

**NORTH DAKOTA DEFINED CONTRIBUTION**  
**RETIREMENT PLAN**

**Plan Document**

**Amended and Restated Effective January 1, 2025**

## ADOPTION RESOLUTION

Resolved, that effective January 1, 2025, the State of North Dakota has adopted the attached amended and restated Defined Contribution Retirement Plan. The Plan is a profit sharing plan that is intended to satisfy the requirements of Sections 401 and 501 of the Internal Revenue Code of 1986, as amended, and its associated regulations.


	Executive Director	8/20/2024
Signature	Title	Date Signed

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## **ARTICLE 1.**

### **DEFINITIONS**

The following words and phrases shall, when used in this Plan, have the following meanings unless the context clearly indicates otherwise.

- 1.1 “Account Balance” means the total contributions made by the Employee, vested Employer contributions, any transferred amounts under Section 3.4 and any investment gains or losses.
- 1.2 “Administrator” means any entity or individual designated by the Board to provide contractual administrative services to the Plan.
- 1.3 “Beneficiary” means any person designated by a Participating Member to receive a benefit provided by this Plan after the death of the Participant.
- 1.4 “Board” means the Public Employees Retirement System Board.
- 1.5 “Code” means the federal Internal Revenue Code of 1986, as amended from time to time, and as interpreted by applicable regulations and rulings.
- 1.6 “Deferred Member” means a vested member of the Public Employees Retirement System who has not elected to receive a refund and is eligible to receive deferred vested retirement benefits under the System.
- 1.7 “Effective Date” means January 1, 2000.
- 1.8 “2025 Electing Employee” means a permanent State Employee who on December 31, 2024 is a Participating Member of the Public Employees Retirement System Main System Plan under 54-52 with no more than five years of Service who opted to terminate participation in the defined benefit plan and transfer to this Plan during the special election opportunity provided in NDCC 54-52.6-02.2. The election opportunity is a three-month election period, from January 1, 2025, through March 31, 2025 to elect to transfer to this Plan.
- 1.9 “Eligible Employee” for Employees who become Participating Members after December 31, 2024, has the same meaning as provided under section 54 - 52 - 02.15. It also shall include Temporary Employees who make the election under section 54-52-02.9(4) and elected or appointed State officials under section 54-52-02.5(2). For Employees who elected to join this Plan under this chapter before January 1, 2025, the term includes a permanent State Employee, except an Employee of the judicial branch or an Employee of the board of higher education and State institutions under the jurisdiction of the board of higher education, who is at least eighteen years of age and

who is in a position not classified by the North Dakota human resource management services. This term also includes 2025 Electing Employees under NDCC 54-52.6-02.2.

- 1.10 "Employee" means an individual employed by a Governmental Unit, whose compensation is paid out of the Governmental Unit's funds, or funds controlled or administered by the Governmental Unit, or paid by the federal government through any of its executive or administrative officials.
- 1.11 "Employer" means a Governmental Unit.
- 1.12 "Governmental Unit" means the State of North Dakota or a participating political subdivision of the State.
- 1.13 "Participating Member" or "Participant" means an Eligible Employee who through payment into the Plan has established a claim against the Plan. For purposes of investment and payment of benefits under the Plan, the terms "Participating Member" or "Participant" also includes individuals who have separated from employment with the Employer and Beneficiaries, but who have retained benefit rights under the Plan.
- 1.14 "Permanent Employee" means an Employee whose Services are not limited in duration and who is filling an approved and regularly funded position and is employed twenty hours or more per week and at least five months each year.
- 1.15 "Plan" means the North Dakota Defined Contribution Retirement Plan, as stated herein, and as amended from time to time. This Plan shall be a profit sharing plan.
- 1.16 "Plan Year" means a twelve consecutive month period beginning any July 1 and ending the following June 30, with a short initial Plan Year beginning January 1, 2000 and ending June 30, 2000.
- 1.17 "Profit Sharing Contribution" means a discretionary contribution to the Plan made by the Employer. Profit Sharing Contributions under this Plan shall be made in accordance with Section 3.2, subsection e. and without regard to whether the Employer earns any profits.
- 1.18 "Public Employees Retirement System" or "System" means the defined benefit retirement plans established under North Dakota Century Code Chapter 54-52.
- 1.19 "Required Beginning Date" means April 1 of the calendar year following the later of the calendar year in which the Participant retires or reaches the required minimum distribution age under Code Section 401(a)(9).

- 1.20 "Service" means periods of active employment with the Employer, determined in the same fashion as service and prior service under North Dakota Century Code § 54-52-01.
- 1.21 "State" means the State of North Dakota.
- 1.22 "Temporary Employee" means an Employee who is not eligible to participate as a Permanent Employee, who is at least eighteen years old and who is not actively contributing to another Employer-sponsored retirement fund, and, if employed by a school district, occupies a noncertified teacher's position.
- 1.23 "Trust Fund" means the assets of the Plan held in trust by the Trustee.
- 1.24 "Trustee" means the Public Employees Retirement System Board, which shall serve as the Board of Trustees for this Plan.
- 1.25 "Wages" and "Salaries" means earnings in eligible employment under this Plan reported as salary on a federal income tax withholding statement plus any salary reduction or salary deferral amounts under Code Sections 125, 401(k), 403(b), 414(h) or 457. "Salary" does not include fringe benefits such as payments for unused sick leave, personal leave, vacation leave paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement, incentive pay, severance pay, medical insurance, workers' compensation benefits, disability insurance premiums or benefits, or salary received by a Participant in lieu of previously Employer-provided fringe benefits under an agreement between the Participant and participating Employer. Bonuses may be considered as Salary under this section pursuant to rules adopted by the Board.

