

DB to DC FAQ

What is happening?

Legislation passed in HB 1040 is giving eligible members an opportunity to transfer their NDPERS Defined Benefit Plan account to an NDPERS Defined Contribution Plan.

Who is eligible to transfer their Defined Benefit Plan account to a Defined Contribution Plan?

All members who have met the following requirements:

- Are permanent, regularly funded State of North Dakota employees
- Were first enrolled in their Defined Benefit Plan before January 1, 2025
- Have no more than five years of service since they first enrolled in a Defined Benefit Plan

How much time do I have to decide if I want to transfer my account?

Your opportunity to transfer your account will only be available from **January 1, 2025, to March 31, 2025.**

What steps do I need to complete?

You will need to submit the Defined Contribution Retirement Plan Special Election Form SFN 62523 to the NDPERS office. The form must be received and date stamped by NDPERS between January 1, 2025, and March 31, 2025. Upon NDPERS' receipt of your election form, you may not amend your election.

If NDPERS does not receive a completed election form from you by Monday, March 31, 2025, you will have irrevocably elected to remain in the Defined Benefit Plan.

Am I required to make a change?

No, this is optional. If you wish, you can remain in your Defined Benefit Plan. No action is required.

How do I know if I am eligible to participate in a Defined Contribution Plan?

NDPERS will identify eligible State employees, and information about the special election window will be provided to each of them at their home address.

What do I do if I have additional questions?

Empower Customer Care Center representatives are available at **866-816-4400** to answer questions about Defined Contribution Plan investment options. You can also set up a call with your Empower Retirement Plan Counselor (RPC) to learn more about the plans.

NDPERS is available at **701-328-3900** to answer questions about your Defined Benefit Plan and your eligibility to transfer to a Defined Contribution Plan.

What are the differences in plan design?

Defined Benefit Plan (Main)

- ▶ Monthly benefit (pension) is guaranteed for life.
- ▶ Funds are invested on your behalf.
- ▶ Monthly benefit based on the benefit formula, not how much is in your account.
- ▶ **Employee** contributions (member account): 100% vested on day one!

Employer contributions: Cliff vesting (all or nothing!);

Must have 36 months of service OR

Turn age 65 while actively employed

Note: Most NDPERS Defined Benefit Plans have a vesting period of 36 months; exceptions are the Judges, BCI and Highway Patrol plans.

Defined Contribution Plan (DC)

- ▶ Benefit is determined by your investment strategy.
- ▶ You and your provider map your investment strategy.
- ▶ Stream of income is your choice and is subject to your account balance.
- ▶ **Employee** contributions (member account) 100% vested on day one!

Employer contributions: Gradual vesting:

2 years: 50% vested

3 years: 75% vested

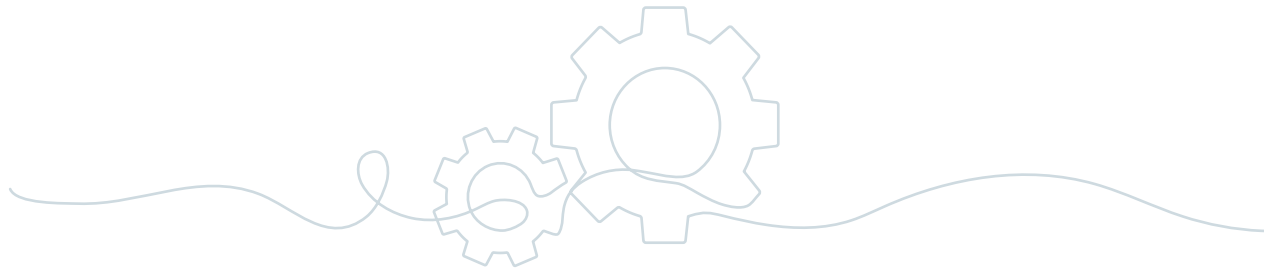
4 years: 100% vested

Note: An employee is 100% vested in employer contributions if they turn age 65 while actively employed.

Transfer from Main Tier 1 or 2 to Existing DC Tier 1

These plans have Retiree Health Insurance Credit (RHIC) upon retirement

Main	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main Tier 1	7% EE		Final Average Salary
Prior to Jan 2016	8.12% ER	36 months	x Years of Service x Benefit
Main 2016 Tier 2	1.14% RHIC		Multiplier
Jan 2016 - Dec 2019			
DC	Contribution Rate	Vesting Schedule	Lifetime Benefit
	7% EE	Less than 2 years: 0%	
DC Tier 1	7.12% ER	2 years: 50%	Based on your
Prior to Jan 2020	1.14% RHIC	3 years: 75%	investment strategy
		4 years: 100%	



Transfer from Main Tier 3 to Existing DC 2020 Tier 1

These plans have no Retiree Health Insurance Credit (RHIC) upon retirement

Main	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main 2020 Tier 3 Jan 2020 to Dec 2024	7% EE	36 months	Final Average Salary x Years of Service x Benefit Multiplier
	9.26% ER		
	NO RHIC		
DC	Contribution Rate	Vesting Schedule	Lifetime Benefit
DC 2020 Tier 2 Jan 2020 to Dec 2024	7% EE	Less than 2 years: 0%	Based on your investment strategy
	8.26% ER	2 years: 50%	
	NO RHIC	3 years: 75%	
		4 years: 100%	

How will my transfer be invested?

The assets transferred from your Defined Benefit Plan account will be invested based on the allocations you elect for your Defined Contribution Plan account. If an allocation is not on file, the assets will be directed to an age-appropriate target date fund based on your date of birth.

Can I change my mind after the conversion has taken place?

No. Once NDPERS has received your application, the transfer from your Defined Benefit Plan account becomes an irrevocable election.

When will my funds transfer to Empower?

Assets will transfer the day after your request to transfer has been processed by NDPERS.

How do I access my account at Empower?

You can access your account by going to empowermyretirement.com.



Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc., Member FINRA/SIPC. EFSI is an affiliate of Empower Retirement, LLC; Empower Funds, Inc.; and registered investment adviser Empower Advisory Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice.

"EMPOWER" and all associated logos and product names are trademarks of Empower Annuity Insurance Company of America.

©2024 Empower Annuity Insurance Company of America. All rights reserved. 100456-01-FLY-WF-3745749-1224 RO4005394-1124