



Defined Contribution (DC) Retirement Plan
Manage your Retirement Investments
2023-2025



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

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INTRODUCTION

The North Dakota Public Employees Retirement System Defined Contribution Plan (the “Plan”) was adopted as of January 1, 2000 (the “Effective Date”) as a voluntary plan available to non-classified state employees and appointed and elected state officials. For the time period of October 1, 2013 through July 31, 2017, the Plan was available to all permanent state employees who are hired on or after October 1, 2013 and who are eligible for the retirement plan provided under North Dakota Century Code 54-52. Effective August 1, 2017, the special enrollment period to all permanent employees ended and plan eligibility returned to the provisions in place effective January 1, 2000 for all non-classified state employees and appointed and elected state officials. Effective January 1, 2025, the Plan is the primary retirement plan of permanent state and participating political subdivision new employees. This Plan is intended to be a qualified retirement plan under the Internal Revenue Code. This booklet is called a Summary Plan Description (SPD) and it contains a summary of your rights and benefits under the Plan. If you have difficulty understanding any part of this SPD, contact the NDPERS office during normal business hours.

This SPD is not intended to interpret, extend or change the Plan Document in any way. A copy of the Plan Document is on file with NDPERS and you may review it during normal business hours or you may view it on the NDPERS website. The Plan Document will govern in the event of any discrepancy between this SPD and the actual provisions of the Plan.

This publication is intended to provide general information and may not be considered to be a legal interpretation of retirement law. Statements contained in this handbook do not supersede the North Dakota Century Code and rules and regulations established by the Board of the North Dakota Public Employees Retirement System (NDPERS).

In compliance with the Americans with Disabilities Act, this document can be provided in alternate formats. To request an alternative format, please call the NDPERS ADA coordinator at (701)328-3918 or call toll-free at 1-800-803-7377 if you are outside the Bismarck local calling area.

All questions, comments and correspondence can be directed to the following address:

North Dakota Public Employees Retirement System

1600 E Century Ave, Ste 2

P.O. Box 1657

Bismarck, North Dakota 58502-1657

(701) 328-3900—Telephone

(701) 328-3920 — Fax Number

1-800-803-7377 — Toll-Free Outside the Bismarck Calling Area

CONTACT NDPERS

When Calling the NDPERS Office

While NDPERS staff make every effort to take your calls and answer your questions immediately, it is not always possible to do so. In an effort to serve you more efficiently, we have a voice mail system. If it is necessary for you to leave a voice mail message, please provide the following information: your name, NDPERS Member ID and your last four digits of your social security number, telephone number, and a brief explanation about your call. If NDPERS staff has this information at the outset, we are able to address your concerns more quickly and efficiently the first time!

We also have a Member Service Unit who can assist you with general questions about NDPERS programs, including updates on program changes. The representatives will also take requests for forms, brochures, and benefit books. If you require additional services outside the scope of Member Services, the representative will be happy to transfer you to the staff member best qualified to assist you.

Our busiest times are the day after a holiday and the first week of every month. Calls are placed in queue and answered in the order they are received. If you place a call to us during these high volume periods, please be patient. Your call is important to us.

Remember all your benefit information is confidential. For your protection, staff cannot release benefit information to any party without first obtaining your written authorization or your Durable Power of Attorney, or upon being served with a subpoena. Although you may request information over the phone, only you may do so and only after you have provided the correct response to at least three of five criteria established by the NDPERS Board.

When Visiting the NDPERS Office

Please make an appointment before stopping by the NDPERS office. Although staff will accommodate walk-ins when possible, an appointment will ensure that someone is available to assist you at the time you arrive. An appointment also allows staff to prepare appropriate benefit information for your individual needs.

When Writing the NDPERS Office

Always include your name and PERSLink Member ID number on your correspondence.

NDPERS Website

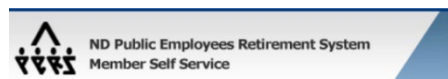
The address for the NDPERS Website is <https://ndpers.nd.gov/>

NDPERS E-mail Address

The NDPERS e-mail address is ndpers-info@nd.gov

NDPERS PERSLink Member Self Service

You have the ability to access your individual account by logging into your [NDPERS PERSLink Member Self Service](#).



Find us on Facebook

Need regular updates and the latest information on NDPERS benefits? Join us and follow the NDPERS Facebook page. Simply search for NDPERS or North Dakota Public Employees Retirement System and click the Like Us button!

**Find us on YouTube**

The NDPERS YouTube channel has short videos that explain of all NDPERS benefits.



GOVERNING AUTHORITY

Pursuant to [NDCC 54-52-03](#), the NDPERS Board of Trustees is the governing authority of the Public Employees Retirement System (PERS) agency and the following plans:

Public Employees Retirement System (N.D.C.C. Chapter 54-52)
Highway Patrol Retirement System (N.D.C.C. Chapter 39-03.1)
Defined Contribution Plan (N.D.C.C. Chapter 54-52.6)
Deferred Compensation Program (N.D.C.C. Chapter 54-52.2)
Retiree Health Insurance Credit Program (N.D.C.C. Chapter 54-52.1-03.2)
Uniform Group Insurance Program (N.D.C.C. Chapter 54-52.1)
Flex-Comp Program (N.D.C.C. Chapter 54-52.3)
Dental Plan (N.D.C.C. Chapter 54-52.1-04.7)
Vision Plan (N.D.C.C. Chapter 54-52.1-04.7)
Employee Assistance Program (N.D.C.C. Chapter 54-52.1-04.9)

CONFIDENTIALITY LAW

All records of a member or beneficiary are confidential and not public records. Information and records may be disclosed under limited circumstances to:

- A person to whom a member/beneficiary has given written consent.
- A person legally representing the member/beneficiary upon proper proof of representation, unless member/beneficiary withholds consent.
- A person authorized by court order.
- A member's spouse or former spouse, that individual's legal representative, and the judge presiding over the member's dissolution of marriage proceedings for the purpose of drafting a **Qualified Domestic Relations Order**.
- A member's participating employer's authorized agent, under limited circumstances.
- A member's designated beneficiaries after the member's death. Information relating to beneficiaries may be disclosed to other beneficiaries of the same member.
- The general public, but only after the board has been unable to locate the member for a period in excess of two years, and limited to the member's name and the fact that NDPERS has been unable to locate the member.
- Any person whom the NDPERS board determines disclosure is necessary for treatment, operational, or payment purposes, including the completion of necessary documents.

A penalty for disclosure of confidential information is a Class C felony, which includes a five-(5) year prison term and a \$5,000 fine (N.D.C.C. 12.1-13-01).

BASIC PLAN INFORMATION AND PLAN DEFINITIONS

Account

Your account contains employee contributions, vested employer contributions and transferred contributions made on your behalf and any income, expenses, gains or losses therein. It may also be referred to as your “account balance”.

Beneficiary

The person or persons you designate to receive your benefits in the event of your death. You may designate more than one beneficiary. In the event you have not designated a beneficiary or your beneficiary predeceases you, your account will be paid to your estate.

Board

The North Dakota Public Employees Retirement System Board of Trustees administers this plan.

Deferred Member

A member of NDPERS who has not elected to receive a refund and is eligible to receive benefits under the Defined Contribution Retirement Plan remains in deferred status until application for distribution is received and processed.

Defined Benefit/Hybrid Retirement Plan

Retirement program for governmental employees under chapter 54-52 of the North Dakota Century Code.

Defined Contribution Retirement Plan

A retirement program available to eligible employees who opt to participate under chapter 54-52.6 of the North Dakota Century Code.

Eligible Employee

For employees who elected to join the defined contribution retirement 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.

For employees who become participating members after December 31, 2024, has the same meaning as provided under NDCC 54-52-02.15.

Defined Contribution 2020 Tier 2

Effective January 1, 2020, **all non-classified state employees** and appointed and elected state officials that elect to participate **without having a Retiree Health Insurance Credit (RHIC) available**. Includes employees that have no more than 5 years of service and elect to participate in the 2025 special election. **Excludes**

employees eligible for the Judges Retirement, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.

Defined Contribution 2025 Tier 3

Effective January 1, 2025, all permanent state and non-state employees who meet mandatory participation requirements under NDCC 54-52.6. Includes temporary employees that elect to participate and appointed and elected state and non-state officials. Excludes employees eligible for the Public Safety Retirement and Judges Retirement under 54-52, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.

Employee

Any person employed by the state or participating political subdivision if applicable, whose compensation is paid out of state funds, or funds controlled or administered by the state, political subdivision or paid by the federal government through any of its executive or administrative officials.

NDPERS

The North Dakota Public Employees Retirement System.

Mandatory Participant

A permanent employee, at least 18 years of age, that is required to participate in the NDPERS retirement plan established under either NDCC 54-52 or NDCC 54-52.6 based upon date first enrolled.

Permanent Employee

A governmental unit employee that is filling an approved and regularly funded position not of limited duration and is employed twenty (20) or more hours per week for at least twenty (20) or more weeks per year.

Plan Administrator

The name, address and business telephone number of the Plan Administrator are:

North Dakota Public Employees Retirement System
1600 E Century Ave, Ste 2
P.O. Box 1657
Bismarck, ND 58502-1657
(701) 328-3900 – Telephone
(800) 803-7377 – Toll-Free Outside the Bismarck Calling Area

Plan Year

The plan year is the twelve month fiscal period beginning July 1 and ending June 30.

Optional Participant

A temporary/part-time governmental unit employee, at least 18 years of age, who is not a permanent employee but employed of limited hours or duration and not actively contributing to another employer-sponsored pension fund, and, if employed by a school district, occupies a noncertified teacher's position. An enrolled temporary/part-time employee must participate in the retirement plan at his/her own expense within 6 months of either initial date of hire or change in employment status.

Trust Fund

The Plan is administered under a trust fund arrangement. There is a written Plan and Trust Agreement entered between NDPERS and the Trust Company under which the Plan's assets are held.

Trust Company

Trust Company is responsible for holding the Plan assets. The Company's duties are specifically identified in the Trust Agreement and relate only to the assets in the Trust Company's possession. The Trust Company currently is Empower.