Notwithstanding any other provision of the law, the amount of Wages or Salary used to determine the retirement benefits of a Participating Member in this Plan must not exceed the amount of compensation permitted to be taken into account under Code Section 401(a)(17).

## ARTICLE 2.

### PARTICIPATION

- 2.1 **Eligibility.** An Employee is eligible for membership under this Plan at the later of the first day of employment or the Effective Date of this Plan. Such eligibility, however, shall terminate at any time employment with the Employer is terminated.
- 2.2 **Election to participate.** Prior to January 1, 2025, in order to participate in this Plan, an Eligible Employee may make an election to participate in this Plan established under NDCC 54-52.6 at any time during the first six months after the date of employment. If the Board, in its sole discretion, determines that the Employee was not adequately notified of the Employee's option to participate in the Plan, the Board may provide the Employee a reasonable time within which to make that election, which may extend beyond the original six-month decision window." If the Employee making the election is married at the time of the election, the election is not effective unless it is signed by the individual's spouse. However, the Board may waive this requirement if the spouse's signature cannot be obtained because of extenuating circumstances.

An additional election opportunity is provided under NDCC 54-52.6-02.2 to 2025 Electing Employees.

Effective January 1, 2025 and after, participation in this Plan is mandatory for any new Eligible Employee.

- 2.3 **Participation in other plans.** A Permanent Employee may not participate in any other public sector retirement benefits plan for simultaneous Services rendered to the same Employer. However, this Section does not prohibit a Participant from participating in a retirement plan established by this State or other public sector Employer under the Code.

## ARTICLE 3.

### CONTRIBUTIONS TO THE PLAN

- 3.1 **Mandatory Employee contributions.** For Participating Members enrolled prior to January 1, 2025 and Eligible Employees under NDCC 54-52.6-02.2 who elected to transfer to this Plan between January 1, 2025 and March 31, 2025, each Participating Member shall contribute monthly seven percent of the monthly Salary or Wage paid to such Participant. This assessment must be deducted and retained out of such Salary in equal monthly installments commencing with the first month of participation in this Plan. As of January 1, 2025, any newly Participating Members on or after this date shall contribute four percent of the monthly Salary or Wage paid to such Participant. In addition, this newly Participating Member can irrevocably elect within the first thirty days of employment to contribute up to an additional three percent Employee contribution. All additional contributions shall be in whole percentages.
- 3.2 **Employer contributions.**
- a. For Participating Members enrolled in the Plan before December 31, 2019 or for those 2025 Electing Employees, each Employer shall contribute an amount equal to seven and twelve-hundredths percent of the monthly Salary or Wage of a Participating Member.
  - b. For Participating Members enrolled after December 31, 2019 and before January 1, 2025 or for those electing Employees who exercised their option under NDCC 54-52.6-02.2 to transfer to this Plan during their special window, the Employer shall make an additional one and fourteen-hundredths percent Employer contribution.
  - c. For Participating Members who were first enrolled after December 31, 2024, the Employer shall contribute an amount equal to five and twenty-six hundredths as an Employer contribution. If the Employee elects to contribute up to an additional three percent Employee contribution under 3.1, then the Employer shall make a matching Employer contribution up to three percent.
  - d. If the Employee's contribution is paid by the Employer under Section 3.3, the Employer shall contribute, in addition, an amount equal to the required Employee contributions. The Employer shall pay such contribution monthly into the Participating Member's account from funds appropriated for payroll and Salary or any other funds available for such purposes. If the Employer fails to pay the contributions

monthly, it is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due.

- e. Each Employer, at its sole discretion, may elect to make a Profit Sharing Contribution to the Plan. The Profit Sharing Contribution shall be allocated among all or any part of the Participating Members of the Plan for such Plan Year in proportion to the Salary or Wage of the Participating Member. For purposes of this Section 3.2, subsection b. only, Participating Members include only those individuals who are Eligible Employees on the date the Profit Sharing Contribution is declared by the Employer. Each Participating Member's share of the Profit Sharing Contribution will be allocated to his or her Account Balance. Profit Sharing Contributions shall be subject to the rules regarding vesting of Employer contributions as set forth in Section 4.2.
- f. For 2025 Electing Employees, they shall be eligible for an additional annual Employer contribution of three thousand three hundred and thirty-three dollars for up to three years, beginning January 2026 and extending no further than January 2028, as long as the Employee remains under the employment of the State of North Dakota.
- g. Notwithstanding any other requirements under this Section 3.2, Temporary Employees shall not be eligible to receive Employer contributions.
- h. In addition to the Employer contribution under section 54-52.6-09, a State Employer shall contribute to the defined benefit retirement plan under chapter 54-52, an amount equal to the contribution rate calculated under section 54-52-06 less the amount of the required Employer contribution under sections 54-52.2-09 and 54-52.6-09. If a State Employer uses federal funds to pay any or all of an Employee's Wages, the Employer shall use State funds to pay this additional contribution.

