



Make **MORE** out of your Retirement Contributions

Agenda – Different plans

Plan 1: Your NDPERS
Defined Benefit Retirement
Plan

Plan 2: *Optional*
Supplemental Retirement
Savings (Deferred
Compensation)

**How Plan 1 and 2 can work
together automatically:**
Portability Enhancement
Provision (PEP)

Financial Partners

To understand Portability Enhancement Provision (PEP), you must first understand how your Defined Benefit (DB) retirement plan works



Plan 1: Defined Benefit (Main) Retirement Plan

①

Tier 1: First enrolled before January 1, 2016

②

Tier 2: First enrolled on or after January 1, 2016

③

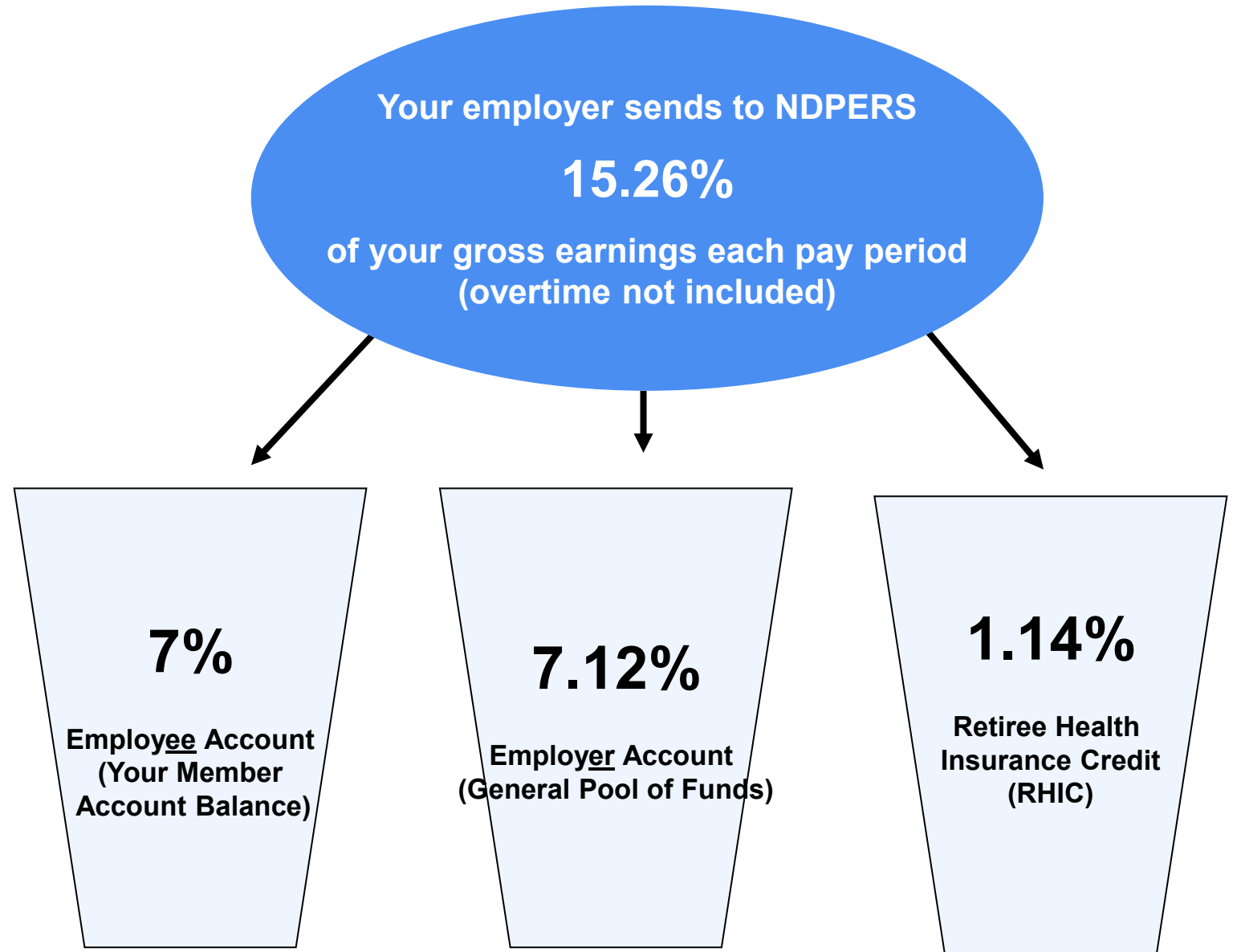
Tier 3: First enrolled on or after January 1, 2020