OVERVIEW OF DEFINED CONTRIBUTION TIERS

Defined Contribution Plan Tiers

PLAN	FIRST ENROLLED	VESTING	CONTRIBUTION RATE	OPTIONAL CONTRIBUTIONS	INVESTMENTS/INCOME	MISCELLANEOUS
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	You and your provider map your investment strategy. Stream of income is your choice and is subject to your account balance *begin drawing at any time. Full liquidation of account is subject to 10% penalty if drawing before age 59 ½ *reduction RHIC if early retiree ('normal' retirement is RULE of 85 or turning age 65 while employed)	Disability option. No Purchase or PEP
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	You and your provider map your investment strategy. Stream of income is your choice and is subject to your account balance *begin drawing at any time. Full liquidation of account is subject to 10% penalty if drawing before age 59 1/2	Disability option. No Purchase or PEP
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 EE=employee. ER = employer.	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%	You and your provider map your investment strategy. Stream of income is your choice and is subject to your account balance *begin drawing at any time. Full liquidation of account is subject to 10% penalty if drawing before age 59 1/2	Disability option. No Purchase or PEP

DEFINED CONTRIBUTION, TIER 1

PARTICIPATION, TIER 1

For eligible state employees who made an irrevocable election to join the defined contribution retirement plan under this chapter before January 1, 2020 within the first six months of employment. 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 in an eligible position.

Eligibility to Participate

- **Defined Contribution**

Effective January 1, 2000 **all non-classified state employees and appointed and elected state officials** that elect to participate within the first 6 months from date of hire or taking office. Includes employees that have no more than 5 years of service and elect to participate in the 2025 special election. **Excludes employees eligible for the Judges Retirement**, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.

Effective October 1, 2013 through July 31, 2017, **all permanent state employees and appointed and elected state officials** hired on or after October 1, 2013 that elect to participate within the first 6 months from date of hire or taking office. Includes employees that have no more than 5 years of service and elect to participate in the 2025 special election. Excludes employees eligible for the Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.

Effective August 1, 2017, **all non-classified state employees** and appointed and elected state officials that elect to participate. Includes employees that have no more than 5 years of service and elect to participate in the 2025 special election. **Excludes employees eligible for the Judges Retirement**, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.

CONTRIBUTIONS, TIER 1

The definition of “compensation” is found in NDCC 54-52.6-01(8). Your eligible compensation generally means the taxable compensation for a Plan Year reportable by your Employer on your IRS Form W-2 for a Plan Year, plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457.

Compensation does not include unused sick leave, personal leave, vacation paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, worker’s compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the Participant and the State of North Dakota.

Tax laws limit the amount of compensation that may be taken into account each Plan Year. Please review the [IRS maximum calendar year limit](#) amount for the current year (this amount is subject to annual cost of living adjustments in \$5,000 increments).

Employee Contributions

Each participant first enrolled on or before January 1, 2020 shall contribute seven percent (7%) of his or her compensation to the Plan. These are called “Employee Retirement Contributions”. This percentage of compensation may presently be contributed by your employer under section 414(h) of the Internal Revenue Code and is paid in equal monthly installments commencing with the first month of participation in this Plan.

Employer Contributions

Each calendar month your employer will make a contribution on your behalf to the retirement plan and the retiree health insurance credit program based upon a percentage of your gross compensation.

Employer Payment of Employee Contributions

The Employer, at its option, may “pick up” or pay for a permanent employee’s contribution for compensation earned after December 31, 1999. The amount to be 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.

Permanent/Full-Time Employees (Includes Mandatory Participants, Appointed Officials, and Elected Officials) contributions are as follows:

Defined Contribution Tier 1 - Members first enrolled prior to January 1, 2020

- | | |
|---|-------|
| • Employee Retirement Contribution | 7.00% |
| • Employer Retirement Contribution | 7.12% |
| • Employer Health Insurance Credit Contribution | 1.14% |

Optional Participant

A Part-Time or Temporary Employee (Optional Participant) who elects to participate in the plan is required to pay monthly into the fund based upon monthly gross salary. This amount will be forwarded to the Trust Company. Participating defined contribution plan employees enrolled prior to 2020 are required to pay monthly into the Retiree Health Insurance Credit (RHIC) fund. An employer for a part-time temporary employee may not pay any portion of the required contributions.

Part-Time/Temporary Employees (Optional Participants) contributions are as follows:

Defined Contribution Tier 1 - Members first enrolled prior to January 1, 2020

- | | |
|---|--------|
| • Employee Retirement Contribution | 14.12% |
| • Employee Health Insurance Credit Contribution | 1.14% |

Reduction in Retirement Contributions

Transferred Pension Account

For an individual who elects to terminate membership in the NDPERS Defined Benefit Plan and becomes a Participant in this Plan, the Board shall transfer a lump sum amount from the retirement fund to the Participant's account under this Plan. The methodology found in the Defined Contribution Retirement Plan Document will determine the amount transferred.

DEFINED CONTRIBUTION PLAN VESTING, TIER 1

The term “vesting” refers to your non-forfeitable right to the money in your Account. You are always immediately 100% vested in your Employee Contributions, even if your Employer has paid them.

Employer Contributions will be vested in accordance with the following schedule:

Years of Service	Percentage Vested
Less than 2 years	0%
2 years	50%
3 years	75%
4 years	100%

For purposes of vesting, you will be credited for years of service earned as a participant in the NDPERS Defined Benefit Plan at the time of transfer. However, if you terminate employment with the State, are paid a distribution from this Plan, and are later reemployed by the State, your years of service upon reemployment will be zero (i.e., your prior years of service will not count towards vesting).

USERRA, TIER 1

Special provisions under the Uniformed Services Employment and Re-employment Rights Act (USERRA) may apply if your covered employment under NDPERS was interrupted because you were drafted or you enlisted for active service in the Armed Forces of the United States.

Upon return from active duty, the member may be entitled to have their credit while on active duty recognized by NDPERS for vesting in the employer contribution and benefit eligibility purposes in the retiree health credit (i.e. meeting Rule of 85). A reservist should make application to NDPERS by submitting a written request for the above along with a photocopy of their DD214 form.

In addition, a returning reservist has the option to purchase the service credit not accrued during the leave. Retirement credit may be granted for this purpose upon proper documentation and receipt of past contributions. If the employee elects to purchase the months of service, the credited service is only used in the retiree health credit benefit calculation as the Defined Contribution plan does not provide retirement benefits based on a benefit calculation.

If application is made to the employer, then the employer is required to pay the employer portion of the retirement contributions on behalf of a reservist that applies to purchase the missed service. The employer is also required to pay any portion of the

employee contribution in the same manner that it would have been paid had the reservist not been activated. If the employer does not pay any or all of the employee contribution on behalf of its employees, then the reservist is required to pay the employee contribution in order to receive the service credit.

The salary to be used in determining the cost to receive the credit must be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary cannot be determined, then the employee's average rate of compensation during the 12-month period immediately preceding their call to active duty should be used. The following applies to the payment of purchased credit:

- 1) The timeframe that the reservist has to pay any required employee contributions to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not apply and/or purchase during this timeframe, then the employee will not have opportunity to purchase the service in the future as there are not purchase provisions within this plan.
- 2) If a reservist chooses to make installment payments to the plan to purchase the service, the plan cannot charge interest on the unpaid balance.
- 3) If the reservist elects to make monthly payments through payroll deduction, then the employer will be required to submit the same amount of monthly payments towards the required employer contribution, as well as any employee contribution that the employer is required to pay. If the reservist elects any other type of installment payment or is not having payments payroll deducted, then the employer will be billed upon the completion of the purchase by the employee for all required employer paid contributions (employee or employer depending on reporting option).

Upon receipt of the Purchase Agreement for USERRA Covered Military Active Duty SFN 17758, NDPERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist and/or employer.

Also, pursuant to the Heroes Earnings Assistance and Relief Tax Act (HEART), if you die during qualified military service, your surviving spouse or Beneficiary is entitled to have your military service credited towards vesting in the employer contribution.

DISTRIBUTION OF BENEFITS, TIER 1

Eligibility for Benefits

A distribution of your account can only occur upon your termination of employment, retirement or disability retirement from your employer, upon the filing of a Qualified Domestic Relations Order (QDRO) or in the event of your death.

Administrative Requirements for Refunds/Rollovers

Upon termination of employment, you and your employer must complete and file the **“Refund/Rollover Forms”** with NDPERS. 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 tax notification requirements. 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 (if applicable)
- Health Insurance Coverage
- Dental Insurance Coverage
- Vision Insurance Coverage

Should you become re-employed with a participating employer before 31 days have passed, no refund or direct rollover will be issued and your retirement account will pick up where it left off with your previous employment.

DISABILITY RETIREMENT BENEFITS, TIER 1

Disability Benefit Eligibility

Distribution of a participating member’s vested account balance is allowed if the board determines the participating member has become totally and permanently disabled. To be eligible for NDPERS disability retirement benefits the following must apply:

- Your disability must have occurred during a period of eligible employment.
- You must be unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment expected to result in death or which will or has lasted for a continuous period of not less than 12 (twelve) months.
- You must submit the **“Disability Retirement Guide Form Packet”** to the NDPERS office within 12 (twelve) months of termination of employment due to disability.

- You must be determined to be disabled by the NDPERS' medical advisor who is responsible for making disability eligibility determinations for the Board. In lieu of a review by the NDPERS' medical advisor, a member who qualifies for Social Security Disability benefits and submits the "Disability Retirement Forms" with a copy of the Social Security Notice of Award may be deemed eligible for NDPERS disability benefits without requiring a determination from the medical advisor. The Social Security Notice of Award must provide proof that the member's disability was determined during his/her period of eligible employment. Eligibility for disability benefits will be subject to ongoing recertification requirements as specified by the NDPERS' medical advisor.

Disability Application Procedure

You must submit the "**Disability Retirement Guide Form Packet**" to the NDPERS office **within 12 (twelve) months of termination due to disability**.

Applications for disability or early retirement benefits may be submitted to the NDPERS office up to four (4) months prior to your termination of employment or the disability benefit. Your disability status may also impact your retiree health credit.

Disability Benefit Payments

If you are deemed eligible for NDPERS disability benefits, you are eligible to receive distributions from your vested account balance for the duration of your disability or until your vested account balance is depleted. Disability status is subject to recertification as determined by the Plan's Medical Consultant.

