



REFUND/ROLLOVER GUIDE
(Rev. 01-2025)

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NDPERS • PO Box 1657 • Bismarck • North Dakota 58502-1657
(701) 328- 3900 • 1-800-803-7377 • Fax 701-328-3920
<https://www.ndpers.nd.gov/>



This publication contains information and instructions necessary for a terminating employee to apply for a refund/rollover of retirement account balance and continuation of insurances administered by NDPERS under either the Defined Benefit or the Defined Contribution Plans. The refund/rollover forms related to this publication are to be completed by Employee.

This publication is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this publication do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board.

The information in this publication is subject to changes made by the North Dakota legislature, by the Board of the North Dakota Public Employees Retirement System (NDPERS), and its agents.

REFUND/ROLLOVER GUIDE

Defined Benefit and Defined Contribution Members

Use this Guide and corresponding forms if you want to:

1. receive a refund of your member account balance paid directly to you, or
2. rollover all or part of your member account balance to an IRA or another employer plan

Employer Responsibility

Employer completes an employment through Employer Self Service

Employee Responsibility

Read Member Account Balance Options and Special Tax Notice and complete necessary application forms

INSURANCE COVERAGE: If you had **NDPERS** insurance coverage through your employer read the plan information to determine your options

Health Insurance
Dakota Plan

Life Insurance

Dental Insurance

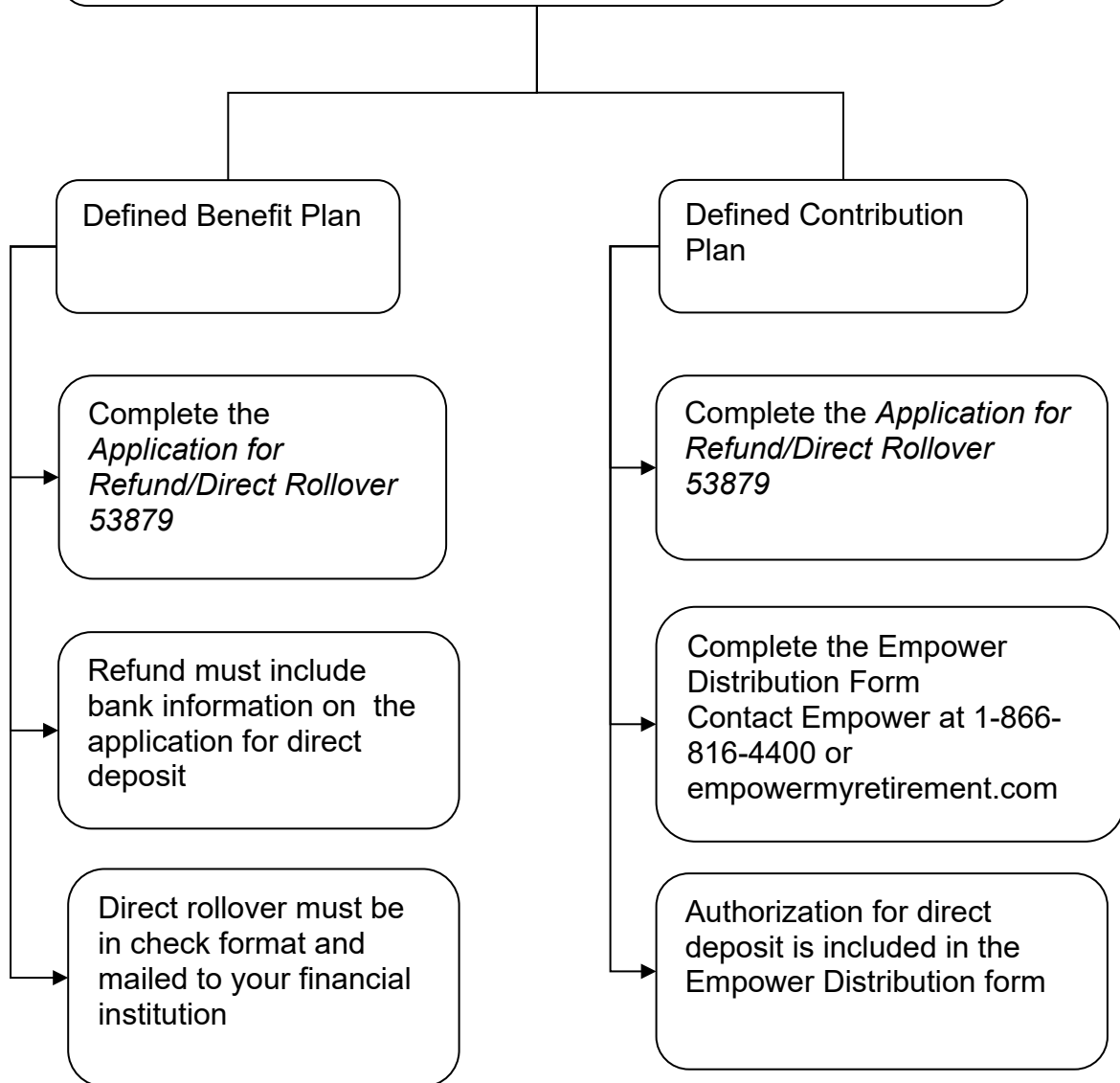
Vision Insurance

What happens to your NDPERS FlexComp Plan?

Did you participate in Deferred Compensation?

APPLY FOR REFUND/ROLLOVER

How to apply for a Refund or Rollover of your NDPERS Defined Benefit or Defined Contribution Plans



**Forms may be submitted to NDPERS by fax, email, or by mail.
Any forms that are not legible will require resubmission to NDPERS.**

MEMBER ACCOUNT BALANCE OPTIONS



To be eligible for benefits listed on this sheet, you must terminate employment. The Administrative Code Chapter 71-02-01-01(24) states: "Termination of employment" 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 does not constitute termination of employment.

DEFINED BENEFIT PLAN:

Note: Main Defined Benefit Plan is closed to newly enrolled members effective 1/1/2025)

MEMBER ACCOUNT BALANCE

The member account balance consists of the monthly employee contributions, the vested portion of your employer contributions, purchase payments and interest. This interest is compounded monthly up to the time you receive a refund/rollover of your account or begin receiving a monthly benefit. The interest paid on your account is based on a rate established by the NDPERS Board and builds on a tax deferred basis. If you take a refund or rollover, your retirement funds will not be available until you have been terminated for approximately 60-90 days, subject to tax notification requirements. See "Special Tax Notice Regarding Plan Payments".

MEMBER ACCOUNT OPTIONS:

Option 1

You can choose to have your member account balance paid directly to you. If you choose this option, only 80 percent of the taxable amount of your member account balance is payable to you because NDPERS is required to withhold 20% (percent) of the payment for federal income tax purposes. The 20% Federal income tax withheld under this section may not cover your entire income tax liability, so you may choose to complete IRS Form W-4R to withhold a greater amount. In addition, if you are under age 59 1/2, you may be subject to an additional 10 percent penalty for early withdrawal. If you choose this option, the "Refund/Rollover Forms" are required.

Option 2

You can choose to have all or a portion of your member account balance directly rolled over into an IRA or another employer plan. If you have all or a portion of the amount rolled over, any taxable amount not rolled over will automatically be mailed to you and subject to the taxes indicated in "Option 1". The portion rolled over is not taxed until you take it out of the IRA or other employer plan. (NOTE: Be sure to check to see if the other employer plan will accept a rollover from a 401(a) plan and request a letter of acceptance be forwarded to NDPERS from the named financial institution). If any portion of your rollover includes non-taxable income, then the letter of acceptance is required before your request will be processed. If you choose this option, the "Refund/Rollover Forms" are required.

Option 3

Whether vested or not, you can leave your member account balance intact with NDPERS and take a refund or rollover at a later date. If you elect to leave your member account balance intact with NDPERS, then you must complete a "NDPERS Deferred Retirement Forms".

Option 4 *[This option is only available for vested members]*

To be vested in a defined benefit program means that you have become legally entitled to a monthly benefit from NDPERS upon termination from employment and reaching retirement age. Under NDPERS you become vested at:

Retirement Plan	Months For Vesting
Disability	6
Main (closed to newly enrolled members effective 1/1/2025)	36
Public Safety State Public Safety State National Guard State BCI agents hired before 8/1/2023	36
Judges	60
BCI agents hired on or after 8/1/2023 Highway Patrol	120

You can elect a Deferred Vested Benefit. Under this option, you leave your account with NDPERS and elect to receive a monthly benefit at a later date. The earliest age a member can begin to receive a monthly benefit may be either age 50 or age 55. Under the Deferred Vested Benefit Option, unreduced monthly benefits may begin at age 65 or by meeting the “Rule” (Rule of 85 or Rule of 90 minimum age of 60 if hired after Jan 1, 2016), whichever happens first. Interest continues to compound on your member account balance until you begin receiving a monthly benefit. If you choose this option you will need to complete the “NDPERS Deferred Retirement Forms”.

Option 5

You are eligible to receive NDPERS retirement benefits upon termination of employment if:

Retirement Plan	Eligibility
Main Plan (closed to newly enrolled members effective 1/1/2025)	<u>EARLY RETIREMENT</u> ✓ age 55 or older and have 3 years of eligible service credit; or <u>NORMAL RETIREMENT</u> ✓ meets the Rule of 85; (Rule of 90 with minimum age 60 for members hired on or after 01-01-2016) ✓ attained age 65 while actively employed with a NDPERS participating agency.
Public Safety, National Guard & BCI agents hired before 8/1/2023	<u>EARLY RETIREMENT</u> ✓ age 50 or older and have 3 years of eligible service; or <u>NORMAL RETIREMENT</u> ✓ meets the Rule of 85 ✓ attained age 55 and have 3 years of eligible service.
BCI Agents hired on or after 8/1/2023	<u>EARLY RETIREMENT</u> ✓ age 50 or older and have 10 years of eligible service; or <u>NORMAL RETIREMENT</u> ✓ meets the Rule of 85 ✓ attained age 55 and have 10 years of eligible service.
Judges	<u>EARLY RETIREMENT</u> ✓ age 55 or older and have 5 years of eligible service; or <u>NORMAL RETIREMENT</u> ✓ meets the Rule of 85 ✓ attained age 65 while actively employed with a NDPERS participating agency.
Highway Patrol	<u>EARLY RETIREMENT</u> ✓ age 50 or older and have 10 years of eligible service; or <u>NORMAL RETIREMENT (Max. age 60)</u> ✓ meet the Rule of 80 ✓ attained age 55 and have 10 years of eligible service.

