



FEW are on track, are you?

Welcome to the NDPERS Financial Essentials Workshop



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Agenda

Retirement and Benefits

- Defined Benefit (DB) Hybrid Retirement Plan – Main
- Purchasing Service Credit
- Personal Retirement Savings: 457 Deferred Compensation
- Retiree Health Insurance Credit (RHIC)
- Flexible Compensation
- Member Self Service (MSS)

Financial Planning with TIAA

CollegeSAVE with Bank of North Dakota

Legal Concerns with Chapman & Chapman Law Firm

Debunking Retirement Myths

SOURCE: FINANCIALANSWERS.COM

Myth

I only need a fixed-income for 10 to 15 years.

Truth

Many will spend 20+ years in retirement.

My living expenses will be lower during retirement years.

What are you cutting out?
Inflation will erode purchasing power

Social Security will replace my pre-retirement earnings and it won't be taxed.

Social security is only a partial replacement and strong possibility 50-85% will be taxed (depending on your income).

Your Retirement Stool

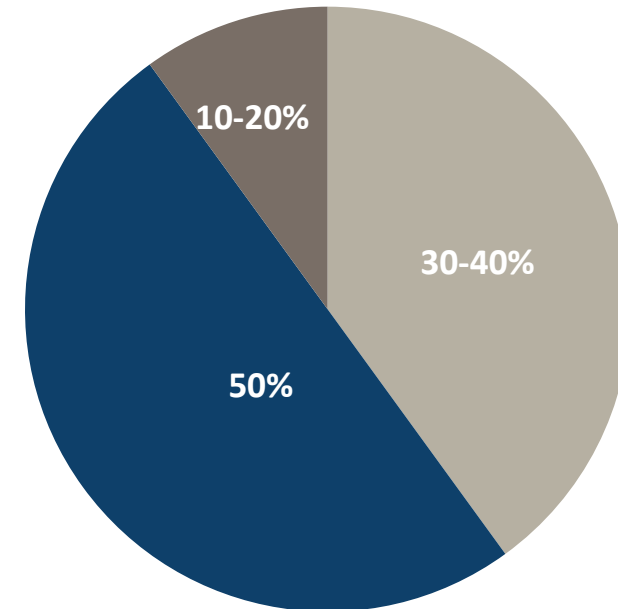
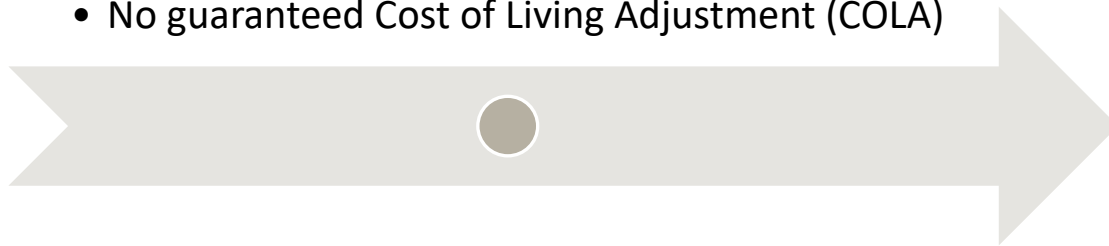
- How much will I need to retire?
- How do I plan for a secure financial future?
- Can I maximize retirement benefits?
- Could I be saving more?
- Will I need to return to work?



Your NDPERS Retirement Income (Pension)

With 2% multiplier at Normal Retirement

- 25 years of employment = 50% pre-retirement earnings
- NDPERS Pension + Social Security = 90% of pre-retirement income with Social Security
- No guaranteed Cost of Living Adjustment (COLA)



- Social security
- Pension
- Personal Savings



Defined Benefit (DB) Hybrid Retirement Plan - Main

Pension

Three Main Retirement Plan Tiers

①

Tier 1: First enrolled before January 1, 2016

②

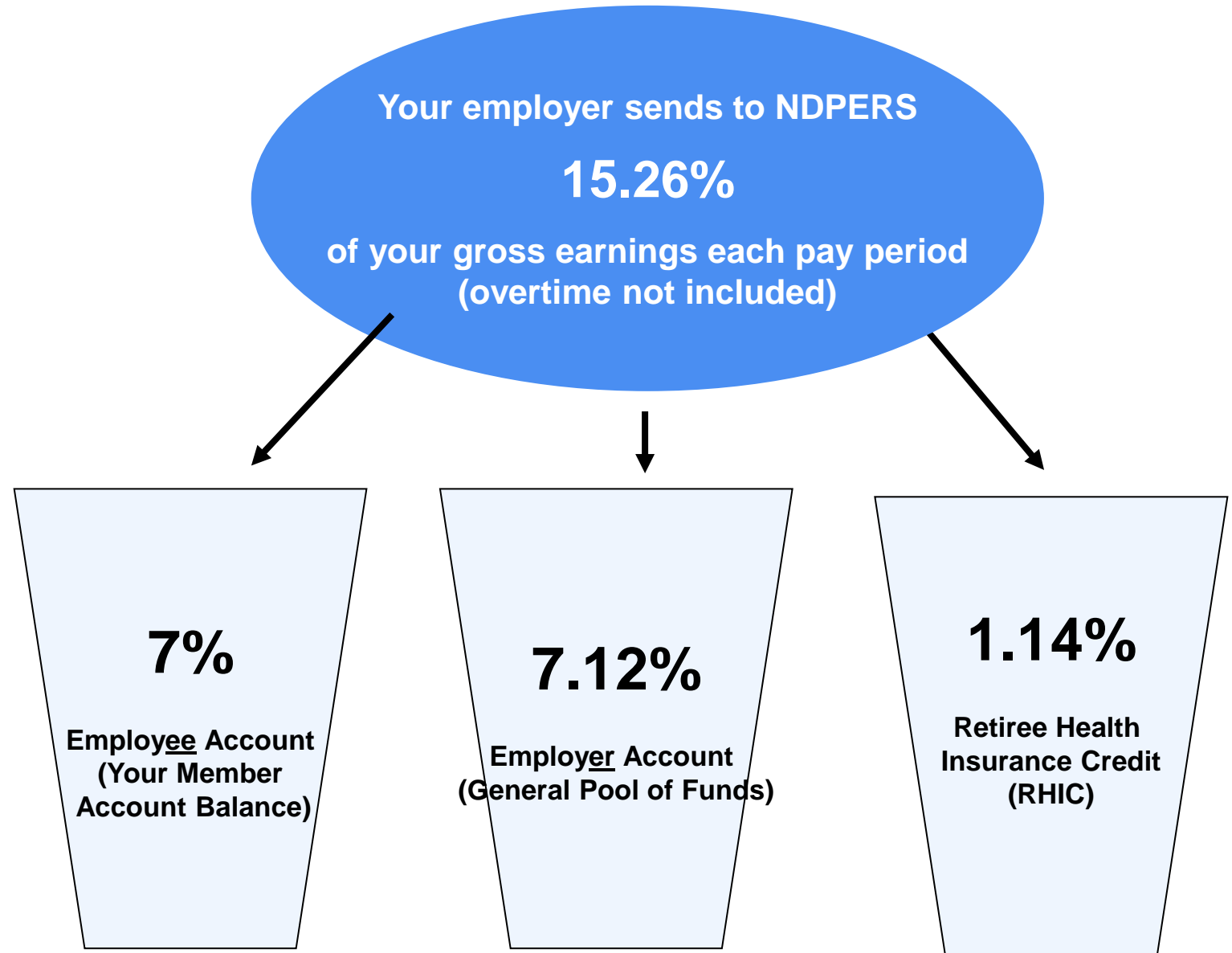
Tier 2: First enrolled on or after January 1, 2016

③

Tier 3: First enrolled on or after January 1, 2020

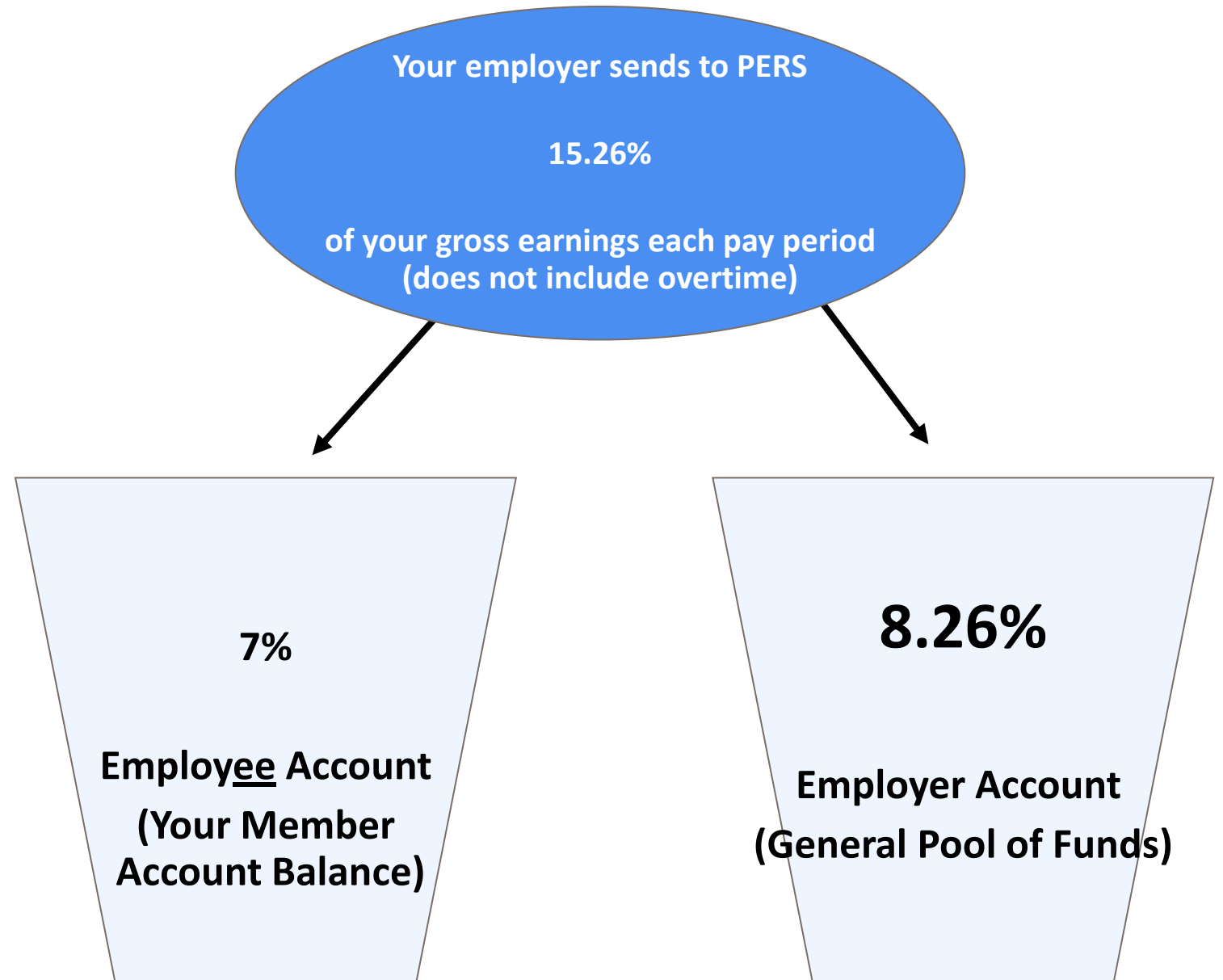
Allocation of Retirement Contributions

Tier 1 & 2 – First enrolled prior to January 1, 2020



Allocation of Retirement Contributions

Tier 3 – First enrolled on or after January 1, 2020



Service Credit and Vesting



One month of service credit for each month NDPERS receives contributions on your behalf.