- 3.3 **Employer pick up of Employee contributions.** Each Employer, at its option, may pay the Employee contributions required by Section 3.1, in accordance with Code Section 414(h), for all compensation earned after December 31, 1999. The amount paid must be paid by the Employer in lieu of contributions by the Employee. Employee contributions paid by the Employer must be treated as Employer contributions in determining tax treatment under State tax law and the federal Code. Such contributions may not be included as gross income of the Employee in determining tax treatment until they are distributed or made available. The Employer shall pay these Employee contributions by effecting an equal cash reduction in

the gross Salary of the Employee or by an offset against future Salary increases. The option chosen may not be revoked for the remainder of the biennium. Thereafter, the option choice must be forwarded to the Board in writing by June fifteenth of each odd-numbered year.

#### **3.4 Transfer of contributions.**

- a. For Participating Members prior to January 1, 2025, electing to terminate membership in the Public Employees Retirement System and to become a Participating Member in this Plan, the Board shall transfer a lump sum amount from the retirement fund to the Participating Member's account under this Plan. However, if the individual terminates employment prior to receiving the lump sum transfer under this Section, the election made under Section 2.2 is ineffective and the Participant remains a Participant of the Public Employees Retirement System and retains all rights and benefits under that plan.
- b. For Participating Members prior to January 1, 2025, the Board shall calculate the amount to be transferred for Employees electing to transfer in accordance with North Dakota Century Code Section 54-52.6-02 as follows: The actual Employer contribution made, less vested Employer contributions made pursuant to section 54-52-11.1, plus compound interest at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election, plus the Employee Account Balance.
- c. For 2025 Electing Employees, the Board shall transfer a lump sum amount from the Public Employees Retirement System fund to the Participant's account in this Plan. However, if the Eligible Employee terminates employment before receiving the lump sum transfer, the election is made ineffective and the Participant shall remain in the Public Employees Retirement System under NDCC 54-52. The Board shall calculate the lump sum amount to be transferred based on the actuarial present value of the Eligible Employee's accumulated benefit obligation under the Public Employees Retirement System based on the assumption the Eligible Employee will retire under the earlier applicable normal retirement age, plus interest from January 1, 2025, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election.

### 3.5 **Rollover contributions from other eligible plans.**

- a. Subject to limitations and conditions adopted by the Board and in accordance with North Dakota Century Code Section 54-52.6-09.1, a Participant may make and the Plan will accept a direct rollover or regular rollover of an Eligible Rollover Distribution from an Eligible Retirement Plan as such terms are defined in Code Sections 402(c)(4) and 402(c)(8)(B), respectively, and as permitted by Section 408(d)(3) of the Code.
- b. Upon receipt of a rollover contribution, the Board shall credit the amount of any rollover contribution to the contributing Participant's Account in the Plan and shall invest such amount in accordance with the provisions of this Plan.
- c. The Participant shall establish to the satisfaction of the Board that the amount tendered as a rollover contribution represents a qualified distribution of the Participant from an Eligible Retirement Plan maintained by the former employer(s) of the Participant. The Board shall have the authority to determine whether or not a contribution proposed by a Participant constitutes a rollover contribution eligible for rollover treatment in accordance with this Section 3.6 and Code Section 402. In making such determination, the Board may require reasonable proof of demonstration by the Participant of the eligibility of the proposed contribution for rollover treatment.
- d. The Board shall maintain the rollover contributions for each Participant in a separate rollover account that will consist solely of the rollover contributions made by the Participant, plus any adjustments for investment gains or losses.
- e. The rollover contribution account under this Section shall be fully vested at all times, and shall be administered and distributed according to the same terms and conditions of this Plan applicable to other Participant accounts; provided, however, that it may distributed at any time without the occurrence of a distribution event under Section 6.1.

### 3.6 **Military service leave.** Notwithstanding any other provision of this Plan, a Participating Member returning from qualified military service protected under the Uniformed Services Employment and Reemployment Rights Act (Chapter 43 of Title 38, United States Code) shall be provided all participation, contribution, vesting and benefit rights required under that Act and Section 414(u) of the Code, as described in North Dakota Century Code Section 54-52.6-09.4. Effective for deaths occurring on or after January 1, 2007, if a Participating Member dies while performing qualified

military service (as defined in Code Section 414(u)(5)), this Plan shall provide vesting service and any other benefits required in accordance with Code Section 401(a)(37), but the provisions of Code Section 414(u)(9) shall not apply to this Plan.

## ARTICLE 4.

### VESTING

- 4.1 **Vesting of Employee contributions.** A Participating Member is immediately one hundred percent vested in that Participant's contributions made to that Participant's account under Section 3.1 or paid by the Employer under Section 3.3.
- 4.2 **Vesting of Employer contributions.** A Participating Member vests in the Employer contributions made on the Participant's behalf according to the following schedule:
- a. Upon completion of two years of Service, fifty percent.
  - b. Upon completion of three years of Service, seventy-five percent.
  - c. Upon completion of four years of Service, one hundred percent.
  - d. Upon attainment of age 65 while an Employee, one hundred percent.