Eligible service credit may include dual membership service.

See the NDPERS Group Retirement Plan handbook for specific information on early retirement reductions, meeting the “Rule”, eligible service credit, and dual membership service.

You and your employer must complete the “NDPERS Retirement Forms”

If you are not vested, your member account balance is less than \$1,000 and you do not indicate you wish to leave your account intact, you will be issued a refund automatically upon termination.

DEFINED CONTRIBUTION PLAN:

PLAN	FIRST ENROLLED	VESTING	CONTRIBUTION RATE	OPTIONAL CONTRIBUTIONS
Defined Contribution Plan, Tier 1	Prior to January 1, 2020	Gradual vesting 2 years = 50%, 3 years = 75%, 4 years = 100% Or 100% vested if age 65 while employed	Mandatory EE Contribution: 7% Mandatory ER Contribution: 7.12% Mandatory RHIC Contribution: 1.14%	N/A
Defined Contribution Plan 2020, Tier 2	January 1, 2020 – December 31, 2024	Gradual vesting 2 years = 50%, 3 years = 75%, 4 years = 100% Or 100% vested if age 65 while employed	Mandatory EE Contribution: 7% Mandatory ER Contribution: 8.26% No RHIC	N/A
Defined Contribution Plan 2025, Tier 3	After December 31, 2024	Gradual vesting 2 years = 50%, 3 years = 75%, 4 years = 100% Or 100% vested if age 65 while employed	Mandatory EE Contribution: 4% Mandatory ER Contribution: 5.26% No RHIC	If, Optional EE Contribution: up to additional 3% made to either DC plan or NDPERS 457 plan. Then, Required ER Contribution Match: up to additional 3%

Deferred Member Account Balance

When you terminate employment, you can apply to defer your entire vested account balance. Under this option you leave your account balance with the Trustee Company until you either take it out as a lump sum or periodic distribution. If you choose this option you and your employer must complete a “NDPERS Deferred Retirement”.

Lump Sum Distributions

If you elect this option, your entire vested account balance will be paid to you as a lump-sum distribution. You may elect to roll this lump-sum distribution into an IRA or another eligible employer plan. If you choose this option you will need to complete the “NDPERS Refund/Rollover Forms” and an Empower Distribution Form. Contact Empower at 1-866-816-4400 or empowermyretirement.com

Periodic Distributions

If you elect this option, your vested account balance will be paid to you in monthly, quarterly, semiannual, or annual periodic payments until your account is exhausted. You must take a distribution at least annually. If you choose this option you will need to complete a “NDPERS Retirement Forms” and an Empower Distribution Form. Contact Empower at 1-866-816-4400 or empowermyretirement.com

Distributions will be subject to the following rules:

1.) Refund Distribution

Any taxable distribution paid by the Trustee Company directly to you will be subject to mandatory Federal income tax withholding of 20% of the requested distribution. The 20% Federal income tax withheld under this section may not cover your entire income tax liability, so you may choose to complete IRS Form W-4R to withhold a greater amount. You cannot elect out of this tax withholding but you can avoid it by electing a direct rollover distribution. This withholding is not a penalty but rather a prepayment of your Federal income taxes, although there may also be an IRS penalty assessed in certain circumstances. If you are under age 59 1/2 at the time the distribution occurs, you may be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution.

2.) Direct Rollover Distribution

As an alternative to a cash distribution, you may request that your entire distribution be rolled directly into an IRA or another eligible employer's plan (if it accepts rollover contributions). Federal income taxes will not be withheld on any direct rollover distribution.

a.) Rollover to an IRA – You must complete a Qualified Plan Distribution Form and indicate the name and address of the custodian or trustee, and account number for your traditional IRA. After authorizing your distribution, NDPERS will forward the form to the Trustee Company. A check will be issued by the Trustee Company payable to the IRA custodian or trustee for your benefit. The check will contain the notation 'Direct Rollover' and it will be mailed directly to you. You will be responsible for forwarding it on to the custodian or trustee. You must provide NDPERS with complete information to facilitate your direct rollover distribution.

b.) Rollover to another Eligible Employer Plan – You should check with your employer to determine if its plan will accept rollover contributions. If allowed, then you must complete a Qualified Plan Distribution Form and indicate the name, address and plan number of your employer's qualified plan. After authorizing your distribution, NDPERS will forward the form to the Trustee. A check will be issued by the Trustee Company payable to the trustee of your eligible employer plan. The check will contain the notation 'Direct Rollover' and it will be mailed directly to you. You will be responsible for forwarding it on to the new trustee. You must provide NDPERS with complete information to facilitate your direct rollover distribution.

3.) Combination Refund Distribution and Direct Rollover Distribution

You may request that part of your distribution be paid directly to you and the balance to be directly rolled into an IRA or another eligible employer Plan. Any cash distribution you receive will be subject to the Federal income tax withholding rules referred to in the "Special Tax Notice Regarding Plan Payments" section of this Guide.

You will pay income tax on the amount of any taxable distribution you receive from the Plan unless it is rolled into an IRA or another eligible employer Plan. A 10% IRS premature distribution penalty tax may also apply to your taxable distribution unless it is rolled into an IRA or another eligible plan. The 20% Federal income tax withheld under this section may not cover your entire income tax liability, so you may choose to complete IRS Form W-4R to withhold a greater amount.

If your vested account balance is less than \$1,000, the entire amount will be automatically distributed to you unless you request in writing that the vested account balance remain in the Plan within 120 days after termination.

DEFINED BENEFIT & DEFINED CONTRIBUTION:

ADMINISTRATIVE REQUIREMENTS FOR REFUNDS/ROLLOVERS

Upon termination of employment, you and your employer must complete a “NDPERS Refund/Rollover Forms”. Defined Contribution Plan members must also complete a “Empower Distribution Form”. You may obtain the Empower Distribution Form from Empower at 1-866-816-4400 or empowermyretirement.com

DEFINED BENEFIT PLAN: Refunds and direct rollovers will not be issued until you have been off your employer's payroll system for approximately 60 to 90 days, subject to Federal and North Dakota State laws.

DEFINED CONTRIBUTION PLAN: Refunds and direct rollovers will not be issued until you have been off your employer's payroll system for approximately 45 to 60 days, subject to Federal and North Dakota State laws.

By receiving a refund/rollover distribution of your member account balance you forfeit all service credit to the date of the distribution, as well as:

- Retirement Benefits
- Disability Benefits
- Non-Vested Employer Contributions
- Retiree Health Credit
- Dakota Plan Health Insurance Coverage*
- Dental Insurance Coverage*
- Vision Insurance Coverage*

Your termination must be bona fide. This means there is no indication that you will return to NDPERS-covered employment as of the date of your termination. NDPERS does not permit in-service distributions.

Should you become re-employed with a participating employer prior to receiving your distribution, no refund or direct rollover will be issued and your retirement account will pick up where it left off with your previous employer. Any NDPERS benefits available through your new employer will be reinstated at the same coverage levels as you had with your previous employer.

* If you are participating in any of these benefits at termination, COBRA continuation is available for 18 months following loss of coverage as an active employee.

Consult with your tax advisor for further details.

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

Revised 1/2023

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the North Dakota Public Employee's Retirement Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section. **Please note that all references to spouse in this notice are references to the term spouse according to the federal law, which defines spouse as any lawfully married spouse, same or opposite sex.**

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½, unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received). This means that,

in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), after age 73 (if you were born on or after January 1, 1951), or after death
- Corrective distributions of contributions that exceed tax law limitations
- Distributions of certain premiums for health and accident insurance

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary)
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you are at least age 50 or have 25 years of service in the year of the separation
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year)
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after separation from service if you will be at least age 55 in the year of the separation (or age 50 or 25 years of service for qualified public safety employees) does not apply.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for payments from an IRA, including: (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

You can elect to rollover after-tax contributions to an IRA or another employer plan that will accept the contributions. If your rollover includes after-tax contributions, NDPERS will require a letter of acceptance from the financial institution that the rollover is to be sent to. **The letter of acceptance must indicate that they will accept the after-tax portion of the rollover.** You may also want to request information from the financial institution regarding how the record-keeping for the funds will be handled once the funds are deposited.

If NDPERS does not receive this letter of acceptance within 6 months from the date your rollover application is received, NDPERS will process the rollover by sending the taxable portion to the financial institution and the after-tax contributions to you at your mailing address.

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the payment made to you and at the same

time the rest is paid to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments paid as premiums to an accident or health plan (or a qualified long-term care insurance contract) up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over the payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

If you are not a Plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

If you are a surviving spouse

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or after age 73 (if you were born on or after January 1, 1951).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required

minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949), age 72 (if the participant was born after June 30, 1949), or after age 73 (if the participant born on or after January 1, 1951).

If you are a surviving beneficiary other than a spouse.

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in:

IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from to Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

CONTINUATION OF INSURANCE COVERAGE (COBRA)

Retiring or Terminating Employees

Revised 1/2025

Please read this information carefully. You should retain this notice for your records.