Vested means you are legally entitled to a monthly benefit.



You become vested the earlier of:

Achieving 36 months (3 years) of service credit, or
Turning age 65 during active employment.



ANNUITY - receive a monthly retirement payment for life.

Tier 1

First enrolled before January 1, 2016

Normal Retirement	Early Retirement*
Lifetime benefit At the earlier of:	Lifetime benefit Reduced by 6% for each year or .005 for each month if:
Attain Age 65 or	Not Age 65 or
Achieve “Rule of 85” (Member’s Age + Service Credit) Example: 60 years old + <u>25 years service</u> = 85 years	Have not met “Rule of 85” *Must be at least age 55

Tier 2

First enrolled on or after January 1, 2016

&

Tier 3

First enrolled on or after January 1, 2020

Normal Retirement	Early Retirement*
Lifetime benefit At the earlier of:	Lifetime benefit Reduced by 8% for each year or 0.667 for each month if:
Attain Age 65 or	Not Age 65 or
Achieve “Rule of 90” with minimum age of 60 (Member’s Age + Service Credit) Example: 60 years old + <u>30 years service</u> = 90 years	Have Not met Rule of 90 *Must be at least age 60

Retirement Benefit Formula



- **Years of Service (YOS):** One month of service for each month of contribution
- **Final Average Salary (FAS):** Average of your highest 3 consecutive 12-month periods during the last 180 months worked
- **Benefit Multiplier:** **Varies** depending on Tier
 - Tier 1 and 2: 2.00%
 - Tier 3: 1.75%



Planning for unexpected events

Disability Benefits

Disability Retirement

- Vested after 6 months
 - Must separate from employment
 - Determined by medical consultant or Social Security award
- 25% of Final Average Salary (FAS)
\$100 per month minimum
 - Recertification required

Survivor Benefits

Assumption: Member is not receiving a retirement benefit.

Lump sum payment

- Member vested or non-vested
- Any beneficiary (spouse or non-spouse)

Lifetime survivor benefit

- Member must be vested
- Spouse only
- Amount based on normal retirement
 - Not at normal retirement, benefit is 50% of Single Life amount
 - At normal retirement, benefit is 100% Joint & Survivor amount

Account Balance & Separation of Employment

NOT VESTED

Leave member account balance with NDPERS

- Return to service, accrued service and account balance are recognized
- Account accrues interest (subject to legislative change)

Lump Sum Refund

- Tax Penalties
- Forfeit service credit and RHIC

Direct Rollover

Forfeit service credit and RHIC

Combination rollover/refund

VESTED (36 MONTHS OR AGE 65)

Receive a lifetime annuity

Retire as early as age 55 (age 60 if hired after 1/1/2016) or attain “Rule” or age 65

Interest no longer accrues once payments begin.

Lump Sum Refund

- Tax Penalties
- Forfeit service credit and RHIC

Direct Rollover

Forfeit service credit and RHIC

Combination rollover/refund



Purchasing Service Credit

Purchasing service credit is a lump sum contribution (or installment payments with interest) into your retirement account to increase your lifetime benefit.

Reasons to Purchase Service Credit

01

Vest earlier

02

Meet normal
retirement sooner

03

Increase your
monthly retirement
benefit (pension)

04

Increase your Retiree
Health Insurance
Credit (RHIC) – first
enrolled *before 2020*

Types of Service Credit

You can purchase different types of service credit.

1. Generic (*after you are vested*)
2. Unused sick leave upon leaving employment
3. Previous public employment* such as:
 - Military (*up to 48 months*)
 - Leave of Absence/Seasonal
 - State
 - Federal
 - Legislative

**Must deplete the retirement plan associated with the previous public employment*

Service Purchase Example – Tier 1 & 2

No Purchase

\$3,000 FAS
X 2.00% Multiplier
X **20 Years of Service**

= \$1,200 Monthly
(Single Life)
= \$14,400 Annually
= \$288,000 over 20 years

Purchase - 60 months

\$3,000 FAS
X 2.00% Multiplier
X **25 Years of Service**

= \$1,500 Monthly
(Single Life)
= \$18,000 Annually
= \$360,000 over 20 years
(\$72,000 additional income)

DB Plan – Tier 1 & 2

Unused Sick Leave Service Purchase Example

Calculation:

1,450 hours / 173.3 = 8.37 months (~ 9 months)

FAS x 9 x 15.26% = purchase cost (\$4,120.20)

No Purchase

\$3,000 FAS

X 2.00% Multiplier

X **20 Years of Service**

= \$1,200 Monthly (Single Life)

Purchase - 9 months

\$3,000 FAS

X 2.00% Multiplier

X **20.75 Years of Service**

= \$1,245 Monthly (Single Life)

DB Plan – Tier 3 - First Enrolled on or after January 1, 2020

Unused Sick Leave Service Purchase Example

Calculation:

$$1,450 \text{ hours} / 173.3 = 8.37 \text{ months (~ 9 months)}$$
$$\text{FAS} \times 9 \times 15.26\% = \text{purchase cost } (\$4,120.20)$$

No Purchase

$$\begin{array}{l} \$3,000 \text{ FAS} \\ \times 1.75\% \text{ Multiplier} \\ \times \text{20 Years of Service} \\ \hline = \$1,050 \text{ Monthly (Single Life)} \end{array}$$

Purchase - 9 months

$$\begin{array}{l} \$3,000 \text{ FAS} \\ \times 1.75\% \text{ Multiplier} \\ \times \text{20.75 Years of Service} \\ \hline = \$1,089.38 \text{ Monthly (Single Life)} \end{array}$$

Should I
purchase
service now or
later?



Service Purchases

Submitting a Purchase Request

- Request for Purchase Information - SFN 53718
- Online through Member Self Service (MSS)

Payment Methods

- Direct Rollover/Transfer another Pre-Tax Retirement Account
- Payroll Deductions* (before or after-tax)
 - Depends on employer

*Interest applies



Consider Supplemental Retirement Savings

457 Deferred Compensation

- Voluntary supplemental retirement plan
- Investing Pre-tax dollars to lower your taxable income

Taxed at the time of distribution

- You select how your money is invested
- Increase, decrease, suspend contributions at any time
- May be used to purchase service credit

457 Deferred Compensation Example

Pre-tax Savings Cost Less	
\$ 4,000	Monthly Income
\$ - 200	<i>Savings (pre-tax) (5%)</i>
<u>\$ - 760</u>	Federal/State Taxes (20%)
\$ 3,040	Take-Home Pay
\$ 4,000	Monthly Income
\$ - 800	Federal, State Taxes (20%)
<u>\$ - 200</u>	<i>Savings (after-tax) (5%)</i>
\$ 3,000	Take-Home Pay

This increases savings of \$40 each month = \$480/year!

Annual 457 Deferral Limits

Minimum

\$25 per month

Maximum

The lesser of:

§ 2022 Annual IRS Limit **\$20,500/year**

or

§ 100% of Taxable Compensation



Eligible Contributions

Lump Sum Payments

- Accrued annual leave
- Unused sick leave
- Back pay

Catch-Up Contributions

Age 50+ Annual Catch-up: **\$27,000** (SFN 3803)

Regular 3-year Catch-up: **41,000** (SFN 51501 & 3803)

- One time only – NDPERS approved
- 3 consecutive calendar years, but not the year in which you retire

Cannot exceed annual IRS limits

Separation from Employment

- Must be off payroll for 31 days
- No 10% penalty before 59½ years of age

Unforeseeable Emergency Distribution

- Sudden unexpected event beyond control of participant
- Contact NDPERS for application and approval process

Small Account Balance

- Account is less than \$5,000
- No deferrals for previous 24 months
- No previous distributions

Eligible Distributions

Enrollment Options

Regular Enrollment

- Choice of providers
- Complete SFN 3803
- PERSLink Member Self Service (MSS)

Quick Enrollment

- Complete SFN 54362 or select “Quick Enrollment” online (MSS)
- Administered by Companion Plan provider (TIAA)
- Automatic \$25/month



Save early

457 DEFERRED COMPENSATION

Compounding Long-Term Effects

Investor

A

Begin Saving
at **Age 30**

\$1,000 per year

For **10 years**

Value at Age 65

\$62,385

Investor

B

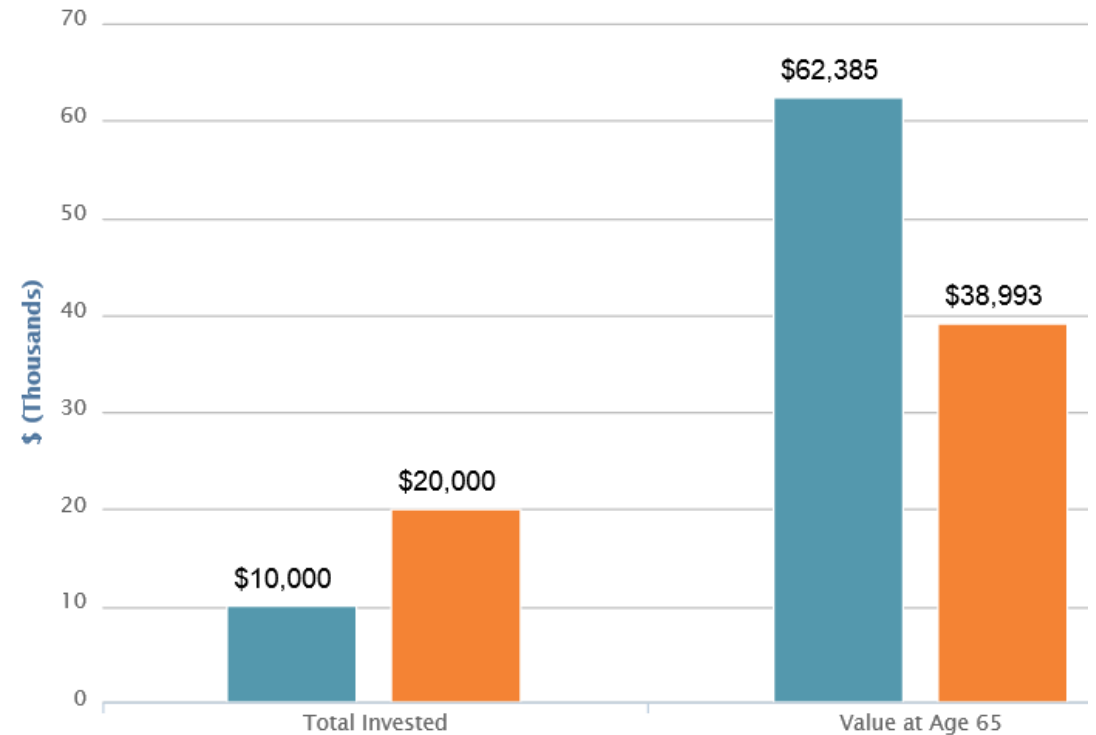
Begin Saving
at **Age 45**

\$1,000 per year

For **20 years**

Value at Age 65

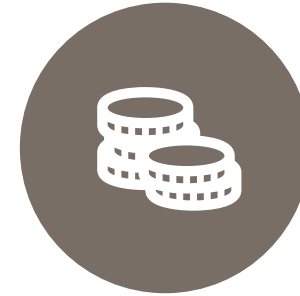
\$38,993



Defined Benefit Portability Enhancement Provision (PEP)



