was elected pursuant to North Dakota Century Code section 27-07.1-01 or an individual holding the position of county judge, county justice, or judge of county court prior to the general election in 1982, who meets all the eligibility requirements established under North Dakota Century Code chapter 54-52.~~

~~42. 11. "Interruption of employment" is when an individual is inducted (enlists or is ordered or called to active duty into the armed forces of the United States) and leaves an employment position with a state agency or political subdivision, other than a temporary position. The individual must have left employment to enter active duty and must make application in accordance with the Uniformed Services Employment and Reemployment Rights Act.~~

~~43. 12. "Leave of absence" means the period of time up to one year for which an individual may be absent from covered employment without being terminated. At the executive director's discretion, the leave of absence may be extended not to exceed two years, or indefinitely if the leave of absence is due to interruption of employment.~~

~~44. 13. "Medical consultant" means a person or committee appointed by the board of the North Dakota public employees retirement system to evaluate medical information submitted in relation to disability applications, recertifications, and rehabilitation programs or other such duties as assigned by the board.~~

~~45. 14. "Normal retirement age", except for members of the national guard plan, the bureau of criminal investigation plan, and law enforcement the public safety plans, means age sixty-five unless otherwise provided. For members of the national guard plan, the plan bureau of criminal investigation plan, and the law enforcement public safety plans, normal retirement age means age fifty-five, unless otherwise provided.~~

~~46. 15. "Office" means the administrative office of the public employees retirement system.~~

~~47. 16. "Overtime" as used in ~~subsection 23~~ of North Dakota Century Code section 54-52-01 means, for employees other than firefighters and peace officers, any hours worked over the regularly scheduled work week and not to exceed forty hours in a week which are paid either at the regular hourly rate or time and one-half. For firefighters and peace officers, overtime means hours worked over the regularly scheduled work period which are paid either at the regular hourly rate or time and one-half.~~

~~48. 17. "Participating employer" means an employer who contributes to the North Dakota public employees retirement system. For confidentiality purposes, "participating~~

employer" means the person or group of persons with the ultimate authority over personnel decisions within the agency or political subdivision with which the member is employed or the person's or group's official designee.

~~19.~~ 18. "Pay status" means a member is receiving a retirement allowance from the fund.

~~20.~~ 19. "Permanent and total disability" for members of the main retirement system, ~~and the national guard/law enforcement retirement plan, the bureau of criminal investigation plan, and the public safety plans~~ means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months. For members of the judge's retirement plan, "permanent and total disability" is determined pursuant to ~~subdivision e of~~ subsection 3 of section 54-52-17 of the North Dakota Century Code.

~~21.~~ 20. "Plan administrator" means the executive director of the North Dakota public employees retirement system or such other person or committee as may be appointed by the board of the North Dakota public employees retirement system from time to time.

~~22.~~ 21. "Plan year" means the twelve consecutive months commencing July first of the calendar year and ending June thirtieth of the subsequent calendar year.

~~23.~~ 22. "Prior plan" means the state employees' retirement system which existed from July 1, 1966, to June 30, 1977.

~~24.~~ 23. "Regularly funded" means a legislatively authorized full-time equivalent (FTE) position for state agencies. For all governmental units other than state agencies, regularly funded means a similar designation by the unit's governing board which is created through the regular budgeting process and receives traditional employee benefits such as sick leave and annual leave.

~~25.~~ 24. "Retiree" means an individual receiving a monthly retirement allowance pursuant to chapter 54-52.

~~26.~~ 25. "Retirement allowance" means a reoccurring, periodic benefit from an eligible employer-sponsored retirement plan as approved by the board.

~~27.~~ 26. "Service credit" means increments of time to be used in the calculation of retirement benefits. Service credit may be earned as stated in section 71-02-03-01 or may be purchased or repurchased according to section 71-02-03-02.1.

~~28.~~ 27. "Substantial gainful activity" is to be based upon the totality of the circumstances including consideration of an individual's training, education, and experience; an individual's potential for earning at least seventy percent of the individual's predisability earnings; and other items deemed significant on a case-by-case basis. Eligibility is based on an individual's employability and not actual employment status.

~~29-~~ 28. "Termination of employment" for the purposes of determination for eligibility for benefit payments means a severance of employment by not being on the payroll of a covered employer for a minimum of one month. Approved leave of absence or if reemployed by any covered employer prior to receiving a lump sum distribution of the member's account balance does not constitute termination of employment.

~~30-~~ 29. "Termination of participation" means termination of eligibility to participate in the retirement plan.

History: Amended effective September 1, 1982; November 1, 1990; September 1, 1991; January 1, 1992; September 1, 1992; June 1, 1993; July 1, 1994; June 1, 1996; July 1, 2000; April 1, 2002; May 1, 2004; July 1, 2006; July 1, 2010; April 1, 2014; April 1, 2016; July 1, 2018; April 1, 2020 ; _____, 2026.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52

CHAPTER 71-02-03 SERVICE CREDIT

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 of employment date or the month of member's termination of participation in an eligible plan 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-; _____, 2026.