Please disregard this notice if: 1. you transferred employment to another NDPERS covered employer, or 2. you are still employed with your current employer and just experienced a change in your employment status.

As a result of a recent "Qualifying Event", your insurance coverage has or will terminate. Under the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA), you and/or your covered dependents that are losing coverage are entitled to continue your group insurance coverage under the plan sponsored by your employer beyond the date coverage would normally end. You may have already made an election; however, we are required by federal law to provide you this notice for your records.

You and/or your covered dependents that are losing coverage are "Qualified Beneficiaries". A family member added to the covered employee's contract due to marriage or birth or placement for adoption during a period of continuation coverage will also be deemed a qualified beneficiary for COBRA purposes. The spouse or child must be added to COBRA coverage within 31 days from the date of the qualifying event.

As qualified beneficiaries, you and/or your eligible dependents losing coverage are entitled to continue the same group insurance coverage that you had on the day before the qualifying event (provided that the company has not eliminated the policy or changed insurance carriers since the qualifying event). Additionally, you are also entitled to COBRA continuation coverage if you have other insurance coverage *prior* to electing COBRA coverage (including entitlement to Medicare).

Under the law, you have a 60-day election period during which you must inform your employer in writing or by completing an application that you want continuation coverage. This election period begins on the later of (1) the date you lose coverage due to the qualifying event or (2) the date you are provided your COBRA notification. If you are or become mentally or physically incapacitated during this election period, an appointed guardian or responsible party may elect and/or pay for COBRA continuation coverage on your behalf. If you choose COBRA continuation coverage, your election is considered made on the date you send your application and payment to the Plan Administrator.

PLAN OR BENEFIT CHANGES

If you elect continuation coverage, you will receive the same level of benefits under the plan as similarly situated active employees. Plan benefits may be modified or amended during the period of continuation coverage that may result in a change of premiums in accordance with federal COBRA regulation. As a qualified beneficiary, you are entitled to the same open enrollment rights as active employees. This includes special enrollment rights such as adding coverage for newly acquired family members.

Please be advised that notification to an individual, who is a qualified beneficiary as the spouse of a covered employee, shall be considered notification to all other qualified beneficiaries residing with such spouse at the time such notice is made.

HIGH DEDUCTIBLE PLAN MEMBERS

If you participate in the NDPERS High Deductible Health Plan with a Health Savings Account (HSA) and terminate employment, NDPERS is not responsible for any further employer contributions to your HSA. However, prior to depleting your funds or closing your account, please contact NDPERS to verify that all contributions have been deposited.

OTHER COVERAGE OPTIONS

There may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, Medicare, or other group plan coverage options (such as a spouse's plan) through what is called a "special enrollment period". Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage, you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based insurance coverage, it's important that you choose carefully between COBRA continuation coverage and other coverage options, because once you've made your choice it can be difficult or impossible to switch to another coverage option.

Additional details on the Health Insurance Marketplace are provided later in this notice.

CONTINUATION PERIOD

Your Qualifying Event entitles you and/or your covered dependents to continue coverage for the period of 18 months if you are qualifying due to the member's termination of employment or reduction in hours. This period begins on the date your coverage under the group insurance plan would normally cease because of the Qualifying Event. If you have signed an Early Retirement Agreement, whereby your employer will pay the premiums for a specified period, any portion of employer paid premium is counted towards the 18 months of COBRA continuation coverage.

Continuation coverage may end before the maximum continuation period in certain circumstances, such as failure to pay premiums, fraud, or the individual becomes covered under another group health plan.

EXTENDED COBRA CONTINUATION COVERAGE PERIOD

Any qualified beneficiary in connection with a qualifying event may be entitled to an extension of continuation coverage from 18 to 29 months if an individual is determined under Title II or XVI of the Social Security Act to have been disabled at any time during the first 60 days of COBRA continuation coverage. The disability extension applies only if any of the qualified beneficiaries provides notice to the plan administrator of the disability determination within 60 days after the date the determination is issued and before the end of the original 18-month maximum coverage period. The affected individual must also notify NDPERS within 31 days of any final determination that the individual is no longer disabled. The disability extension applies separately to each qualified beneficiary including non-disabled family members who are qualified beneficiaries due to the termination or reduction in hours of employment.

In addition, if you are the spouse or dependent of an employee who has been terminated from employment or whose hours of employment have been reduced, you may receive an extension of continuation coverage if a second qualifying event occurs (such as employee death, divorce, legal separation, employee Medicare entitlement or losing dependent status under the Plan) during the original 18-month continuation coverage period. In such a case, the original 18-month period (or 29-month period, in the case of a disability extension) is expanded to 36 months. This extension applies only if the Plan Administrator is notified in writing within 60 days of the second qualifying event and within the original 18 or 29-month coverage period. This extension applies to individuals who are qualified beneficiaries because of the first qualifying event and who are still qualified beneficiaries at the time of the second qualifying event. A reduction in hours followed by a termination of employment is not considered a second qualifying event for COBRA purposes.

For more information about extending the length of COBRA continuation coverage, visit <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf>.

PREMIUMS FOR COBRA CONTINUATION COVERAGE

You will be charged 102% of the applicable group premium rate for the level of coverage you select. Unless you expressly elect otherwise, the coverage to be continued will be that which you and/or your dependents (if any) had on the day before the qualifying event. However, be aware that each qualified beneficiary has independent COBRA election rights. The initial premium for continuation coverage must be made within 45 days of your COBRA election.

Insurance rates are subject to change. Contact the NDPERS office for premium information and additional details. The initial premium for continuation coverage must be made within 45 days of your COBRA election.

Your continuation coverage will not be effective until the initial premium payment is received. If the initial premium payment is not made within the indicated period, you will forfeit your right to continuation coverage. Subsequent monthly premium payments are due and payable on the 1st day of each month for that month's coverage. Pursuant to COBRA law, your continuation coverage will be terminated if your premium is not received by the last day of the month for which coverage was due.

MARKETPLACE INSURANCE COVERAGE

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you decide to enroll. Through the Marketplace, you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at www.HealthCare.gov.

Coverage through the Marketplace may cost less than COBRA continuation coverage. Being offered continuation coverage won't limit your eligibility for coverage or for a tax credit through the marketplace.

You have 60 days from the time you lose your job-based coverage to enroll in the Marketplace as a “special enrollment” event. **After 60 days, your special enrollment period will end, and you may not be able to enroll.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit www.HealthCare.gov.

ENROLLMENT IN ANOTHER GROUP PLAN

You may be eligible to enroll in coverage under another group plan (like a spouse's plan), if you request enrollment within the eligibility window set by the other group plan.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group plan for which you are eligible, you'll have another opportunity to enroll in the other group health plan within 31 days of losing your COBRA continuation coverage.

If you need a Certificate of Coverage (COC), please contact your insurance carrier for health and dental insurances. For vision, please contact your employer for verification of coverage.

ENROLLMENT IN MEDICARE

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the initial enrollment period for Medicare Part A or B, you have an 8-month special enrollment period to sign up, beginning on the earlier of

- The month after your employment ends, or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare Part B and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and then enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer), and COBRA will pay second. Certain COBRA continuation coverage plans may pay as if secondary to

Medicare, even if you are not enrolled in Medicare. For more information, visit <https://www.medicare.gov/medicare-and-you>.

HOW TO ELECT COBRA CONTINUATION OF INSURANCE COVERAGE

1. Obtain and complete by following the instructions on the *CONTINUATION OF GROUP INSURANCE COVERAGE (COBRA) SFN 14120* and return it to the NDPERS office before the Election Period Expiration Date. The form can be found on the NDPERS website at www.ndpers.nd.gov.
2. Pay the initial premium required for COBRA continuation coverage within forty-five (45) days of your COBRA election date. See the Premiums for COBRA Continuation Coverage section. You're responsible for making sure that the amount of your first payment is correct. Please contact NDPERS to confirm the correct amount of your first payment.

TERMINATION OF CONTINUATION COVERAGE

You may lose your continuation coverage before the end of your maximum coverage period for any of the following reasons:

1. If any required premium is not paid in a timely manner, coverage will cease for you and your qualified beneficiaries.
2. If you or any of your qualified beneficiaries become covered under another group insurance plan after the date of COBRA election that does not contain any applicable exclusion or limitation with respect to any pre-existing condition.
3. If all our group insurance plans are terminated (including successor plans), coverage will cease for you and your qualified beneficiaries.
4. If coverage was extended to 29 months due to a disability, coverage will cease if there is a determination that the individual is no longer disabled. **Please note:** Federal law requires that you inform the plan administrator within 31 days of a final determination that the individual is no longer disabled.
5. If you or your qualified beneficiaries become entitled to coverage under Medicare after the date of COBRA election, coverage will cease for each individual so eligible. If you are age 65 or over and receive or have applied for Social Security (or qualify for Social Security at an earlier age due to a disabling condition) you are considered to be entitled to Medicare.
6. If you request cancellation of COBRA continuation coverage in writing. Cancellation requests are only prospective from the date NDPERS receives such request.
7. If the group insurance plan terminates the coverage for cause for similarly situated active employees, then the qualified beneficiary's coverage can be terminated on the same basis (such as for submission of fraudulent claims, etc.).

IMPORTANT: The plan is required to make a complete response to any inquiry from an insurance provider regarding your right to coverage under the plan during the election period. Similar requirements exist to provide the status of COBRA coverage inquiries made by insurance care providers during any applicable premium payment grace periods. If you elect the continuation coverage, the initial payment will cover the first period of continuation coverage beginning immediately after the date that your coverage under the group insurance plan ceased. Please see Premiums for COBRA Continuation Coverage section of this document.