Date First Enrolled	Vesting	Contributions	Early Retirement	Normal Retirement	Multiplier
TIER 1 Prior to Jan 2016	36 months	7.00% EE 7.12% ER 1.14% RHIC	Age 55 6% reduction	Rule 85 or Age 65	2.00%
TIER 2 Jan 2016 – Dec 2019	36 months	7.00% EE 7.12% ER 1.14% RHIC	Age 60 8% reduction	Rule 90 w/ <u>min Age 60</u> or Age 65	2.00%
TIER 3 Jan 2020	36 months	7.00% EE 8.26% ER No RHIC	Age 60 8% reduction	Rule 90 w/ <u>min Age 60</u> or Age 65	1.75%

Defined Benefit (DB) Main Hybrid Plan Tiers
First Enrolled = First Contribution to NDPERS

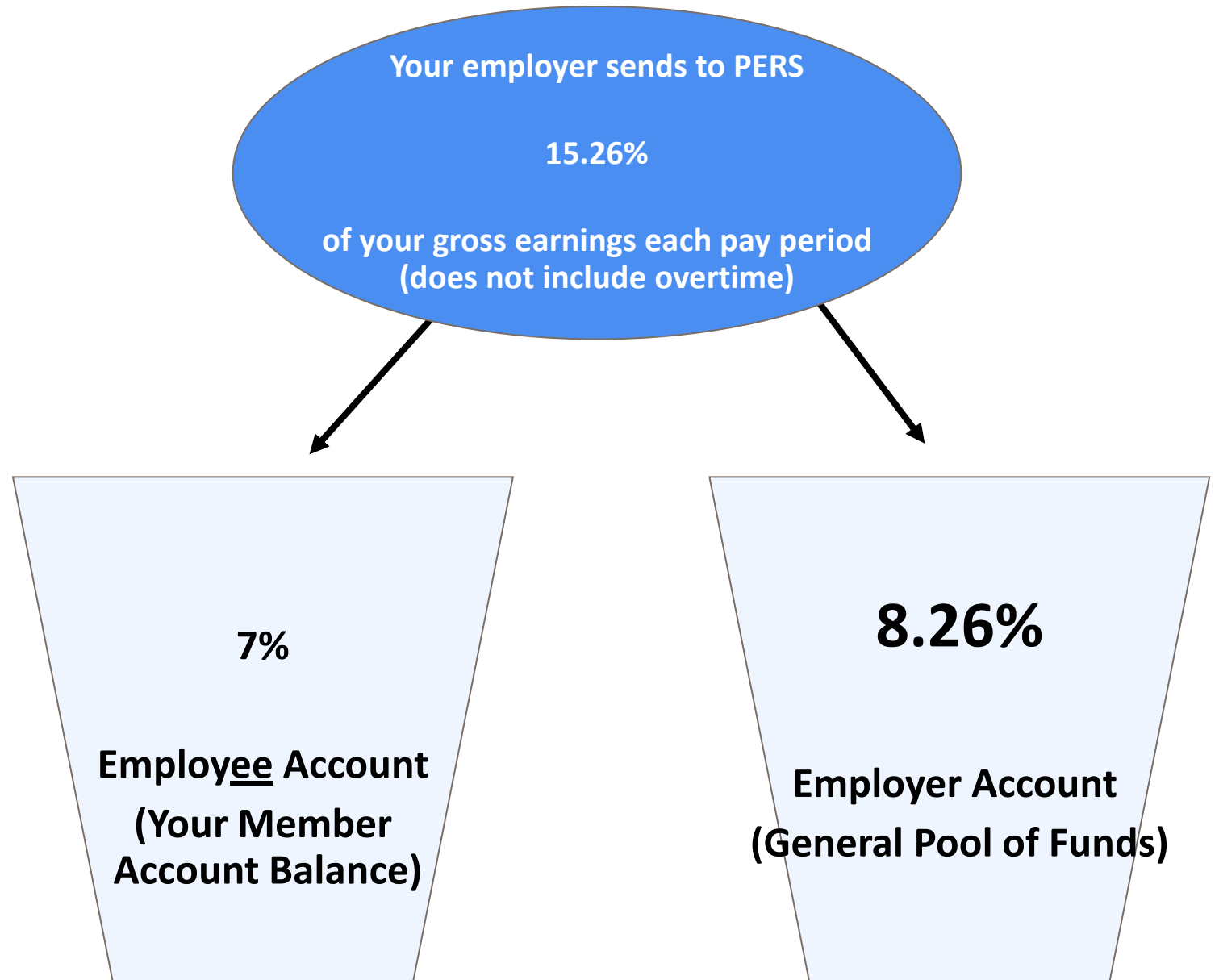
Allocation of Retirement Contributions

Tier 1 & 2 – First enrolled prior to January 1, 2020



Allocation of Retirement Contributions

Tier 3 – First enrolled on or after January 1, 2020