A Participating Member who was a Participant or Deferred Member of the Public Employees Retirement System and who makes an election to participate in this Plan must be credited with years of Service accrued under the Public Employees Retirement System on the effective date of participation in this Plan for the purpose of meeting vesting requirements under this Section. Any forfeiture as a result of a Participating Member to vest in the Employer contributions must be used to defray administrative expenses.

- 4.3 **Reemployment.** If a Participating Member terminates employment, is paid a lump sum distribution from their account, and then becomes reemployed as an Eligible Employee, any years of Service completed before termination will not be counted for vesting. If a Participant does not take a distribution of their account, then for purposes of vesting under the Plan, upon reemployment, the Participating Member's years of Service completed before termination will count for vesting.

## ARTICLE 5.

### ACCOUNT VALUATION

- 5.1 **Separate accounts.** A separate bookkeeping account shall be established and maintained under this Plan for each Participating Member to which shall be credited, at times prescribed by the Board, all Employee contributions and all Employer contributions.
- 5.2 **Credits and debits.** Each Participating Member's account shall be credited or debited from time to time, under rules established by the Board, to reflect investment earnings and administrative expenses.
- 5.3 **Limited rights to assets.** The fact that separate accounts are established for each Participating Member shall not give any Employee or others any right, title or interest in the Plan or its assets, or in any account except at the time and upon the terms and conditions provided in this Plan.

## ARTICLE 6.

### DISTRIBUTIONS

- 6.1 **Distribution eligibility.** A Participating Member's vested Account Balance is distributable upon the occurrence of one of the following events:
- a. The Participating Member has terminated employment with the Employer. Termination of employment means a severance of employment by not being on the payroll of the Employer for a minimum of one month. An approved leave of absence does not constitute termination of employment.
  - b. The Participating Member has become totally and permanently disabled according to medical evidence called for under the rules of the Board.
  - c. The Participating Member dies.
  - d. The Participating Member has reached the Required Beginning Date and has terminated employment. In no event shall the distribution of a Participant's Account Balance commence later than the Required Beginning Date, whether or not they apply for benefits.

## ARTICLE 7.

### FORM OF DISTRIBUTION

- 7.1 **Distribution election.** A Participating Member or his or her Beneficiary who is eligible to receive benefits under Article 6 shall receive benefits upon proper application in a manner approved by the Board as to the date benefit distributions under the Plan will begin. This election must be made consistent with the other distribution requirements of Section 6.1 and this Article 7.
- 7.2 **Payable benefits.** Benefits under this Article 7 shall be measured by Participating Member's vested Account Balance on the date or dates the benefits are payable under this Plan and shall be payable in lump sum or in equal monthly, quarterly, semiannual or annual installments over a period of one or more years, including annuities provided through an annuity provider selected pursuant to North Dakota Century Code Section 54-52.6-05.1.
- 7.3 **Distribution over life expectancy and deaths prior to January 1, 2022.** A Participating Member's form of distribution election under Section 7.2 must be expected to result in the distribution of the Participant's entire interest in this Plan within a period not exceeding the life of the Participant or the lives of the Participant and the Participant's Beneficiary, or over a period not extending beyond the life expectancy of the Participating Member or the life expectancy of the Participant and the Participant's designated Beneficiary.

For deaths prior to January 1, 2022, when a Participating Member dies after distribution of benefits has begun, the remaining portion of the Participant's interest shall be distributed at least as rapidly as under the method of distribution prior to the Participating Member's death.

For deaths prior to January 1, 2022, when a Participating Member dies before distribution of benefits has begun, the entire interest of the Participant shall be distributed within five years of the Participant's death. The five year payment rule does not apply to any portion of the Participant's interest which is payable to a designated Beneficiary over the life or life expectancy of the Beneficiary and which begins within one year after the date of the Participating Member's death. The five year payment rule does not apply to any portion of the Participating Member's interest which is payable to a surviving spouse over the life or life expectancy of the spouse and which begins no later than the date the Participant would have reached age seventy and one-half.

- 7.4 **Additional distribution requirements.** In the case of distributions beginning before the death of a Participating Member, any amounts not distributed before the Participant's death shall be distributed at times specified by the Secretary of the Treasury which are not later than the time determined under Code Section 401(a)(9)(G), relating to incidental death benefits and at least as rapidly as under the method being used on the date of the Participating Member's death.

The Plan shall comply with the minimum distribution rules under Section 401(a)(9) of the Code and the Treasury Regulations issued under that provision to the extent applicable to governmental plans. Accordingly, benefits must be distributed or begin to be distributed no later than a Participating Member's Required Beginning Date and the required minimum distribution rules override any inconsistent provision of this Plan.