MORE INFORMATION

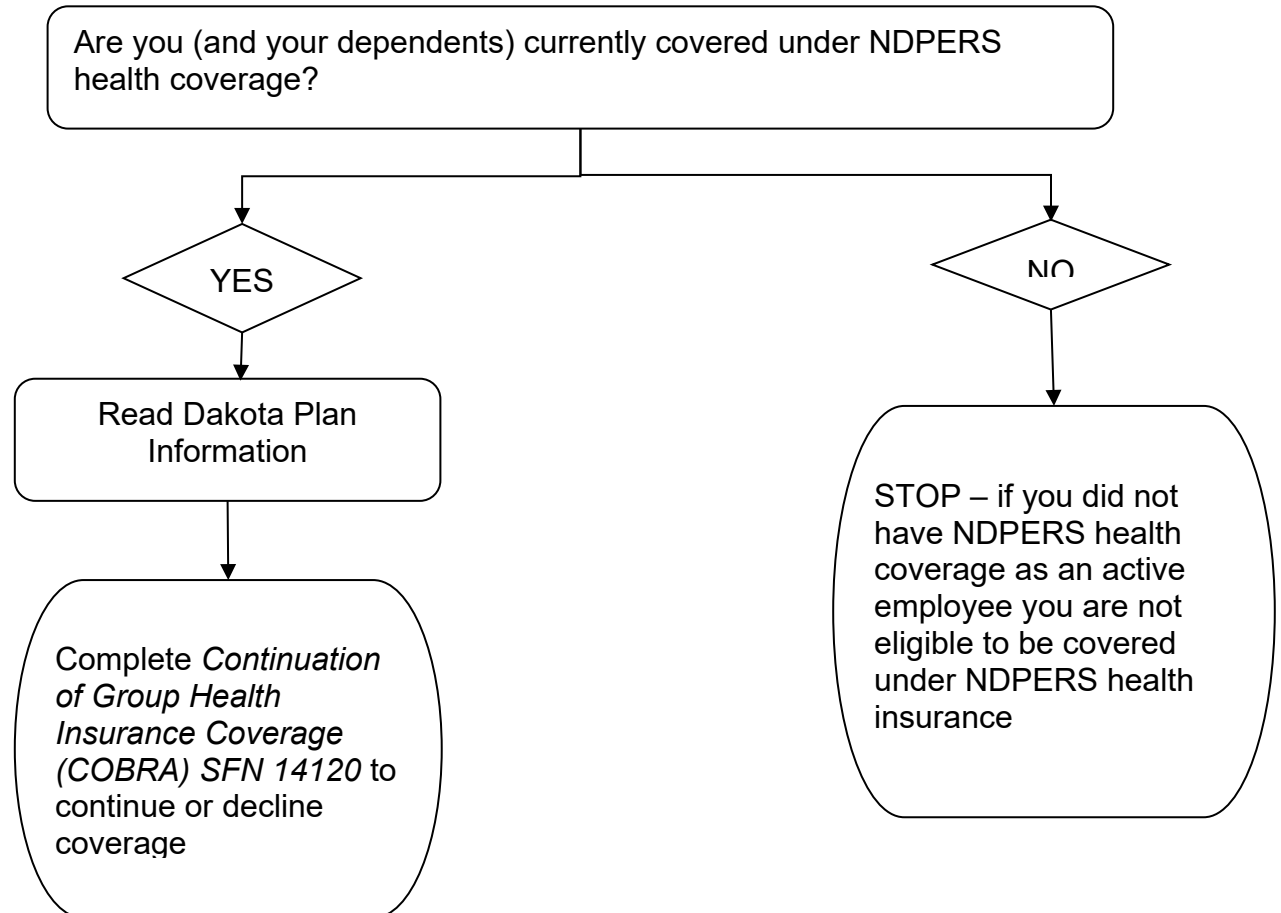
For more information about your rights under COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at <http://www.dol.gov/ebsa> or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

ADDRESS CHANGES

To protect your and your family's rights, keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy in any notices you send to the Plan Administrator.

NDPERS HEALTH INSURANCE

For Refunds, Rollovers and Deferred Retirement Accounts



DAKOTA PLAN PPO/Basic and High Deductible Health Plan (HDHP)



This is information regarding your eligibility for the NDPERS group health coverage under the Dakota Plan through Cobra. The plan is underwritten by Sanford Health Plan (SHP).

COBRA COVERAGE:

Upon termination of employment, your NDPERS health coverage will continue to the end of month following the month of your separation from employment. You and your covered dependents may apply for COBRA coverage within 60 days of your last day of coverage under the group plan if you and your covered dependents were enrolled in the NDPERS health plan.

You will have the option to continue COBRA coverage for a maximum period of 18 months. COBRA coverage will be terminated if:

- ✓ You or your covered dependents become eligible for an employer sponsored health plan
- ✓ You or your eligible dependents become enrolled in Medicare.

The following COBRA premiums are in effect through June 30, 2025:

	Single	Family
State Agencies	\$806.62	\$1,945.26

Political Subdivisions enrolled prior to July 1, 2023:

	Single	Family
Grandfathered	\$861.82	\$2,083.36
Non-Grandfathered	\$874.92	\$2,115.06

Political Subdivisions enrolled after July 1, 2023:

	Single	Family
Premiums from July 1, 2023 to June 30, 2024:		
Non-Grandfathered	\$852.24	\$2,060.14

Premiums from July 1, 2024 to June 30, 2025:
Non-Grandfathered

\$897.60	\$2,169.98
----------	------------

If you are a family of two on the health insurance, it may cost less for you to split your coverage into two separate contracts during the 18-month COBRA period. Please contact NDPERS for further details and to discuss if this option is best for you.

High Deductible Health Plan (HDHP):

If you are an active state employee covered on the High Deductible Health Plan (HDHP) at the time you terminate, your coverage in this plan will continue while you are on COBRA. You will have opportunity to discontinue your participation in the HDHP plan and switch to the PPO/Basic Plan during the designated annual enrollment period.

Once terminated, there is no longer an employer contribution to a Health Savings Account (HSA) on your behalf. However, the premium that you are required to pay reflects that the state does not pay an employer contribution and are lower than the PPO/Basic COBRA rates. The premiums for HDHP COBRA are:

Single:	\$ 702.86
Family:	\$1,694.16

NDPERS is not responsible for depositing employer contributions into your Health Savings Account (HSA) once you close the account. Please contact NDPERS to verify that all contributions have been deposited into your HSA account prior to closing it.

EXTENDED COBRA CONTINUATION COVERAGE:

Disability

A member or their dependent determined to have been disabled for Social Security purposes may extend the continuation of coverage to 29 months. If member or their dependent becomes disabled at any time during the first 60 days of COBRA coverage, the member must provide notice of Social Security Disability determination to NDPERS. This notice must be provided to NDPERS within 60 days of the date of any final determination of Social Security Disability, but before the end of the 18-month COBRA period.

Death

Continuation of coverage may be extended for a period up to 36 months for an eligible dependent.

CANCELLATION OF HEALTH COVERAGE:

If you wish to cancel your NDPERS health coverage you must submit a written request providing the contract holder's name, PERSLink Member ID or last four digits of Social Security number, and effective cancellation date. Cancellations will only be done at the end of the month. We cannot cancel your policy for a partial month or do a retroactive cancellation of a policy. NDPERS must receive your cancellation request by the end of the month prior to the effective cancellation date.

Additional Features of Dakota PPO/Basic and HDHP Plans:

DISEASE MANAGEMENT PROGRAM:

A disease management program is offered through SHP. Please contact the SHP care management department at 1-877-652-1847.

DAKOTA WELLNESS PROGRAM:

Wellness Portal, powered by WebMD:

Resources available on the portal include a Health Assessment (a confidential report and custom resources), Wellness Tracking, and Daily Habits (guided programs to help with healthy habits and condition management). Covered members and their eligible spouses can earn points to be redeemed towards gift cards and prizes.

After you receive your health insurance ID cards, you will receive a member packet that will explain the wellness program in detail.

Fitness Center Reimbursement:

Covered members and their eligible spouse can earn up to a \$20 credit monthly for visiting a participating health club a minimum of 12 days a month.

DAKOTA HEALTH PLAN FEATURES

PPO/BASIC



For complete features of the Dakota Plan visit <https://www.ndpers.nd.gov/>

Preferred Provider Organization (PPO/BASIC):

The Preferred Provider Organization (PPO) is a group of hospitals, clinics and physicians who have agreed to discount their services to members of NDPERS. You have "freedom of choice" in selecting which physician or medical facility to use for services. No referral is needed. If you choose a provider who participates in the PPO program, you will have lower out-of-pocket expenses. PPO benefits are only available in the State of North Dakota, unless the medical facility provides services at a satellite location in another State.

DEDUCTIBLE AND COINSURANCE:

Deductible, copayments, and coinsurance maximums accrue on a "Calendar-Year" basis, January 1 - December 31.

<u>Plan Features:</u>	<u>Basic</u> (Self-Referral or Out-of-State)	<u>PPO</u>
Deductible for All Services		
-Per Person	\$500	\$500
-Per Family	\$1500	\$1500
Copayment for Physician Office Visits (no limit)	\$ 35	\$ 30
Copayment for Emergency Room	\$ 60	\$ 60
Coinsurance on all covered services except Physician Office Visits	75/25	80/20
Annual Coinsurance Maximum		
-Individual	\$1500	\$1000
-Family	\$3000	\$2000
Annual Out-of-Pocket Maximums (Deductible and Coinsurance) **		
-Individual	\$2000	\$1500
-Family	\$4500	\$3500
*Out-of-network coverage is at the Basic level. **Office visit and emergency room copayments and prescription drug copayments and coinsurance are additional		

DISEASE MANAGEMENT PROGRAM:

A disease management program is offered through SHP. Please contact the SHP Care Management Department at 1-877-652-1847.