Service Credit and Vesting



One month of service credit for each month NDPERS receives contributions on your behalf.



Vested means you are legally entitled to a monthly benefit.



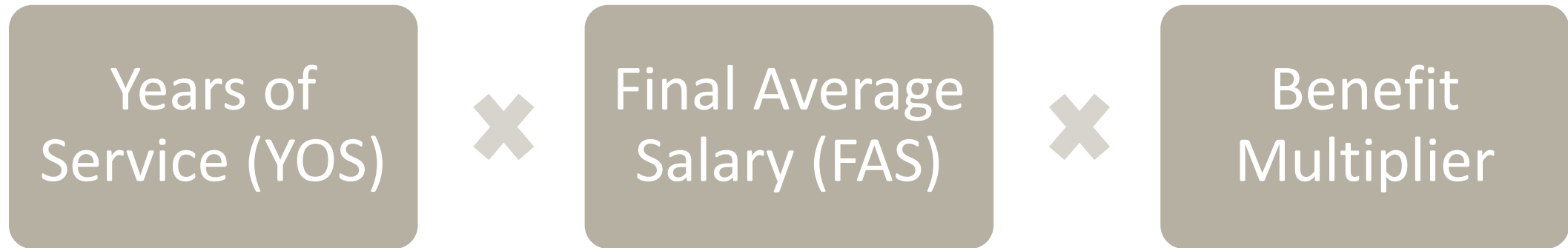
You become vested the earlier of:

Achieving 36 months (3 years) of service credit, or
Turning age 65 during active employment.



ANNUITY - receive a monthly retirement payment for life.

Retirement Benefit Formula



- **Years of Service (YOS):** One month of service for each month of contribution
- **Final Average Salary (FAS):** Average of your highest 3 consecutive 12-month periods during the last 180 months worked
- **Benefit Multiplier:** **Varies** depending on Tier
 - Tier 1 and 2: 2.00%
 - Tier 3: 1.75%