In addition, amounts that would have been 2009 required minimum distributions in the absence of Code Section 401(a)(9)(h), as added by the Worker, Retiree and Employer Recovery Act of 2008, including amounts that would have been first required minimum distributions payable in 2010, were paid as scheduled for 2009. Recipients of such required minimum distributions were given the opportunity to elect to stop receiving the 2009 required minimum distributions described in the preceding sentence, and a direct rollover was only offered for such distributions that would have been eligible rollover distributions without regard to Code Section 401(a)(9)(H).

Notwithstanding any other provisions of this Plan, a recipient who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a recipient with a Required Beginning Date of April 1, 2021) but for the enactment of section 401(a)(9)(l) of the Code (2020 RMD), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years (Extended 2020 RMDs), will receive those 2020 distributions unless the recipient elects not to receive such distribution. Notwithstanding the preceding sentence, recipient will be given an opportunity to make an election as to whether or not to receive such 2020 RMD distributions.

- 7.5 **Small benefit cashouts.** Notwithstanding any other provision of the Plan to the contrary, the Board shall automatically distribute the benefits of a Participating Member in a lump sum as soon as administratively feasible after the Participant becomes eligible for a distribution in accordance with

Section 6.1 if the total amount of the Participating Member's vested Account Balance and any amounts held in a rollover contribution account established under Section 3.6 is less than or equal to \$1,000. A Participating Member may waive the lump sum cashout if the Participant submits a written statement to the Board, within sixty days after termination of employment, requesting that the Participant's Account Balance remain in the Trust Fund.

- 7.6 **Death benefit payments.** In the event of the Participating Member's death prior to receiving payment in full of his benefits under this Plan, the Board shall pay the Account Balance of the Participating Member, to the Participant's designated Beneficiary. If the deceased Participant designated an alternate Beneficiary with the surviving spouse's written consent, the Board shall distribute the accumulated balance to the named Beneficiary. If the deceased Participant named more than one primary Beneficiary with the surviving spouse's written consent, the Board shall pay the accumulated Account Balance to the named primary Beneficiaries in the percentages designated by the deceased Participant or, if the deceased Participant had not designated a percentage for the Beneficiaries, in equal percentages. If one or more of the primary Beneficiaries has predeceased the deceased Participant, the Board shall pay the predeceased Beneficiary's share to the remaining primary Beneficiaries. If any Beneficiary survives the deceased Participant, yet dies before distribution of the Beneficiary's share, the Beneficiary must be treated as if the Beneficiary predeceased the deceased Participant. If there is no remaining primary Beneficiary, the Board shall pay the accumulated Account Balance of that deceased Participant to the contingent Beneficiaries in the same manner. If there is no remaining designated Beneficiary, the Board shall pay the accumulated Account Balance of that deceased Participant to the deceased Participant's estate.

If the surviving spouse is the Beneficiary, the surviving spouse may select from a form payment as provided in NDCC Section 54-52.6-13(3). If the surviving spouse is not the sole Beneficiary, the Beneficiary may only choose a lump sum distribution of the accumulated balance.

- 7.7 **Direct rollovers.** A Distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover, except that a Distributee may not elect a Direct Rollover of a distribution or series of distributions of less than \$200 in a single calendar year. For purposes of applying this Section 7.7, the following definitions shall apply:

- a. **Eligible Rollover Distribution.** An Eligible Rollover Distribution is any distribution of all or any portion of the balance of a Participating

Member's account to the credit of the Distributee, including any after-tax Employee contributions that are not includible in gross income except that an Eligible Rollover Distribution does not include:

1. Any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and his designated Beneficiary, or for a specified period of ten (10) years or more;
2. Any distribution to the extent such distribution is required under Code Section 401(a)(9);
3. The portion of any distribution that is not includable in a Distributee's gross income (determined without regard to the exclusion for net unrealized unappreciation with respect to Employer securities); or
4. Any corrective distribution of excess contributions and any corrective distribution of excess aggregate contributions and income allowable to such corrective distributions.

An Eligible Rollover Distribution also includes any portion of a distribution that consists of after-tax Employee contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Code section 408(a) or (b), or to a qualified defined contribution plan described in Code section 401(a) or 403(a) that agrees to separately account for the after-tax Employee contribution amounts so transferred.

- b. **Eligible Retirement Plan.** An Eligible Retirement Plan is an individual retirement account described in Code Section 408(a), an annuity plan described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution or an annuity contract described in Code Section 403(b), an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, and, effective January 1, 2008, a Roth IRA described in section 408A of the Code, and effective December 18, 2015, a SIMPLE IRA as described in Code Section 408(p), provided that the rollover contribution is made after the two-year period

beginning on the date the Distributee first participated in any qualified salary reduction arrangement maintained by the Distributee's employer under Code Section 408(p)(2), as described in Code Section 72(t)(6). The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the Alternate Payee under a qualified domestic relations order, as defined in Code Section 414(p). The definition of an Eligible Retirement Plan for a nonspouse designated Beneficiary of a deceased Participant means an individual retirement annuity account established for the purpose of receiving a distribution from this Plan and treated as an inherited individual retirement account or annuity (within the meaning of Code Section 408(d)(3)(C)).

