



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM



Know your options

**Is transferring from your
NDPERS defined benefit plan
the right choice for you?**



You are eligible to transfer from your NDPERS Defined Benefit Plan into an NDPERS Defined Contribution Plan account. Empower is the current Trust Company for the NDPERS Defined Contribution Plan.

Here is what you need to know

- ▶ HB 1040 provides eligible employees an optional opportunity to transfer your defined benefit plan to a defined contribution plan account.
- ▶ Your window to transfer your plan participation will be open from January 1, 2025, through March 31, 2025.
- ▶ Learn the differences between a defined benefit plan and a defined contribution plan.
- ▶ Empower and NDPERS will be available to answer your questions regarding how a defined contribution plan works.

Defined benefit and defined contribution plans: What are the differences?

Defined benefit and defined contribution plans are both employer-sponsored retirement plans, but they differ in several ways.

- A defined benefit plan provides a specific monthly lifetime “pension” benefit (final average salary x years of credited service x benefit multiplier) at retirement. A defined contribution plan provides a lump sum of your available account balance based on contributions and investment performance, with the employee deciding on the benefit distributions.
- In a defined benefit plan, the investment risk falls on the plan as a professional manages the investments; in a defined contribution plan, the investment risk falls on the employee as the employee chooses how to invest their money.
- In a defined benefit plan, the plan pays the administrative and investment costs; in a defined contribution plan, those costs are paid by the employee.
 - Notwithstanding any other provision of law, the board is not liable for any election or investment decision made by an employee based upon information provided to an employee under 54-52.6-15.

Who is eligible?

To be eligible to transfer your defined benefit plan over to a defined contribution plan account, you must have met the following requirements:

- Actively employed with a state governmental unit
- Permanent state employee
- First enrolled in the main plan before January 1, 2025
- Accrued no more than five years of service*

* *Service will be verified at the time of application.*

What are the next steps?

Here is what you need to do if you transfer your account:

- Submit the Defined Contribution Retirement Plan Special Election form SFN 62523 to the NDPERS office between January 1, 2025, and March 31, 2025.
- Submit your updated beneficiary information for the defined contribution plan to NDPERS.
- Register your Empower account at **empowermyretirement.com** and be sure to have an email address on file, make your investment elections, and select your communication preferences.
- If you elect to transfer, review your account and call 866-816-4400 to speak with an Empower Customer Care representative after your account has transferred.

Defined benefit and defined contribution plans side by side

	Defined benefit	Defined contribution
How is my benefit determined?	Retirement benefit is calculated based on a formula (final average salary x years of credited service x benefit multiplier).	Retirement benefit is subject to the value of your account at retirement and may be limited in duration based upon performance of contributions and investment earnings and the rate at which distributions are taken.
Investment strategy	Contributions are held in a trust and invested pursuant to an asset allocation set by the NDPERS Board. Investment risk is assumed by the State Investment Board.	Contributions are allocated into individual accounts, and the account holder chooses their own investments. Investment risk is assumed by the employee.
When do I become vested?	<p>After three years of service, you are vested and eligible to receive a lifetime monthly benefit at retirement.</p> <p><i>Note: Most NDPERS defined benefit plans have a vesting period of 36 months — exceptions are the Judges, BCI new hires, and Highway Patrol plans.</i></p>	<p>There is a vesting schedule for the employer contributions as follows:</p> <ul style="list-style-type: none"> – 50% after two years of service – 75% after three years of service – 100% after four years of service
	<p>Employee contributions are automatically vested at 100% and are not subject to a vesting schedule.</p> <p><i>Note: An employee is 100% vested in employer contributions if they turn age 65 while actively employed.</i></p>	
What are my distribution options?	Employee may take a lifetime monthly benefit distribution or a lump sum of their account balance.	Employee can choose between a periodic payment, in-plan annuities, or a lump sum of their available account balance based on contributions and investment performance, with benefit distributions decided by the employee.
How are distributions taxed?	Distributions to an employee are taxed regardless of the plan type.	
Portability	The Defined Benefit Plan can be rolled over at the time of termination, but the member forfeits a lifetime benefit.	Defined contribution plans typically allow you to roll your savings over to another retirement account.
Transparency	Defined benefit plans will provide employees with an annual statement showing estimated monthly benefits at normal retirement date.	Defined contribution plans provide employees with regular statements showing account performance and transactions.
Potential growth	The employer assumes the market risk and financial liability to ensure the defined benefit is provided based on the defined benefit formula.	Employees benefit directly from investment growth. While this comes with market risk, it also offers the potential for higher returns.



401(a) investment options

	Symbol	Category	Morningstar rating
Baird Core Plus Bond Inst	BCOIX	Bond	★★★★
Cohen & Steers Realty Shares	CSRSX	Specialty	★★★★★
Empower SDB Securities	N/A	Brokerage	N/A
Empower SDB Sweep Program	N/A	Brokerage	N/A
Galliard Stable Return Fund C	N/A	Fixed	N/A
JPMorgan SMID Cap Equity R6	WOOSX	Mid-cap	★★
MFS Intl Diversification R6	MDIZX	International	★★★★
Nuveen Lifecycle 2010 R6	TCTIX	Asset allocation	★★★★★
Nuveen Lifecycle 2015 R6	TCNIX	Asset allocation	★★★★★
Nuveen Lifecycle 2020 R6	TCWIX	Asset allocation	★★★★★
Nuveen Lifecycle 2025 R6	TCYIX	Asset allocation	★★★★
Nuveen Lifecycle 2030 R6	TCRIX	Asset allocation	★★★★
Nuveen Lifecycle 2035 R6	TCIIX	Asset allocation	★★★★
Nuveen Lifecycle 2040 R6	TCOIX	Asset allocation	★★★★
Nuveen Lifecycle 2045 R6	TTFIX	Asset allocation	★★★★
Nuveen Lifecycle 2050 R6	TFTIX	Asset allocation	★★★★
Nuveen Lifecycle 2055 R6	TTRIX	Asset allocation	★★★★
Nuveen Lifecycle 2060 R6	TLXNX	Asset allocation	★★★★
Nuveen Lifecycle 2065 R6	TSFTX	Asset allocation	★★★
Nuveen Lifecycle Retirement Income R6	TLRIX	Asset allocation	★★★★
Vanguard Institutional Index I	VINIX	Large-cap	★★★★★
Vanguard Total Bond Market Index Adm	VBTLX	Bond	★★★
Vanguard Total Intl Stock Index I	VTSNX	International	★★★
Vanguard Treasury Money Market Inv	VUSXX	Money market	N/A

Please call the Empower Customer Care Center for more information on investments or how to read this table.

YTD	3YR	Exp. ratio
5.35	-0.67	0.3000
16.16	4.45	0.9400
N/A	N/A	N/A
N/A	N/A	N/A
2.19	2.39	0.3670
12.52	4.05	0.7100
15.26	4.16	0.7400
9.09	2.69	0.5200
9.47	2.76	0.5300
9.99	3.03	0.5300
10.70	3.42	0.5500
11.79	4.02	0.5700
13.06	4.76	0.6000
14.36	5.66	0.6300
15.34	6.15	0.6500
15.82	6.40	0.6600
15.95	6.47	0.6700
16.08	6.57	0.6900
16.23	6.72	0.9600
9.26	2.68	0.5600
22.04	11.87	0.0350
4.41	-1.43	0.0500
13.59	4.03	0.0900
4.02	3.52	0.0900





Investing involves risk, including possible loss of principal.

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