



Defined Contribution (DC) Retirement Plan
Manage your Retirement Investments
2021-2023



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. 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 NDPERS using the information provided on page ten 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

400 East Broadway Ave, Suite 505

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

When Calling the NDPERS Office

While NDPERS staff makes 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.

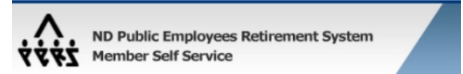
NDPERS Website

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!



GOVERNING AUTHORITY

The North Dakota Public Employees Retirement Board is the governing authority of the:

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)

NDPERS Board of Trustees consists of nine members. One member, the Chairman, is appointed by the Governor; one member is appointed by the Attorney General's staff; one member is the ND State Health Officer's appointee; three members are elected by the active membership of the NDPERS system; one member is elected by the retired public employees; and two members are appointed by legislative management.

The NDPERS Board of Trustees is the governing authority of the Public Employees Retirement System and consists of nine members. A North Dakota citizen who is neither a state or political subdivision employee is appointed by the Governor to serve as Chairman of the Board. A member of the Attorney General's legal staff and the State Health Officer are also appointed to serve on the Board. One Board member is elected by retired NDPERS members and the remaining three Board members are elected from active employees currently contributing to NDPERS. Two members, one member from the majority party and one member from the minority party, are appointed by Legislative Management.

Three members of the Board of Trustees are included in the membership of the North Dakota State Investment Board (SIB). The Retirement Board has specified that the members who serve on the SIB are to be selected from among the four elected members.

CONFIDENTIALITY LAW

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

- 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

All permanent employees who meet the eligibility requirements set by chapter 54-52.6, except an employee who is eligible for the Highway Patrol Retirement System under NDCC 39-03.1, an employee who is eligible for the Teachers Fund For Retirement under NDCC 15-39.1 or an employee who is eligible for the alternate retirement program available under 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.

Participating Member or Participant

An eligible Employee who elects to participate in the Plan and has satisfied the Plan's eligibility and entry date requirements.

Permanent Employee

An employee of the state, whose services are not limited in duration and who is filling an approved and regularly funded position and is employed twenty or more hours per week for at least twenty weeks each year.

Plan Administrator

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

North Dakota Public Employees Retirement System
400 E Broadway Ave, Suite 505
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.

Temporary Employee

A Participating Member who loses permanent employee status and becomes a temporary/part-time employee and who elects to continue participation in the Plan within 6 months of the 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

The 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.

PARTICIPATION

Eligibility Requirements

If you are a state non-classified 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, and are at least at 18 years of age, you may be eligible to participate in the Defined Contribution Retirement Plan. An employee who is eligible for the Judges Retirement Plan, Highway Patrol Retirement System, Teachers Fund for Retirement or the alternate retirement plan of the Board of Higher Education are not eligible to participate in the Plan.

If you are eligible for this plan, you must enroll in the defined benefit plan at your initial hire date. NDPERS will prepare a personal benefit comparison which will be sent to you after NDPERS receives your eligibility determination. The necessary form for you to make your election as well other informational materials will be enclosed with the comparison.

Election to Participate

An Eligible Employee who is first employed and entered upon the payroll of that person's employer after December 31, 1999, may make an election at any time during the first six months after the date of employment to participate in this plan. An Eligible Employee's participation in the Plan shall be further governed by the following:

- An election made by an eligible employee is irrevocable, except that an employee who terminates employment with the State after making an election to participate in the Plan but before the amount held in the Defined Benefit Hybrid Plan is transferred to the Defined Contribution Plan shall not participate in the Defined Contribution Plan and shall remain under the Defined Benefit Hybrid Plan.
- An eligible employee who does not make a written election under the plan by the applicable deadline shall continue to be a member of the Defined Benefit Hybrid Plan.
- An employee who is married on the date he/she makes the election to participate in the Defined Contribution Plan must receive his/her spouse's signature on the election form in order for that election to be effective.
- If a member of the defined contribution retirement plan begins employment in a position covered under the judges retirement plan, the highway patrol retirement plan, the teacher's fund for retirement plan or the alternate retirement plan of the board of higher education, 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.

A Participant in the Plan shall remain a participant in the Plan regardless of whether the participant becomes employed by a political subdivision, city, county or school district that participates in the public employees retirement system. However, this rule does not apply to participants who are reemployed and eligible for the Judges Retirement System, Highway Patrol Retirement System, Teachers Fund for Retirement or the alternate retirement plan of the board of higher education.

- If an individual who is a Deferred Member of the NDPERS Defined Benefit Plan is reemployed and by virtue of that employment is again eligible for membership in NDPERS, the individual may elect in writing to remain a member of the NDPERS Defined Benefit Plan, or if eligible to participate in this Plan, to terminate membership in NDPERS Defined Benefit Plan and become a Participant in this Plan. An election made by a Deferred Member under this Section is irrevocable. The Board shall accept written elections under this Section from a Deferred Member any time during the ***first six months after the date of reemployment***. A Deferred Member who does not make a written election or who does not file the election within the six-month period continues to be a member of NDPERS Defined Benefit Plan.
- A Participating Member who becomes a Temporary Employee may still participate in the Plan upon filing an election with the board within 180 days of transferring to Temporary Employee status.