Plan 2: Deferred Compensation

Supplemental Retirement Savings

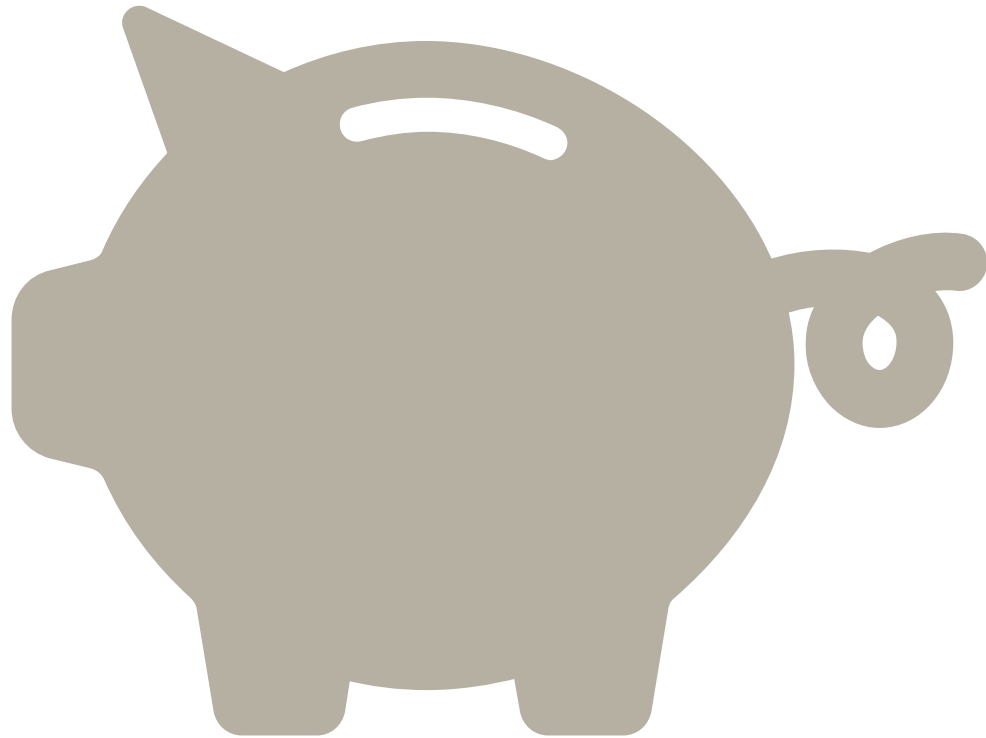


What is Deferred Compensation?

- Invest **pre-tax** dollars to lower your taxable income

Taxed at the time of distribution

- Select how your money is invested
- Increase, decrease, and suspend contributions at any time
- May be used to purchase service credit



How does it work?

- The money grows, tax-deferred, waiting for you to decide what to do with it when you retire.
- If you have a 457(b) or 403(b) plan, you can withdraw [some or all] your funds upon retirement even if you are not yet 59½ years old.
- There is no 10% penalty for early withdrawals as there is with most early withdrawals from other types of plans.
- You will owe the income tax on the amount you withdraw.

Annual Deferral Limits

Minimum:

\$25 per month

Maximum:

- The lesser of 2022 annual IRS Limit \$20,500/year
- or
- 100% of taxable compensation



Other Eligible Contributions

Lump Sum Payments

- Accrued annual leave
- Unused sick leave
- Back pay

Age 50+ Annual Catch-up: **\$27,000** (SFN 3803)

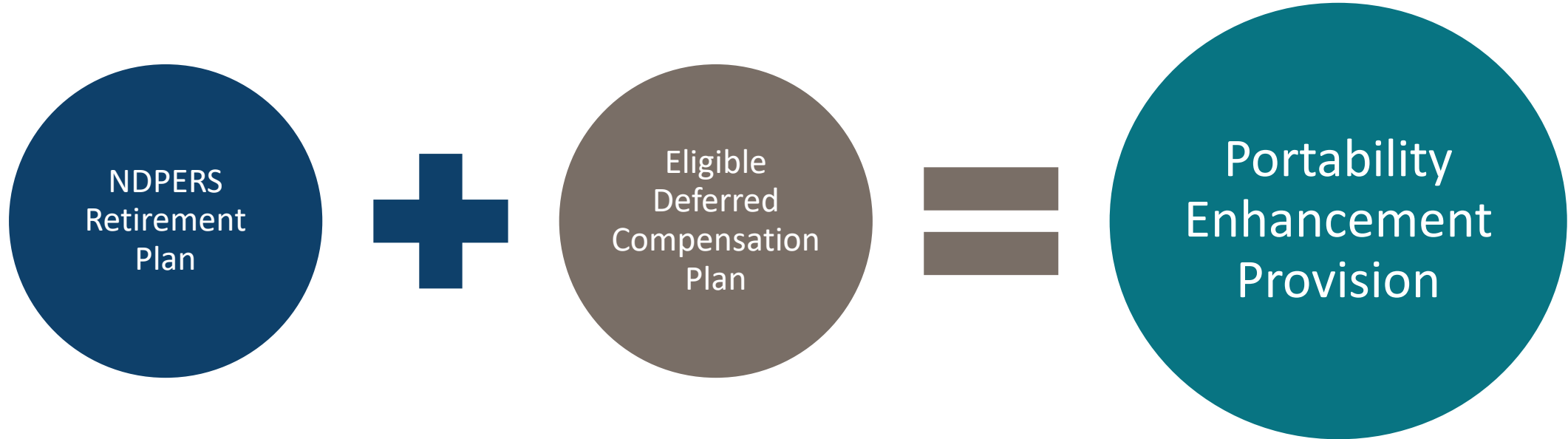
Regular 3-year Catch-up: **41,000** (SFN 51501 & 3803)