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

71-02-03-06. 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 a member transferring from one participating employer to another participating employer without terminating eligible employment, the public employees retirement system shall 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 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 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.~~ 2. 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 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 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 date the member is no longer eligible to accrue sick leave hours must be added to the member's record. The member account balance must 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.~~ 3. 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; January 1, 2025- ; _____, 2026.

General Authority: NDCC 54-52-04

**CHAPTER 71-02-04
RETIREMENT BENEFITS**

71-02-04-07. Amount of early retirement benefit.

- ~~1. Except for a national guard security officer or firefighter or a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, †The early retirement benefit for members of the main plan first enrolled prior to December 31, 2015~~January 1, 2016, and members of the national guard plan, the bureau of criminal investigation plan, the public safety plans, and the judge's retirement plan shall be an amount actuarially reduced from the single life retirement benefit by one-half of one percent for each month (six percent per year) to account for benefit payments beginning before the normal retirement date. ~~that the member is younger than the age at which the member would be at the member's normal retirement date on the date of the member's early retirement benefit effective date.~~
- ~~2. For a national guard security officer or firefighter or a peace officer or correctional officer employed by the bureau of criminal investigation or by a political subdivision, the early retirement benefit must be an amount actuarially reduced from the single life retirement benefit by one-half of one percent for each month (six percent per year) that the member is younger than age fifty-five on the date of the member's early retirement benefit effective date.~~

History: Amended effective September 1, 1982; June 1, 1996; April 1, 2002; May 1, 2004; July 1, 2006; July 1, 2010; April 1, 2016; _____, 2026.

General Authority: NDCC 54-52-04, 54-52-17

Law Implemented: NDCC 54-52-17

71-02-04-09.1. Dual membership limitations.

The following limitations apply when a member elects an option under subsection 1 of section 71-02-04-09.

1. Eligible service credit may be used for vesting purposes and determining when the dual member may begin drawing normal retirement benefits. A member may begin drawing retirement benefits from one fund and use the same years, and any additional years, for reaching retirement from the alternate fund if the service credit is earned at different times.
2. If a dual member elects to receive retirement benefits as provided in subsection 1 of section 71-02-04-09, the final average salary, service credit, and member's

age used to calculate the benefit that is applicable at the time retirement benefits begin may not be adjusted after the benefit effective date.

3. The salary used in calculating the retirement benefit must be provided in writing by the alternate retirement system. Months not employed are excluded for the purpose of computing the final average salary. If a dual member works less than thirty-six months at retirement, the final average salary is the average salary for total months of employment.

4. Any defined contribution plan membership under section 54-52.6 is not eligible for dual membership service and vesting rights in the defined benefit plan under section 54-52.

History: Effective June 1, 1996; amended effective May 1, 2004; April 1, 2012; April 1, 2016; _____, 2026.

General Authority: NDCC 54-52-04, 54-52-17, 54-52-17.2

Law Implemented: NDCC 54-52-17, 54-52-17.2

CHAPTER 71-02-05 DISABILITY

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~~ all members except members of the judge's 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~~ member's ability to be engaged in any gainful occupation for which the ~~person~~ member 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~~ judge'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. A member is eligible to receive disability retirement benefits only if the member became disabled during the period of eligible employment.
- d. The application must be filed with the public employees retirement system within twelve months of the date the member terminates employment 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~~ consultant, 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~~ consultant 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~~ consultant 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 for the cost of medical examinations specifically requested by the medical ~~adviser~~ consultant 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 c and b d, the applicant may ~~file a request for a formal hearing to be conducted~~ appeal the board determination 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 a 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 a completed 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

disabled 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 disabled annuitant 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 disabled annuitant does not meet recertification requirements. The executive director shall notify the disabled 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~~ disabled 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 the national guard plan, bureau of criminal investigation and law enforcement retirement~~ the public safety 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

CHAPTER 71-02-06 CONTRIBUTIONS

71-02-06-01. Conditions for return.

The accumulated contributions of a member who terminates permanent employment prior to retirement:

1. ~~Before accumulating three years of service credit and whose account balance is less than one thousand dollars s~~Shall be automatically refunded as follows unless the member elects to remain in an inactive status within thirty days after the termination date:
 - a. For all members except members of the judge's retirement plan and members of the bureau of criminal investigation plan hired after July 31, 2023, if the member has less than three years of service credit and an account balance less than one thousand dollars;

- b. For members of the judge’s retirement plan, if the member has less than five years of service credit and an account balance less than one thousand dollars; and
 - c. For members of the bureau of criminal investigation plan hired after July 31, 2023, if the member has less than ten years of service credit and an account balance less than one thousand dollars.
2. For members not eligible for an automatic refund, After accumulating three years of service credit shall be refunded upon application filed with the executive director.
 3. The termination date for purposes of processing an application for refund or rollover must be the last date for which a member receives salary except for a member who is on an approved leave of absence. For members who are paid salary in any month following actual separation from employment if the salary is received after the normal processing date, the termination date for purposes of processing the application must be the same date as the date that the last paycheck was issued as salary.