Review Procedure

A member receiving a notice that his or her application for disability benefits or recertification of benefits is denied may request a review of the decision. A written request for review must be received in the NDPERS office within 60 days of the member receiving a denial notice.

Recertification of Disability Eligibility

A disabled annuitant's eligibility must be recertified within eighteen (18) months after the first check is issued and thereafter as specified by the medical consultant. NDPERS will send an "**Application for Recertification of Disability Benefits SFN 50149**" and a "**Statement of Annual Earnings for Disability Annuitants SFN 53157**" to the disabled annuitant to be completed and returned to NDPERS prior to the recertification date.

Distributable Events

You are eligible to request a distribution of your vested Account balance upon the occurrence of any of the following events:

Termination of Employment

Termination of employment means a severance of employment and being off the payroll of a participating employer for a minimum of at least one month. Termination of employment does not include an approved leave of absence. If you terminate your

eligible employment, you may elect to receive a distribution of your vested account balance from the Plan after being off the payroll for 31 days.

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

If your vested account balance exceeds, or at the time of any prior distribution exceeded \$1,000, or you request that your account remain in the Plan, you may delay your distribution until you are required by law to receive minimum required distributions (MRD). You will have a continuing election to request a distribution if you elect to postpone your distribution unless you are reemployed in eligible employment with a participating employer. The value of your account balance will continue to experience gains and losses based on your investment returns. Your written consent will be required for any distribution. Your Beneficiary or Beneficiaries may request a distribution of your vested account balance in the event of your death.

If you are under age 59 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution, unless an exception to this tax penalty applies. The 10% additional income tax does not apply to payments made after you terminate employment if you will be at least age 55 in the year of termination; or to payments made after terminate that are paid at least annually in equal amounts over your life or life expectancy; or payments made due to disability or after your death. You should consult with your tax advisor to determine the tax consequences before you request a distribution.

Death

If you die before any or all benefits are paid to you, then your Beneficiary or Beneficiaries will be entitled to receive your vested account balance. You may designate a Beneficiary or Beneficiaries on a Designation of Beneficiary SFN 2560. The completed beneficiary designation form must be filed with NDPERS. If you are married and want to designate someone other than or in addition to your spouse as your primary beneficiary, your spouse must consent to this designation by signing the form.

QDRO Distributions

A Qualified Domestic Relations Order (QDRO) is a special order issued by the court in a divorce, child support or similar proceeding and approved under the Plan. In this situation, your spouse (or former spouse) or someone other than you or your beneficiary, may be entitled to a portion or all of your Account balance based on the court order. Upon the order becoming qualified, an alternate payee will receive his or her share of the participant's benefit in the Plan in the form of a lump sum cash payment payable as soon as administratively practicable after the order is determined to be qualified. You may obtain, without charge, a copy of the QDRO procedures from NDPERS by contacting the NDPERS office or viewing the QDRO information on the NDPERS website.

Required Beginning Date

Note: If you are terminated, you are required by law to receive a minimum required distribution from the Plan no later than April 1 of the calendar year following the calendar year in which you turn age 70½ (if you were born before July 1, 1949), age 72 (if you were born on or after July 1, 1949), or age 73 (if you were born on or after January 1, 1951).

If you are an eligible active employee, working beyond age 70½ (if you were born before July 1, 1949), age 72 (if you were born on or after July 1, 1949), or age 73 (if you were born on or after January 1, 1951), you may continue to participate in the Plan. Upon termination of employment, your minimum distribution becomes payable and taxable to you.

Retirement Distribution Options

You must contact the NDPERS office to obtain the necessary paperwork to apply for a distribution. The following distribution options are available under the Plan:

Lump sum distributions

If you elect this option, your entire vested Account balance will be paid to you in a lump-sum. You may elect to roll this lump-sum distribution into another eligible employer plan or traditional IRA.

Periodic distributions

If you elect this option, your vested Account balance will be paid to you in monthly, quarterly, semiannual or, no less than annual periodic payments until your account balance is exhausted.

Limitations on contributions

There are certain limitations established under the Internal Revenue Code on the maximum annual contributions that can be made to the Plan under section 415 and on the maximum compensation amount used to determine contributions under section 401(a)(17). While most members will never reach these maximums, the limitations are set forth in the laws governing the Plan. Should your contributions exceed these maximum limitations, the NDPERS office will notify you in writing.

DISTRIBUTION RULES, TIER 1

Cash Distributions

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. 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 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution, unless an exception to this tax penalty applies. If you request a cash distribution, the Plan will provide written information about tax rules that apply to such distributions. However, you should consult with your tax advisor to determine the tax consequences before you request a distribution.

Direct Rollover Distribution

As an alternative to a cash distribution and to avoid the 20% tax withholding requirement, you may request that your entire distribution be rolled directly into a traditional IRA or another eligible employer plan (if it accepts rollover contributions). Federal income taxes will not be withheld on any direct rollover distribution.

Rollover to a Traditional 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 IRA. After authorizing your distribution, the Plan Administrator 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 your custodian or trustee. You must provide the Plan Administrator with complete information to facilitate your direct rollover distribution.

Rollover to Another Eligible Employer Plan – You should check with your new 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 new employer’s eligible plan. After authorizing your distribution, your Plan Administrator will forward the form to the Trustee Company. A check will be issued by the Trustee Company payable to the trustee of your new employer’s 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.

Combination Cash Distribution and Direct Rollover Distribution

You may request that part of your distribution be paid directly to you and the balance be directly rolled into a traditional IRA or an eligible employer plan. Any cash distribution you receive will be subject to the Federal income tax withholding rules referred to in (1). Any direct rollover distribution will be made in accordance with the provisions referred to in (2).

Consult your tax advisor for further details.

Administrative Requirements for Periodic Benefit Payments

You must complete the “**Retirement Guide Forms**” and send them to NDPERS at least 60 days prior to retirement. In accordance with laws governing processing retirement benefits, NDPERS must receive an “**Application for Periodic Payments for Defined Contribution, SFN 59045**” and appropriate legal documentation at least 31 days before retirement or before the distribution of the first retirement check. If documents are *filed* too late, the payment will **be delayed**.

BENEFITS & RETURN TO WORK, TIER 1

To be eligible for benefits, you must terminate employment or terminate membership. "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). This period is determined by counting 31 days from your final regular payroll payment to the date you begin actual employment (first day of work) with a new NDPERS participating employer.

Approved leave of absence does not constitute termination of employment. "Termination of participation" means termination of eligibility to participate in the retirement plan.

Refunds/Rollovers

If you applied for a refund/rollover distribution of your member account balance, you must be off all covered NDPERS employer payroll(s) for at least 31 days to meet eligibility and your distribution will occur within 60-90 days.

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.

If you become re-employed with any NDPERS-covered employer prior to being in receipt of your distribution, no refund/rollover will be issued. The meaning of "covered employer" is any NDPERS-affiliated employer in the NDPERS retirement program, whether you are in a contributing or non-contributing status. If returning to any NDPERS-covered employer, your application will be cancelled and your retirement account will pick up where it left off with your previous employment.

If you are transferring to another job where you will be covered by one of the other state sponsored retirement plans, this does not constitute a termination of employment and you are not eligible to apply for a refund/rollover distribution.

Retirement and Return to Work

- a) If you return to permanent employment with a NDPERS participating employer, your hours of employment must be restricted if you wish to continue receiving your periodic payment. Your employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. You may work more than 20 hours per week if employed less than 20 weeks per year.
- b) If you are employed for 20 or more hours a week for 20 or more weeks per year then your retirement benefit will be suspended. You are not eligible to receive a periodic payment while permanently employed with a NDPERS participating employer. Upon termination of employment, you may resume periodic payments. Your previous retirement account will be combined with your current retirement account.

Disability and Return to Work

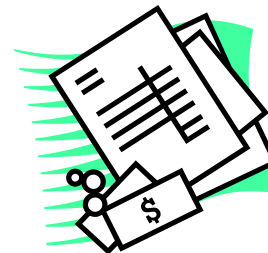
If you return to work in a permanent full-time position and are eligible to participate in NDPERS, your disability distributions or periodic payment must be suspended. You are not eligible to receive a disability retirement benefit while permanently employed with a NDPERS participating employer.

RETIREE HEALTH INSURANCE CREDIT (RHIC), TIER 1

To be eligible for RHIC in the NDPERS Defined Contribution Plan, you must be first enrolled as a participant before January 1, 2020.

Pursuant to N.D.C.C. 54-52.1-03.2, your employer contributes 1.14% of your gross monthly salary to the retiree health insurance credit program.

The Retiree Health Insurance Credit Program offers you a credit to receive reimbursement of premiums you pay for upon retirement. This credit can only be used if you are drawing a monthly NDPERS benefit payment. **Your RHIC may be used for any after-tax health and/or prescription drug premium expense, as well as for any dental, vision, or long term care premium expense effective August 1, 2019.**



Defined Contribution Plan members must be at least 55 years of age or meet the “Rule” and must be receiving a periodic distribution from the trustee company at least annually each calendar year to be eligible for the RHIC benefit. Your RHIC is only reimbursed for eligible insurance premiums as long as you are receiving a periodic distribution.

RHIC is calculated as \$5.00 for every year of retirement service credit, subject to reduction for early retirement (see table on next page for age reduction factors). Your retiree insurance credit will not be reduced if you are age 65, meet the “Rule” or are receiving NDPERS Disability retirement benefits.

For instance, if you are 60 years old at retirement and have 25 years of service, you may be reimbursed up to \$125 RHIC towards eligible health insurance premiums because you meet the “Rule”. However, if you are 60 and have 24 years of service, your RHIC will be \$87.60 (24 x \$5.00, reduced by 73 percent age reduction).

If you are enrolled in NDPERS sponsored insurance coverage, NDPERS will bill you for the full premium amount or deduct the full premium amount from your bank account or pension check each month. Then, NDPERS will substantiate your monthly premium amounts and the third party administrator will reimburse you up to your eligible monthly RHIC amount.

If you are enrolled in non-NDPERS sponsored health or prescription drug coverage, you will need to provide documentation of eligible insurance premiums and proof of payment to the third party administrator.

Combining Retiree Health Insurance Credits

Effective August 1, 2007, spouses who each have RHIC may authorize NDPERS to combine their respective credits only when enrolled in the NDPERS sponsored family health plan.