DB PLAN AND 457 PLAN
WORK TOGETHER



REDISTRIBUTION OF
FUNDS



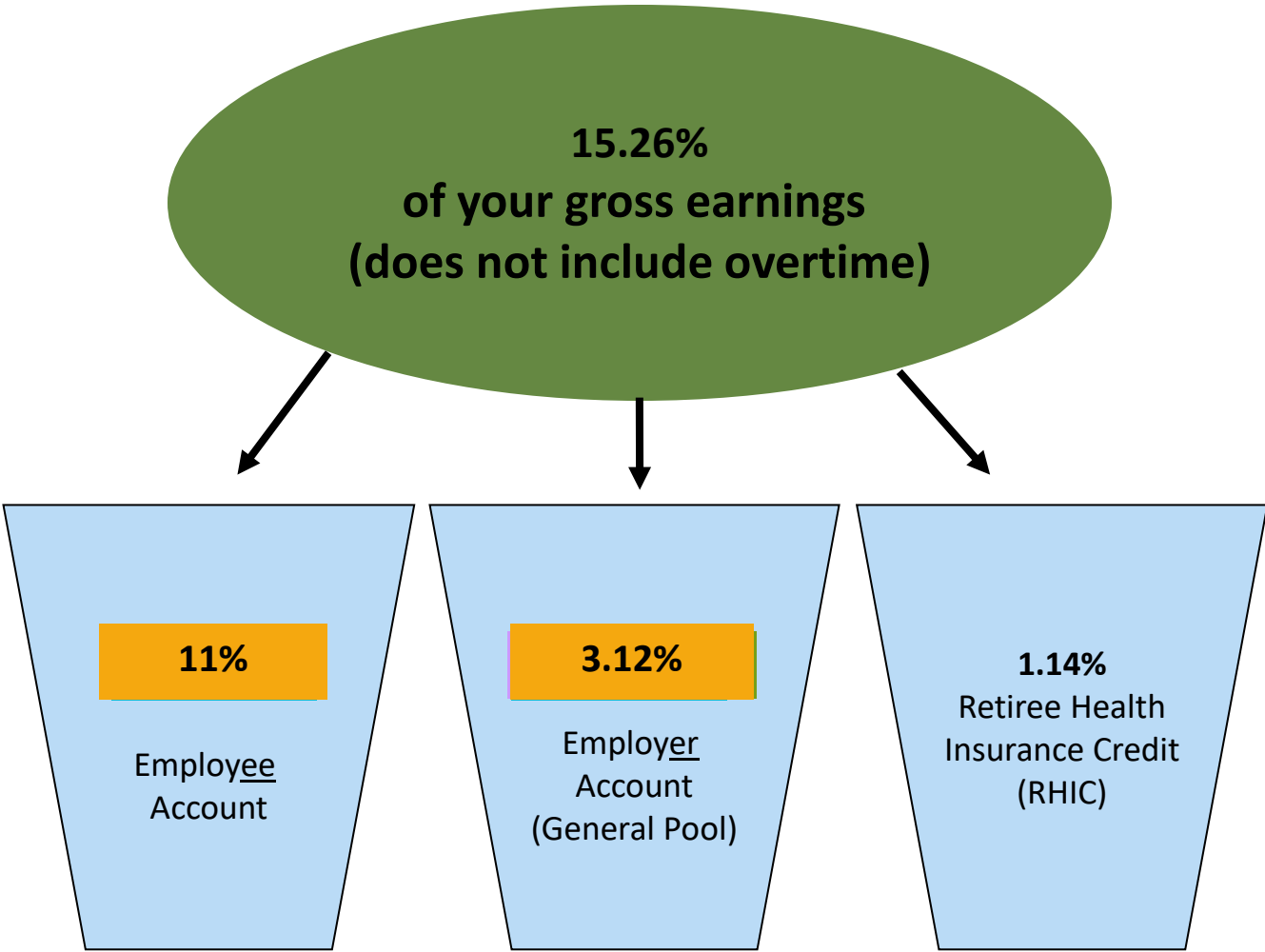
FASTER GROWTH OF
MEMBER ACCOUNT
BALANCE



MORE “PORTABILITY”

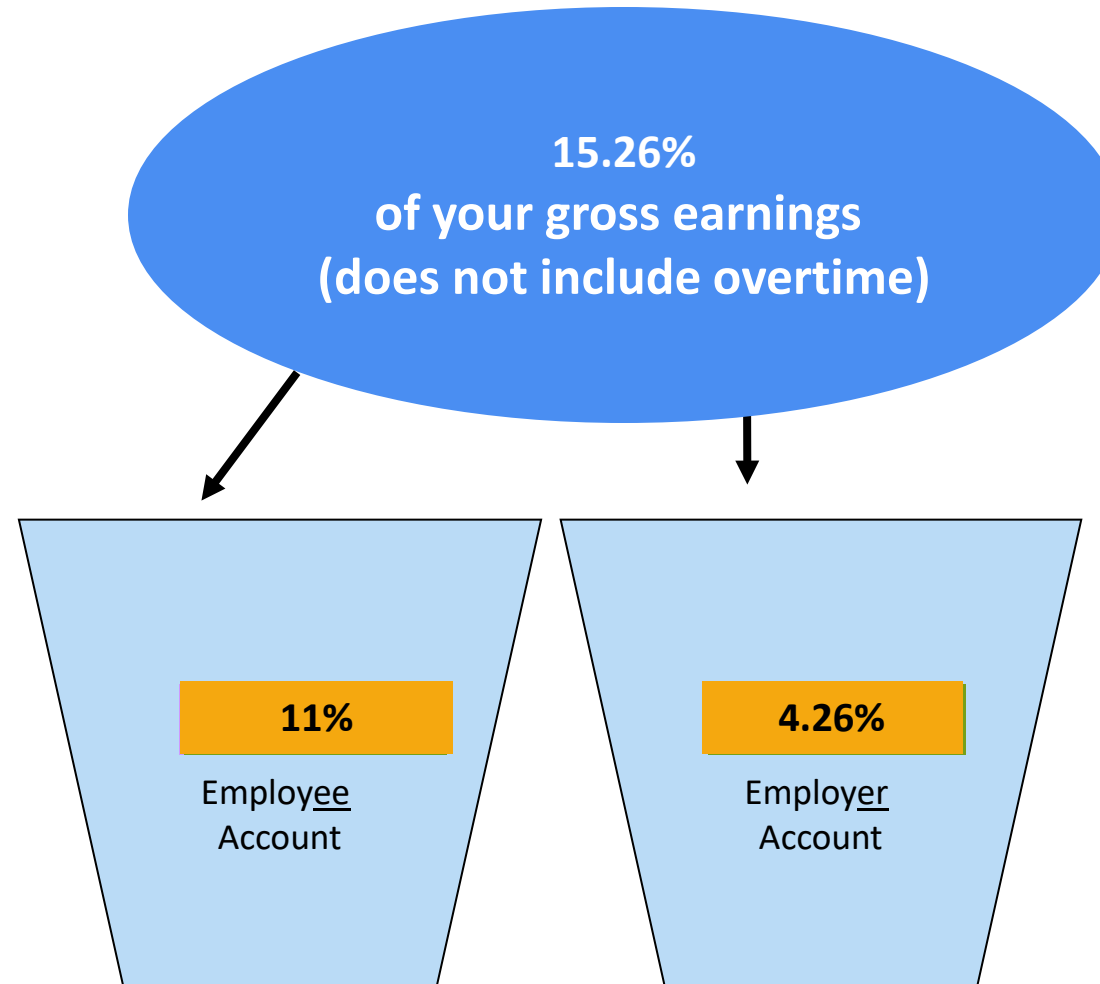
Contribution Allocation with PEP

Years of Service	Your Investment in Deferred Comp
0-12 months	1% of gross pay or minimum of \$25
13-24 months	2% or minimum of \$25
25-36 months	3% or minimum of \$25
37 + months	4% or minimum of \$25



Contribution Allocation with PEP

Years of Service	Your Investment in Deferred Comp
0-12 months	1% of gross pay or minimum of \$25
13-24 months	2% or minimum of \$25
25-36 months	3% or minimum of \$25
37 + months	4% or minimum of \$25





Retiree Health Insurance Credit (RHIC) Tiers 1 & 2 only

How does RHIC work?

Reimbursement

- After tax reimbursement for health, dental and vision premiums through ASI Flex.

Multiplier

- $\$5 \times \text{YOS (Years of Service)} = \text{RHIC}$
- Reduced for early retirement



Save with Flexible Spending Accounts

Redirect a portion of your salary pre-tax for medical and dependent care expenses

Flexible Spending Accounts (FSA)

Medical FSA

\$2,750 limit per year

Spouse can do separate medical flex
through his/her employer (if offered)

Dependent Care FSA

\$5,000 maximum
(for a married couple filing a joint tax
return or a single parent)

\$2,500 maximum
(for a married couple filing separate
tax returns)

FSA Savings Example

Member: Married with 2 Dependents
 \$2,000 Health Care Expenses
 \$5,000 Dependent Care Expenses

Annual take home savings are higher!