History: Amended effective November 1, 1990; June 1, 1996; July 1, 1998; July 1, 2000; May 1, 2004; July 1, 2010; July 1, 2018; _____, 2026.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52-06, 54-52-17

**ARTICLE 71-03
UNIFORM GROUP INSURANCE PROGRAM**

Chapter	
71-03-01	Bid Process
71-03-02	Health Maintenance Organization [Repealed]
71-03-03	Employee Responsibilities
71-03-04	Employer Responsibilities
71-03-05	Board Responsibilities
71-03-06	Participating Political Subdivisions Employee Responsibilities
71-03-07	Participation of Political Subdivisions Employer Responsibilities

**CHAPTER 71-03-03
EMPLOYEE RESPONSIBILITIES**

71-03-03-05. Special enrollment for certain qualifying events.

An eligible employee, retiree, or surviving spouse ~~who elects to take~~ has accepted 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 troopers' retirement system, the retirement system established by job service North Dakota, the judges' retirement system, 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~~ When the eligible employee or retiree turns age sixty-five or becomes eligible for Medicare.

b. ~~The month in which~~ When the eligible employee's or retiree's spouse turns age sixty-five or becomes eligible for Medicare.

c. ~~The month in which~~ When the eligible employee terminates employment.

d. ~~The month in which~~ When 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~~ When an eligible employee or retiree who is covered through an spouse's employer sponsored 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~~ When the eligible employee or retiree is no longer eligible for employer-sponsored insurance, including coverage provided under the Consolidated Omnibus Budget Reconciliation Act.

g. Marriage. The enrollment of an employee, retiree, or surviving spouse's spouse. An employee, retiree, or surviving spouse who previously waived coverage shall enroll for coverage at the time the employee or retiree's spouse is enrolled.

h. Addition of a dependent as a result of receiving legal guardianship or receiving a court order to provide health coverage. An employee, retiree, or surviving spouse who previously waived coverage shall enroll for coverage at the same time that the employee, retiree, or surviving spouse's eligible dependent is enrolled.

i. Addition of a dependent as a result of birth, adoption, or placement for adoption. An employee, retiree, or surviving spouse who previously waived coverage shall enroll for coverage at the same time that the employee, retiree, or surviving spouse's eligible dependent is enrolled.

2. Coverage will become effective on the first day of the month following the month in which the qualifying event occurred ~~or~~ except that under subdivision a or b of subsection 1 coverage may become effective the month in which eligibility for Medicare occurs and that under subdivision i of subsection 1 coverage will become effective on the first of the month in which the event occurred. 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-; _____, 2026.

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.

CHAPTER 71-03-04 EMPLOYER RESPONSIBILITIES

71-03-04-01. Employer contribution.

1. Each agency shall pay to the board the full amount of the employer contribution by the fifteenth of each month. The agency will verify the number of eligible employees and the level of coverage for each. An employee is eligible for an employer contribution for the month following the month of employment. If an eligible employee terminates employment prior to the effective date of coverage, no employer contribution is required. The employer contribution ends the month following the month of termination of employment. When an employee transfers from a permanent employee position to a temporary employee position without a termination of employment, the employer contribution ends the month in which the permanent employment ends. When an employee transfers from one state agency to another, the new agency is responsible for the payment of the premium for the first of the month following employment.

2. As used in this subsection, "termination of employment" means a severance of employment by not being on the payroll of a participating employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

History: Effective October 1, 1986; amended effective November 1, 1990; July 1, 2010; _____, 2026.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-06

CHAPTER 71-03-05 BOARD RESPONSIBILITIES

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.
5. The amount of the employee assistance 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; _____, 2026.

General Authority: NDCC 54-52.1-08

Law Implemented: NDCC 54-52.1-08

CHAPTER 71-03-07 PARTICIPATION OF POLITICAL SUBDIVISIONS EMPLOYER RESPONSIBILITIES

71-03-07-01. Employer contribution.

1. Each employer shall pay to the board the full monthly premium amount for each eligible employee enrolled in the group insurance plan by the fifteenth of each month. The employer must verify the number of eligible employees and the level of coverage for each. An employee is eligible for an employer contribution for the month following the month of employment. If an eligible employee terminates employment prior to the effective date of coverage, no employer contribution is required. The employer contribution ends the month following the month of termination of employment. When an employee transfers from a permanent employee position to a temporary employee position without a termination of employment, the employer contribution ends the month in which the permanent employment ends. When an employee transfers from one participating employer to another, the new employer is responsible for the payment of the premium for the first of the month following employment.
2. As used in this subsection, "termination of employment" means a severance of employment by not being on the payroll of a participating employer for a minimum of one month. Approved leave of absence does not constitute termination of employment.

History: Effective June 1, 1996; amended effective July 1, 2010; April 1, 2022; _____, 2026.

General Authority: NDCC ~~54-52-04, 54-52.1-03.1~~ NDCC 54-52.1-08
Law Implemented: NDCC 54-52.1-03

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 Reemployment Rights Act

CHAPTER 71-04-05
EMPLOYER RESPONSIBILITIES

71-04-05-02. Payroll deductions.

The employer shall authorize employee payroll deductions only after receiving notification from the office. The participant agreement must indicate the date the payroll deduction is to start, the provider, and the contribution amount. Unless otherwise agreed, Ppayroll deductions must be remitted to the office within ten days after each payroll period. Along with each payment, the employer must provide the office with a listing of deferred compensation deductions for all employees participating in the deferred compensation plan using the deferred compensation transmittal of deduction form or the approved electronic format.