- c. **Distributee.** A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's designated Beneficiary or the Employee's or former Employee's spouse or former spouse, with regard to the interest of the spouse or former spouse, are Distributees.
- d. **Direct Rollover.** A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

**7.8 Benefits payable to alternate payee under qualified domestic relations order.**

- a. The Board shall pay retirement benefits in accordance with the applicable requirements of any qualified domestic relations order. The Board shall review a domestic relations order submitted to it to determine if the domestic relations order is qualified under this Section 7.8 and under rules established by the Board for determining the qualified status of domestic relations orders and administering distributions under the qualified orders. Upon determination that a domestic relations order is qualified, the Board shall notify the Participating Member and the named alternate payee of its receipt of the qualified domestic relations order.
- b. A "qualified domestic relations order" for purposes of this Section 7.8 means any judgment, decree or order, including approval of a property settlement, which relates to a provision of child support, spousal support or marital property rights to a spouse, former spouse, child or other dependent of a Participating Member, is 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. A qualified

domestic relations order may not require the Board to provide any type of benefit, or any option, not otherwise provided under this Plan, or to provide increased benefits as determined on the basis of actuarial value. However, payment of benefits to the alternate payee under a qualified domestic relations order shall be made as soon as administratively feasible after the order is determined to be qualified, notwithstanding that the Participating Member has not terminated eligible employment. A qualified domestic relations order must be in a form as may be required by the Board.

**7.9 Contribution limitations.** The Plan shall comply with the contribution limitation rules under Section 415 of the Code, including the defined contribution limitations under Section 415(c)(1)(A) and (B) of the Code and the Treasury Regulations thereunder, as such apply to governmental plans, which are incorporated herein by reference.

- a. In accordance with the defined contribution limitations under Section 415(c) of the Code, annual additions (as defined in Section 415(c)(2) of the Code) under this Plan may not exceed the limitations set forth in Code Section 415(c)(1)(A) and (B), as adjusted under Section 415(d) of the Code, effective January first of each year following a regular legislative session.

If a Participating Member's aggregate annual additions exceed the defined contribution limitations under Section 415(c) of the Code, the Participant's annual additions to this Plan must be reduced to the extent necessary to comply with Section 415(c) of the Code and the Treasury Regulations thereunder.

- b. "Compensation" for purposes of this Section 7.9 shall mean compensation as defined in Treasury Regulations section 1.415(c)-2(d)(3), which includes wages within the meaning of Code Section 3401(a), plus amounts that would be included in wages but for an election under Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b) of the Code; provided, however, that any rules that limit the remuneration included in wages based on the nature or location of the employment or services performed are disregarded for purposes of this definition. In order to be taken into account for a limitation year, compensation must be actually paid or made available to a Participating Member within the limitation year. For this purpose, compensation is treated as paid on a date if it is actually paid on that date or would have been paid on that date but for an election under Sections 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b) of the Code. In order to be taken into account for a limitation year, compensation must be paid or treated

as paid to a Participating Member prior to a severance from employment.

- c. If a Participating Member's annual additions exceed the limits set forth in this Section 7.9 for a limitation year, such excess allocations shall be corrected in accordance with the applicable provisions of the Employee Plans Compliance Resolution System (EPCRS) issued by the Internal Revenue Service (currently Revenue Procedure 2021-30).

**7.10 Deaths After December 31, 2021.** Notwithstanding any contrary provisions, effective for Participant deaths after December 31, 2021, the following distribution provisions in this section 7.10 shall take effect; provided, however, that such provisions shall be subject to any regulations or other guidance issued under the SECURE Act.

- a. **Death with a Designated Beneficiary.** If the Participant dies before the distribution of his or her entire account (regardless of whether any distributions had begun before the Participant's death) and the Participant has a designated Beneficiary:

1. The entire account shall be distributed to the designated Beneficiary by December 31 of the calendar year containing the tenth anniversary of the Participant's death.
2. Notwithstanding the paragraph above, if the designated Beneficiary is surviving spouse, then the surviving spouse may elect for the Participant's account(s) to be distributed (i) by December 31 of the calendar year containing the tenth (10th) anniversary of the Participant's death, or (ii) the later of December 31 of the calendar year immediately following the calendar year in which the Participant died or December 31 of the calendar year in which the Participant would have attained age seventy-two (72) (or age 70 ½ with respect to a Participant who was born before July 1, 1949), or other applicable age under Code Section 401(a)(9).
3. For calendar years beginning after December 31, 2023, if the designated Beneficiary is the Participant's surviving spouse, the surviving spouse may elect to be treated as if he or she were the Participant, pursuant to Code Section 401(a)(9)(B)(iv).

- b. **Death without a Designated Beneficiary.** If the Participant dies before distributions of his or her account begins and the Participant has no designated Beneficiary, the Participant's account under the Plan shall be distributed by December 31 of the calendar year

containing the fifth (5th) anniversary of the Participant's death. If the Participant dies after distribution of his or her account begins and the Participant has no designated Beneficiary, any remaining portion of the account shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the Participant's death.