PREVENTIVE SCREENING SERVICES-PPO/BASIC COVERAGE:

Wellness Services				
	Copayment	PPO Plan	Basic Plan	Special Conditions
Well Child Care (<i>to member's 6th birthday</i>)	\$30/\$35	100%	100%	Deductible does not apply.
Preventive Screening Services (<i>members 6 and older</i>)	\$30/\$35	100%	100%	Maximum benefit allowance of \$200 per member per benefit period for any non-routine screening services. Deductible does not apply. Benefits beyond the maximum benefit allowance will be subject to cost sharing amounts. Deductible does not apply.
Immunizations		100%	100%	Deductible does not apply.
Mammography & Pap Smear Screening Services		100%	100%	The number of visits for mammography varies by age group. Maximum benefit allowance of 1 Pap smear per benefit period. Refer to benefit plan for details.
Prostate Cancer Screening Services		80%	75%	Refer to the benefit plan for details. Deductible does not apply.

For a Complete list of benefits please refer to the Certificate of Insurance.

SUMMARY OF BENEFITS AND COVERAGE (SBC):

The Affordable Care Act (ACA) added a new requirement for the disclosure of a Summary of Benefits and Coverage (SBC). The Summary of Benefits & Coverage (SBC) for the various NDPERS group health insurance plans are located on the NDPERS website and can be found under the Resource section for each plan (PPO/Basic - Grandfathered, PPO/Basic Non-Grandfathered and High Deductible Health Plan (HDHP)). These documents provide a comprehensive resource for the purposes of comparing coverage levels across all plans.

PRESCRIPTION DRUG COVERAGE:

Deductible, copayments, and coinsurance maximums accrue on a "Calendar-Year" basis, January 1 - December 31.

<u>Plan Features:</u>	<u>Basic</u> (Self-Referral or Out-of-State)	<u>PPO</u>
Prescription Formulary Generic Drug		
-Copayment	\$7.50	\$7.50
- Coinsurance (\$1,200 maximum per person per benefit period, covered at 100% after \$1,200 maximum is met)	12%	12%
Prescription Formulary Brand-Name Drug***		
-Copayment	\$25	\$25
- Coinsurance (\$1,200 maximum per person per benefit period, covered at 100% after \$1,200 maximum is met)	25%	25%
Prescription Non-Formulary Drug		
-Copayment	\$30	\$30
-Coinsurance	50%	50%

***One copayment amount per prescription order or refill for a 1–34-day supply. Two copayment amounts per prescription order or refill for a 35–100-day supply. Benefits are subject to the Outpatient Prescription Drug Coinsurance Maximum Amount. Deductible does not apply.

MAIL ORDER PRESCRIPTION DRUGS:

Please contact OptumRX at 1-866-833-3463 if you have questions regarding the mail order prescription plan.

GROUP HEALTH INSURANCE

HIGH DEDUCTIBLE HEALTH PLAN (HDHP)

Permanent state employees, university system employees and district health unit employees are eligible to participate in a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA).

Participation in the HDHP/HSA is optional. Temporary employees and employees of political subdivisions are not eligible to participate in the HDHP/HSA at this time.

The HDHP/HSA option has higher annual deductibles and larger out-of-pocket costs for medical services. However, the higher initial out-of-pocket costs are partially offset by an employer contribution to an HSA created in the member's name. The NDPERS HDHP/HSA has a cap on how much you will pay out-of-pocket during a year and covers preventive and other services (as designated by the Affordable Care Act (ACA)) with no out-of-pocket costs to you.

The HSA helps cover medical expenses until your annual deductible and coinsurance maximums are met. NDPERS will contribute to your HSA for each month you participate as follows:

	Month
Single	\$101.74
Family	\$246.16

The employer contributions are sent to the HSA vendor on a delayed schedule. For example, the June coverage month contributions will be posted to your HSA account by the end of July.

In addition, you may be able to contribute to your HSA through pre-tax payroll deductions if your employer allows this option. The IRS establishes annual limits of total contributions (both employee and employer paid) that can be contributed to an HSA per calendar year. For 2025, the limits are:

Single HDHP Coverage:	\$4,300
Family HDHP Coverage:	\$8,550
Age 55+Catchup:	\$1,000

If your employer does not allow pre-tax payroll deductions to an HSA, you may contribute on an after-tax basis directly with Sanford Health Plan and may claim those contributions when you file your annual tax return.

Please see the NDPERS High Deductible Health Plan summary for more details on benefits and services provided by this plan, the Health Savings Account (HSA) FAQ for Participants information sheet to learn more on how an HSA works. Additional information about the HDHP/HSA is also available on the NDPERS website.

HealthEquity may require account verification in order to establish your HSA. However, if the HSA cannot be established, employer contributions will not be made on your behalf, but you will remain in the HDHP Plan. HSAs cannot be established if you are a non-resident alien, covered under Tricare, Medicare or are enrolled in a medical spending account.

SUMMARY OF BENEFITS AND COVERAGE (SBC):

The Affordable Care Act (ACA) added a new requirement for the disclosure of an SBC. The SBC for the various NDPERS group health insurance plans are located on the NDPERS website and can be found under the Active Members/Group Health Plan listing for each plan (PPO/Basic – Grandfathered, PPO/Basic Non-Grandfathered and High Deductible Health Plan (HDHP). These documents provide a comprehensive resource for the purposes of comparing coverage levels across all plans.

HDHP PRESCRIPTION DRUG COVERAGE:

Deductible and coinsurance maximums accrue on a "Calendar-Year" basis, January 1 - December 31. Prescription drug coverage outlined below is after the deductible has been met but before out-of-pocket maximum is met.

<u>Prescription Drug Coverage:</u>	<u>Out of pocket</u>
Prescription Formulary Drug	
- Coinsurance	20%
Prescription Non-Formulary Drug	
-Coinsurance	50%

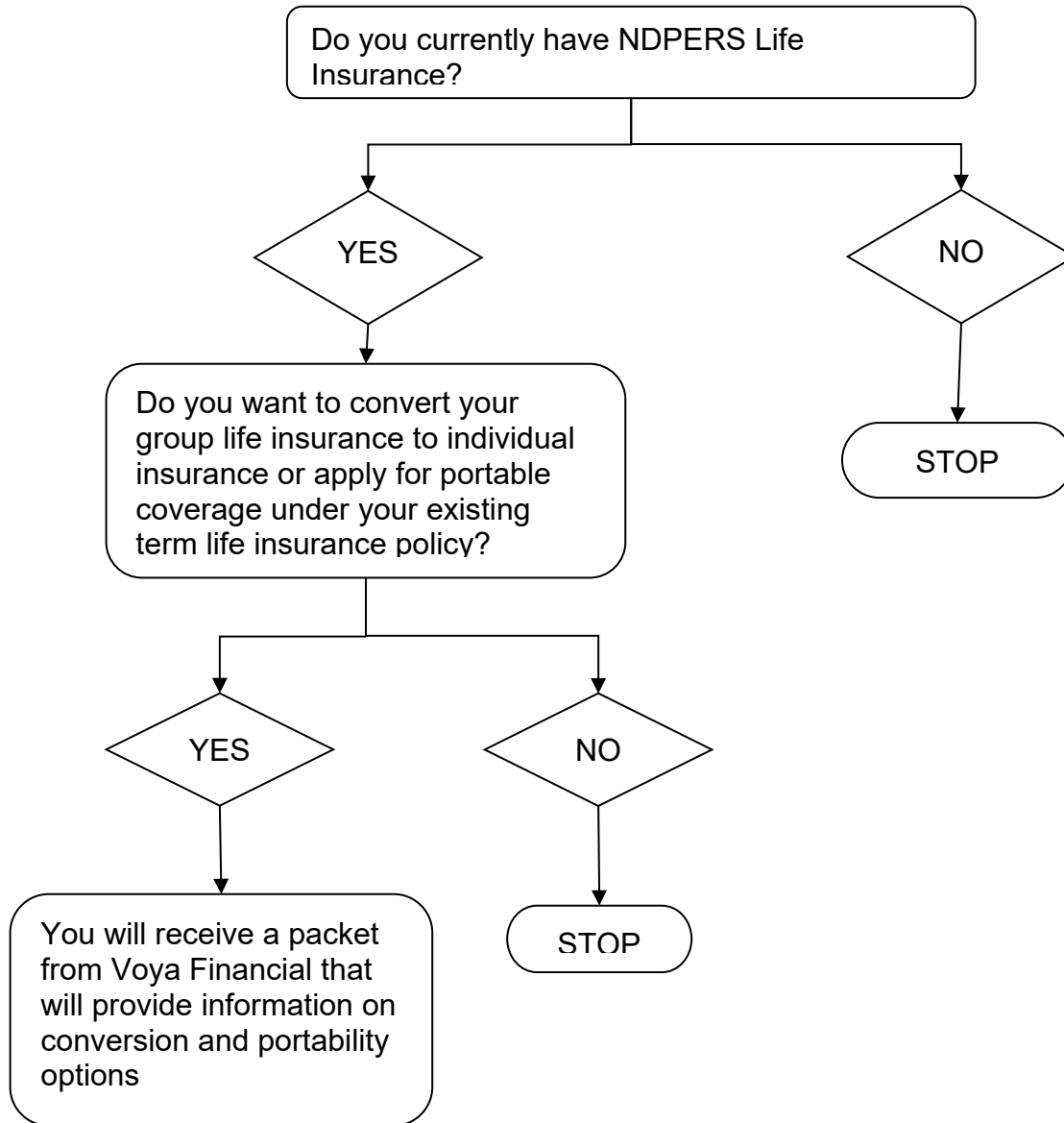
One copayment amount per prescription order or refill for a 1–34 day supply. Two copayment amounts per prescription order or refill for a 34–100 day supply.