History: Effective April 1, 1989; amended effective July 1, 2006; April 1, 2014; April 1, 2016; _____, 2026.

General Authority: NDCC 28-32-02, 54-52-03.2

Law Implemented: NDCC 54-52.2-02

ARTICLE 71-05
HIGHWAY PATROL RETIREMENT SYSTEM

Chapter	
71-05-01	Definitions
71-05-02	Disability
71-05-03	Membership
71-05-04	Service Credit
71-05-05	Normal and Early Retirement Benefits
71-05-06	Return of Contributions
71-05-07	Return to Service
71-05-08	Qualified Domestic Relations Orders
71-05-09	Indexing Final Average Salary for Vested Terminated Contributors

CHAPTER 71-05-01
DEFINITIONS

71-05-01-01. Definitions.

As used in North Dakota Century Code chapter 39-03.1 and this article:

1. "Actuarial equivalent" means a benefit calculated to be of equal value to the benefit otherwise payable when computed on the basis of assumptions and methods adopted for this purpose by the board in a way that precludes employer discretion pursuant to Internal Revenue Code section 401(a)(25). Such assumptions and methods adopted by the board, and any table of adjustment factors established in accordance with the assumptions and methods, shall be incorporated herein by reference.
2. "Covered employment" means employment with the North Dakota highway patrol.
3. "Medical examination" means an examination conducted by a doctor licensed to practice in North Dakota that includes a diagnosis of the disability, the treatment being provided for the disability, the prognosis and classification of the disability, and a statement indicating how the disability prevents the individual from performing the duties of a highway patrolman.
4. "Normal retirement age" means age fifty-five except as otherwise provided.
5. "Office" means the administrative office of the public employees retirement system.
6. "Overtime" as used in ~~subsection 23 of~~ North Dakota Century Code section 39-03.1-01 means any hours worked over an employee's regularly scheduled work

period. Whether paid at the regular hourly rate or one and one-half times the regular rate, overtime is to be excluded as reportable retirement contributions.

7. "Permanent and total disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve months.
8. "Plan administrator" means the executive director of the North Dakota public employees retirement system or such other person or committee as may be appointed by the board of the North Dakota public employees retirement system from time to time.
9. "Substantial gainful activity" is to be based upon the totality of the circumstances, including consideration of an individual's training, education, and experience; an individual's potential for earning at least seventy percent of the individual's predisability earnings; and other items deemed significant on a case-by-case basis. Eligibility is based on an individual's employability and not actual employment status.

History: Effective November 1, 1990; amended effective October 1, 1991; June 1, 1992; July 1, 2006; April 1, 2016; April 1, 2020- ; _____, 2026.

General Authority: NDCC 39-03.1-06

Law Implemented: NDCC 39-03.1

CHAPTER 71-05-04 SERVICE CREDIT

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.
3. Verification by the former employer of previous North Dakota or out-of-state public service, or service with the federal government.
4. Statement from employee or former employer that service credit being applied for does not qualify for retirement benefits under another retirement system.

History: Effective October 1, 1991; amended effective June 1, 1996; April 1, 2002; May 1, 2004; _____, 2026.

General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1

Law Implemented: NDCC 39-03.1-08.42, 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~~ 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 benefits being purchased must be calculated using the benefit formulas in place at the time the written request is ~~received~~ from the contributor 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 39-03.1-11.
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 39-03.1-11, 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 2.
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 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-; _____, 2026.

General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1

Law Implemented: NDCC 39-03.1-08.42, 39-03.1-10.1, 39-03.1-14.1

71-05-04-06. Crediting purchased or repurchased service.

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.

History: Effective October 1, 1991; amended effective June 1, 1996; May 1, 2004; July 1, 2010-; _____, 2026.

General Authority: NDCC 39-03.1-06, 39-03.1-10.1, 39-03.1-14.1

Law Implemented: NDCC 39-03.1-08.42, 39-03.1-10.1, 39-03.1-14.1

CHAPTER 71-05-05 NORMAL AND EARLY RETIREMENT BENEFITS

71-05-05-08. Retirement - Dual membership.

1. If a member elects to begin drawing monthly benefits while continuing to participate in the public employees retirement system, teachers' fund for retirement, or the teachers' insurance and annuity association college retirement equities fund, the provisions of section 71-02-04-09 must apply.
2. Any defined contribution plan membership under section 54-52.6 is not eligible for dual membership service and vesting rights in the highway patrol retirement plan under 39-03.1.

History: Effective October 1, 1991; amended effective June 1, 1996; May 1, 2004; _____, 2026.

General Authority: NDCC 39-03.1-14.1(1)(c)

Law Implemented: NDCC 39-03.1-14.1

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 Orders
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 71-08-02 MEMBERSHIP IN DEFINED CONTRIBUTION RETIREMENT PLAN

71-08-02-01. Membership of individuals who become employees covered under the judges' retirement plan, the highway patrol retirement plan, the teachers' fund for retirement plan, or the alternate retirement plan of the state board of higher education.