With Flex System	
\$ 35,000	Annual Income
<u>\$ - 7,000</u>	FlexComp
\$ 28,000	Taxable Income
\$ - 3,355	Federal Tax
\$ - 840	State Tax
\$ - 2,142	Social Security / Medicare
<u>\$ - 0</u>	After Tax Expenses
\$ 21,663	Net Income

Without Flex System	
\$ 35,000	Annual Income
<u>\$ - 0</u>	FlexComp
\$ 35,000	Taxable Income
\$ - 4,425	Federal Tax
\$ - 1,050	State Tax
\$ - 2,677	Social Security / Medicare
<u>\$ - 7,000</u>	After Tax Expenses
\$ 19,848	Net Income

Use Member Self Service (MSS)

- View and update benefit plans
- View personal profile
- Estimate your retirement benefit
- Estimate cost of service purchase

[Member Login](#)



Log in to your MSS Account

North Dakota
login

Already Registered - [Not Sure?](#)

North Dakota Login:

[Forgot Login](#)

Password:

[Forgot Password](#)

Login

[Update your account](#)

New to North Dakota Online Services?

Register Now!

Benefits of North Dakota Login

- One North Dakota Login and password to access multiple [ND Online Services](#)
- Register once for secure access to State services

Need help? Read through the [FAQ](#).

For assistance with this North Dakota Login, contact the [Service Desk](#).

Estimate your Retirement Benefit



Benefit Information

- View Member Account Balance
- Perform, Request or View Benefit Estimates
- Perform, Request or View Service Purchase
- View Your Annual Statements



Step 1: Select
option from
dropdown

Your Benefit Estimate

What would you like to do? Use the benefit estimate calculator & calculate a benefit estimate ▼ Go

Step 2: Enter Retirement Date

Plan : Main Retirement

Benefit Account Type : Retirement ▼

Last Date of Employment : 04/20/2034 

Retirement Date : May ▼ 2034 ▼

Spouse Date of Birth : 

If you do not indicate a Termination Date and Retirement Date, the benefit estimate will project continued employment until you reach your Normal Retirement Date.

Would you like to factor annual salary increases into your Final Average Salary? If yes, please enter

Monthly Salary Percent Increase : 3 Enter the typical salary percent increase you receive annually. Example: If you receive 4%, enter a 4

Month Salary Increase Effective : July ▼

Step 3: Add Service Purchases

Member Details	
Plan : Main Retirement	Benefit Account type : Retirement
Termination Date : 04/20/2034	Retirement Date : 05/01/2034
Monthly Salary Percent Increase : 3	Month Salary Increase Effective : July
Spouse Date of Birth :	
Service Credit Change :	<input type="checkbox"/> Unused Sick Leave Purchase <input type="checkbox"/> Additional Service Months

Step 4: Review Benefit Estimate Results

Benefit Calculation ID : 46137

Plan : Main Retirement

Employment Termination Date : 04/20/2034

Spouse Date of Birth :

Benefit Type : Retirement

Retirement Date : 05/01/2034

Normal Retirement Date : 05/01/2034

Service Credit Details

Credited Service on File : 100.000000

Unused Sick Leave Conversion Cost : \$0.00

Service Months Purchased :

Estimated Credited Service (months) : 335.0000

Estimated Credited Service (years) : 27 Years 11.0000 Months

Age at Retirement : + 57 Years 2 Months

Service Age : 85 Years 1.0004 Months

Unused Sick Leave Converted (Months) : 0.00

Service Months Purchase Cost : \$0.00

Benefit Calculation and Options

Final Average Salary		Benefit Multiplier %	Years of Service Credit			
\$5,666.02		2.0000	27.9167			
Payee	Benefit Option	Gross Benefit Amount	Monthly Non Taxable Amount	Monthly Taxable Amount	Benefit Amount After Deductions	Total Deductions
Member	Single Life	\$3,163.53	\$0.00	\$3,163.53	\$3,163.53	<u>\$0.00</u>
Member	20 Year Term Certain	\$2,969.61	\$0.00	\$2,969.61	\$2,969.61	<u>\$0.00</u>
Member	10 Year Term Certain	\$3,106.27	\$0.00	\$3,106.27	\$3,106.27	<u>\$0.00</u>

Retiree Health Insurance Credit

RHIC Option	Member RHIC Amount
Standard Health Credit	\$139.58

Purchase Service Credit



Benefit Information

- ➔ View Member Account Balance
- ➔ Perform, Request or View Benefit Estimates
- ➔ **Perform, Request or View Service Purchase**
- ➔ View Your Annual Statements

Step 1: Select
option from
dropdown

Service Credit Purchase

What would you like to do?

Calculate a service purchase cost estimate ▼

Go

Step 2: Enter number of months

Purchase Type	From Date	To Date	Additional Service Credits
Additional Service Credit			60
Leave of Absence	<input type="text"/>	<input type="text"/>	
Military Service	<input type="text"/>	<input type="text"/>	
Previous Public Employment	<input type="text"/>	<input type="text"/>	
Previous NDPERS Employment	<input type="text"/>	<input type="text"/>	

Step 3: Review Results

Cost varies for each individual based upon actuarial components:

- Date of Birth
- Final Average Salary
- Age eligible for unreduced retirement benefits
- Number months purchased

Service Months Purchased : 60

Service Months Purchase Cost : \$40,230.12

Step 4: Submit to NDPERS

Service Purchase Payment Schedule

Your purchase payment election amount must be higher to complete your purchase within 180 Months, please enter in a higher amount.

Please read the [Provisions for the Purchase of Service Credit & Conversion of Unused Sick Leave](#).

If you would like to request an official service credit purchase estimate from NDPERS, submit your [Request for a Service Purchase Estimate](#)

Step 5: Notification

You will receive a letter verifying request,
along with required forms

Specified amount eligible for rollover

Partial amount must be paid after-tax

Purchase price valid for 90 days

A photograph of the Century Center building, a modern structure with a large glass facade and a stone base. The building is set against a clear blue sky with a few wispy clouds. In the foreground, there is a green lawn and some low-lying shrubs. A dark blue semi-transparent rectangle is overlaid on the left side of the image, containing white text.

Help is available

[CONTACT US](#)

CENTURY CENT
1600 E CENTURY AVENUE



Contact NDPERS

Customer Service

- Call: (701) 328-3900 or
- TF:(800) 803-7377

Online Resources

- Website: ndpers.nd.gov
- [Member Self Service \(MSS\)](#)





Inside Money:

Managing income and debt

Lance Olson

April 5, 2022



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

- Why budgeting is important
- Budgeting basics
- What cash flow is and what it can tell you about yourself
- Make a budget
- The basics of debt, and when to use it
- The truth about credit cards
- Managing debt
- Personal financial action steps



What difficulties do you run into when budgeting?



- A. Not enough money for bills
- B. Not enough time to set a budget
- C. Don't want to know the specifics
- D. Don't know the way to create a good one
- E. Don't know where the money goes

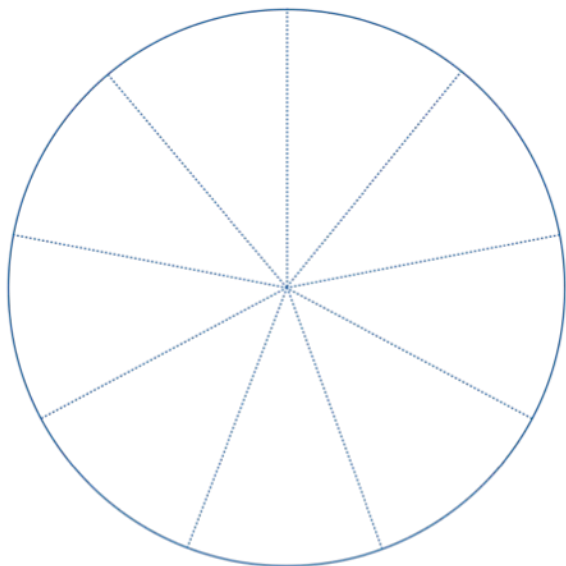


- Average saving rate as of November 2018: 6%¹
- U.S. real median family income has increased just about 2% in 10 years²
- Average household net worth is rising—but so is household debt.³

- Limited income
- Cost of living
- Bills to pay
- Financial confusion
- Stuff to do



You are what you spend



Housing—? %
Utilities—? %
Transportation—? %
Food—? %
Entertainment—? %
Debt—? %
Retirement—? %
Savings—? %
Healthcare—? %

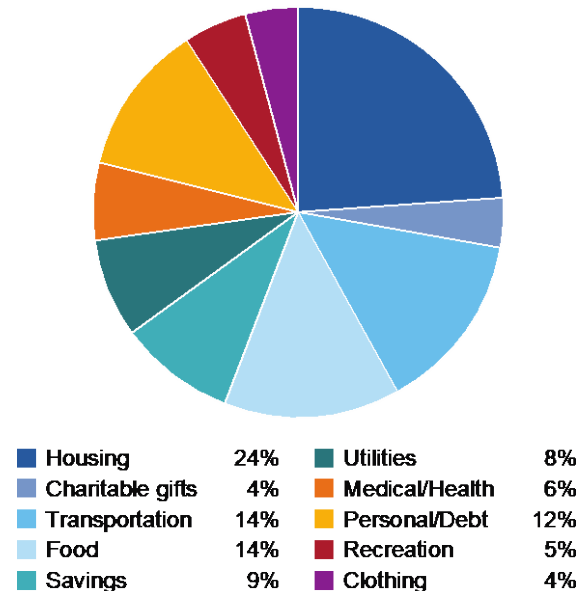


- Survival economics
(Non-negotiables vs. optionals)
- Lifestyle economics
(Getting the most for your money)



- Survival economics
(Non-negotiables vs. optionals)
- Lifestyle economics
(Getting the most for your money)

Budget allocations by percentage of net income



leavedebtbehind.com, "10 Recommended Category Percentages for Your Family Budget," accessed online January 2019

Cash flow: The first step to an accurate budget



Income
- Expenses

Positive or negative?