## ARTICLE 8.

### ESTABLISHMENT AND ADMINISTRATION OF THE TRUST

- 8.1 **Establishment of trust.** There is hereby established a Trust Fund to be known as the North Dakota Defined Contribution Retirement Fund. This Trust Fund is intended to be a tax-exempt trust under Code Sections 401 and 501. The assets of this Plan, and all income attributable to such assets, are held in trust by the Board for the exclusive benefit of Participating Members and their Beneficiaries.
- 8.2 **Acceptance of trust.** The Board consents to act as Trustee for this Trust Fund.
- 8.3 **Administration.** The Board shall supervise the operation of the Plan, maintain records and supply information to Participating Members and others. In administering this Plan, the Board shall have any applicable rights, powers and duties granted to it by law for the administration of the Public Employees Retirement System.
- 8.4 **Specific powers and duties.** The Board shall:
- a. Exercise exclusive authority to invest and manage assets of the Plan. However, the Board shall permit each Participating Member to direct the investment of the individual's Employer and Employee contributions and earnings to one or more investment options within available categories of investment as established by the Board.
  - b. Establish and adopt a statement of investment objectives and policies setting forth the manner and parameters of the investment of the assets of the Plan. The statement of investment objectives and policies shall be established in a manner consistent with the purposes of the Plan. The Board shall monitor the performance of the investments of the Plan to ensure such remain consistent with the investment policy established by the Board.
  - c. Provide information to Employees who are eligible to elect to become Participating Members in this Plan. The information must include at a minimum the Employee's current Account Balance, the assumption of investment risk under a defined contribution retirement plan, administrative and investment costs, coordination of benefits information, and a comparison of projected retirement benefits under the Public Employees Retirement System and this Plan. Notwithstanding any other provision of law, the Board is not liable for any election or investment decision made by an Employee based upon information provided to an Employee under this Plan.

- d. Establish an administrative budget sufficient to perform the duties under the Plan and to draw upon authorized sources to fund the budget.
  - e. Pay Plan benefits and related taxes from the assets of the Plan.
  - f. Obtain by employment or contract all the services necessary or appropriate to administer the Plan, including actuarial, auditing, custodial, investment, legal and record keeping services.
  - g. Procure and dispose of the goods and property of the Plan necessary for its proper administration.
  - h. Have full power and authority to adopt rules and regulations for the administration of the Plan and to interpret, alter, amend or revoke any rules and regulations so adopted.
- 8.5 **Expenses.** The expenses incurred by the Board in the proper administration of the Plan shall be paid from sources made available under applicable state law, including the Trust Fund.
- 8.6 **Accounting.** For accounting purposes, the Board will maintain a summary of the Account Balances of each Participating Member whose benefits have not begun to be distributed. This accounting summary will reflect from time to time the total deferred liability of the Plan as well as the Account Balance for each Participating Member in the Plan.
- 8.7 **Compliance authority.** The Board may administratively alter the terms of the Plan as it determines to be necessary or appropriate to maintain the status of the Plan as a qualified defined contribution retirement plan under the Code.
- 8.8 **Delegation of responsibilities.** The Board may delegate the duties and authorities established under the Plan in a manner consistent with its fiduciary responsibilities as established under this Article 8.
- 8.9 **Fiduciary responsibilities.** The Board, the Administrator, and any agent or designee thereof with discretionary authority for the Plan, are fiduciaries under the Plan as to the discharge of their duties under the Plan and shall act as to their duties:
- a. Solely in the interest of the Plan's Participating Members and their Beneficiaries;

- b. For the exclusive purpose of providing benefits to Participating Members and their Beneficiaries and paying reasonable expenses of administering the Plan;
- c. With the care, skill, prudence and diligence under the circumstances then prevailing that a person acting a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose;
- d. Incurring only costs that are appropriate and reasonable; and
- e. In accordance with good faith interpretation of the law governing the Plan.

## **ARTICLE 9.**

### **RIGHT OF APPEAL AND DETERMINATION OF DISPUTES**

- 9.1 **Claim to benefits.** No Participating Member, Beneficiary or other person shall have any right or claim to benefits under this Plan, or any right or claim to payment from the Trust Fund, other than as specified herein and under all applicable sections of North Dakota Century Code Chapter 54-52. Any dispute as to eligibility, type, amount or duration of benefits or any right or claim to payment from the Trust Fund shall be resolved pursuant to the terms of the Plan, under appeal procedures adopted by the Board.

## ARTICLE 10.

### AMENDMENT AND TERMINATION

- 10.1 **Right to amend Plan.** The Board has the right to amend the Plan, in whole or in part, at any time and from time to time. However, no amendment shall, with respect to any Participating Member, reduce such benefits provided hereunder as are derived from vested contributions credited to the Participating Member before the effective date of any such amendment.
- 10.2 **Exclusive benefit.** Except as permitted specifically by law, it shall be impossible by operation of this Plan, by termination or amendment or by the happening of any contingency, for any part of the principle or income of the Trust Fund or any fund contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participating Members or their Beneficiaries.
- 10.3 **Severability.** If any provision of the Plan or any step in the administration of the Plan is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, unless such illegality or invalidity prevents accomplishment of the purposes and objectives of the Plan. In the event of any such holding, the Board will immediately amend the Plan to remedy the defect.
- 10.4 **Nonforfeitable benefits upon termination.** In the event of a termination of the Plan, the rights of each Participating Member to all benefits accrued to date of such termination, which is the vested Account Balance of each Participating Member, shall be one hundred percent nonforfeitable and fully vested in each Participating Member.