1. If a member of the defined contribution retirement plan begins employment in a position covered under the judges' retirement plan, the national guard plan, the bureau of criminal investigation plan, the public safety plans, the highway patrol retirement plan, the teachers' fund for retirement plan, or the alternate retirement plan of the state board of higher education, 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 plan, the member's suspension is terminated, the member again

becomes a member of the defined contribution plan, and the member's account shall resume accepting contributions. The contributions to the alternate retirement plan shall remain with that plan unless at the member's option, the member elects to transfer any available balance as determined by the provisions of the alternate retirement plan into the member's account in the defined contribution retirement plan.

2. Any membership service and vesting obtained the judges' retirement plan, the main plan, the national guard plan, the bureau of criminal investigation plan, the public safety plans, the highway patrol retirement plan, the teachers' fund for retirement plan, or the alternate retirement plan of the state board of higher education, may not be used toward credited service and vesting in the defined contribution plan under section 54-52.6.

History: Effective July 1, 2000; amended effective April 1, 2002; July 1, 2006; April 1, 2020; _____, 2026.

General Authority: NDCC 28-32-02(1)

Law Implemented: NDCC 54-52.6-01(3)

CHAPTER 71-08-03 DISABILITY

71-08-03-01. Disability distribution.

The board will allow distribution of the participating member's vested account balance if the board determines the participating member has become totally and permanently disabled using the procedure provided in section 71-02-05-06. If approved, the disabled member has the same distribution options as provided in subdivisions a(1) and e (a)(3) of subsection 3 of North Dakota Century Code section 54-52.6-13. However, if the member chooses the periodic distribution option, the member will only be allowed to receive distributions for as long as the disability continues and the member submits the necessary documentation and undergoes medical testing required by the board, or for as long as the member participates in a rehabilitation program required by the board, or both. The board shall use the redetermination and recertification procedures provided in section 71-02-05-06 to determine whether the member remains disabled. If the board determines that a member no longer meets the eligibility definition, the board shall discontinue the disability retirement benefit.

History: Effective July 1, 2000.

General Authority: NDCC 28-32-02(1)

Law Implemented: NDCC 54-52.6-14

CHAPTER 71-08-011 CONTRIBUTIONS

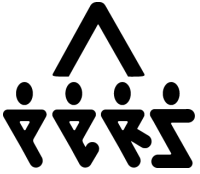
71-08-11-08. Forfeiture of rights upon distribution.

Distribution of accumulated account balance shall cancel all vesting service credit accumulated prior to the distribution and shall extinguish the right to any retiree benefits provided by North Dakota Century Code chapter 54-52.6.

History: Effective _____, 2026.

General Authority: NDCC 54-52-04

Law Implemented: NDCC 54-52.6-13



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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: October 29, 2025

SUBJECT: ADA Digital Accessibility

Over the past three months, an unanticipated initiative has gained momentum in response to the U.S. Department of Justice’s final ruling mandating that all public-facing digital content comply with the Web Content Accessibility Guidelines (WCAG) 2.1 Level AA. The implementation timeline is staggered, with entities serving over 50,000 constituents—such as the State of North Dakota—required to achieve compliance by April 24, 2026.

Three primary areas require focused attention: our member portal, employer portal, and our public website. The website has historically been maintained in compliance with WCAG standards by our Public Information Manager. Moving forward, the primary compliance effort will involve ensuring that all newly uploaded documents meet WCAG 2.1 Level AA requirements.

In contrast, our member and employer portals have not undergone any accessibility compliance scans since their inception. Sagitec has conducted a preliminary analysis to assess the scope of work required to bring these portals into compliance. For the member portal, the estimated effort is 1,994 hours at a cost of \$188,713.00. For the employer portal, the estimated effort is 1,301 hours at a cost of \$115,939.00.

Noncompliance with WCAG standards by the April 2026 deadline may result in significant federal penalties or the suspension of federal funding. While PERS does not directly receive federal funding, many state agencies do. Given that our digital platforms are hosted by the North Dakota Information Technology Department, there is a risk that noncompliance could jeopardize federal funding for the state as a whole.

Because this requirement emerged after the conclusion of the most recent Legislative Session, we were unable to request dedicated funding for this initiative. However, the Legislature has provided our Board with a \$250,000 contingency line item intended for unforeseen projects. The Board has the authority to allocate these contingency funds to support this compliance effort.

These upgrades will necessitate the use of contingency funds. However, given that we are still early in the biennium, staff recommends deferring the formal contingency request until later in the biennium. This will allow us time to identify potential operational savings that could help offset the associated costs.

It is important to note that we are restricted from expending more than 75% of our operating appropriation authority within the first eighteen months of the biennium. As we approach this threshold, staff will present a formal request for a contingency transfer to the Board for consideration.

Board Action Requested

Consider the statement of work (Attachment) from Sagitec to upgrade our member and employer portals to be WCAG compliant by April 2026.



NDPERS MSS & ESS
Accessibility Compliance
Statement of Work
(SOW)

10/27/2025

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1. Overview

This Statement of Work No. 2025-02 (“SOW”) is executed in accordance with the Maintenance and Support Service Level Agreement (the “Agreement”) dated July 1, 2019 by and between Sagitec Solutions, LLC. (“Sagitec”) and the State of North Dakota, through its Public Employees Retirement System (“NDPERS”). This SOW is subject to all the terms and conditions of the Agreement.