A “**Request to Combine Retiree Health Insurance Credits SFN 58591**” must be completed and submitted to NDPERS prior to the 15th of the month to be effective for the following month.

RHIC Reduction Factors

Age at Retirement	Reduction Factor
64 to 65	3%
63 to 64	9%
62 to 63	15%
61 to 62	21%
60 to 61	27%
59 to 60	33%
58 to 59	39%
57 to 58	45%
56 to 57	51%
55 to 56	57%

RETIREE HEALTH INSURANCE CREDIT OPTIONS

If you chose the **Standard Option**, upon your death, your retiree health insurance credit will be transferred to your surviving spouse **ONLY** if your surviving spouse receives a periodic distribution from the trustee company at least annually each calendar year to be eligible for the RHIC payment from NDPERS. He or she can use the health insurance credit for as long as the benefit payments continue.

Under the **Alternate Health Credit Option**, if you are married, you have the opportunity to elect an alternate form of retiree health insurance credit. You may choose an actuarially reduced 50% or 100% Joint & Survivor retiree insurance credit option that applies only to the insurance credit portion of your retirement benefits. The alternate option is actuarially reduced based upon your age and the age of your spouse. With this option, upon your death, your surviving spouse will receive the RHIC amount for life.

MISCELLANEOUS INFORMATION, TIER 1

Attachment of Your Account

Your Account may not be attached, garnished, assigned or used as collateral for a loan except to the extent required by law. Creditors may not attach, garnish or otherwise interfere with your Account balance, except in the case of a proper IRS tax levy or a Qualified Domestic Relations Order (QDRO).

Plan to Plan Transfers of Assets

The NDPERS board may direct the Trust Company to transfer all or a portion of the assets in the Account of designated Participants to another plan or plans maintained by NDPERS subject to certain restrictions. The plan receiving the Trust Funds must contain a provision allowing the transfer and preserve any benefits required to be protected under existing laws and regulations. In addition, a Participant's vested Account balance may not be decreased as a result of the transfer to another plan.

Plan Amendment

Certain provisions of the Plan are subject to amendment by NDPERS that may directly or indirectly modify certain Plan rights and benefits. If NDPERS amends the Plan, you will be notified in writing.

Plan Termination

The employer has no legal or contractual obligation to make annual contributions to or to continue the Plan. With the approval of the designated principal(s), the employer may at any time reduce or suspend its contributions, if applicable. While NDPERS intends to continue the Plan, it reserves the right to change or terminate the Plan at any time as circumstances may dictate.

Fees

There are two types of fees under the Defined Contribution plan. Neither of these fees are fixed and may vary over time. The first type of fee is the plan administration fee. The second fee is the investment fee. Investment fees vary based upon the type of investments you select.

Interpretation of Plan

The NDPERS board has the power and discretionary authority to construe the terms of the Plan and to determine all questions that arise under it. Such power and authority includes, for example, the administrative discretion necessary to resolve issues with respect to an Employee's eligibility for benefits, credited service for determining retiree health credit, disability and retirement, or to interpret any other term contained in Plan documents. The Board's interpretations and determinations are binding on all Participants, employees, former employees, and their beneficiaries.

Electronic Delivery

This Summary Plan Description and other important information may be delivered to you through electronic means. This Summary Plan Description (SPD) contains important information concerning your rights and benefits under the Plan. If you receive this SPD (or any other Plan information) through electronic means, you are entitled to request a paper copy of this document, free of charge, from the employer. The electronic version of this document contains substantially the same style, format and content as the paper version.

DEFINED CONTRIBUTION 2020, TIER 2

PARTICIPATION, TIER 2

An eligible non-classified state employee who made an irrevocable election to join the defined contribution plan under NDCC 54-52.6 on or after January 1, 2020 but before January 1, 2025 within the first six month of employment. Eligibility includes all permanent non-classified 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 in an eligible position.

Eligibility to Participate

Effective January 1, 2020, **all non-classified state employees** and appointed and elected state officials that made an election to participate **and no longer have a Retiree Health Insurance Credit (RHIC) available**. Includes employees that have no more than 5 years of service and elect to participate in the 2025 special election. **Excludes employees eligible for the Judges Retirement**, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.

CONTRIBUTIONS, TIER 2

The definition of “compensation” is found in NDCC 54-52.6-01(8). Your eligible compensation generally means the taxable compensation for a Plan Year reportable by your Employer on your IRS Form W-2 for a Plan Year, plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457.

Compensation does not include unused sick leave, personal leave, vacation paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, worker’s compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the Participant and the State of North Dakota.

Tax laws limit the amount of compensation that may be taken into account each Plan Year. Please review the [IRS maximum calendar year limit](#) amount for the current year. (this amount is subject to annual cost of living adjustments in \$5,000 increments).

Employee Contributions

Each participant first enrolled on or before January 1, 2025 shall contribute seven percent (7%) of his or her compensation to the Plan. These are called “Employee Retirement Contributions”. This percentage of compensation may presently be contributed by your employer under section 414(h) of the Internal Revenue Code and is paid in equal monthly installments commencing with the first month of participation in this Plan.

Employer Contributions

Each calendar month your employer will make a contribution on your behalf to the retirement plan based upon a percentage of your gross compensation.

Employer Payment of Employee Contributions

The Employer, at its option, may “pick up” or pay for a permanent employee’s contribution for compensation earned after December 31, 1999. The amount to be 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.

Permanent/Full-Time Employees (Includes Mandatory Participants, Appointed Officials, and Elected Officials) contributions are as follows:

Defined Contribution 2020 Tier 2 - Members first enrolled on or after January 1, 2020

- | | |
|------------------------------------|-------|
| • Employee Retirement Contribution | 7.00% |
| • Employer Retirement Contribution | 8.26% |

Optional Participant

A Part-Time or Temporary Employee (Optional Participant) who elects to participate in the plan is required to pay monthly into the fund based upon monthly gross salary. This amount will be forwarded to the Trust Company. An employer for a part-time of temporary employee may not pay any portion of the required contributions.

Part-Time/Temporary Employees (Optional Participants) contributions are as follows:

Defined Contribution 2020 Tier 2 - Members first enrolled on or after January 1, 2020

- Employee Retirement Contribution 15.26%

DEFINED CONTRIBUTION PLAN VESTING, TIER 2

The term “vesting” refers to your non-forfeitable right to the money in your Account. You are always immediately 100% vested in your Employee Contributions, even if your Employer has paid them.

Employer Contributions will be vested in accordance with the following schedule:

Years of Service	Percentage Vested
Less than 2 years	0%
2 years	50%
3 years	75%
4 years	100%

For purposes of vesting, you will be credited for years of service earned as a participant in the NDPERS Defined Benefit Plan at the time of transfer. However, if you terminate employment with the State, are paid a distribution from this Plan, and are later reemployed by the State, your years of service upon reemployment will be zero (i.e., your prior years of service will not count towards vesting).

USERRA, TIER 2

Special provisions under the Uniformed Services Employment and Re-employment Rights Act (USERRA) may apply if your covered employment under NDPERS was interrupted because you were drafted or you enlisted for active service in the Armed Forces of the United States.

Upon return from active duty, the member may be entitled to have their credit while on active duty recognized by NDPERS for vesting in the employer contribution). A reservist should make application to NDPERS by submitting a written request for the above along with a photocopy of their DD214 form.

In addition, a returning reservist has the option to purchase the service credit not accrued during the leave. Retirement credit may be granted for this purpose upon proper documentation and receipt of past contributions.

If application is made to the employer, then the employer is required to pay the employer portion of the retirement contributions on behalf of a reservist that applies to purchase the missed service. The employer is also required to pay any portion of the employee contribution in the same manner that it would have been paid had the reservist not been activated. If the employer does not pay any or all of the employee contribution on behalf of its employees, then the reservist is required to pay the employee contribution in order to receive the service credit.

The salary to be used in determining the cost to receive the credit must be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary cannot be determined, then the employee's average rate of compensation during the 12-month period immediately preceding their call to active duty should be used. The following applies to the payment of purchased credit:

- 4) The timeframe that the reservist has to pay any required employee contributions to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not apply and/or purchase during this timeframe, then the employee will not have opportunity to purchase the service in the future as there are not purchase provisions within this plan.
- 5) If a reservist chooses to make installment payments to the plan to purchase the service, the plan cannot charge interest on the unpaid balance.
- 6) If the reservist elects to make monthly payments through payroll deduction, then the employer will be required to submit the same amount of monthly payments towards the required employer contribution, as well as any employee contribution that the employer is required to pay. If the reservist elects any other type of installment payment or is not having payments payroll deducted, then the employer will be billed upon the completion of the purchase by the employee for all required employer paid contributions (employee or employer depending on reporting option).

Upon receipt of the Purchase Agreement for USERRA Covered Military Active Duty SFN 17758, NDPERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist and/or employer.

Also, pursuant to the Heroes Earnings Assistance and Relief Tax Act (HEART), if you die during qualified military service, your surviving spouse or Beneficiary is entitled to have your military service credited towards vesting in the employer contribution.

DISTRIBUTION OF BENEFITS, TIER 2

Eligibility for Benefits

A distribution of your account can only occur upon your termination of employment, retirement or disability retirement from your employer, upon the filing of a Qualified Domestic Relations Order (QDRO) or in the event of your death.

Administrative Requirements for Refunds/Rollovers

Upon termination of employment, you and your employer must complete and file the **“Refund/Rollover Forms”** with NDPERS. 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 tax notification requirements. 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
- Health Insurance Coverage
- Dental Insurance Coverage
- Vision Insurance Coverage

Should you become re-employed with a participating employer before 31 days have passed, no refund or direct rollover will be issued and your retirement account will pick up where it left off with your previous employment.

DISABILITY RETIREMENT BENEFITS, TIER 2

Disability Benefit Eligibility

Distribution of a participating member’s vested account balance is allowed if the board determines the participating member has become totally and permanently disabled. To be eligible for NDPERS disability retirement benefits the following must apply:

- Your disability must have occurred during a period of eligible employment.
- You must be unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment expected to result in death or which will or has lasted for a continuous period of not less than 12 (twelve) months.
- You must submit the **“Disability Retirement Guide Form Packet”** to the NDPERS office within 12 (twelve) months of termination of employment due to disability.

