



457 Deferred Compensation Plan 2019-2021



**NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

Table of Contents

Eligibility	2
Tax Deferred Contributions.....	2
Enrollment	2
Contributions.....	2
Selecting an Investment Provider.....	2
Quick Enrollment Option	3
PEP Participation	3
Saver’s Credit	3
Catch-Up Contributions.....	4
Distribution or Payout Options at Separation of Employment.....	4
Distribution or Payout Options While Employed.....	4
Rollover/Transfer of Funds	4
Purchase of Service Credit.....	5

**PLAN SUMMARY
STATE OF NORTH DAKOTA 457
DEFERRED COMPENSATION PLAN**

The State of North Dakota 457 Deferred Compensation Plan is a voluntary, supplemental retirement savings program designed to increase your personal savings for retirement and reduce your current taxable income. It is based on guidelines in Section 457(b) of the IRS Code. The plan is administered by the North Dakota Public Employees Retirement System and its Board.

This summary is intended to provide general information and may not be considered a legal interpretation of IRC Section 457 regulations. Statements contained in this publication do not supersede the North Dakota Century Code, Administrative Code, IRS code, Plan Document or restrict the authority granted to the Retirement Board.

Additional information about the State of North Dakota 457 Deferred Compensation Plan is available on the NDPERS website.

Eligibility

Employees of the State of North Dakota and employees of participating political subdivisions are eligible to participate in the plan. To be eligible, you must be a permanent employee working at least 20 or more hours a week for 20 or more weeks in a calendar year and filling a position that is regularly funded and is not of limited duration. Legislators are eligible to participate in the plan. Temporary employees and independent contractors are not eligible to participate in the plan.

Tax Deferred Contributions

The program permits you to defer a portion of your salary on a pretax basis through convenient payroll deductions. You can't miss what you don't see. The amount deferred to your investment account and the income or gains on those investments are not taxable until you begin to withdraw money from the account, generally at retirement, at which time the withdrawals are taxed as ordinary income.

Enrollment

You may enroll in the Plan at any time. To enroll you must first select and contact one of the eligible providers for the plan. The provider representative you select will assist you in completing the required forms to open an account. You must complete a [NDPERS 457 Deferred Compensation Plan Enrollment/Change Form SFN 3803](#) to authorize your automatic payroll deduction. Please note that IRS regulations require you to make your deferral election in the month prior to month you will earn the money.

Contributions

Minimum: \$25.00 per month.

Maximum: IRS regular annual contribution limit is the lesser of:

- 100% of participant's includible compensation, or
- the elective deferral limit of \$19,500 in 2020 (adjusted for cost-of-living in subsequent years).

You may change your contribution amount at any time or suspend contributions and start again at a later date.

Selecting an Investment Provider

You may select from among 9 different provider companies comprising more than 250 investment fund options by reviewing our [Provider Representative List](#). You can obtain

information about the eligible plan provider companies and investment choices by accessing the [Investment Options Summary](#) booklet available on the NDPERS web site.

The [Investment Options Summary](#) book will provide you with details about the eligible provider companies, their investment options, annual expense fees, and the historical rates of returns. Also included is a list of agents authorized to assist you with enrollment and your investment allocations.

Quick Enrollment Option

The quick enrollment does not require you to make a decision regarding the amount of contribution, investment allocation, or selecting a provider company and agent. Just complete the [457 Deferred Compensation Plan Quick Enrollment Form SFN 54362](#) or enroll through your PERSLink Member Self Service and you will automatically be enrolled for the minimum contribution of \$25 a month which will be invested with the NDPERS [Companion Plan](#). The Companion Plan is a NDPERS trust fund and the NDPERS Board selects and monitors the investments offered under this plan. You may also contact a TIAA representative direct at 1-800-732-8353 to assist you and to explain other investments options.

PEP Participation

When you enroll in the deferred comp plan you are automatically enrolled in [PEP](#). [PEP](#) allows you to vest in up to 4.00% of the employer contribution paid into the defined benefit retirement plan pool of funds and have this vesting percentage credited to your individual member account in the defined benefit plan. For every dollar you put in the deferred compensation plan, NDPERS will add one dollar to your member account balance up to the vesting maximum of 4%. This can significantly increase the amount of money available in your member account if you choose to “cash in” your retirement account, or roll it over into another pension plan when your North Dakota Public service ends.