The purpose of this SOW is to outline the web accessibility requirements, scope, objectives, and collaborative responsibilities for conducting accessibility compliance testing on the Member Self-Service Portal. The goal is to identify and remediate accessibility issues to ensure an inclusive and legally compliant user experience.

2. Web Accessibility Requirement

Under Title II of the Americans with Disabilities Act (ADA), state and local governments are required to ensure that all services, programs, and activities offered to the public including those provided through digital channels are accessible to individuals with disabilities.

This includes, but is not limited to:

- Public websites
- Online forms and applications
- Member portals
- Digital documents and communications

To meet the obligations of ADA Title II, digital content must comply with the following Standards.

- Rehabilitation Act Section 508 Standards
- Web Content Accessibility Guidelines (WCAG) 2.1, Levels A and AA
- Web Content Accessibility Guidelines (WCAG) 2.2, Levels A and AA (where applicable)

State and local government size	Compliance date
0 to 49,999 persons	April 26, 2027
Special district governments	April 26, 2027
50,000 or more persons	April 24, 2026

3. Objectives

The objective of this initiative is to ensure that the member and employer self-service portals are fully accessible to individuals with disabilities, including users with visual, auditory, motor, and cognitive impairments and to ensure the portal is.

- Perceivable (content is available to all senses).
- Operable (all functionality is usable via keyboard and assistive technology).
- Understandable (content is readable and predictable).
- Robust (content should be compatible with a wide variety of user agents and assistive technologies).

3.1. Scope

This SOW covers accessibility compliance for the NDPERS Member Self-Service (MSS) and Employer Self Service (ESS) portals. The PERSLink line of business (LOB) application is out of scope.

The scope of this initiative is focused on accessibility compliance.

- Identify accessibility issues that impact usability and compliance.
- Prioritizing and documenting findings based on severity and user impact.
- Implementing remediation strategies to address non-compliant elements.
- Validate and retest to ensure that all remediated issues meet compliance standards.

3.2. Approach

An Independent ADA Testing and Development team will be engaged to evaluate the system's compliance with applicable accessibility standards using the following toolset.

Tool	Type	Platform	Primary purpose
TPGi ARC Platform™	Automated Scanner	Web Browser	Identification of WCAG violations
NV Access NVDA™	Screen Reader	Microsoft Windows	Identification of desktop application accessibility issue
Talkback™	Screen Reader	Android	Identification of mobile application accessibility issues
ElevenLabs VoiceOver™	Screen Reader	iOS	Identification of mobile application accessibility issues

Sagitec aims to bring the Member and Employer Self Service Portals into ADA compliance at ARC Level 15, based on the results from the above tool set.

Sagitec will execute testing on the most recent versions of the following browsers:

- Microsoft Edge™
- Google Chrome™
- Apple Safari™
- Mozilla Firefox™
- iOS Safari
- Android Chrome

At the start of the initiative, NDPERS may request other browsers be included for compliance testing. Only browsers identified at the start of the initiative will be included for testing. The browser testing will occur on both computers and mobile devices.

Sagitec's NDPERS ADO onshore/offshore team will be supporting the ADA testing and development team as needed.

NDPERS' IT and business team will be responsible for planning and the execution of User Acceptance testing before deploying the changes to the production.

3.3. Statement of Tasks and Responsibilities

Phase	Activities	Sagitec	NDPERS
Planning and Analysis	<ul style="list-style-type: none"> Establish scope. Prepare implementation schedule. Confirm resource availability 	✓	✓
Compliance Requirements	<ul style="list-style-type: none"> Share NDPERS or State of North Dakota recommended accessibility tools. Share any specific compliance requirements by business/legal with any exceptions specific to North Dakota. 		✓
Environment Setup	<ul style="list-style-type: none"> Setup Development and QA Environments. Installation of tools and required software. Grant access. 	✓	
Initial Dev before ADA testing	<ul style="list-style-type: none"> Review and remedy common accessibility issues across the MSS application. 	✓	
Accessibility Compliance Testing (ARC and Manual)	<ul style="list-style-type: none"> Test MSS against WCAG 2.1/2.2 guidelines. Test user flows (e.g., login, view pension info, update details, submit an application etc.) Use both automated tools (ARC) and manual testing (with screen readers, keyboard-only navigation). Document issues 	✓	
Issue Remediation	<ul style="list-style-type: none"> Prioritize issues based on severity. Resolve. Release for retesting 	✓	
System Test and Regression Test	<ul style="list-style-type: none"> Business Process Execution in MSS System Test Environment (focused on accessibility) 	✓	
User Acceptance Test	<ul style="list-style-type: none"> Review compliance report provided by Sagitec. Identify resources for testing. Conduct usability testing, preferably with a user(s) who uses assistive technology. Business Process Execution focused on accessibility. Document and notify issues for resolution. Perform retesting of UAT PIRs. Final acceptance 		✓
Production Deployment	<ul style="list-style-type: none"> Deploy changes to production. 	✓	
Warranty Period	<ul style="list-style-type: none"> Warranty period to resolve any new PIRs reported after production deployment for a period of 3 months. 	✓	