MAIL ORDER PRESCRIPTION DRUGS:

Please contact OptumRX at 1-866-833-3463 if you have questions regarding the mail order prescription plan.

LIFE INSURANCE CONTINUATION

For Refunds, Rollovers and Deferred Retirement Accounts



LIFE INSURANCE CONTINUATION

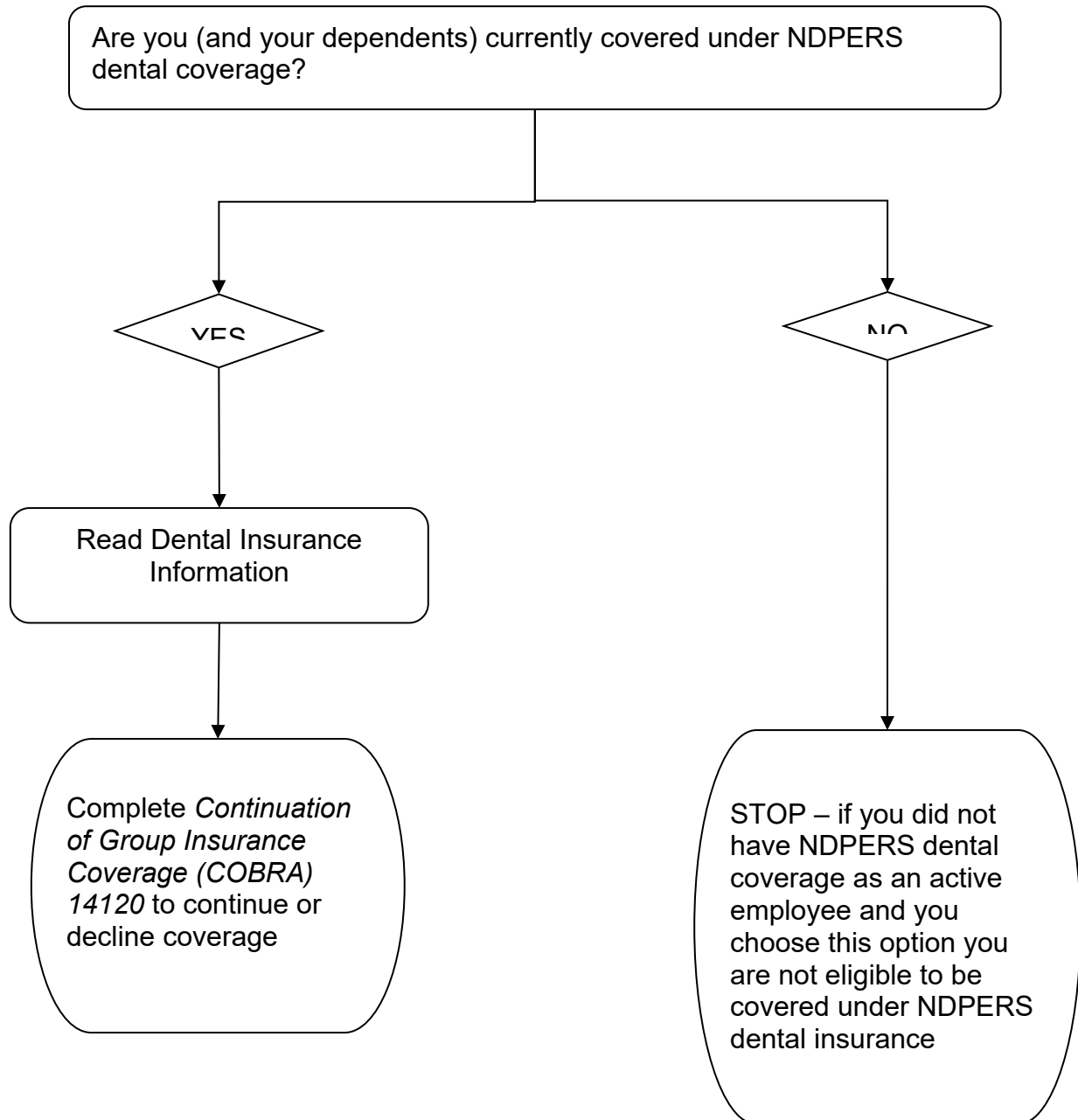
TERMINATION OF COVERAGE:

You will receive a packet from Voya Financial that will include details on converting your life insurance to an individual policy or for portability of your existing term life insurance policy. If you have questions on conversion or portability options after you've received your letter from Voya, please call Voya Customer Service at 1-800-955-7736.

You will have 60 days from the loss of coverage date to convert your life insurance coverage to whole life. If NDPERS does not receive timely notification or your termination date from your employer, this may limit your ability to convert your life insurance.

DENTAL INSURANCE

For Refund, Rollover and Deferred Retirement Accounts



DENTAL INSURANCE



This is information regarding your eligibility for the NDPERS group dental plan underwritten by Delta Dental of Minnesota.

TERMINATION OF COVERAGE:

If you defer your retirement benefit or take a lump sum distribution of your retirement account your coverage will end with your employment termination.

COBRA COVERAGE:

Upon termination of employment your NDPERS dental coverage will end on the last day of the month for which premiums were paid. You and your covered dependents may apply for COBRA coverage within 60 days of the loss of coverage date:

- ✓ If you, as an active employee, and your covered dependents were enrolled in the NDPERS dental plan on the day before your last day of coverage

You will have the option to continue COBRA coverage for a maximum period of 18 months. COBRA coverage will be terminated if:

- ✓ You or your covered dependents become eligible for an employer sponsored dental plan

The following COBRA premiums are in effect through December 31, 2026:

Individual Only	\$ 42.24
Individual and Spouse	\$ 81.50
Individual and Child(ren)	\$ 94.62
Family	\$134.74

You must include a check payable to NDPERS for the first month's premium. Applications received after the 60-day COBRA enrollment period will not be accepted and you will have forfeited your right to continuation coverage.

EXTENDED COBRA CONTINUATION COVERAGE:

Disability

A member or their dependent determined to have been disabled for Social Security purposes may extend the continuation of coverage to 29 months. If member or their dependent becomes disabled at any time during the first 60 days of COBRA coverage, the member must provide notice of Social Security Disability determination to NDPERS. This notice must be provided to NDPERS within 60 days of the date of any final determination of Social Security Disability, but before the end of the 18-month COBRA period.

Death

Continuation of coverage may be extended for a period up to 36 months for an eligible dependent.

CANCELLATION POLICY:

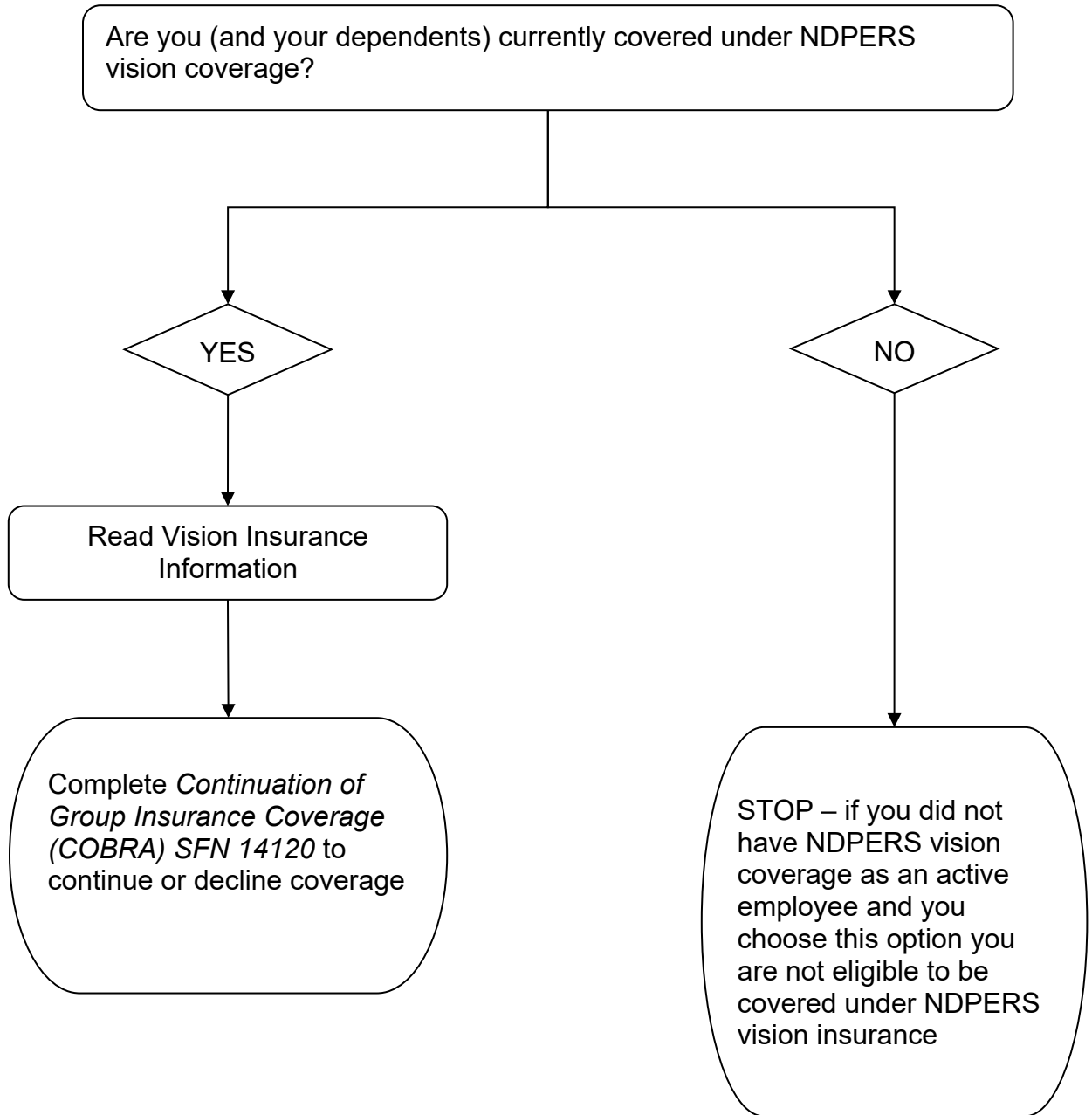
To cancel NDPERS dental coverage, a written request must be submitted. The request must provide the contract holders name, PERSLink Member ID or last four digits of Social Security number, and effective date. NDPERS must receive a cancellation request by the **end** of the month prior to the effective date. Cancellations will only be done at the end of the month. We cannot cancel a policy for a partial month or do a retroactive cancellation of a policy.

