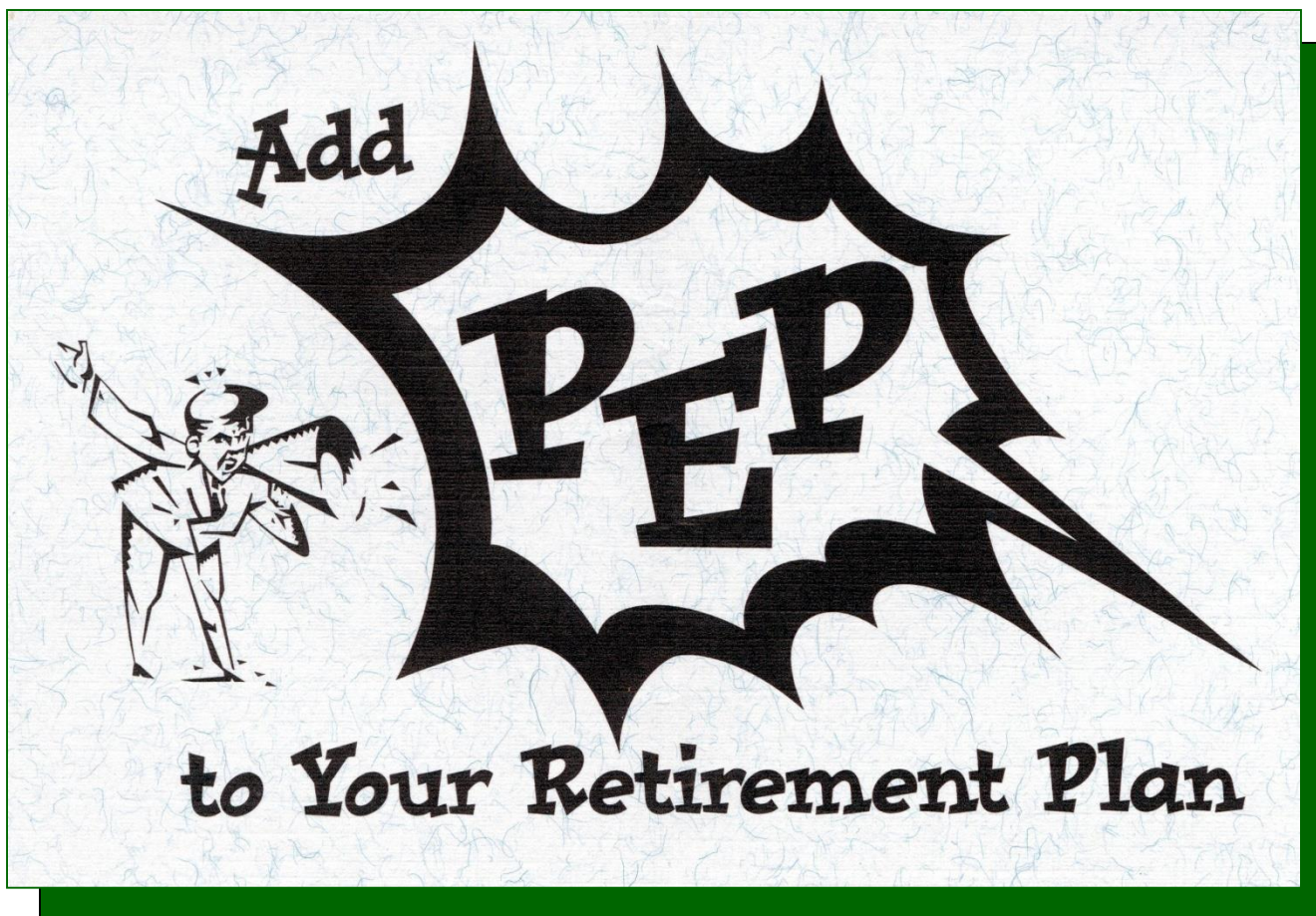


# NDPERS



# What is PEP

- PEP stands for Portability Enhancement Provision to the NDPERS Defined Benefit Hybrid Retirement Plan

# Defined Benefit Hybrid Plan & PEP

- PEP enhances the Defined Benefit Hybrid Plan by:
  - Providing portability of benefits
  - Adding cash value to your PERS member account balance
  - Increasing the estate value of your member account

# How the PERS Retirement Contribution is Allocated

**Employee Contribution**  
7%

**Member Account Balance**

**Employer Contribution**  
7.12%

**Retirement Pool of Fund**

**Employer Health  
Credit Contribution**  
1.14%

**Retiree Health Credit Fund**

# How PEP Works

- PEP allows a member to vest in the Employer Contribution to the Defined Benefit Retirement Plan
- Requires participation in an eligible deferred compensation plan:
  - 457(b) or 403(b)
- Results in accelerated accrual of member account balance

# The PEP Connection

- PEP
  - Vested employer contributions are transferred from the employer account to your member account balance monthly.