Cash flow worksheet

Begin building your budget by determining your cash flow

Monthly income: What comes in	Monthly expense: What goes out
Gross Salary(wage) \$	Mortgage/Rent \$
Income from	Home/Renters Insurance \$
Self-Employment \$	Property Taxes \$
Part-Time Employment \$	Maintenance \$
Alimony/Child Support \$	Utilities (gas, oil, water, electric) \$
Dividends/Interest \$	Cable/Satellite TV \$
Royalties \$	Telephone (home, mobile) \$
Real Estate \$	Food (groceries, meals) \$
Tax Refund \$	Child Care \$
Bonuses \$	Car Payment(s) \$
Extraordinary Income:	Auto Insurance \$
Grants/Prizes \$	Entertainment (movies, signed CDs, etc.) \$
Inheritance \$	College Savings \$
Social Security Benefits:	Clothing \$
Disability Benefits \$	Vacation \$
Retirement Benefits \$	Credit Card Payment(s) \$
Survivor Benefits \$	Other Debt (student loans, etc.) \$
Other:	Medical/Dental \$
\$	Health Insurance \$
\$	Life Insurance \$
\$	Long-Term Care Insurance \$
\$	Disability Insurance \$
\$	Savings/Investments \$
\$	Your Contribution to Employer's Retirement Plan (401k, 403(b), etc.) \$
\$	Your Additional Contribution to Employer's Retirement Plan (401k/403(b)/457(b)) \$
\$	Tax/IRAs (Roth, Sim, Rollover Social Security) \$
\$	IRAs, After-Tax Annuities \$
\$	Pension Contribution \$
\$	Alimony/Child Support \$
\$	Other \$
Total monthly income \$	Total monthly expenses \$
Total monthly income - Total monthly expenses = Funds available: \$	

Making a budget



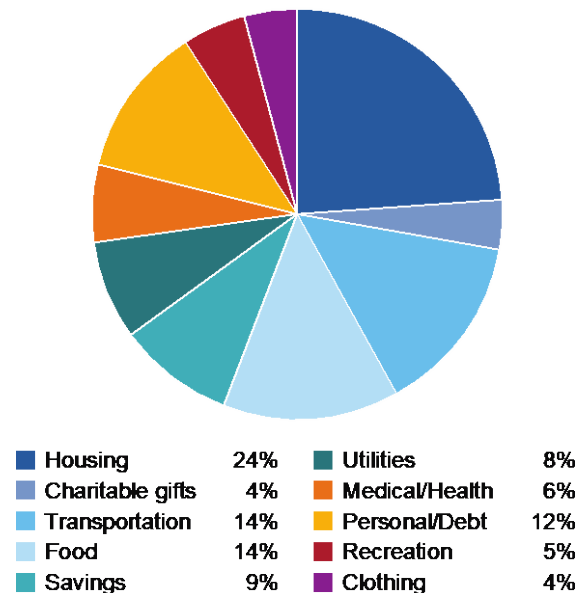
Monthly take-home income = \$ _____

	Current expense	Percentage	Budget goal	Percentage
Housing	\$ _____	%	\$ _____	%
Utilities	\$ _____	%	\$ _____	%
Transportation	\$ _____	%	\$ _____	%
Food	\$ _____	%	\$ _____	%
Entertainment	\$ _____	%	\$ _____	%
Debt	\$ _____	%	\$ _____	%
Savings	\$ _____	%	\$ _____	%
Retirement	\$ _____	%	\$ _____	%
Child care	\$ _____	%	\$ _____	%
Medical/Health	\$ _____	%	\$ _____	%
Student loan	\$ _____	%	\$ _____	%
Emergency fund	\$ _____	%	\$ _____	%
Gifts/Donations	\$ _____	%	\$ _____	%
Vacations	\$ _____	%	\$ _____	%
Household products	\$ _____	%	\$ _____	%
Clothing	\$ _____	%	\$ _____	%
Miscellaneous	\$ _____	%	\$ _____	%
	\$ _____	%	\$ _____	%
	\$ _____	%	\$ _____	%
	\$ _____	%	\$ _____	%
Total	\$ _____	%	\$ _____	%

- Retirement
- Education savings
- Second home
- Family needs
- Other

Compounding can help!

Budget allocations by percentage of net income

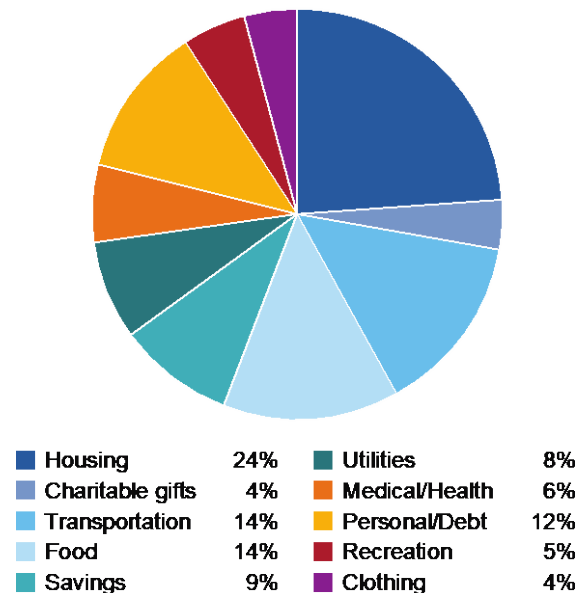


leavedebtbehind.com, "10 Recommended Category Percentages for Your Family Budget," accessed online May 2019

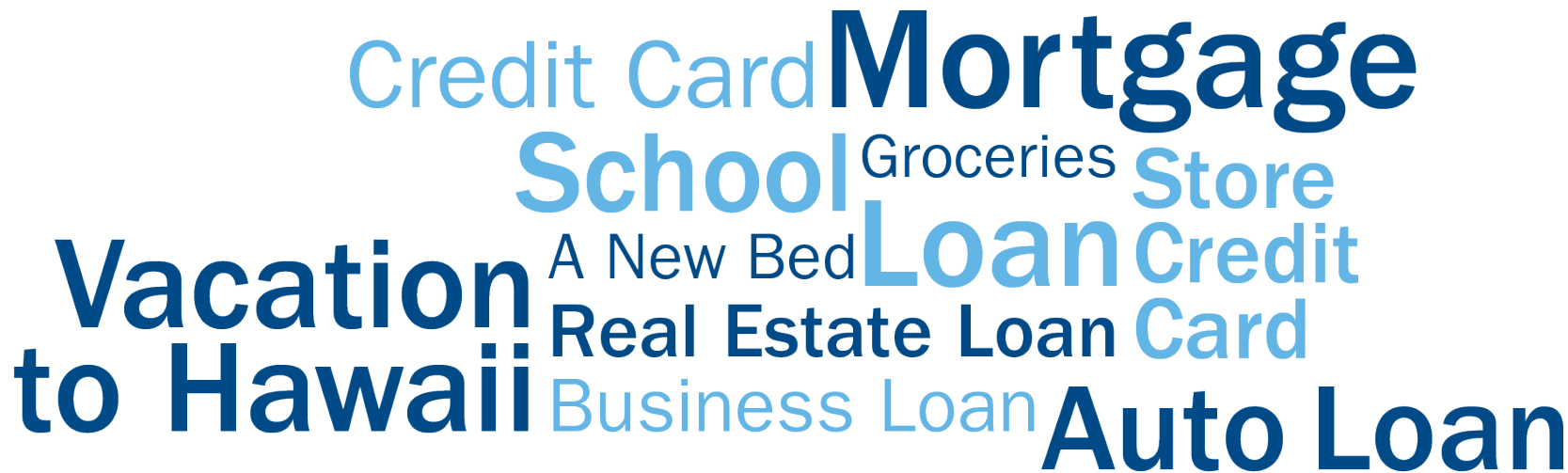
- Vacations
- Smaller purchases
- Financial cushion
- Wedding
- Down payment on house

Consider saving instead of borrowing

Budget allocations by percentage of net income



leavedebtbehind.com, "10 Recommended Category Percentages for Your Family Budget," accessed online May 2019



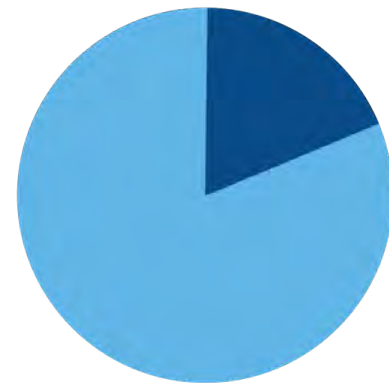
A word cloud of various debt-related terms. The words are arranged in a non-uniform, overlapping manner. The colors range from a light blue to a dark blue. The terms include: Mortgage, Loan, Auto Loan, Credit Card, School, Store, Credit, Card, Real Estate, Business, Loan, Vacation to Hawaii, A New Bed, Groceries, and Store.

Credit Card Mortgage
School Groceries Store
Vacation to Hawaii A New Bed Loan Credit
Real Estate Loan Card
Business Loan Auto Loan

- Americans' consumer debt is on the rise, growing 16% to nearly \$4 trillion since 2015.⁷
- Of that, nearly \$3 trillion was from non-revolving loans.⁹
- Credit card debt has grown 5% in just the last year.⁸
- 16% of insured working-age Americans have problems paying medical bills.⁹

The 31-Year Loan

Credit card repayment:
\$2,500 vs. \$10,701.16



■ Principal – \$2,500
■ Interest – \$8,201.16

What you owe

- What's the balance?
- What's the rate?

Manage your debt

- Pay more than the minimum
- Ask for a rate reduction



Savings and debt: The real examples



- How can one cup of coffee a week equal \$2,100 in 10 years?
- How can savings insulate you from debt?
- Should I choose between saving and paying debt?



“Pay yourself first” and why it’s worth repeating






- Budgeting helps you save
- Saving lets you invest
- Investing helps you earn through compounding
- Compounded earnings are how you pay yourself in retirement

Maximizing the power of your retirement plan



The earlier you start, the less you'll have to sacrifice to pursue the retirement you want. For example, to reach approximately \$500,000 by age 67:

Starting at age	What you'll have to "give up"	
25		Daily cup of barista coffee (\$187/month)
35		Monthly car payment (\$365/month)
45		Annual family vacation (\$782/month)

This hypothetical illustration assumes a 6% annual return on investment, and a 3% increase every year to account for inflation. It does not represent the actual performance of any TIAA account nor does it reflect expenses or taxes, which would reduce performance. Total returns and the principal value of the accounts will fluctuate, and yields may vary. This table cannot predict or project investment performance.