COVERAGE QUESTIONS?

For additional information concerning coverage call 1-800-448-3815. Reference Group # 537482.

VISION INSURANCE

For Refund, Rollover and Deferred Retirement Accounts



VISION INSURANCE

TERMINATION OF COVERAGE:

If you defer your retirement benefit or take a lump sum distribution of your retirement account your coverage will end with your employment termination.

COBRA COVERAGE:

Your NDPERS vision coverage will end upon your date of separation from employment. You and your covered dependents may apply for COBRA coverage within 60 days of your separation of employment if:

- ✓ If you, as an active employee, and your covered dependents were enrolled in the NDPERS vision plan, and

You will have the option to continue COBRA coverage for a maximum period of 18 months. COBRA coverage will be terminated if:

- ✓ You or your covered dependents become eligible for an employer sponsored vision plan

The following COBRA premiums are in effect through December 31, 2025:

Individual Only	\$ 5.03
Individual and Spouse	\$ 10.06
Individual and Child(ren)	\$ 9.16
Family	\$ 14.19

Late applications must include a check payable to NDPERS for the first months' premium. Applications received after the 60-day COBRA enrollment period will not be accepted.

EXTENDED COBRA CONTINUATION COVERAGE:

Disability

A member or their dependent determined to have been disabled for Social Security purposes may extend the continuation of coverage to 29 months. If member or their dependent becomes disabled at any time during the first 60 days of COBRA coverage, the member must provide notice of Social Security Disability determination to NDPERS. This notice must be provided to NDPERS within 60 days of the date of any final determination of Social Security Disability, but before the end of the 18-month COBRA period.

Death

Continuation of coverage may be extended for a period up to 36 months for an eligible dependent.

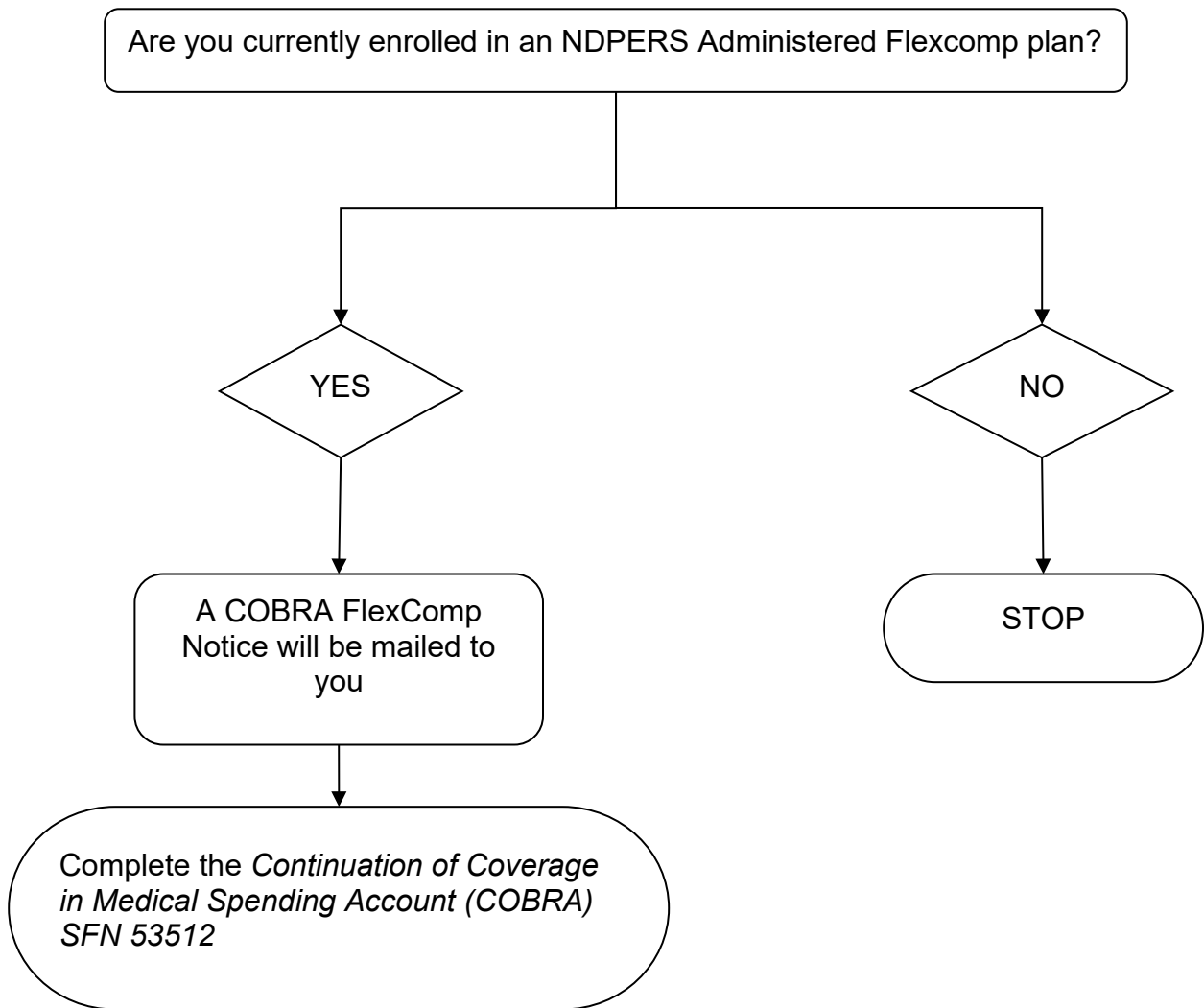
CANCELLATION POLICY:

To cancel NDPERS vision coverage, a written request must be submitted. The request must provide the contract holder's name, PERSLink Member ID or last four digits of Social Security number, and effective date. NDPERS must receive a cancellation request by the end of the month prior to the effective date. Cancellations will only be done at the end of the month. We cannot cancel a policy for a partial month or do a retroactive cancellation of a policy.

COVERAGE QUESTIONS?

For additional information concerning coverage call 1-800-507-3800.

NDPERS ADMINISTERED FLEXCOMP PLAN



NDPERS FLEXCOMP PLAN

Third Party Administrator: ASIFlex



The NDPERS FlexComp Plan is available to eligible employees of the State of North Dakota, participating District Health Units and members of the Legislative Assembly. Employees of the university system and political subdivisions are excluded from participation in the plan.

TERMINATION OF COVERAGE

MEDICAL SPENDING ACCOUNT:

If you retire or terminate employment during the plan year, you will be offered continuation coverage through the end of the plan year on December 31. You will have 60 days from your separation of service in which to elect continuation coverage by completing the *Continuation of Coverage in Medical Spending Account (COBRA) SFN 53512*. Unless you elect continuation of coverage, your participation will end on the last day of the month of your separation from service. Eligible expenses incurred through the end of the month of your last working day may be submitted for reimbursement.

Employees who elect continuation coverage are permitted to pre-pay the remainder of the medical flexible spending account pledge through the end of the current plan year from their final salary paycheck. Eligible expenses incurred through the remainder of the calendar year may be submitted for reimbursement.

Payments may also be paid with after-tax dollars by personal check or money order throughout the plan year. If you elect to pay for continuation coverage with after-tax dollars throughout the plan year, your contribution will be the amount currently being payroll deducted plus a 2% administrative charge. Coverage will be extended to the end of the current plan year but may terminate sooner if the premiums are not paid within 30 days of their due date, which is the 1st of every month.

If you have completed participation through the end of the year in which you left employment and fulfilled your yearly pledge, you have the option to have eligible expenses incurred during the “grace period” from January 1 through March 15 of the new plan year to be reimbursed from any remaining balance.