## ARTICLE 11.

### GENERAL PROVISIONS

- 11.1 **Plan not employment contract.** The adoption of or participation in this Plan may not be deemed to give an Employee the right to be retained in the employ of an Employer or to interfere with the right of the Employer to discharge any Employee at any time.
- 11.2 **Alienation of benefits prohibited.** Neither the Participating Member nor his designated Beneficiary, or any other designee, has any right to commute, sell, assign, transfer or otherwise convey the right to receive any payments or assets under this Plan. Such payments or assets are non-assignable and non-transferable. The Participating Member's rights under the Plan are not subject to the rights of creditors of the Participating Member, any Beneficiary, the Board or the Employer and shall be exempt from execution, attachment, prior assignment or any other judicial relief or order for the benefit of creditors or other third persons. This Section shall not apply to a qualified domestic relations order, as defined in Section 7.8.
- 11.3 **Beneficiary designation.** A Participant or former Participant in the Plan may nominate one or more individuals as a Beneficiary by filing written notice of nomination with the Board. If the Participating Member or former Participant is married at the time of the nomination and the Participant's spouse is not the Beneficiary for one hundred percent of his or her Account Balance, the nomination is not effective unless it is signed by the Participant's spouse. However, the Board may waive this requirement if the spouse's signature cannot be obtained because of extenuating circumstances.
- 11.4 **Overpayments.** The Board has the right of setoff to recover overpayments made under this Plan and to satisfy any claims arising from embezzlement or fraud committed by a Participating Member, Deferred Member, Beneficiary or other person who has a claim to a distribution or any other benefit from this Plan.
- 11.5 **Plan qualification.** If the Board receives notice from the Internal Revenue Service that this Plan is not qualified for tax purposes under the Code, then the portion that will cause the disqualification does not apply.
- 11.6 **Construction.** The laws of the State of North Dakota, as amended from time to time, shall govern the construction and application of this Plan. Words used in the masculine gender shall include the feminine and words in the singular shall include the plural, as appropriate. The headings and

subheadings of this Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

- 11.7 **Reemployment.** Any former Participating Member of this Plan who returns to public employment following a previous termination or retirement and is eligible to participate in a retirement plan, must resume participation in this Plan.

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**FIRST AMENDMENT TO  
THE NORTH DAKOTA DEFINED CONTRIBUTION  
RETIREMENT PLAN**

WHEREAS, the North Dakota Public Employees Retirement System Board ("Board") maintains The North Dakota Defined Contribution Retirement Plan, as amended and restated, most recently effective as of January 1, 2025 (the "Plan");

WHEREAS, pursuant to Section 10.01 of the Plan, the Board has the right to amend the Plan; and

WHEREAS, the Board desires to amend the Plan to define normal retirement age and provide for in-service distributions at normal retirement age.

NOW, THEREFORE, effective as of April 4, 2025, the Board hereby amends the Plan as follows:

1. A new Section 1.26 is hereby added to the Plan as follows:

1.26 "In-Service Distribution" means a distribution to an Employee prior to the Employee's Termination of Employment.

2. A new Section 1.27 is hereby added to the Plan as follows:

1.27 "Termination of Employment" means a severance of employment with the Employer by not being on the payroll of the Employer for a minimum of one month; provided, however, that Termination of Employment shall not include: (i) absence from active employment which is not treated by the Employer as a Termination of Employment; (ii) absence due to military service to the extent required under USERRA and Code Section 414(u)(8)(A), (iii) absence due to leave which qualifies as family or medical leave under the FMLA, to the extent required under the FMLA; or (iv) absence due to an authorized leave of absence for any reason if approved by the Employer.

3. Section 6.1 is hereby amended as follows:

**6.1 Distribution eligibility.** A Participating Member's vested Account Balance is distributable upon the occurrence of one of the following events:

- a. The Participating Member has incurred a Termination of Employment with the Employer.
- b. The Participating Member has become totally and permanently disabled according to medical evidence called for under the rules of the Board.
- c. The Participating Member dies.
- d. The Participating Member has reached the Required Beginning Date and has terminated employment. In no event shall the distribution of a Participant's Account Balance commence later than the Required Beginning Date, whether or not they apply for benefits.
- e. An Eligible Employee meets the requirements under Section 6.2 for an In-Service Distribution.

4. A new Section 6.2 is hereby added to the Plan as follows:

**6.2. In-Service Distributions.**

- a. No In-Service Distributions may be made from a Participating Member's vested Account Balance except as otherwise provided in this Section.
- b. In order to receive an In-Service Distribution from an Employee's vested Account Balance, the Employee must have attained at least the age of 59 ½ and is no longer an Eligible Employee.

5. All other terms and conditions of the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Board hereby adopts this First Amendment on April 4, 2025.

North Dakota Public Employees Retirement System Board

By:

Title:

Date:

*[Signature]*  
ND PERS Board Chair  
Miki Samson  
4/4/2025