# PERS Retirement Account without PEP

| <b>Salary</b>   | <b>Employee Contribution</b> | <b>Account Balance</b> |
|-----------------|------------------------------|------------------------|
| <b>\$20,000</b> | <b>\$800</b>                 | <b>\$ 833</b>          |
| <b>\$21,000</b> | <b>\$840</b>                 | <b>\$1,773</b>         |
| <b>\$21,630</b> | <b>\$865</b>                 | <b>\$2,812</b>         |
| <b>\$22,279</b> | <b>\$891</b>                 | <b>\$3,958</b>         |
| <b>\$22,947</b> | <b>\$918</b>                 | <b>\$5,221</b>         |

\*These examples assume the following:

- 5 years participation
- 5% salary increase after the 1<sup>st</sup> year
- 3% salary increase each following year
- 7.5% annual interest, compounded monthly

# How PERS Will Work With PEP

- For Every Dollar You Put In A Deferred Compensation Plan PERS Will Add One Dollar To Your PERS Defined Benefit Plan Account Balance
- According To The Vesting Schedule
- Maximum of 4%



# Employer Contribution Vesting Schedule (PEP)

| <b>Service Credit</b> | <b>Minimum</b> | <b>Maximum</b> |
|-----------------------|----------------|----------------|
| <b>0-12 Months</b>    | <b>\$25</b>    | <b>1%</b>      |
| <b>13-24 Months</b>   | <b>\$25</b>    | <b>2%</b>      |
| <b>25-36 Months</b>   | <b>\$25</b>    | <b>3%</b>      |
| <b>37+ Months</b>     | <b>\$25</b>    | <b>4%</b>      |

# How PERS Will Work With PEP

| <b>Salary</b>   | <b>Employee Contribution</b> | <b>Account Balance Without PEP</b> | <b>457/403(b) Contribution</b> | <b>Account Balance With PEP</b> |
|-----------------|------------------------------|------------------------------------|--------------------------------|---------------------------------|
| <b>\$20,000</b> | <b>\$800</b>                 | <b>\$833</b>                       | <b>\$300</b>                   | <b>\$1,146</b>                  |
| <b>\$21,000</b> | <b>\$840</b>                 | <b>\$1,773</b>                     | <b>\$420</b>                   | <b>\$2,547</b>                  |
| <b>\$21,630</b> | <b>\$865</b>                 | <b>\$2,812</b>                     | <b>\$649</b>                   | <b>\$4,4097</b>                 |
| <b>\$22,279</b> | <b>\$891</b>                 | <b>\$3,958</b>                     | <b>\$891</b>                   | <b>\$6,271</b>                  |
| <b>\$22,947</b> | <b>\$918</b>                 | <b>\$5,221</b>                     | <b>\$918</b>                   | <b>\$8,670</b>                  |

\*These examples assume the following:

- 5 years participation
- 5% salary increase after the 1<sup>st</sup> year
- 3% salary increase each following year
- 7.5% annual interest, compounded monthly