3.4. Assumptions

- Sagitec will be responsible for accessibility testing and the correction of identified accessibility issues.
- NDPERS will be consulted during this process but will not directly participate in the development or system test efforts.
- NDPERS will be responsible for planning and execution of User Acceptance Testing (UAT). It is assumed that NDPERS has enough resources to carry out the UAT testing for both MSS and ESS as scheduled in the month of March and April 2026.
- Any non-accessibility issues discovered during accessibility testing will be categorized and prioritized for remediation under the existing ADO contract.
- All accessibility related UAT PIRs will be tested by NDPERS and resolved by Sagitec before the rollout unless there is an agreed upon exception between NDPERS and Sagitec.
- All functionality that is currently in production at the beginning of this project is in-scope for ADA testing with resolution and rollout target for April 2026.
- In-progress enhancements, such as the Comprehensive Wizard and Benefit Application Wizard, will be considered lower priority for testing and resolution in the April 2026 ADA rollout. These will follow their respective enhancement rollout schedules but will be ADA compliant prior to being released into production.
- Enhancements outside the scope of this SOW, including those not explicitly mentioned, will not be addressed in this project.
- PDFs published on MSS and ESS are excluded from accessibility scanning as part of this SOW.
- If there is a delay or variance from the schedule, NDPERS will be notified immediately to make arrangements to reschedule resources.

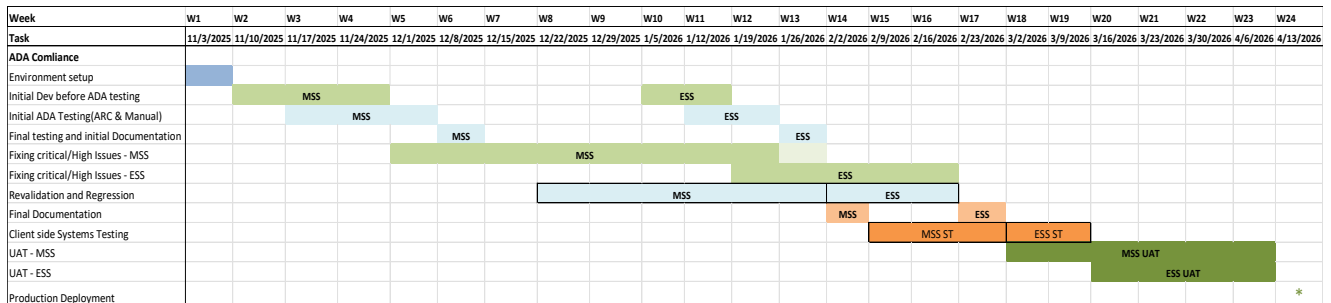
4. Proposed Schedule

The following is the proposed schedule of this initiative.

- The accessibility compliance testing, remediation, and acceptance will take approximately 23 weeks from inception through completion.
- This initiative can be planned and started in November of 2025 at the earliest.
- MSS activities will start first followed by ESS activities in the month of January 2026.

Note: The number of accessibility issues identified is not known at the time of this proposal. The number of actual accessibility issues identified through compliance testing may impact the scheduled duration. Sagitec will work with NDPERS on revising the schedule, if needed once the scope of the actual accessibility issues is known.

MSS Activities	Planned Start Date	Duration
Environment Setup	11/03/2025	1 Week
Initial Development	11/10/2025	3 Weeks
Initial ADA Testing	11/17/2025	3 Weeks
Issue Resolution, Revalidation & Regression	12/01/2025	8 to 9 Weeks
Documentation	02/02/2026	1 Week
System Testing	02/09/2026	3 Weeks
UAT	03/02/2026	6 Weeks
Production Deployment	04/11/2026	1 Day
Warranty	04/13/2026	3 Months
ESS Activities	Planned Start Date	Duration
Initial Development	01/05/2026	2 Weeks
Initial ADA Testing	01/12/2026	2 Weeks
Issue Resolution, Revalidation & Regression	01/19/2026	5 Weeks
Documentation	02/23/2026	1 Week
System Testing	03/02/2026	2 Weeks
UAT	03/16/2026	4 Weeks
Production Deployment	04/11/2026	1 Day
Warranty	04/13/2026	3 Months



5. Effort, Cost and Payment

Activity	MSS Hours	ESS Hours	Total
Development	1088	708	1796
QA	788	516	1304
Support & System Testing (BA)	106	70	176
Management	12	7	19
Total	1994	1301	3295

- Overall Cost for this initiative under this is SOW is \$304,652.00
 - MSS - \$188,713.00
 - ESS - \$115,939.00
- Sagitec will invoice NDPERS upon completion of the following milestones with respective payment amounts.
 - Development and System Test Completion of MSS - \$94,357.00
 - Development and System Test Completion of ESS - \$57,969.00
 - UAT Completion of MSS and ESS - \$152,326.00
- The payment will be due and payable within thirty (30) calendar days after the issuance date of Sagitec's invoice.

6. Additional Terms and Conditions

While the specified NDPERS Member Self Service and Employer Self Service portal will be validated, and any issues are remediated, to align with the accessibility requirements outlined under the Rehabilitation Act, Section 508 Standards, the tool's results are based on automated testing and predefined evaluation criteria through third-party tools.