- One time only – NDPERS approved
- 3 consecutive calendar years, but not the year in which you retire

Cannot exceed annual IRS limits

Employer is responsible for tracking annual limits

How plan 1 & 2 work together



Portability Enhancement Provision (PEP)

DB Plan and Deferred Compensation work together



Redistribution of funds



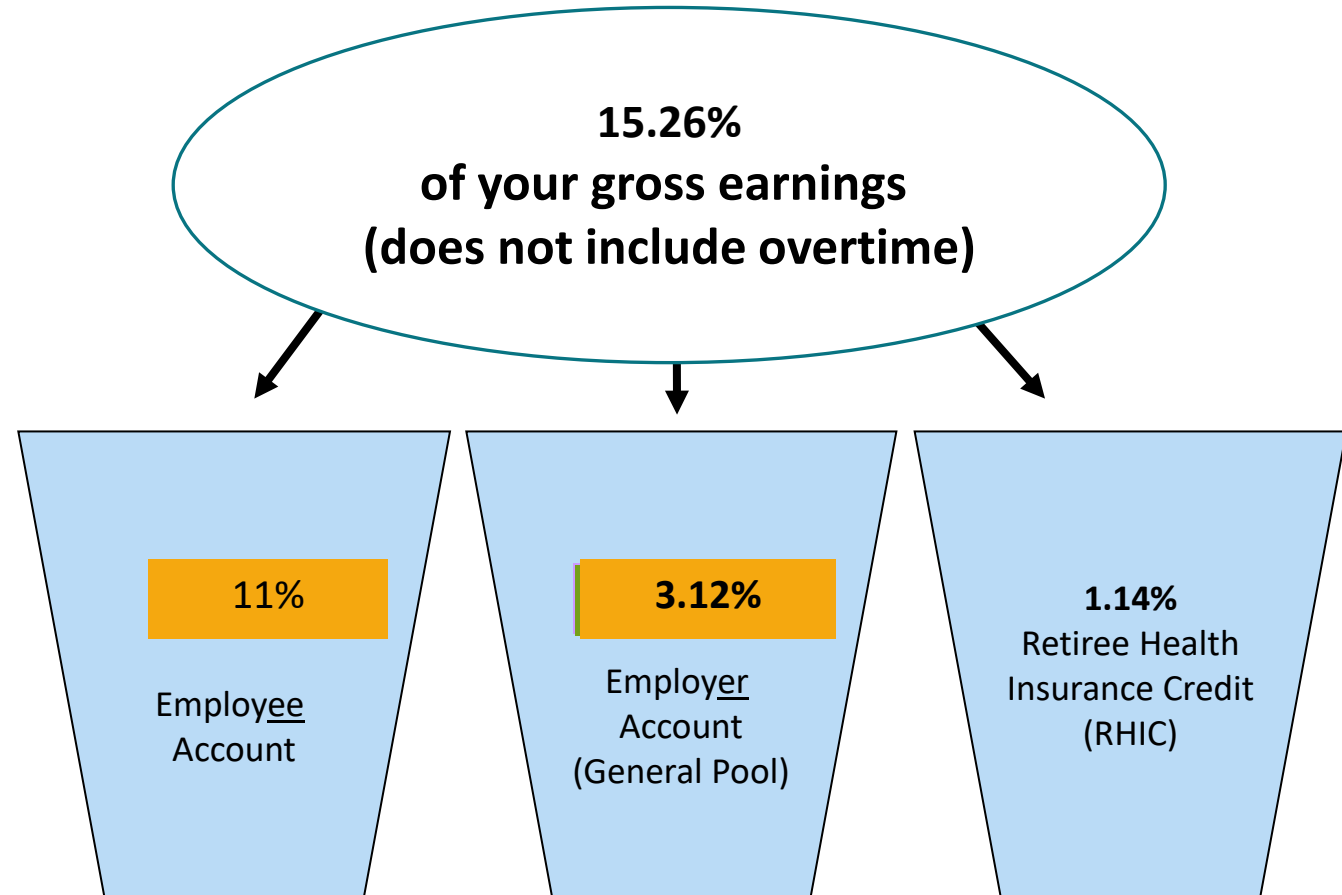
Faster growth of member account balance



More “portability”