# Contribution Allocation With PEP

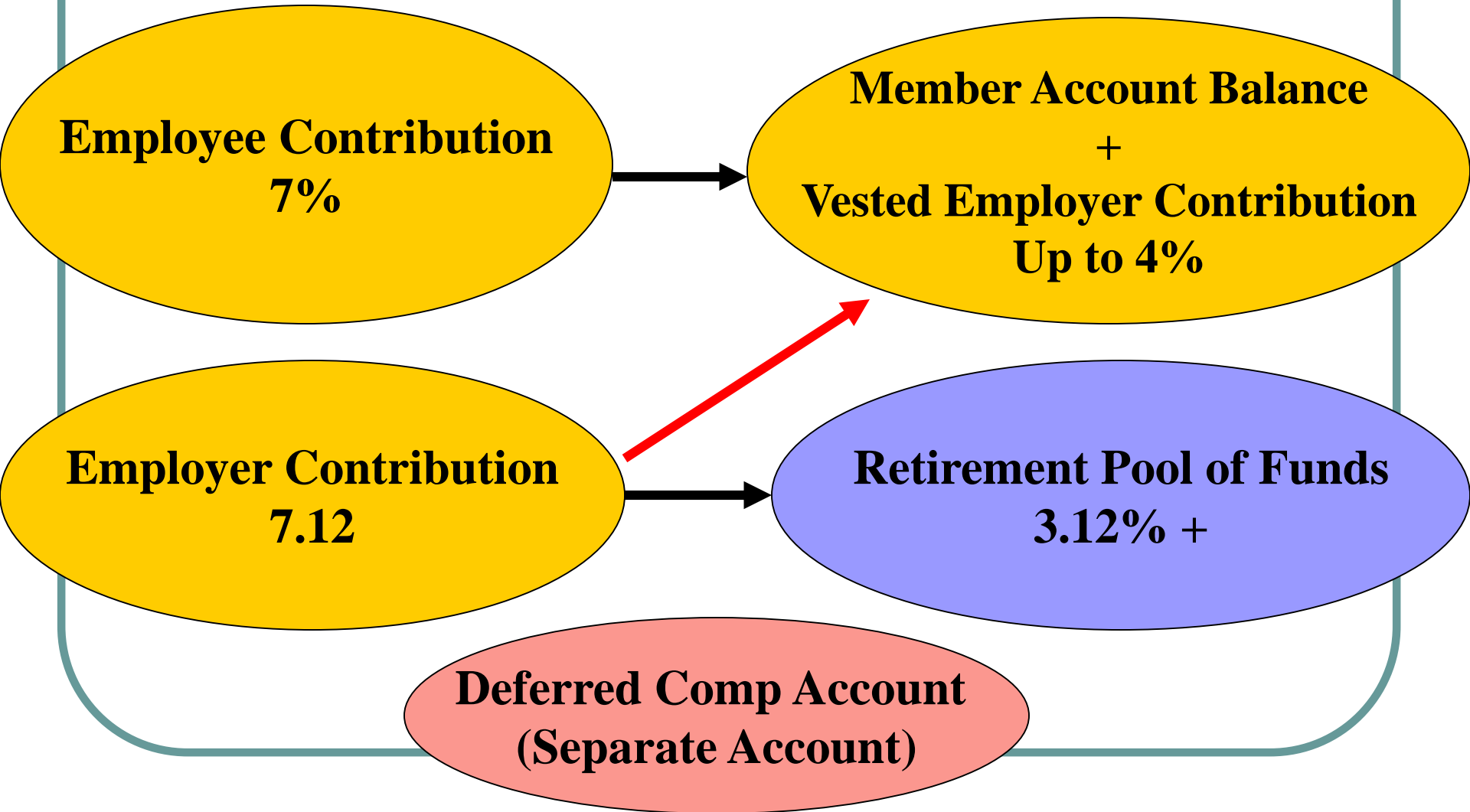
**Employee Contribution**  
7%

**Member Account Balance**  
+  
**Vested Employer Contribution**  
Up to 4%

**Employer Contribution**  
7.12

**Retirement Pool of Funds**  
3.12% +

**Deferred Comp Account**  
(Separate Account)



# How PERS Works

- There Are Two Basic Options A Member Has At Termination Of Employment
  - A Member Can Withdraw Their Account Balance
  - A Vested Member Can Elect To Draw A Monthly Retirement Benefit for Life

# What is the Member Account Balance

- The Account Balance Is The Employee Contribution Of 7%
- Plus Interest At 7.5%



# Advantages Of PEP



- Makes The Employer Contribution Portable
- Increases The Cash Value Of Your Retirement Account Balance
- Promotes Supplemental Retirement Savings

# Disadvantages Of PEP

**NONE**  
**NONE**

# How To Start PEP

- Enroll In An Approved Deferred Comp Plan
- If You Are Already Enrolled Continue And If You're Not At The Maximum Consider Increasing Your Contribution





# Plan For The Future!

**Add Pep To Your  
Retirement  
And Feel Good  
Knowing You Are  
Planning For Your  
Financial Future**

# NDPERS