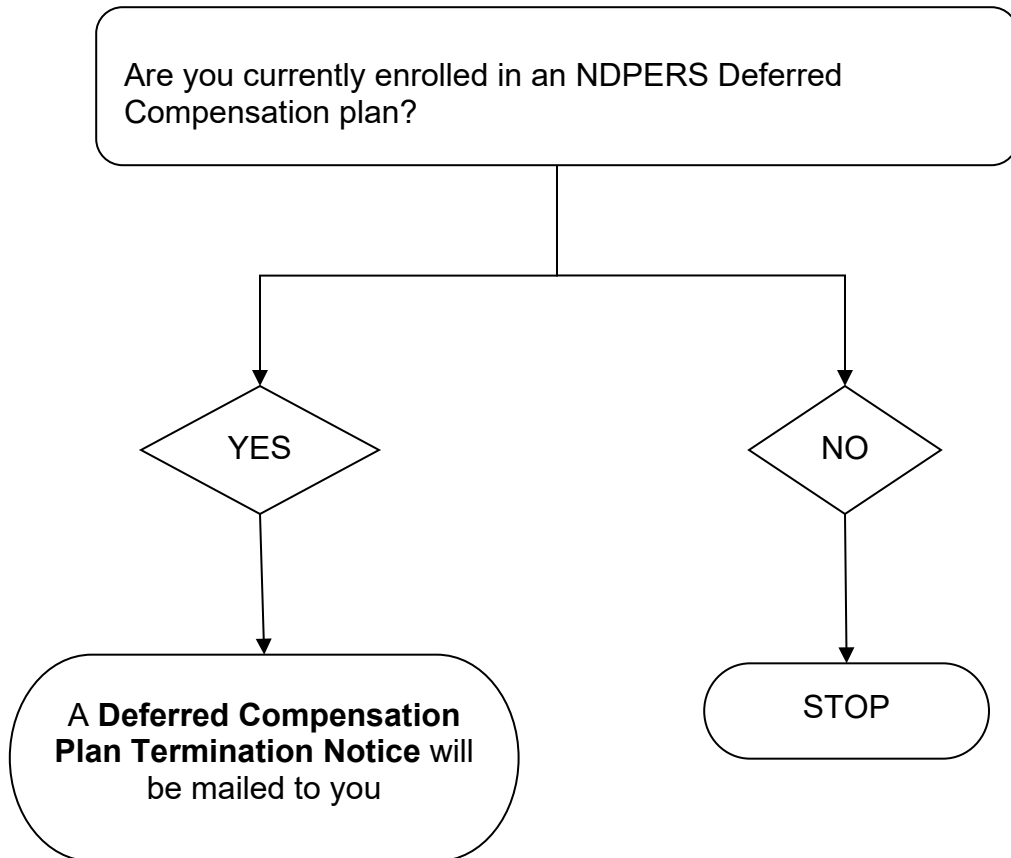
DEPENDENT CARE ACCOUNT:

Your contributions will cease and payroll deductions will stop the end of the month of your separation from service. You may continue to file claims for qualifying expenses that occurred through the last day of the month of your separation of service up to the remaining balance in your account.

The final day for accepting claims for the plan year from either your Medical Spending or Dependent Care Reimbursement account for services received while you were a participant is four months after the plan year ends on December 31, or April 30.

If participation terminated due to a separation of service and you return to state employment within 30 days in the same plan year, your election will be reinstated as it was immediately prior to the separation of service. If you return to state employment after 31 days but in the same calendar year, you cannot participate for the remainder of the plan year. This includes medical and dependent care flexible spending accounts and ability to pre-tax eligible insurance premiums through the NDPERS flexcomp program.

DEFERRED COMPENSATION PLAN FOR REFUND, ROLLOVER AND DEFERRED RETIREMENT ACCOUNTS



457 DEFERRED COMPENSATION PLAN



Lump sum payments for accumulated annual leave, sick leave, commissions, bonuses and overtime pay, or back pay may be deferred on a pretax basis to your deferred compensation plan account. These deferrals are treated as part of your annual deferrals, and are subject to the IRS 457 Plan limits in effect for the year in which the deferrals occur. Lump sum deferrals are subject to FICA taxes before deferral.

You must elect to defer sick leave, annual leave and back pay payments while actively employed and in the month prior to the month of termination by completing the *457 Deferred Compensation Plan Enrollment/Change Form SFN 3803*. **Please see the following page for detailed instructions on how to complete the SFN 3803 if you elect to defer your lump sum payout into your 457 Deferred Compensation Plan.** The regulations do not allow deferrals for retirement or severance incentive payments or buyout payments.

You may not begin to receive distributions from a deferred compensation account until you have been off the payroll of a covered employer for one month. You may elect to begin distribution immediately after you have satisfied the 30-day period of separation from service, regardless of your age, or you may defer payments to a future date.

If you elect a lump sum distribution of your plan account, you will be subject to a 20% Federal income tax withholding requirement. The Provider Company will send you a 1099R statement the year in which you receive a distribution from your account. There is no IRS 10% penalty or requirement for age 59 ½.

You also have the option to do a direct rollover to an eligible 401(a), 401(k), 457(b), 403(b), IRA or another qualified plan that accepts eligible rollover distributions. If you do a direct rollover, taxes are not due until you begin receiving a distribution from your account.

Once you have begun distribution, you have the option to suspend or change the amount of the distribution; so long as your required minimum distribution begins at age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949), or age 73 (if you were born on or after January 1, 1951).

Please consult with your investment Provider representative for assistance in selecting a payment option or if you have any questions regarding your tax liability or withdrawal penalties.

SFN 3803 – Instructions on How to Complete for Lump Sum Deferral



457 DEFERRED COMPENSATION PLAN ENROLLMENT/CHANGE
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SFN 3803 (Rev. 12-2024)

3803

Clear Form

NDPERS • PO Box 1657 • Bismarck • ND • 58502-1657
(701) 328-3900 • (800) 803-7377 • Fax (701) 328-3920 • ndpers-info@nd.gov

Complete
Part A

PART A MEMBER INFORMATION

Name (Last, First, Middle)	NDPERS Member ID
Last Four Digits of Social Security Number	Date of Birth (mm/dd/yyyy)
Preferred phone number	Preferred email address
Organization Name	NDPERS Organization ID

Complete
Part B

PART B PROVIDER INFORMATION

Choose one: ☐ Empower Companion Plan ☐ Bravera ☐ Nationwide ☐ Bank of North Dakota

☐ Grandfathered State of ND 457 plan. Enter Provider Name: _____
* not available to newly enrolling members

SFN 3803 must be completed for each provider if participating with more than one provider.

Agent Name (no agent can be named for the Companion plan)	Agent Telephone Number and/or email
---	-------------------------------------

N/A for lump sum deferral. Part C is used for newly enrolled Defined Contribution 2025 members in the first 30 days of employment

PART C

COMPLETE IF NEWLY ENROLLED AFTER DECEMBER 31, 2024 IN THE DEFINED CONTRIBUTION PLAN

☐ I am enrolled in the Defined Contribution Plan 2025 Tier 3. If applicable, I elect my employer match to be sent to the provider selected above.

Participant's Signature (Electronic Signature will <u>not</u> be accepted)	Date (Must be prior to the date on Part F)
--	--

PART D CHECK ALL THAT APPLY

<input type="checkbox"/> 1. New Application <input type="checkbox"/> 2. Increase Deduction <input type="checkbox"/> 3. Decrease Deduction <input type="checkbox"/> 4. Suspend Deduction (Includes full-time to part-time) <input type="checkbox"/> 5. Lump sum Sick & Annual Leave <input type="checkbox"/> Exclude Regular Monthly Deduction Required for lump sum sick and annual leave-Last Date of Employment ____/____/____ (date required) * contact your employer in order for your lump sum deduction to be entered correctly.	<input type="checkbox"/> 6. Age 50 or older: Annual Catch-up <input type="checkbox"/> 7. Regular 3 Year Catch-up <input type="checkbox"/> 8. Provider Change <input type="checkbox"/> 9. Change in Agent only <input type="checkbox"/> 10. USERRA Missed Contributions
---	--

Check #5.
Enter last day
of
employment

PART E CALCULATION OF MAXIMUM ALLOWABLE DEDUCTION

Must be completed if you checked 1, 2, 3, 5, 6, 7, or 10 in Part D

A. Annual Gross Pay	\$ _____
B. Less Employer Retirement Contributions made under an IRC 414(h) arrangement (use most recent pay stub)	\$ _____
C. Includable Compensation (subtract B from A)	\$ _____
D. Maximum Annual Allowable Deduction: D1. Lesser of 100% of Includable Compensation or annual maximum limit (see annual limits on back of form). Enter the lesser of D1 but not less than the minimum annual deduction of \$300.00 (\$25.00) per month	\$ _____
E. Pay Period Deduction (D divided by number of pay periods in calendar year)	\$ _____

Complete Part E

SFN 3803 – Instructions on How to Complete for Lump Sum Deferral

Estimate the amount you will be paid out and enter here

PART F SALARY REDUCTION AUTHORIZATION

Must be completed if you checked 1, 2, 3, 5, 6, 7, or 10 in Part D

Authorization for deductions must be made in the month prior to the pay period in which the income is earned.

☐ I authorize my employer to reduce my salary.

Amount Per Pay Period (must be higher than \$25/month)

\$

Pay Period Beginning Date (**Not Date Paid**)

mm/dd/yyyy

(The signature date in Part G must be in the month prior to the pay period date entered here.)

With regard to this agreement, the Participant acknowledges the following:

- I understand that my salary will be reduced each pay period by the amount authorized above. The deduction cannot be changed or stopped without an authorized participant agreement form returned to payroll from NDPERS.
- I understand the accumulated deferred salary is credited to my account and is not available to me or my beneficiary(ies) until I separate from service, unless, I should experience an unforeseeable emergency and a distribution is approved by the NDPERS Board.
- I acknowledge that the Retirement Board makes no recommendation as to any provider and understand that the Retirement Board does not warrant or guarantee the investment performance of any provider.
- I understand that all compensation deferred under the Plan, and all earnings accruing thereof, shall be held for the exclusive benefit of myself or my Beneficiary, until such time as it is made available to me pursuant to the terms of the Plan.
- I understand that this agreement includes the beneficiary forms as executed with and maintained by my provider.
- I authorize NDPERS to contact my employer to confirm my last date of employment for any lump sum payout (#10 above), if not provided, and the North Dakota Office of Management and Budget, if necessary, to insure the authorized amount is withheld from my paycheck.

This the month prior to when your sick and annual leave will be paid to you. For example, if you are leaving employment in July, then this would be July wages

PART G PARTICIPANT AUTHORIZATION

I verify that the foregoing statements are true and correct to the best of my knowledge and belief and are subject to the laws and penalties governing any misrepresentations and fraud.

This form must be dated in the month prior to a lump Sum payout (Part D #5 or the date listed in Part F.)

Participant's Signature (Electronic Signature will not be accepted)

Date (Must be prior to the date on Part F)

Sign and date. Must be dated and received the month prior to termination. For example, if leaving employment in July, this must be received by NDPERS in June