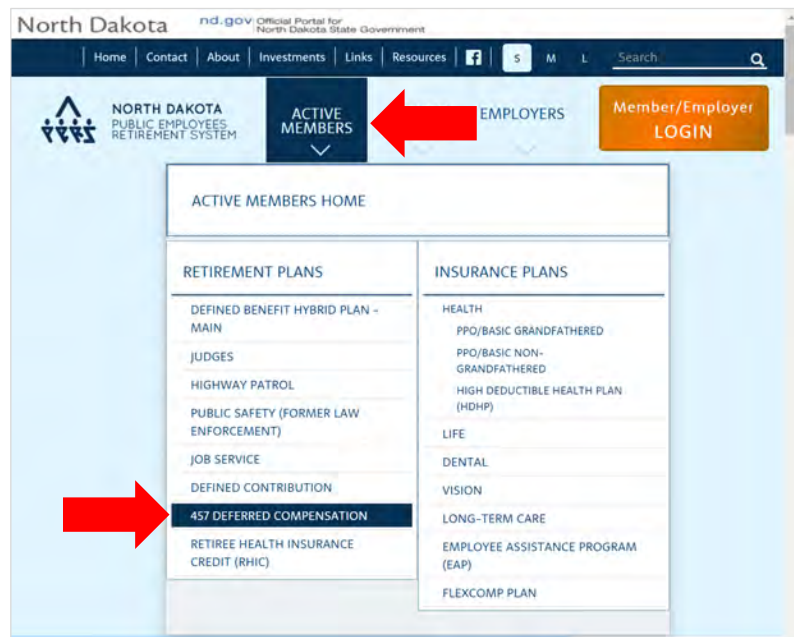
- The board selects and monitors the investments offered under the Companion Plan.
- TIAA is the record-keeper for the Companion Plan and provides both group and individual consulting services to participants **at no additional cost.**
- The Plan has no annual account fees or sales loads.
- The Companion Plan investment portfolio includes Life Cycle funds, active and passively managed funds, as well as access to a self-directed brokerage account. Funds information is available on our web site at **[TIAA.org/ndpers](https://www.tiaa.org/ndpers).**

Advantages of participating the Companion Plan



- Supplement your retirement savings through tax-deferred contributions into an account in your name
- You are in control of your account and investment allocation
- Start, stop, increase or decrease your voluntary contributions at any time.
- Automatic enrollment in Portability Enhancement Provision

Learn more at ndpers.nd.gov



PEP allows you to vest in a portion of the employer contribution!

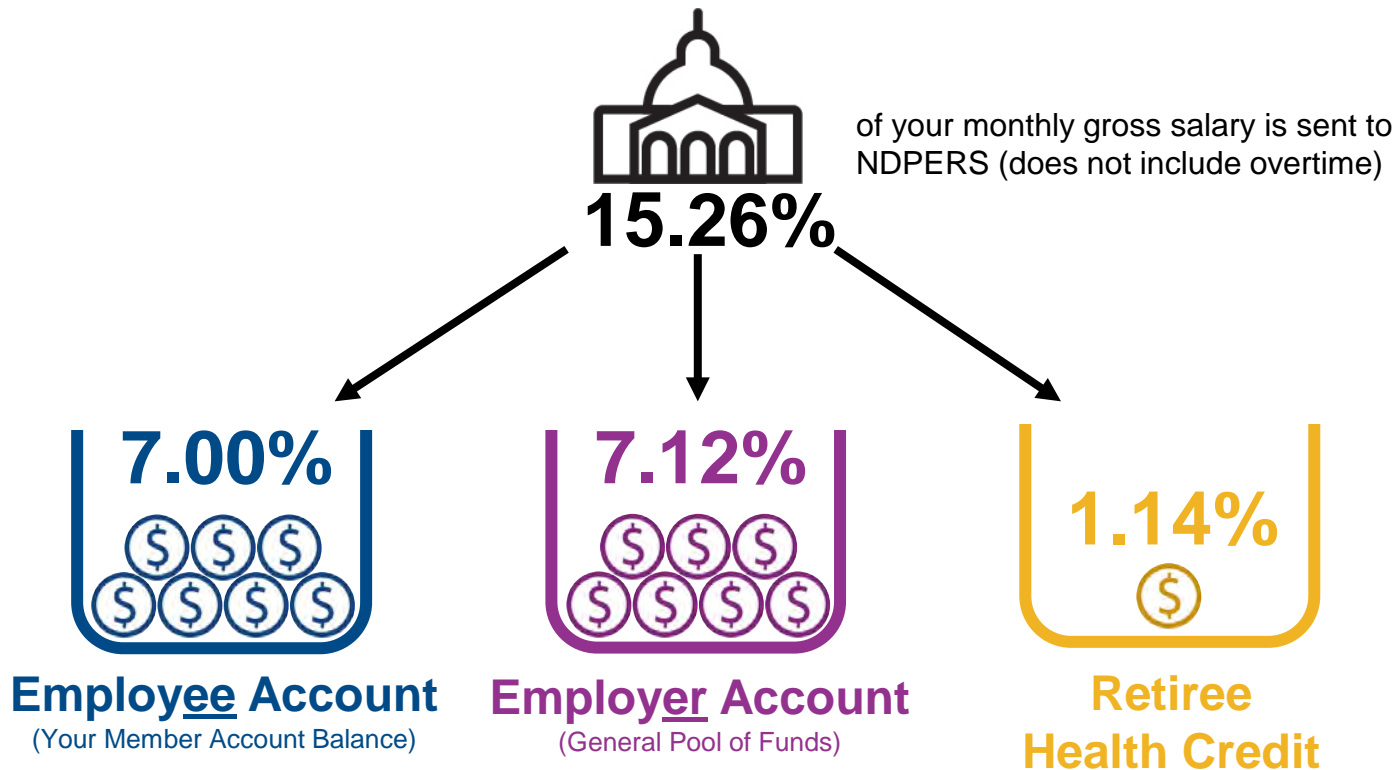
- Must be an active member in the NDPERS Defined Benefit Pension plan
- Requires participation in an eligible 457 Deferred Compensation Plan (i.e., Companion Plan)
- Employer contributions are added to your member account balance in the defined benefit retirement plan according to the vesting schedule
- Results in accelerated accrual of member's account balance in the NDPERS Defined Benefit Pension plan

Employer contribution vesting schedule with PEP

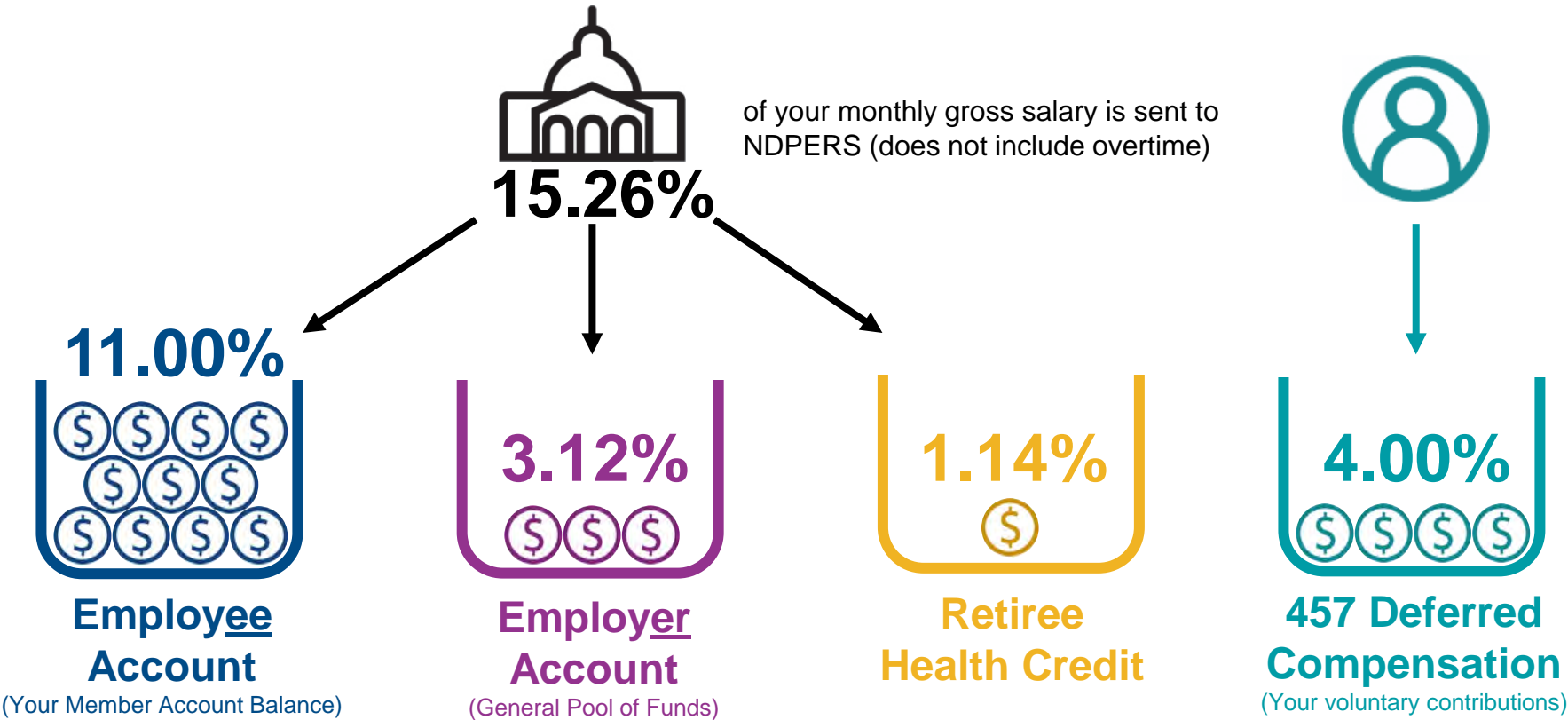


Service Credit	Minimum	Maximum
0-12 Months	\$25	1%
13-24 Months	\$25	2%
25-36 Months	\$25	3%
37+ Months	\$25	4%

Contribution allocation without PEP



Contribution allocation example with PEP



- Find out your cash flow
- Determine your negotiable/non-negotiable expenses
- Saving is an expense—pay yourself first!
- Set goals
- Make compound interest work for you
- Have fun, today and in the future

TIAA.org/tools

Retirement Advisor

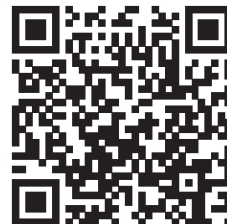
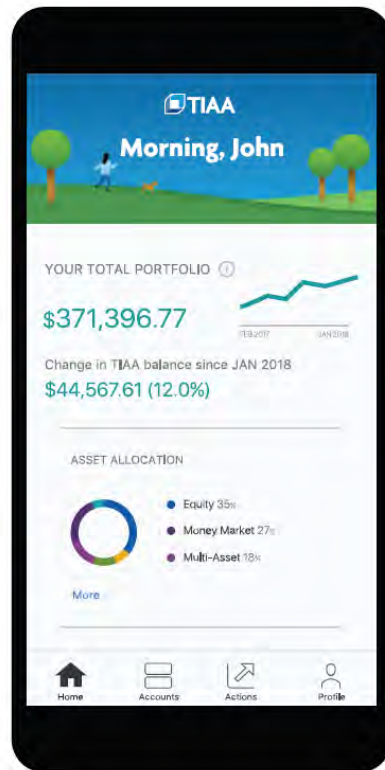
Offers a more comprehensive look at your retirement savings plan



Manage account through TIAA Mobile App



Open camera app and point at QR Code



Questions?