- You must be determined to be disabled by the NDPERS' medical advisor who is responsible for making disability eligibility determinations for the Board. In lieu of a review by the NDPERS' medical advisor, a member who qualifies for Social Security Disability benefits and submits the "Disability Retirement Forms" with a copy of the Social Security Notice of Award may be deemed eligible for NDPERS disability benefits without requiring a determination from the medical advisor. The Social Security Notice of Award must provide proof that the member's disability was determined during his/her period of eligible employment. Eligibility for disability benefits will be subject to ongoing recertification requirements as specified by the NDPERS' medical advisor.

Disability Application Procedure

You must submit the "**Disability Retirement Guide Form Packet**" to the NDPERS office **within 12 (twelve) months of termination due to disability**.

Applications for disability or early retirement benefits may be submitted to the NDPERS office up to four (4) months prior to your termination of employment. or the Disability benefit.

Disability Benefit Payments

If you are deemed eligible for NDPERS disability benefits, you are eligible to receive distributions from your vested account balance for the duration of your disability or until your vested account balance is depleted. Disability status is subject to recertification as determined by the Plan's Medical Consultant.

Review Procedure

A member receiving a notice that his or her application for disability benefits or recertification of benefits is denied may request a review of the decision. A written request for review must be received in the NDPERS office within 60 days of the member receiving a denial notice.

Recertification of Disability Eligibility

A disabled annuitant's eligibility must be recertified within eighteen (18) months after the first check is issued and thereafter as specified by the medical consultant. NDPERS will send an "**Application for Recertification of Disability Benefits SFN 50149**" and a "**Statement of Annual Earnings for Disability Annuitants SFN 53157**" to the disabled annuitant to be completed and returned to NDPERS prior to the recertification date.

Distributable Events

You are eligible to request a distribution of your vested Account balance upon the occurrence of any of the following events:

Termination of Employment

Termination of employment means a severance of employment and being off the payroll of a participating employer for a minimum of at least one month. Termination of employment does not include an approved leave of absence. If you terminate your

eligible employment, you may elect to receive a distribution of your vested account balance from the Plan after being off the payroll for 31 days.

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

If your vested account balance exceeds, or at the time of any prior distribution exceeded \$1,000, or you request that your account remain in the Plan, you may delay your distribution until you are required by law to receive minimum required distributions (MRD). You will have a continuing election to request a distribution if you elect to postpone your distribution unless you are reemployed in eligible employment with a participating employer. The value of your account balance will continue to experience gains and losses based on your investment returns. Your written consent will be required for any distribution. Your Beneficiary or Beneficiaries may request a distribution of your vested account balance in the event of your death.

If you are under age 59 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution, unless an exception to this tax penalty applies. The 10% additional income tax does not apply to payments made after you terminate employment if you will be at least age 55 in the year of termination; or to payments made after terminate that are paid at least annually in equal amounts over your life or life expectancy; or payments made due to disability or after your death. You should consult with your tax advisor to determine the tax consequences before you request a distribution.

Death

If you die before any or all benefits are paid to you, then your Beneficiary or Beneficiaries will be entitled to receive your vested Account balance. You may designate a Beneficiary or Beneficiaries on a **Designation of Beneficiary SFN 2560**. The completed beneficiary designation form must be filed with NDPERS. If you are married and want to designate someone other than or in addition to your spouse as your primary beneficiary, your spouse must consent to this designation by signing the form.

QDRO Distributions

A Qualified Domestic Relations Order (QDRO) is a special order issued by the court in a divorce, child support or similar proceeding and approved under the Plan. In this situation, your spouse (or former spouse) or someone other than you or your beneficiary, may be entitled to a portion or all of your Account balance based on the court order. Upon the order becoming qualified, an alternate payee will receive his or her share of the participant's benefit in the Plan in the form of a lump sum cash payment payable as soon as administratively practicable after the order is determined to be qualified. You may obtain, without charge, a copy of the QDRO procedures from NDPERS by contacting the NDPERS office or viewing the QDRO information on the NDPERS website.

Required Beginning Date

Note: If you are terminated, you are required by law to receive a minimum required distribution from the Plan no later than April 1 of the calendar year following the calendar year in which you turn age 70½ (if you were born before July 1, 1949), age 72 (if you were born on or after July 1, 1949), or age 73 (if you were born on or after January 1, 1951).

If you are an eligible active employee, working beyond age 70½ (if you were born before July 1, 1949), age 72 (if you were born on or after July 1, 1949), or age 73 (if you were born on or after January 1, 1951), you may continue to participate in the Plan. Upon termination of employment, your minimum distribution becomes payable and taxable to you.

Retirement Distribution Options

You must contact the NDPERS office to obtain the necessary paperwork to apply for a distribution. The following distribution options are available under the Plan:

Lump sum distributions

If you elect this option, your entire vested Account balance will be paid to you in a lump-sum. You may elect to roll this lump-sum distribution into another eligible employer plan or traditional IRA.

Periodic distributions

If you elect this option, your vested Account balance will be paid to you in monthly, quarterly, semiannual or, no less than annual periodic payments until your account balance is exhausted.

Limitations on contributions

There are certain limitations established under the Internal Revenue Code on the maximum annual contributions that can be made to the Plan under section 415 and on the maximum compensation amount used to determine contributions under section 401(a)(17). While most members will never reach these maximums, the limitations are set forth in the laws governing the Plan. Should your contributions exceed these maximum limitations, the NDPERS office will notify you in writing.

DISTRIBUTION RULES, TIER 2

Cash Distributions

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. 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 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution, unless an exception to this tax penalty applies. If you request a cash distribution, the Plan will provide written information about tax rules that apply to such distributions. However, you should consult with your tax advisor to determine the tax consequences before you request a distribution.

Direct Rollover Distribution

As an alternative to a cash distribution and to avoid the 20% tax withholding requirement, you may request that your entire distribution be rolled directly into a traditional IRA or another eligible employer plan (if it accepts rollover contributions). Federal income taxes will not be withheld on any direct rollover distribution.

Rollover to a Traditional 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 IRA. After authorizing your distribution, the Plan Administrator 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 your custodian or trustee. You must provide the Plan Administrator with complete information to facilitate your direct rollover distribution.

Rollover to Another Eligible Employer Plan – You should check with your new 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 new employer’s eligible plan. After authorizing your distribution, your Plan Administrator will forward the form to the Trustee Company. A check will be issued by the Trustee Company payable to the trustee of your new employer’s 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.

Combination Cash Distribution and Direct Rollover Distribution

You may request that part of your distribution be paid directly to you and the balance be directly rolled into a traditional IRA or an eligible employer plan. Any cash distribution you receive will be subject to the Federal income tax withholding rules referred to in (1). Any direct rollover distribution will be made in accordance with the provisions referred to in (2).

Consult your tax advisor for further details.

Administrative Requirements for Periodic Benefit Payments

You must complete the “**Retirement Guide Forms**” and send them to NDPERS at least 60 days prior to retirement. In accordance with laws governing processing retirement benefits, NDPERS must receive an “**Application for Periodic Payments for Defined Contribution, SFN 59045**” and appropriate legal documentation at least 31 days before retirement or before the distribution of the first retirement check. If documents are ***filed*** too late, the payment will **be delayed**.

BENEFITS & RETURN TO WORK, TIER 2

To be eligible for benefits, you must terminate employment or terminate membership. "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). This period is determined by counting 31 days from your final regular payroll payment to the date you begin actual employment (first day of work) with a new NDPERS participating employer.

Approved leave of absence does not constitute termination of employment. "Termination of participation" means termination of eligibility to participate in the retirement plan.

Refunds/Rollovers

If you applied for a refund/rollover distribution of your member account balance, you must be off all covered NDPERS employer payroll(s) for at least 31 days to meet eligibility and your distribution will occur within 60-90 days.

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.

If you become re-employed with any NDPERS-covered employer prior to being in receipt of your distribution, no refund/rollover will be issued. The meaning of "covered employer" is any NDPERS-affiliated employer in the NDPERS retirement program, whether you are in a contributing or non-contributing status. If returning to any NDPERS-covered employer, your application will be cancelled and your retirement account will pick up where it left off with your previous employment.

If you are transferring to another job where you will be covered by one of the other state sponsored retirement plans, this does not constitute a termination of employment and you are not eligible to apply for a refund/rollover distribution.

Retirement and Return to Work

- a) If you return to permanent employment with a NDPERS participating employer, your hours of employment must be restricted if you wish to continue receiving your periodic payment. Your employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. You may work more than 20 hours per week if employed less than 20 weeks per year.
- b) If you are employed for 20 or more hours a week for 20 or more weeks per year then your retirement benefit will be suspended. You are not eligible to receive a periodic payment while permanently employed with a NDPERS participating employer. Upon termination of employment, you may resume periodic payments. Your previous retirement account will be combined with your current retirement account.

Disability and Return to Work

If you return to work in a permanent full-time position and are eligible to participate in NDPERS, your disability periodic payments must be suspended. You are not eligible to receive a disability payment while permanently employed with a NDPERS participating employer.

MISCELLANEOUS INFORMATION, TIER 2

Attachment of Your Account

Your Account may not be attached, garnished, assigned or used as collateral for a loan except to the extent required by law. Creditors may not attach, garnish or otherwise interfere with your Account balance, except in the case of a proper IRS tax levy or a Qualified Domestic Relations Order (QDRO).

Plan to Plan Transfers of Assets

The NDPERS board may direct the Trust Company to transfer all or a portion of the assets in the Account of designated Participants to another plan or plans maintained by NDPERS subject to certain restrictions. The plan receiving the Trust Funds must contain a provision allowing the transfer and preserve any benefits required to be protected under existing laws and regulations. In addition, a Participant's vested Account balance may not be decreased as a result of the transfer to another plan.

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Certain provisions of the Plan are subject to amendment by NDPERS that may directly or indirectly modify certain Plan rights and benefits. If NDPERS amends the Plan, you will be notified in writing.

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The employer has no legal or contractual obligation to make annual contributions to or to continue the Plan. With the approval of the designated principal(s), the employer may at any time reduce or suspend its contributions, if applicable. While NDPERS intends to continue the Plan, it reserves the right to change or terminate the Plan at any time as circumstances may dictate.

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There are two types of fees under the Defined Contribution plan. Neither of these fees are fixed and may vary over time. The first type of fee is the plan administration fee. The second fee is the investment fee. Investment fees vary based upon the type of investments you select.