Saver’s Credit

A Saver’s Credit is a tax credit that can help offset the cost of making eligible contributions to your voluntary 457 deferred compensation account. A tax credit gives you the entire dollar value back or subtracts the value from the taxes you owe – making it far more valuable monetarily than a tax deduction. The amount of the credit is 50%, 20% or 10% of your eligible contributions up to \$2,000 (\$4,000 if married filing jointly), depending on your adjusted gross income (reported on your Form 1040 or 1040A). Use the chart below to calculate your credit.

2019 Saver’s Credit Amount Table:

*Single, married filing separately, or qualifying widow(er)

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$39,000	AGI not more than \$29,250	AGI not more than \$19,500
20% of your contribution	\$39,001 - \$42,500	\$29,251 - \$31,875	\$19,501 - \$21,250
10% of your contribution	\$42,501 - \$65,000	\$31,876 - \$48,750	\$21,251 - \$32,500
0% of your contribution	more than \$65,000	more than \$48,750	more than \$32,500

The Saver’s Credit can be used in addition to other tax benefits that may result from retirement contributions.

Catch-Up Contributions

If you are close to retirement or over age 50, you may be able to contribute more than the regular contribution limit. There are two catch-up options available:

- **50+ Catch-Up**—Participants age 50 or older at the end of the calendar year may contribute the maximum annual limit referenced above plus an additional \$6,500 in 2020 (for a total of \$26,000, adjusted for cost-of-living in subsequent years). This election may be made using the NDPERS [457 Deferred Compensation Plan Enrollment/Change Form SFN 3803](#).
- **3-Year Catch-Up**—Participants within 3 years of normal retirement date may contribute the regular maximum annual limit plus missed contributions from previous years up to \$39,000 for 2020 (adjusted for cost-of-living in subsequent years). You may apply for this option by completing the [457 Deferred Compensation Catch-Up Worksheet/Certification SFN 51501](#).

Distribution or Payout Options at Separation of Employment

This includes retirement, disability, resignation, death or discharge. You must be off covered employment for thirty (30) days before a distribution will be processed. NDPERS will send you a notice acknowledging termination and send a copy to your agent/provider company. You must contact your provider representative to initiate distribution of your account. Distributions must begin no later than April of the calendar year after you attain age 70½ ½ (age 72 for those individuals who attain age 70½ after December 31, 2019) or are no longer employed, whichever is latest.

Distribution or Payout Options (while employed)

There are three circumstances under which you may obtain an in-service distribution:

- **Unforeseeable Financial Hardship** — You must provide proof of financial hardship based on an unforeseen emergency. Strict federal guidelines determine approval. For an application you must contact the NDPERS office. Financial hardship requests and referred to the NDPERS Board for review and approval.
- **Deminimus Distribution** — Only available to participants with less than \$5,000 in their account, who have not contributed to the plan in the previous 24 months, and have not previously received a deminimus distribution from the plan. To initiate this payout you must complete a [Request for Deminimus Distribution SFN 52051](#).
- **Qualified Domestic Relations Orders (QDRO)** — A QDRO is any judgment, decree or order issued by the court made pursuant to a North Dakota domestic relations law, and which creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to receive all or a part of the benefits payable to the participating member. Prior to beginning or constructing a domestic relations order, your attorney should contact the NDPERS office to obtain a copy of the QDRO requirements or use the [QDRO Model](#) available on our web site.

Rollover/Transfer of Funds

The rollover/transfer options allow you to consolidate retirement funds from other sources. The NDPERS deferred compensation plan accepts a rollover of pretax funds from other eligible retirement plans including the 401(a), 401(k), 401(c) Keogh, 403(b), 457(b), FERS and IRAs. Plan to plan transfers are also allowed between eligible providers participating in the NDPERS deferred compensation plan. A rollover/transfer is a trustee to trustee transaction and is not a taxable event.

To initiate a rollover or plan to plan transfer of funds, just complete the NDPERS [Rollover/Transfer to 457 Deferred Compensation Plan SFN 50177](#).

Purchase of Service Credit

Purchase of service allows you to use eligible pretax monies from qualified plans to buy service in the 401(a) defined benefit retirement plan. Because the State's deferred compensation is a qualified plan, you may rollover/transfer these funds to purchase service credit. The transfer of funds from the 457(b) deferred comp plan to the defined benefit retirement plan is not a taxable event. Plan to plan transfers for the purchase of service credit is also accepted from 401(a), 401(k), 401(c) Keogh, 403(b), 457(b), FERS and IRAs.

To initiate a purchase of service using a rollover/transfer of funds, you must contact NDPERS directly to complete form SFN 52059 Rollover/Transfer Request for Service Credit Purchases.