Inside Money: Managing income and debt

To schedule a one-on-one session with a TIAA Financial Consultant:



Call **800-732-8353**

Weekdays, 8 a.m. to 10 p.m. (ET)



Schedule online at

TIAA.org/schedulenow

Average saving rate as of November 2018: 6%¹

¹ US Department of Commerce, Bureau of Economic Analysis, "Personal Income and Outlays, November 2018," December 2018

U.S. real median family income has increased just about 2% in 10 years²

² Department of Numbers, "U.S. Household Income," accessed online January 2018

Average household net worth is rising—but so is household debt.³

According to the US Federal Reserve, Americans' household net worth rose to record levels in the third quarter of 2018, but household debt is on the increase as well. The rise in net worth can be attributed to the rise in value of corporate equities and real estate holdings. But household debt continues to be impacted by increases in consumer credit and mortgage debt.³

³ Federal Reserve, "Financial Accounts of the United States," December 2018

The median retirement savings for families is just a little less than \$96,000.⁴

⁴ CNBC, "Here's how much families have in retirement savings—and how much they actually need," April 2018

The average balance of retirement accounts for households ages 55-64 is \$107,000. That translates to only about \$310 a month from a lifetime annuity.⁵

⁵ Investopedia, "The Average Retirement Savings by Age," December 2018

The Employee Benefit Research Institute reports that roughly a quarter of Americans say they have virtually no retirement savings. In fact, only 17% of Americans say they are “very confident” about having enough money for a comfortable retirement.⁶

⁶ Employee Benefit Research Institute, 2018 Retirement Confidence Survey, “2018 RCS Fact Sheet #3: Preparing for Retirement in America,” April 2018

*Americans’ consumer debt is on the rise, growing 16% to nearly \$4 trillion since 2015⁷
Of that, nearly \$3 trillion was from non-revolving loans⁷*

⁷ Federal Reserve, “Consumer Credit, G.19 report,” January 2019

Credit card debt has grown 5% in just the last year.⁸

⁸ NerdWallet, “2018 American Household Credit Card Debt Study,” December 2018

16% of working-age American families have problems paying medical bills.⁹

⁹ National Center for Health Statistics, “Problems Paying Medical Bills Among Persons Under Age 65,” December 2017



This material is for informational or educational purposes only and does not constitute fiduciary investment advice under ERISA, a securities recommendation under all securities laws, or an insurance product recommendation under state insurance laws or regulations. This material does not take into account any specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on the investor's own objectives and circumstances.

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TIAA.org

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BUILT TO PERFORM.

CREATED TO SERVE.

North Dakota's 529 College Savings Plan



**We help little ones
with big plans.**

529s: A smart way to save for college.

[Enroll Now](#)

College **SAVE**[™]

Bank of North Dakota's 529 Plan

Get educated

Sign up for email updates to learn more
about saving with College SAVE.

Sign up

Today's agenda



- The Cost of College
- How College SAVE can help
- Investment Choices
- How to save more
- Updates

The cost of college

1936

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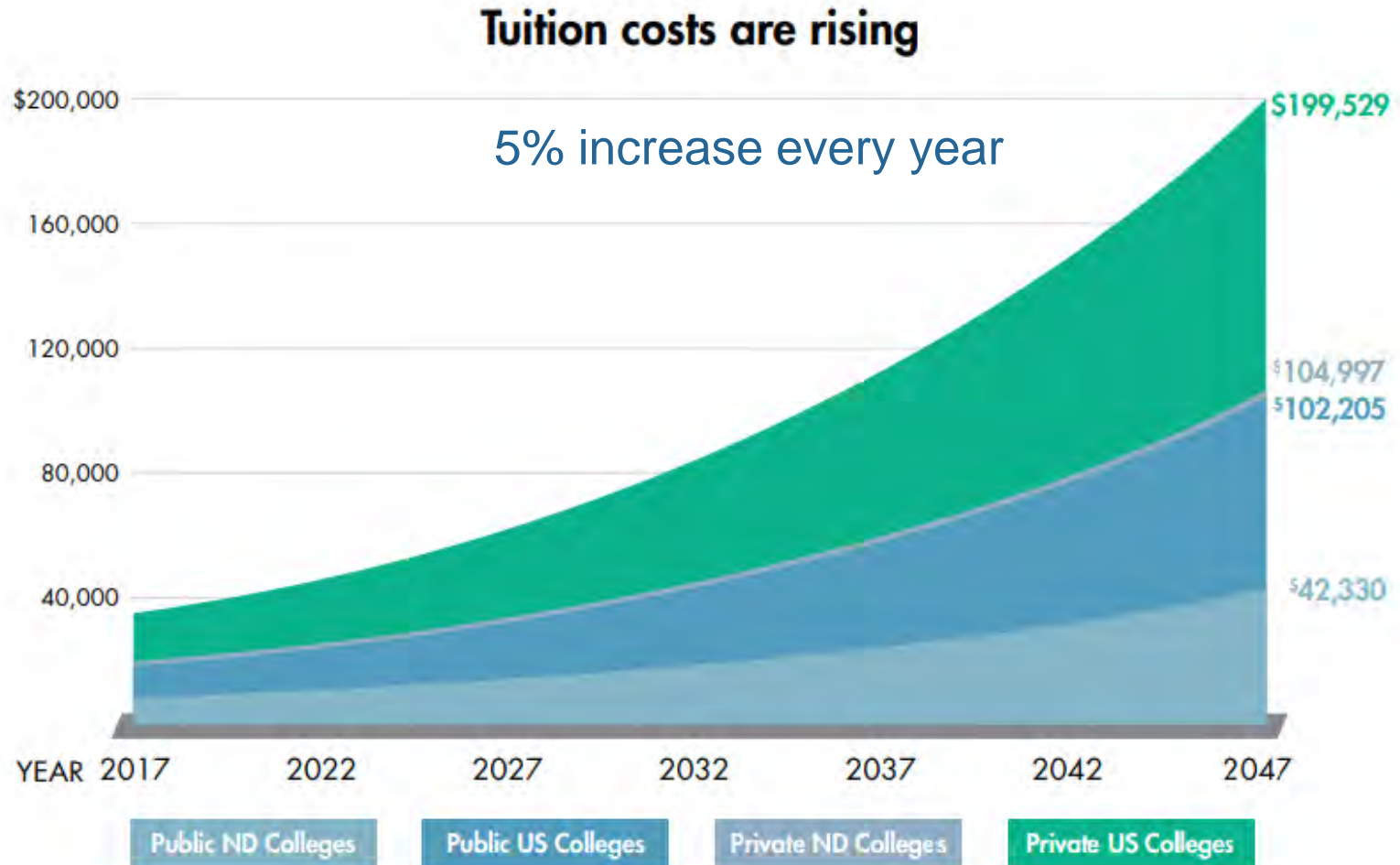
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College costs increasing...



Costs based on College Board: *Trends in College Pricing, 2017* and North Dakota resident on-campus budgets for 2017-2018. Future costs based on initial costs from this source have been computed using a 6% annual inflation rate to provide a closer comparison with overall U.S. costs.

College Board: *Trends in College Pricing, 2017*.

Bank of North Dakota College Handbook: 2017-2018.

...There is a solution

529 plans provide **tax-deferred** earnings for the life of the investment and tax-free qualified withdrawals*



* Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

Program administered by



Program managed by
Ascensus Government Savings



Investments managed by
The Vanguard Group



College Planning Center

- The College Planning Center is a trusted resource when preparing for college. Learn and understand financial aid, how to plan for college, pay for college and manage your money. A comprehensive website is available with staff members available to take calls and answer questions. To learn more go to www.collegeplanning.nd.gov

Scholarships

• Dollar for Scholars

- Dollars for Scholars is a state-wide organization providing scholarship opportunities to North Dakota students. There are Dollars for Scholars chapters in many local communities as well as a state chapter at Bank of North Dakota. More than \$32.2 million has been raised by chapters with money awarded to over 25,000 students. For more information or to start a local chapter go to www.northdakota.dollarsforscholars.org

DEAL Student Loan

- DEAL Student Loan is North Dakota's state-sponsored student loan program that offers variable and fixed interest rates with no fees to North Dakota residents attending an accredited college anywhere in the U.S. and to out-of-state residents attending a North Dakota college. To learn more go to www.bnd.nd.gov/studentloans

DEAL Student Loans

- **Highlights:**
 - North Dakota state-sponsored student loan program
 - For education beyond high school, including dual credit in high school
 - BND pays the fee for North Dakota students or students attending a ND school
 - Locally serviced at BND
- **Qualifications:**
 - U.S. citizen
 - Student or cosigner must meet credit standards
 - Must complete the FAFSA
 - Must be an eligible school
- **Loan Limits:**
 - Undergraduate: up to \$50,000
 - Graduate students: can apply for an additional \$50,000
- **Competitive Interest rates:** (Rates valid through 03/31/2022)
 - Variable rate ND = 1.71% - Out of State = 2.71%
 - Variable rates have lifetime cap of 10%
 - Fixed rate ND = 3.98% - Out of State = 4.98%

DEAL One Loan Program - Refinance option for Student Loans

- **Eligibility:**
 - ND Residents
 - No longer attending school
- **Eligible Loans:**
 - All Student Loans - DEAL, DEAL Consolidation Loans (DCL), outside private student loans and federal loans
- **Competitive Interest rates:** (Rates good until 03/31/2022)
 - Variable rate ND = 1.71%
 - The variable interest rate includes a special guarantee: the rate will not increase by more than 1% per year and is capped at 10%
 - Fixed rate ND = 3.98%
- **Fees:** Paid by BND
- **Consolidation Reasons:**
 - Lower interest rate
 - Lower monthly payment
 - Pay loan(s) off faster
 - One local lender

Power of Refinancing with BND

- Here is an example to demonstrate the difference a DEAL One Loan can make. The average student loan debt is \$35,000. Assuming a current fixed interest rate of 7.25% with a \$35,000 loan, the table below demonstrates the saving when a borrower refinances based on the current DEAL One Loan interest rates using a 25-year repayment term.

More Money in Your Pocket	Current	DEAL One	DEAL One
	Lender	Fixed	Variable Rate
Loan amount	\$35,000	\$35,000	\$35,000
Interest rate	7.25%	3.98%*	1.71%**
Payment term	300 months	300 months	300 months
Monthly payment	\$252.98	\$184.36	\$143.46
Total interest paid	\$40,894	\$20,296	\$8,033
Total amount paid	\$75,894	\$55,296	\$43,033

APR: Annual Percentage Rate.

*APR = 3.98%

**APR = 1.71% The variable interest rate may increase or decrease over the life of the loan so the monthly payment total interest paid and the total amount repaid may change. These rates are available through March 31, 2022.

Power of Refinancing with BND

Pay Off Your Loan Faster	Current	DEAL One		DEAL One	
	Lender	Fixed Rate		Variable Rate	
Loan amount	\$35,000	\$35,000		\$35,000	
Interest rate	7.25%	3.98%		1.71%	
Monthly payment	\$252.98	\$250*	\$300	\$250**	\$300
Payment term (months)	300	189	148	157	128
Total interest paid	\$40,894	\$12,125	\$9,326	\$4,064	\$3,303
Total amount paid	\$75,894	\$47,125	\$44,326	\$39,064	\$38,303

APR: Annual Percentage Rate.