CONTRIBUTIONS

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. For example, the IRS maximum calendar year limit amount for 2022 is \$305,000 (this amount is subject to annual cost of living adjustments in \$5,000 increments).

Employee Contributions

Each participant 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, if eligible, 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 the employee contributions for all 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:

	<u>Members hired prior to January 1, 2020</u>
Employee Retirement Contribution	7.00%
Employer Retirement Contribution	7.12%
Employer Health Insurance Credit Contribution	1.14%
	<u>Members hired on or after January 1, 2020</u>
Employee Retirement Contribution	7.00%
Employer Retirement Contribution	8.26%

Temporary Employee Contributions

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. If eligible based upon date of hire, a Temporary Employee is also required to pay monthly to the retiree health credit fund. An employer may not pay any portion of the required Temporary Employee contributions.

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

	<u>Members hired prior to January 1, 2020</u>
Employee Retirement Contribution	14.12%
Employee Health Insurance Credit Contribution	1.14%
	<u>Members hired on or after January 1, 2020</u>
Employee Retirement Contribution	15.26%

Reduction in Retirement Contributions

As provided in section 19 of HB 1452, member and employer contributions shall be reduced to the rates in effect on July 1, 2013 on the July 1st that follows the first valuation of the public employees retirement system main system under North Dakota Century Code 54-52 showing a ratio of the actuarial value of assets to the actuarial accrued liability of the public employees retirement system main system that is equal to or greater than one hundred percent.

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.

USERRA

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.

VESTING

The term “vesting” refers to your non-forfeitable right to the money in your Account. You are always immediately 100% vested in your Mandatory 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).

DISTRIBUTION OF BENEFITS

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

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 Kit”** 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 Kit**" to the NDPERS office **within 12 (twelve) months of termination due to disability**.

When applying for disability, individuals who are at least 55 years old and have a minimum of thirty-six (36) months of service credit should also apply for early retirement benefits. This will allow NDPERS to begin paying you under Early Retirement provisions of the plan while your disability application is being processed.

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 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 70 ½ (age 72 for those individuals who attain age 70½ after December 31, 2019).

If you are an eligible active employee, working beyond age 70 ½ (age 72 for those individuals who attain age 70½ after December 31, 2019), 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

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.

2) 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.

- a) *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.
- b) *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.

3) 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 Monthly Benefits

You must complete the “**Retirement Kit 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 Retirement Benefits SFN 2562**” 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

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 and became re-employed with a participating employer before 31 days have passed, no refund/direct rollover will be issued 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, see dual membership provisions.

If you are transferring to another job, you are not eligible to apply for a refund/rollover distribution.

Retirement

- 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 pension 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 retirement benefit payment while permanently employed with a NDPERS participating employer. (See “**Overpayment of Benefits**” section). Upon termination of employment, you may resume retirement benefits. Your previous retirement account will be combined with your current service.

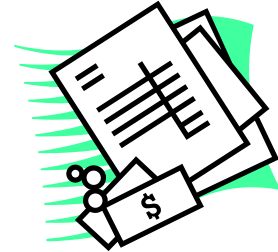
Disability

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 retirement benefit while permanently employed with a NDPERS participating employer.

RETIREE HEALTH INSURANCE CREDIT (RHIC) PROGRAM

To be eligible for RHIC in the NDPERS Defined Contribution Plan, you must be hired before January 1, 2020.

Pursuant to N.D.C.C. 54-52.1-03.2, your employer contributes 1.14 percent 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 monthly 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 and choose a Single Life, Ten or Twenty Year Term Certain Option, 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

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.

**INDEX OF FORMS YOU MAY REQUEST FROM YOUR PERSONNEL/PAYROLL OFFICER
OR OBTAIN ON-LINE**

IF YOU ARE TRYING TO	OBTAIN THIS FORM
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 Kit SFN 53723 TIAA Distribution form also required.*
Notify NDPERS of your termination of employment and election to withdraw retirement money	Refund/Rollover Kit TIAA Distribution form also required.*
Notify NDPERS of your termination of employment and election to directly rollover your retirement funds	Refund/Rollover Kit TIAA 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 Kit

*A **TIAA Distribution form** can be obtained by contacting NDPERS.



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 **Refund/Rollover Kit** and a TIAA Distribution form.
- Be sure to read all the information contained Refund/Rollover Kit and TIAA Distribution form very carefully before completing any forms.
- Be sure all the applicable forms in the Refund/Rollover Kit SFN 53725 and TIAA Distribution form are fully and accurately completed. Incomplete or incorrectly completed forms may cause a delay in issuing funds from NDPERS.
- 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, call TIAA at (800) 842-2252 for a statement of your member account balance.
- Before leaving employment, check with your payroll officer to make sure your completed Refund/Rollover Kit and TIAA Distribution form has been sent to the NDPERS office.
- 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 Kit** and TIAA Distribution form.
- submit photocopy of birth record with application (if married, submit copy of spouse's birth record and marriage certificate)
- check with your payroll office on accrued vacation and sick leave pay available