Interpretation of Plan

The NDPERS board has the power and discretionary authority to construe the terms of the Plan and to determine all questions that arise under it. Such power and authority includes, for example, the administrative discretion necessary to resolve issues with respect to an Employee's eligibility for benefits, credited service for determining retiree health credit, disability and retirement, or to interpret any other term contained in Plan documents. The Board's interpretations and determinations are binding on all Participants, employees, former employees, and their beneficiaries.

Electronic Delivery

This Summary Plan Description and other important information may be delivered to you through electronic means. This Summary Plan Description (SPD) contains important information concerning your rights and benefits under the Plan. If you receive this SPD (or any other Plan information) through electronic means, you are entitled to request a paper copy of this document, free of charge, from the employer. The electronic version of this document contains substantially the same style, format and content as the paper version.

DEFINED CONTRIBUTION 2025, TIER 3

PARTICIPATION, TIER 3

Effective January 1, 2025, **all permanent state and non-state employees** who meet mandatory participation requirements under NDCC 54-52.6 and must be enrolled upon date of hire.

Eligibility to Participate

- **Defined Contribution 2025 Tier 3**

Effective January 1, 2025, all permanent state and non-state employees who meet mandatory participation requirements under NDCC 54-52.6 and are eligible to contribute up to an additional 3% of gross earnings to receive up to a 3% employer matching provision.

- Includes temporary employees that elect to participate and appointed and elected state and non-state officials.
- Excludes employees eligible for the Public Safety Retirement and Judges Retirement under 54-52, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4.
- If a member of the Defined Contribution Plan begins employment in a position covered under the Public Safety Retirement and Judges Retirement under 54-52, Highway Patrol Retirement under NDCC 39-03.1, Teachers Fund for Retirement under NDCC 15-39.1, and the alternate retirement plan of the Board of Higher Education NDCC 15-10-17.4, the member's status as a member of the Defined Contribution Plan is suspended and the member becomes a new member of the retirement plan for which that member's new position is eligible. The member's account balance remains in the Defined Contribution Plan, but no new contributions may be made to that account. The member's service credit and salary history that were forfeited as a result of the member's transfer to the Defined Contribution Plan remain forfeited, and service credit accumulation in the new retirement plan begins from the first day of employment in the new position. If the member later returns to employment that is eligible for the Defined Contribution Plan, the member's suspension is terminated, the member again becomes a member of the Defined Contribution Plan, and the member's account shall resume accepting contributions. The contributions to the alternate retirement plan shall remain with the plan unless at the member's option, the member may transfer any available balance as determined by the provisions of the alternate retirement plan into the member's account in the Defined Contribution Plan.

Mandatory Participation Requirements (effective January 1, 2025)

If you are a state or political subdivision employee filling a permanent position that is regularly funded and not of limited duration, work a minimum of 20 hours per week for 20 or more weeks of the year, are at least 18 years of age, and first enrolled after

January 1, 2025, you must participate in the Defined Contribution Retirement Plan 2025 Tier 3.

According to 54-52.6-09, all eligible employees should be enrolled the first month of eligible employment, even when hired subject to a probationary period. There is no maximum age limit for enrollment purposes.

Participation for State and Non-state Elected and Appointed Officials

Elected or appointed officials taking office on or after January 1, 2025 who meet the mandatory participation requirements must be a participating member in the Defined Contribution Plan.

Participation for Other (Non state) Elected Officials of Participating Counties

Elected Officials of Participating Counties at their individual option, may enroll or waive participation in the Defined Contribution Plan within the first six (6) months of their term. All other elected officials who meet the above mandatory participation requirements must be enrolled in the Defined Contribution Plan. An elected official can elect to participate in NDPERS upon re-election. **Failure to enroll in NDPERS will result in an irrevocable waiver of participation.**

Participation Requirements for Other (Non-State) Appointed Officials

Officials of all other participating employers appointed on or after January 1, 2025 who meet the above mandatory participation requirements must be enrolled in the Defined Contribution Plan effective with the first month of taking office.

Optional Participation Requirements

If you are at least eighteen years old, and are not covered under the above provisions, you may elect to participate in the Defined Contribution Plan at your own cost within the first 180 days of employment or within 180 days of changing to part-time or temporary employment. You cannot participate in the Defined Contribution Plan if you are covered by another employer-sponsored plan. This applies to both private and public pension funds. Temporary or Part-time employees must complete the **Agreement/Waiver of Participation for Optional Defined Contribution Retirement Plan SFN 54366.**

CONTRIBUTIONS, TIER 3

The definition of “compensation” is found in NDCC 54-52.6-01(8). Your eligible compensation generally means the taxable compensation for a Plan Year reportable by your Employer on your IRS Form W-2 for a Plan Year, plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457.

Compensation does not include unused sick leave, personal leave, vacation paid in a lump sum, overtime, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, worker’s compensation benefits,

disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the Participant and the State of North Dakota.

Tax laws limit the amount of compensation that may be taken into account each Plan Year. Please review the [IRS maximum calendar year limit](#) amount for the current year. (this amount is subject to annual cost of living adjustments in \$5,000 increments).

Employee Contributions

Each participant first enrolled on or after January 1, 2025 shall contribute 4% of his or her compensation to the Plan. These are called “Employee Retirement Contributions”. This percentage of compensation may presently be contributed by your employer under section 414(h) of the Internal Revenue Code and is paid in equal monthly installments commencing with the first month of participation in this Plan.

Employer Contributions

Each calendar month your employer will make a required contribution of 5.26% on your behalf to the retirement plan based upon a percentage of your gross compensation. In addition, an Optional contribution may be made based upon you

Employer Payment of Employee Contributions

The Employer, at its option, may “pick up” or pay for the employee contributions for all compensation. The amount to be 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.

Permanent/Full-Time Employees (Includes Mandatory Participants, Appointed Officials, and Elected Officials) contributions are as follows:

Defined Contribution 2025 Tier 3 - Members first enrolled after January 1, 2025

- | | |
|------------------------------------|-------|
| • Employee Retirement Contribution | 4.00% |
| • Employer Retirement Contribution | 5.26% |

Optional Participants

A Temporary Employee who participates in the plan is required to pay monthly to the fund based upon monthly salary. This amount will be forwarded to the Trust Company. An employer may not pay any portion of the required Temporary Employee contributions.

Part-Time/Temporary Employees (Optional Participants) contributions are as follows:

Defined Contribution 2025 Tier 3 - Members hired after January 1, 2020

- | | |
|------------------------------------|-------|
| • Employee Retirement Contribution | 9.26% |
|------------------------------------|-------|

EMPLOYER MATCH, TIER 3

Defined Contribution Plan Match

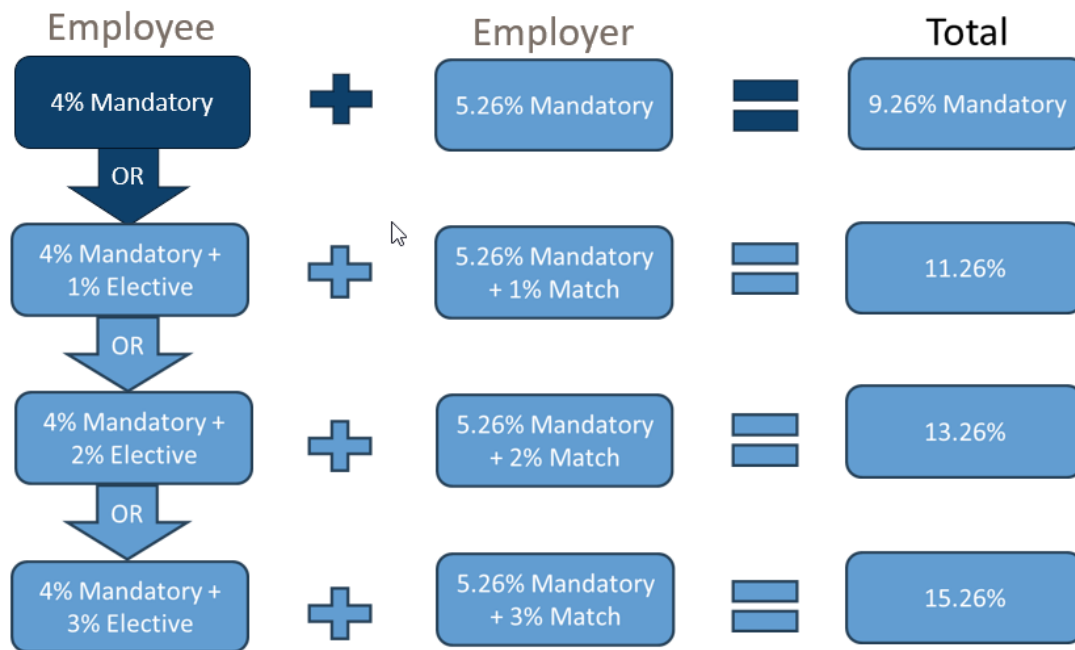
All Permanent/Full-Time Employees may voluntarily elect to additionally contribute up to 3% of their gross salary to the Defined Contribution Plan **within the first 30 days of employment**. This is an irrevocable lifetime election. Each employer must match the additional contribution up to 3%.

Deferred Compensation Plan Match

Permanent/Full-Time Employees may voluntarily elect to additionally contribute to a State of North Dakota 457 Plan administered through NDPERS at **any time after the first 30 days of employment**. The employer must match the additional employee contribution of up to 3% of gross salary in the State of North Dakota 457 Plan, if not already receiving the full eligible match up to the 3% in the Defined Contribution Plan. This employee election may be changed at any time.