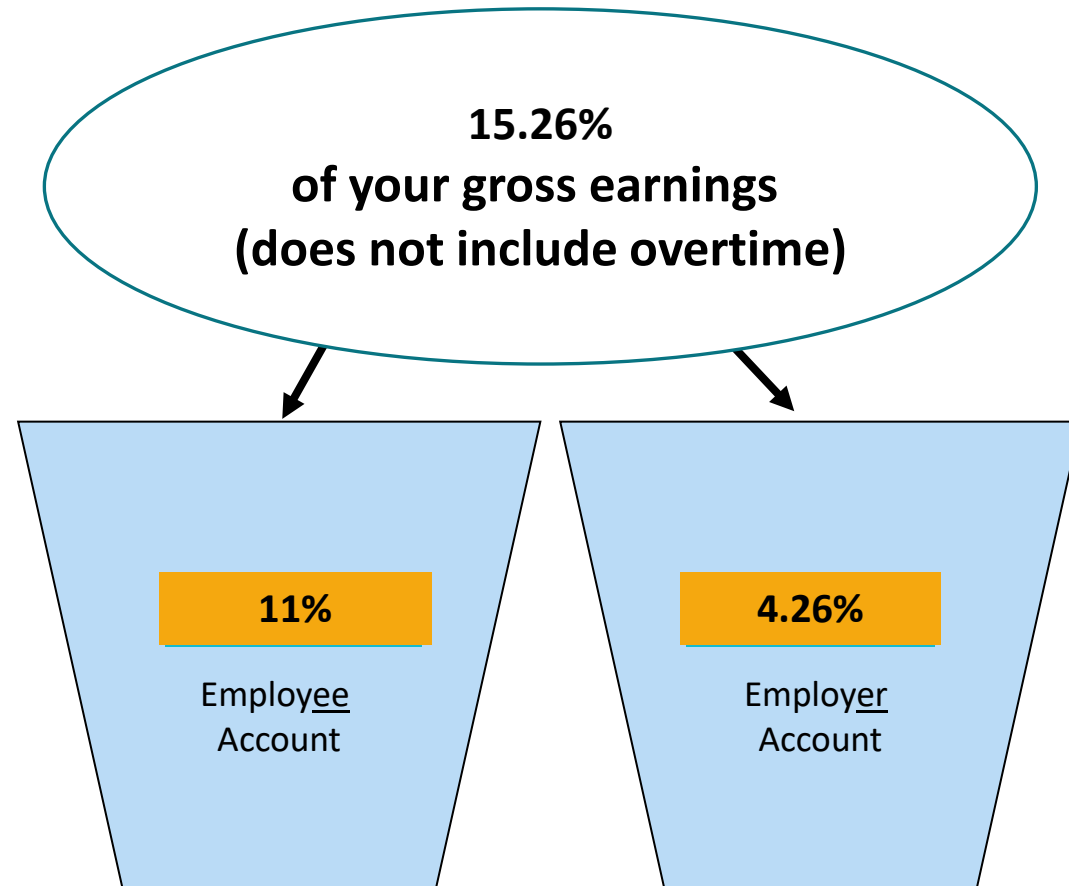
Tier 1 & Tier 2: Contribution Allocation with PEP

Years of Service	Your Investment in Deferred Comp
0-12 months	1% of gross pay or minimum of \$25
13-24 months	2% or minimum of \$25
25-36 months	3% or minimum of \$25
37 + months	4% or minimum of \$25