Sagitec is not responsible, or liable, for ensuring third-party toolsets are compliant with Rehabilitation Act Section 508 Standards, WCAG 2.1 Levels A and AA standards, or WCAG 2.2 Levels A and AA standards. Full compliance with Section 508 may depend on additional factors, including manual accessibility testing, implementation practices, and NDPERS internal processes. Sagitec will provide confirmation of compliance based on the compliance tool execution results and is not liable for additional compliance requirements not identified by the identified tools.

In the event of a conflict between the terms of this SOW and the terms of the Agreement and previous Amendments / SOWs, the terms of this SOW will prevail. Except as amended and agreed upon by both parties, the terms and conditions contained in the Agreement shall remain in full force and effect in accordance with its terms.


7. Document Acceptance

NDPERS
By _____

Name Derrick Hohbein

Title Chief Operating / Financial Officer

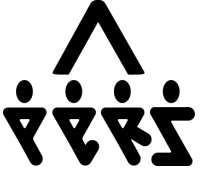
Date _____

Sagitec Solutions LLC
By  _____

Name Subodh Murthi

Title Managing Director – Pension

Date October 27, 2025



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: Lindsay Schaf

DATE: October 29, 2025

SUBJECT: Insurance Benefit Appeal Case # 973

Member is appealing the denial of a revised new hire health, dental, and vision insurance enrollment that NDPERS received after the new hire 31-day enrollment window. The effective date of the change would have been 7/01/2025.

Member's start date of employment was 6/02/2025. NDPERS received the notice of new hire from the PeopleSoft daily file on 5/30/2025. A welcome letter was sent to the member on 5/31/2025 (*Attachment A*), stating the member has 31 days from date of hire to submit benefit enrollment requests. The letter includes step by step instructions on how to register on Member Self Service (MSS) and the enrollment window for each individual benefit.

On 6/27/2025, 6/30/2025, and 7/01/2025, NDPERS received application materials completed by the member requesting enrollment in family health, dental, and vision insurances for member, spouse, and one dependent (*Attachment B*). NDPERS processed the requests on 6/27/2025 for dental and vision insurances and on 7/10/2025 for health insurance. The member was enrolled in the requested level of coverage for family members listed on the applications.

NDPERS received the member's late enrollment request to add a missing dependent on 10/07/2025 for health insurance (*Attachment C*) and vision and dental insurance (*Attachment D*). Both attachments include the member's explanation. Member stated that one of the dependents was omitted on the initial applications and was discovered when the dependent obtained dental care.

Attachment E reflects any contacts were made to our office by the member. Records show that member did not contact our office since date of hire.

Based on the above information, the NDPERS Executive Director denied the member's revised new hire enrollment requests to add the missing dependent for health, dental, and vision insurances because the information the member provided did not establish good cause for failing to submit an application listing the dependent for coverage within the first 31 days of employment. The applications completed do state to list all individuals to be covered and only the spouse and one dependent was listed on both applications. The employer was notified of the denial on 10/08/2025 (*Attachment F*). The member was also sent a denial letter on 10/08/2025, which included notice of the member's right to appeal to the NDPERS Board (*Attachment G*).

NDPERS received the Board appeal request on 10/20/2025 (*Attachment H*), with additional details that the dependent was excluded from the original applications due to the understanding that coverage for dependents was only until 25.

Email correspondence provided by the employer is included as *Attachment I*, with the timeline and details summarized as follows:

6/17/2025	HR Associate sent applicable benefit forms to other HR staff that would be meeting with member
6/27/2025	Email between HR staff regarding some of the completed forms
6/30/2025	Emails between HR staff of the employing agency regarding the forms

In addition, the employer was contacted for additional onboarding information, specifically related to benefit and dependent eligibility. If anything additional is provided, it will be shared at the meeting.

NDPERS' new hire guide provides information related to eligible dependents for NDPERS' insurances. *Attachment J* includes excerpts from the New Hire Guide, specifically:

1. Sanford Health Plan PPO/Basic Overview document (page 2 lists eligible dependents)
2. Sanford Health Plan HDHP Overview document (page 2 lists eligible dependents)
3. Delta Dental Plan Highlights (page 1 lists eligible dependents)

The Summary Plan Document or Certificate of Insurance for health, dental, and vision insurances also define eligible dependents, provided as *Attachment K*.

NDPERS' website has videos available on the YouTube Channel for each insurance benefit, which explain the plans and eligible dependents. These videos are promoted in the welcome letter (*Attachment A*) and in the new hire guide (*Attachment L*).

N.D. Admin. Code § 71-03-03-01 states that an eligible employee has 31 days to submit an application for coverage. N.D. Admin. Code § 71-03-03-02 allows for the executive director to waive the thirty-one day application requirement upon showing good cause (*Attachment M*).

N.D. Admin. Code § 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.

The member agreed to waive the fifteen-day notice requirement and appear at the hearing on October 29, 2025 (*Attachment N*).

Board Action Requested

Affirm or reverse NDPERS denial to add the missing dependent for health, dental, and vision insurances with an effective date of July 1, 2025.