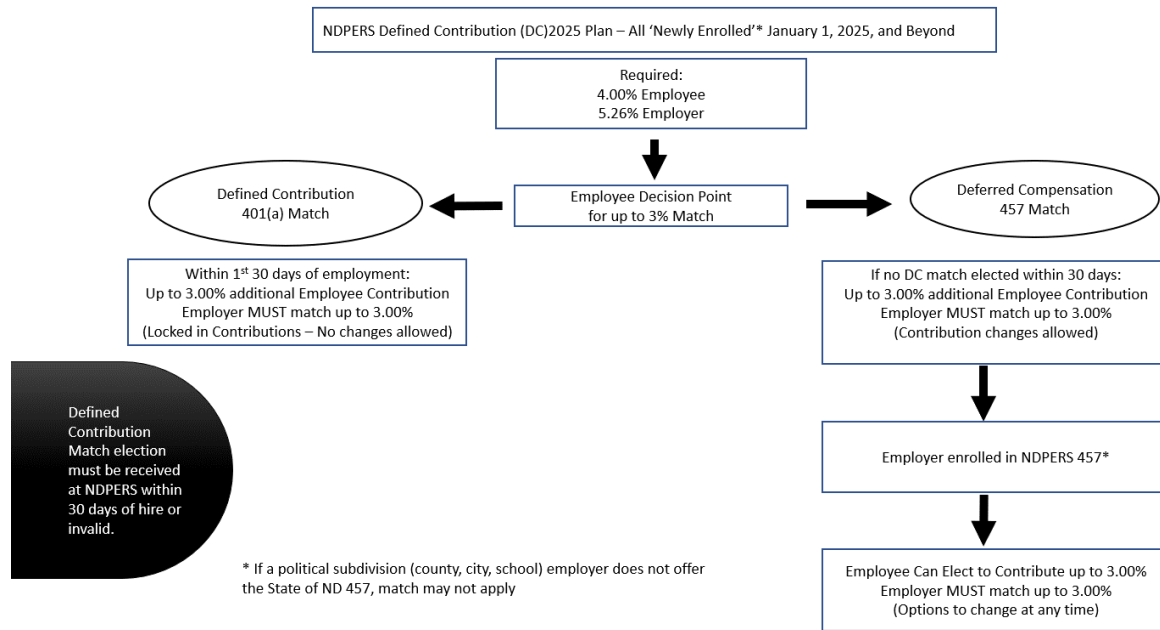
Permanent/Full-Time Employees of political subdivisions may voluntarily elect to additionally contribute to their individual employer's 457 or 403(B) deferred compensation plan at any time after the first 30 days of employment. The employer is not required to match the additional employee contribution up to 3% in their employer sponsored 457 or 403(b) plan, if not already receiving the full eligible match up to the 3% in the Defined Contribution Plan. This employee election may be changed at any time.

Summary of Permanent Employee Matching Contributions DC 2025 Elections



Please Note:

Participating Part-Time/Temporary employees in the Defined Contribution Plan are not eligible to participate in the State of North Dakota 457 Deferred Compensation Plan. As a result, the secondary option (shown in the section below) to receive matching contributions in the State of North Dakota 457 Plan after the 30 day irrevocable window closes is not available to Part-Time/Temporary employees.



Please Note:

Participating Part-Time/Temporary employees in the Defined Contribution Plan are not eligible to participate in the State of North Dakota 457 Deferred Compensation Plan. As a result, the secondary option to receive matching contributions in the State of North Dakota 457 Plan after the 30 day irrevocable window closes is not available to Part-Time/Temporary employees.

DEFINED CONTRIBUTION PLAN VESTING, TIER 3

The term “vesting” refers to your non-forfeitable right to the money in your Account. You are always immediately 100% vested in your Employee Contributions, even if your Employer has paid them.

Employer Contributions will be vested in accordance with the following schedule:

Years of Service	Percentage Vested
Less than 2 years	0%
2 years	50%
3 years	75%
4 years	100%

For purposes of vesting, you will be credited for years of service earned as a participant in the NDPERS Defined Benefit Plan at the time of transfer. However, if you terminate employment with the State, are paid a distribution from this Plan, and are later reemployed by the State, your years of service upon reemployment will be zero (i.e., your prior years of service will not count towards vesting).

USERRA, TIER 3

Special provisions under the Uniformed Services Employment and Re-employment Rights Act (USERRA) may apply if your covered employment under NDPERS was interrupted because you were drafted or you enlisted for active service in the Armed Forces of the United States.

Upon return from active duty, the member may be entitled to have their credit while on active duty recognized by NDPERS for vesting in the employer contribution). A reservist should make application to NDPERS by submitting a written request for the above along with a photocopy of their DD214 form.

In addition, a returning reservist has the option to purchase the service credit not accrued during the leave. Retirement credit may be granted for this purpose upon proper documentation and receipt of past contributions.

If application is made to the employer, then the employer is required to pay the employer portion of the retirement contributions on behalf of a reservist that applies to purchase the missed service. The employer is also required to pay any portion of the employee contribution in the same manner that it would have been paid had the reservist not been activated. If the employer does not pay any or all of the employee contribution on behalf of its employees, then the reservist is required to pay the employee contribution in order to receive the service credit.

The salary to be used in determining the cost to receive the credit must be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary cannot be determined, then the employee's average rate of compensation during the 12-month period immediately preceding their call to active duty should be used. The following applies to the payment of purchased credit:

- 7) The timeframe that the reservist has to pay any required employee contributions to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not apply and/or purchase during this timeframe, then the employee will not have opportunity to purchase the service in the future as there are not purchase provisions within this plan.
- 8) If a reservist chooses to make installment payments to the plan to purchase the service, the plan cannot charge interest on the unpaid balance.
- 9) If the reservist elects to make monthly payments through payroll deduction, then the employer will be required to submit the same amount of monthly payments towards the required employer contribution, as well as any employee contribution that the employer is required to pay. If the reservist elects any other type of installment payment or is not having payments payroll deducted, then the employer will be billed upon the completion of the purchase by the employee for all required employer paid contributions (employee or employer depending on reporting option).

Upon receipt of the **Purchase Agreement for USERRA Covered Military Active Duty SFN 17758**, NDPERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist and/or employer.

Also, pursuant to the Heroes Earnings Assistance and Relief Tax Act (HEART), if you die during qualified military service, your surviving spouse or Beneficiary is entitled to have your military service credited towards vesting in the employer contribution.

DISTRIBUTION OF BENEFITS, TIER 3

Eligibility for Benefits

A distribution of your account can only occur upon your termination of employment, retirement or disability retirement from your employer, upon the filing of a Qualified Domestic Relations Order (QDRO) or in the event of your death.

Administrative Requirements for Refunds/Rollovers

Upon termination of employment, you and your employer must complete and file the **“Refund/Rollover Forms”** with NDPERS. 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 tax notification requirements. 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
- Health Insurance Coverage
- Dental Insurance Coverage
- Vision Insurance Coverage

Should you become re-employed with a participating employer before 31 days have passed, no refund or direct rollover will be issued and your retirement account will pick up where it left off with your previous employment.

DISABILITY RETIREMENT BENEFITS, TIER 3

Disability Benefit Eligibility

Distribution of a participating member’s vested account balance is allowed if the board determines the participating member has become totally and permanently disabled. To be eligible for NDPERS disability retirement benefits the following must apply:

- Your disability must have occurred during a period of eligible employment.
- You must be unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment expected to result in death or which will or has lasted for a continuous period of not less than 12 (twelve) months.
- You must submit the **“Disability Retirement Guide Form Packet”** to the NDPERS office within 12 (twelve) months of termination of employment due to disability.
- You must be determined to be disabled by the NDPERS’ medical advisor who is responsible for making disability eligibility determinations for the Board. In lieu of a

review by the NDPERS' medical advisor, a member who qualifies for Social Security Disability benefits and submits the "Disability Retirement Forms" with a copy of the Social Security Notice of Award may be deemed eligible for NDPERS disability benefits without requiring a determination from the medical advisor. The Social Security Notice of Award must provide proof that the member's disability was determined during his/her period of eligible employment. Eligibility for disability benefits will be subject to ongoing recertification requirements as specified by the NDPERS' medical advisor.

Disability Application Procedure

You must submit the **"Disability Retirement Guide Form Packet"** to the NDPERS office **within 12 (twelve) months of termination due to disability**.

Applications for disability benefits may be submitted to the NDPERS office up to four (4) months prior to your termination of employment. or the Disability benefit. Your disability status may also impact your retiree health credit.

Disability Benefit Payments

If you are deemed eligible for NDPERS disability benefits, you are eligible to receive distributions from your vested account balance for the duration of your disability or until your vested account balance is depleted. Disability status is subject to recertification as determined by the Plan's Medical Consultant.

Review Procedure

A member receiving a notice that his or her application for disability benefits or recertification of benefits is denied may request a review of the decision. A written request for review must be received in the NDPERS office within 60 days of the member receiving a denial notice.

Recertification of Disability Eligibility

A disabled annuitant's eligibility must be recertified within eighteen (18) months after the first check is issued and thereafter as specified by the medical consultant. NDPERS will send an **"Application for Recertification of Disability Benefits SFN 50149"** and a **"Statement of Annual Earnings for Disability Annuitants SFN 53157"** to the disabled annuitant to be completed and returned to NDPERS prior to the recertification date.

Distributable Events

You are eligible to request a distribution of your vested Account balance upon the occurrence of any of the following events:

Termination of Employment

Termination of employment means a severance of employment and being off the payroll of a participating employer for a minimum of at least one month. Termination of employment does not include an approved leave of absence. If you terminate your eligible employment, you may elect to receive a distribution of your vested account balance from the Plan after being off the payroll for 31 days.

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

If your vested account balance exceeds, or at the time of any prior distribution exceeded \$1,000, or you request that your account remain in the Plan, you may delay your distribution until you are required by law to receive minimum required distributions (MRD). You will have a continuing election to request a distribution if you elect to postpone your distribution unless you are reemployed in eligible employment with a participating employer. The value of your account balance will continue to experience gains and losses based on your investment returns. Your written consent will be required for any distribution. Your Beneficiary or Beneficiaries may request a distribution of your vested account balance in the event of your death.

If you are under age 59 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution, unless an exception to this tax penalty applies. The 10% additional income tax does not apply to payments made after you terminate employment if you will be at least age 55 in the year of termination; or to payments made after terminate that are paid at least annually in equal amounts over your life or life expectancy; or payments made due to disability or after your death. You should consult with your tax advisor to determine the tax consequences before you request a distribution.

Death

If you die before any or all benefits are paid to you, then your Beneficiary or Beneficiaries will be entitled to receive your vested Account balance. You may designate a Beneficiary or Beneficiaries on a **Designation of Beneficiary SFN 2560**. The completed beneficiary designation form must be filed with NDPERS. If you are married and want to designate someone other than or in addition to your spouse as your primary beneficiary, your spouse must consent to this designation by signing the form.