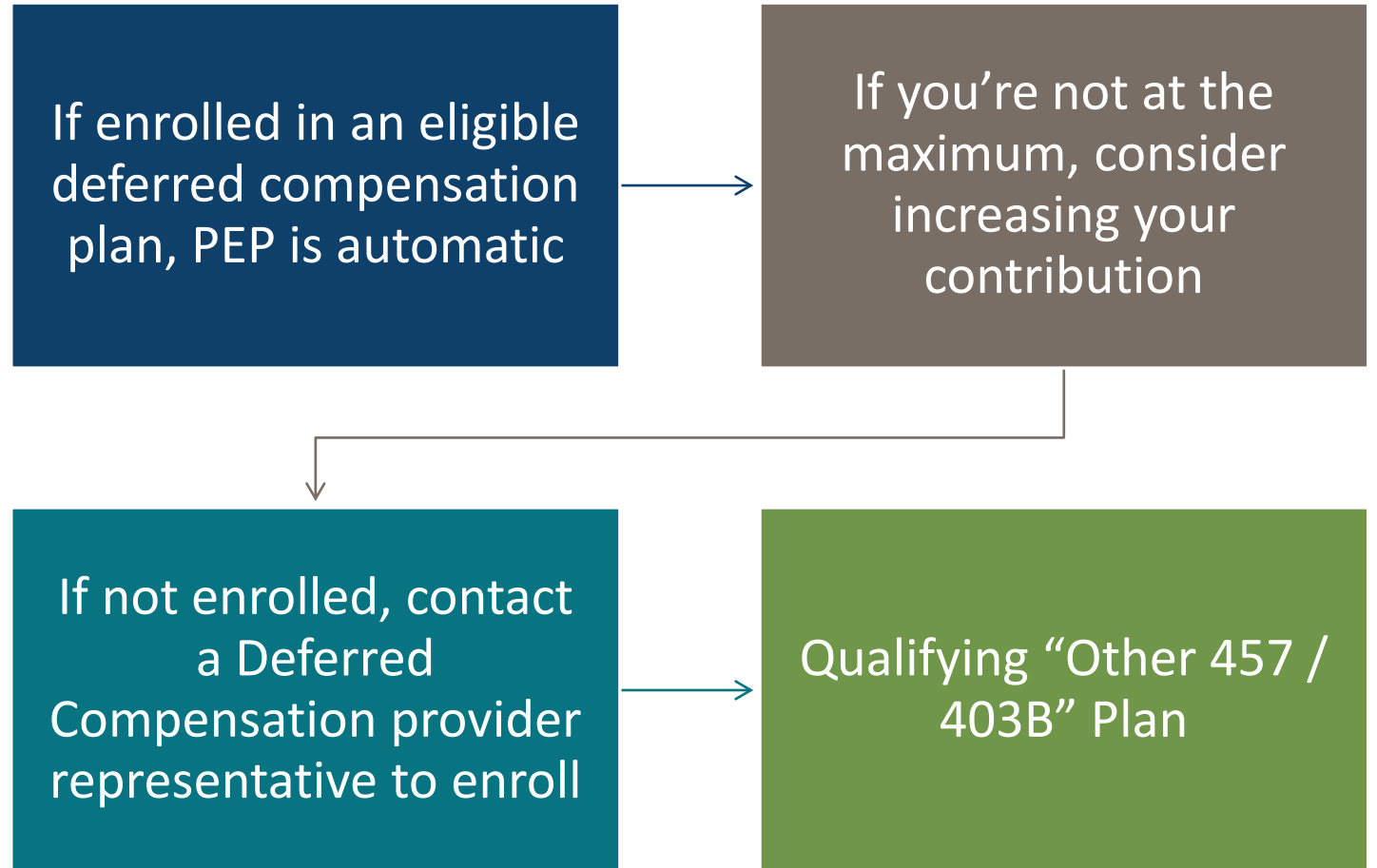


Tier 3 - Contribution Allocation with PEP

Years of Service	Your Investment in Deferred Comp
0-12 months	1% of gross pay or minimum of \$25
13-24 months	2% or minimum of \$25
25-36 months	3% or minimum of \$25
37 + months	4% or minimum of \$25



Activate PEP





PEP does **NOT** increase your future
NDPERS monthly retirement benefit
(pension).

REMEMBER: YOUR FUTURE NDPERS PENSION AND YOUR
SUPPLEMENTAL RETIREMENT SAVINGS ARE 2 DIFFERENT PLANS.

A photograph of a modern, multi-story building with a large glass facade. The building is set against a clear blue sky with a few wispy clouds. In the foreground, there is a well-maintained green lawn. To the right of the building, a stone wall features the text "CENTURY CENT" and "1600 E CENTURY AVENUE". Several flags are flying on poles in front of the building, including the American flag and a blue flag with a white emblem. A blue cross-shaped sculpture is visible on the right side of the building.

Help is
available

[CONTACT US](#)



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Contact NDPERS

Customer Service

- Call: (701) 328-3900 or
- TF:(800) 803-7377



Online Resources

- Website: ndpers.nd.gov
- [Member Self Service \(MSS\)](#)