QDRO Distributions

A Qualified Domestic Relations Order (QDRO) is a special order issued by the court in a divorce, child support or similar proceeding and approved under the Plan. In this situation, your spouse (or former spouse) or someone other than you or your beneficiary, may be entitled to a portion or all of your Account balance based on the court order. Upon the order becoming qualified, an alternate payee will receive his or her share of the participant's benefit in the Plan in the form of a lump sum cash payment payable as soon as administratively practicable after the order is determined to be qualified. You may obtain, without charge, a copy of the QDRO procedures from NDPERS by contacting the NDPERS office or viewing the QDRO information on the NDPERS website.

Required Beginning Date

Note: If you are terminated, you are required by law to receive a minimum required distribution from the Plan no later than April 1 of the calendar year following the calendar year in which you turn age 70½ (if you were born before July 1, 1949), age 72 (if you were born on or after July 1, 1949), or age 73 (if you were born on or after January 1, 1951).

If you are an eligible active employee, working beyond age 70½ (if you were born before July 1, 1949), age 72 (if you were born on or after July 1, 1949), or age 73 (if you were born on or after January 1, 1951), you may continue to participate in the Plan. Upon termination of employment, your minimum distribution becomes payable and taxable to you.

Retirement Distribution Options

You must contact the NDPERS office to obtain the necessary paperwork to apply for a distribution. The following distribution options are available under the Plan:

Lump sum distributions

If you elect this option, your entire vested Account balance will be paid to you in a lump-sum. You may elect to roll this lump-sum distribution into another eligible employer plan or traditional IRA.

Periodic distributions

If you elect this option, your vested Account balance will be paid to you in monthly, quarterly, semiannual or, no less than annual periodic payments until your account balance is exhausted.

Limitations on contributions

There are certain limitations established under the Internal Revenue Code on the maximum annual contributions that can be made to the Plan under section 415 and on the maximum compensation amount used to determine contributions under section 401(a)(17). While most members will never reach these maximums, the limitations are set forth in the laws governing the Plan. Should your contributions exceed these maximum limitations, the NDPERS office will notify you in writing.

DISTRIBUTION RULES, TIER 3

Cash Distributions

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. 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 ½ at the time the distribution occurs, you will be subject to a 10% penalty at the time you file your income tax return for the year you took the distribution, unless an exception to this tax penalty applies. If you request a cash distribution, the Plan will provide written information about tax rules that apply to such distributions. However, you should consult with your tax advisor to determine the tax consequences before you request a distribution.

Direct Rollover Distribution

As an alternative to a cash distribution and to avoid the 20% tax withholding requirement, you may request that your entire distribution be rolled directly into a traditional IRA or another eligible employer plan (if it accepts rollover contributions). Federal income taxes will not be withheld on any direct rollover distribution.

Rollover to a Traditional 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 IRA. After authorizing your distribution, the Plan Administrator 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 your custodian or trustee. You must provide the Plan Administrator with complete information to facilitate your direct rollover distribution.

Rollover to Another Eligible Employer Plan – You should check with your new 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 new employer’s eligible plan. After authorizing your distribution, your Plan Administrator will forward the form to the Trustee Company. A check will be issued by the Trustee Company payable to the trustee of your new employer’s 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.

Combination Cash Distribution and Direct Rollover Distribution

You may request that part of your distribution be paid directly to you and the balance be directly rolled into a traditional IRA or an eligible employer plan. Any cash distribution you receive will be subject to the Federal income tax withholding rules referred to in (1). Any direct rollover distribution will be made in accordance with the provisions referred to in (2).

Consult your tax advisor for further details.

Administrative Requirements for Periodic Benefit Payments

You must complete the “**Retirement Guide Forms**” and send them to NDPERS at least 60 days prior to retirement. In accordance with laws governing processing retirement benefits, NDPERS must receive an “**Application for Periodic Payments for Defined Contribution, SFN 59045**” and appropriate legal documentation at least 31 days before retirement or before the distribution of the first retirement check. If documents are ***filed*** too late, the payment will **be delayed**.

BENEFITS & RETURN TO WORK, TIER 3

To be eligible for benefits, you must terminate employment or terminate membership. "Termination of employment" means a severance of employment by not being on the payroll of a covered employer for a minimum of one month (31 days). This period is determined by counting 31 days from your final regular payroll payment to the date you begin actual employment (first day of work) with a new NDPERS participating employer.

Approved leave of absence does not constitute termination of employment. "Termination of participation" means termination of eligibility to participate in the retirement plan.

Refunds/Rollovers

If you applied for a refund/rollover distribution of your member account balance, you must be off all covered NDPERS employer payroll(s) for at least 31 days to meet eligibility and your distribution will occur within 60-90 days.

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.

If you become re-employed with any NDPERS-covered employer prior to being in receipt of your distribution, no refund/rollover will be issued. The meaning of "covered employer" is any NDPERS-affiliated employer in the NDPERS retirement program, whether you are in a contributing or non-contributing status. If returning to any NDPERS-covered employer, your application will be cancelled and your retirement account will pick up where it left off with your previous employment.

If you are transferring to another job where you will be covered by one of the other state sponsored retirement plans, this does not constitute a termination of employment and you are not eligible to apply for a refund/rollover distribution.

Retirement and Return to Work

- a) If you return to permanent employment with a NDPERS participating employer, your hours of employment must be restricted if you wish to continue receiving your periodic payment. Your employment must be limited to less than 20 hours per week if employed 20 weeks or more months per year. You may work more than 20 hours per week if employed less than 20 weeks per year.
- b) If you are employed for 20 or more hours a week for 20 or more weeks per year then your retirement benefit will be suspended. You are not eligible to receive a periodic payment while permanently employed with a NDPERS participating employer. Upon termination of employment, you may resume periodic payments. Your previous retirement account will be combined with your current retirement account.

Disability and Return to Work

If you return to work in a permanent full-time position and are eligible to participate in NDPERS, your disability benefits must be suspended. You are not eligible to receive a disability periodic payment while permanently employed with a NDPERS participating employer.

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INDEX OF FORMS

Available at <https://www.ndpers.nd.gov/>

IF YOU ARE TRYING TO	OBTAIN THIS FORM
Enroll in the Defined Contribution 2025, Tier 3 Plan – Permanent Employee	PERSLink Member Self Service (MSS) or Defined Contribution Plan Enrollment SFN 62522
Enroll in the Defined Contribution 2025, Tier 3 Plan – Temporary Employee	PERSLink Member Self Service (MSS) or Defined Contribution Temporary Enrollment SFN 54366
Enroll in a State of ND 457 Plan	PERSLink Member Self Service (MSS) or 457 Deferred Compensation Plan Enrollment/Change SFN 3803
Change your address	PERSLink Member Self Service (MSS) or Notice of Change SFN 10766
Change your name	PERSLink Member Self Service (MSS) or Notice of Change SFN 10766
Change your marital status	PERSLink Member Self Service (MSS) or Notice of Change SFN 10766
Change your beneficiary for retirement benefits	Designation of Beneficiary SFN 2560
Notify NDPERS of your retirement and election to receive a periodic payment	Retirement Guide Form Packet SFN 53723 Empower Distribution form also required.*
Notify NDPERS of your termination of employment and election to withdraw retirement money	Refund/Rollover Guide & Forms Packet Empower Distribution form also required.*
Notify NDPERS of your termination of employment and election to directly rollover your retirement funds	Refund/Rollover Guide & Forms Packet Empower Distribution form also required.*
Notify NDPERS of your termination of employment and election to defer distribution of your retirement account to a later date	Deferred Retirement Guide & Forms Packet

*The Empower **Distribution form** can be obtained by contacting Empower by phone at 866-816-4400 or via online at empowermyretirement.com

REFUND/ROLLOVER CHECKLIST

Suggested procedure for terminating employees who wish to cash out of NDPERS.



- Before leaving employment, see your payroll officer or the NDPERS website for a NDPERS [Refund/Rollover Guide Forms Packet](#) The Empower distribution form may be completed online at empowermyretirement.com or via paper by calling 866-816-4400.
- Be sure to read all the information contained Refund/Rollover Guide and Empower Distribution form very carefully before completing any forms.
- Be sure all the applicable forms in the [Refund/Rollover Guide Forms Packet SFN 53725](#) are fully and accurately completed and sent to NDPERS. Incomplete or incorrectly completed forms may cause a delay in issuing funds from NDPERS. The Empower distribution form may be completed online at empowermyretirement.com or via paper by calling 866-816-4400.
- If you are having your NDPERS retirement account directly rolled over into an IRA or eligible employer plan, be certain the other Plan/Financial Institution will accept a direct rollover of your NDPERS retirement account before submitting your forms to NDPERS.
- If you wish, contact Empower by phone at 866-816-4400 or login online at empowermyretirement.com for a statement of your member account balance.
- Before leaving employment, check with your payroll officer to make sure your completed Refund/Rollover Guide Forms Packet has been sent to the NDPERS office. The Empower distribution form may be completed online at empowermyretirement.com or via paper by calling 866-816-4400.
- Be sure your address is correct with the NDPERS office. NDPERS staff must send all benefit information to your last recorded address and cannot make address changes over the telephone. *Please submit any address changes through PERSLink Member Self Service (MSS), in writing, or complete a **Notice of Change SFN 10766**.*

RETIREMENT CHECKLIST

Suggested procedures for retiring employees who wish to draw periodic payments from NDPERS.

At least six (6) months prior to retirement:

Review:

- distribution options and amount of benefits
- date pension payment begins
- direct deposit policy of pension check
- taxes on pension benefit



Review participation in NDPERS:

- health insurance plan/retiree health insurance
- dental insurance
- vision insurance

Review continuation of term life insurance (if applicable)

Review return to work provisions

Have realistic plans for day-to-day living in retirement

Review what your financial needs will be after retirement. Be sure to consider your long range financial requirements

Three (3) months prior to retirement, register with your Social Security office (if you are 62 or older)

Sixty (60) days prior to retirement date:

- submit completed **Retirement Guide Forms Packet to NDPERS**
- **submit the** Empower Distribution form to Empower
- submit photocopy of birth record with application (if married, also submit copy of spouse's birth record and marriage certificate)
- check with your payroll office on accrued vacation and sick leave pay available