*APR on \$250/\$300 payment = 3.98%

**APR on \$250/\$300 payment = 1.71%

These rates are available through March 31, 2022.

How College SAVE can help





College SAVE benefits

5. Significant federal and state tax advantages
4. Broad eligibility and flexibility
3. Pay for more than just higher education expenses
2. Low fees and minimums
1. Three Match Programs totaling \$600

Federal and state income tax-deferred growth



- Earnings grow federal and state income **tax deferred** until withdrawn*
- Withdrawals for tuition, fees, certain room and board costs, computers, books, and required supplies are all **qualified expenses**

* Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.

Student loan repayment

- Lifetime \$10,000 for the plan beneficiary and per each of the beneficiary's siblings

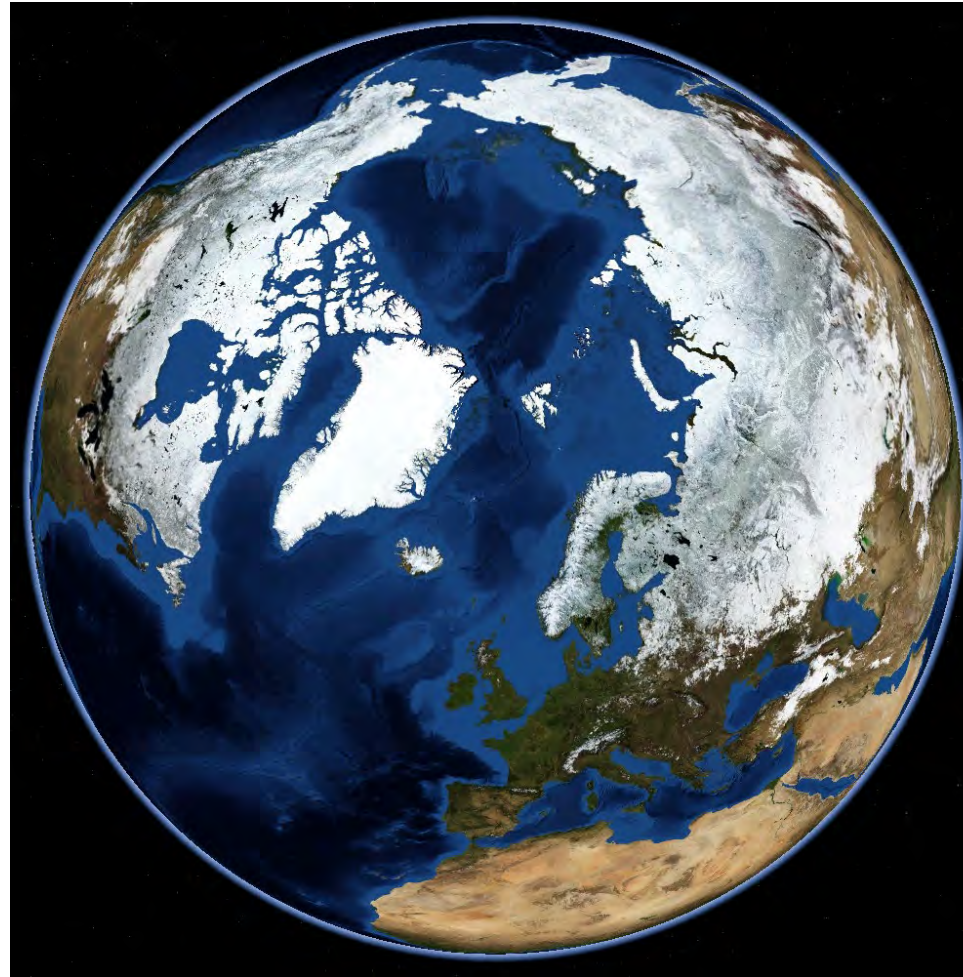
Apprenticeship Programs

- Fees
- Textbooks
- Supplies
- Equipment, including tools required for trades



Where College SAVE can be used

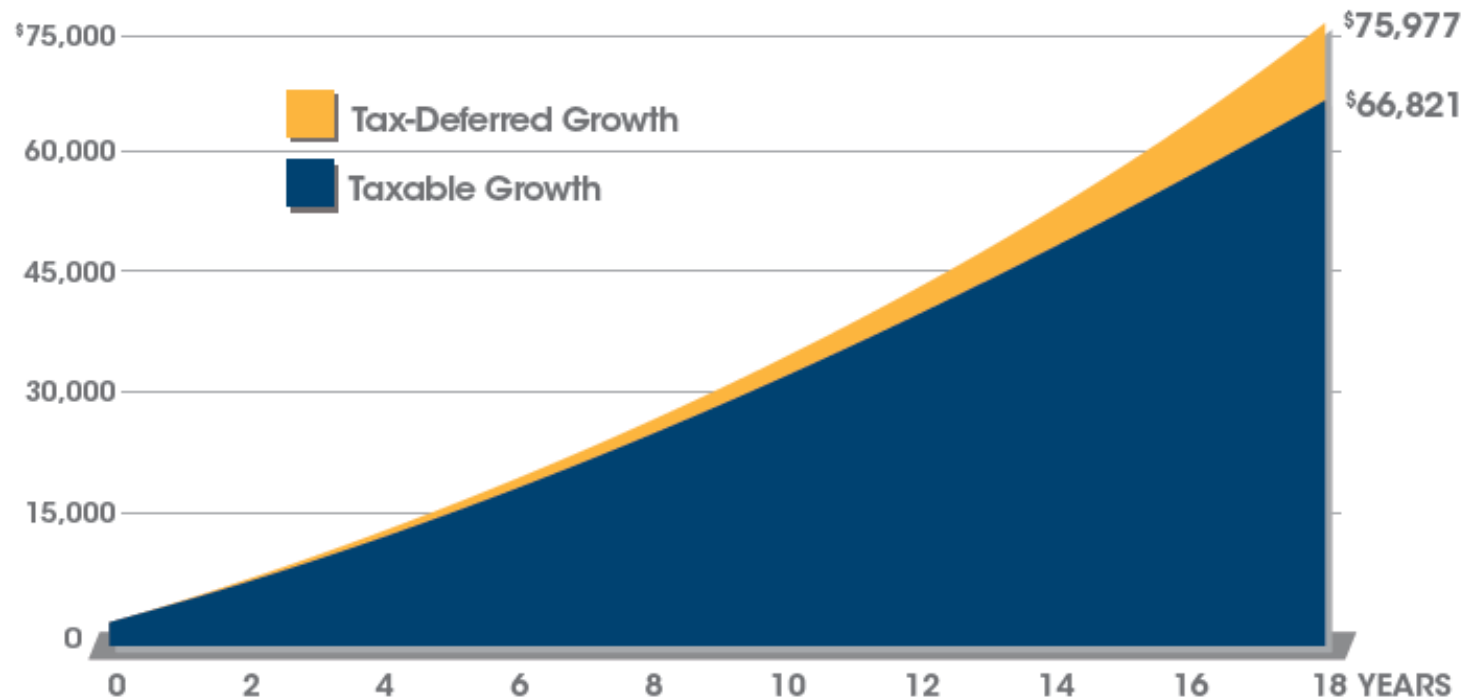
- Any eligible post-secondary institution in the U.S. and abroad, includes public and private colleges and universities, 2- and 4-year programs, and vocational schools
- Expenses also include tuition of up to \$10,000 per student per year for attendance at an elementary or secondary public, private, or religious school (K-12) in ND



Take advantage of favorable tax treatment

Tax advantages can make your dollars grow faster

Year after year, the unique tax advantages of 529 plans can help your child go further on the path to a college education



Assumptions: \$2,500 initial investment with subsequent monthly investments of \$200 for a period of 18 years; annual rate of return on investment of 5% and no funds withdrawn during the time period specified; taxpayer has a 24% Federal income tax rate for all options at the time of contributions and distribution. This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes payable upon distribution. Actual investment returns may be higher or lower than those shown.



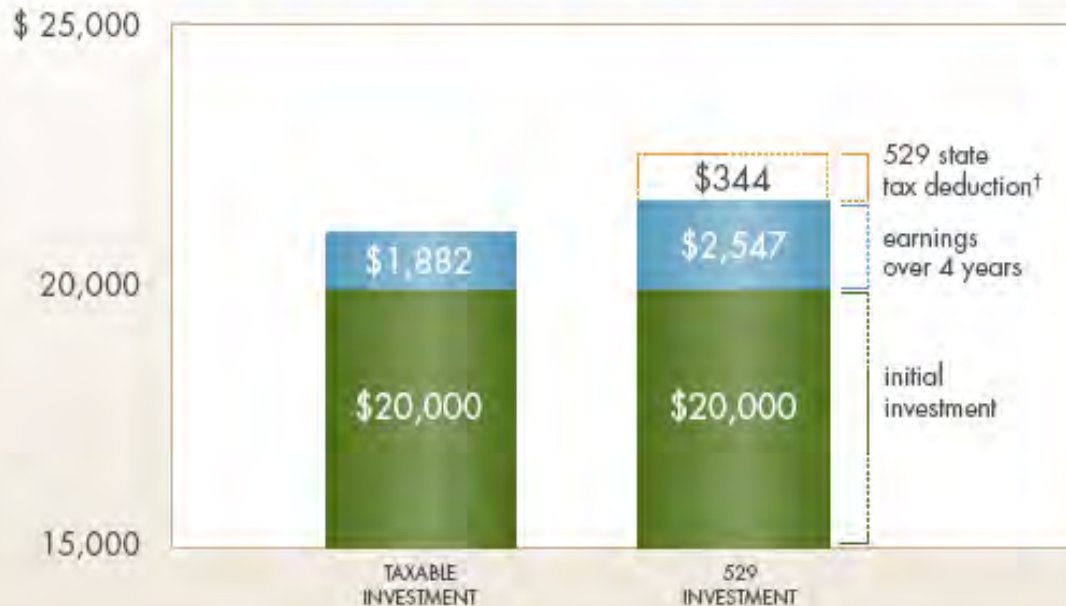
The only 529 plan in the U.S. that offers ND taxpayers a state tax deduction

- Single individuals: Deduct up to \$5,000 from state taxable income for qualified contributions each year.*
- Married couples filing jointly: Deduct up to \$10,000 from state taxable income for qualified contributions each year.*

* Rollovers from another state's 529 plan are not considered eligible for the state income tax deduction.

Even conservative investments add up...

THE 529 PLAN DIFFERENCE: \$20,000 INVESTED FOR COLLEGE



\$20,000, 3% return, 4 years

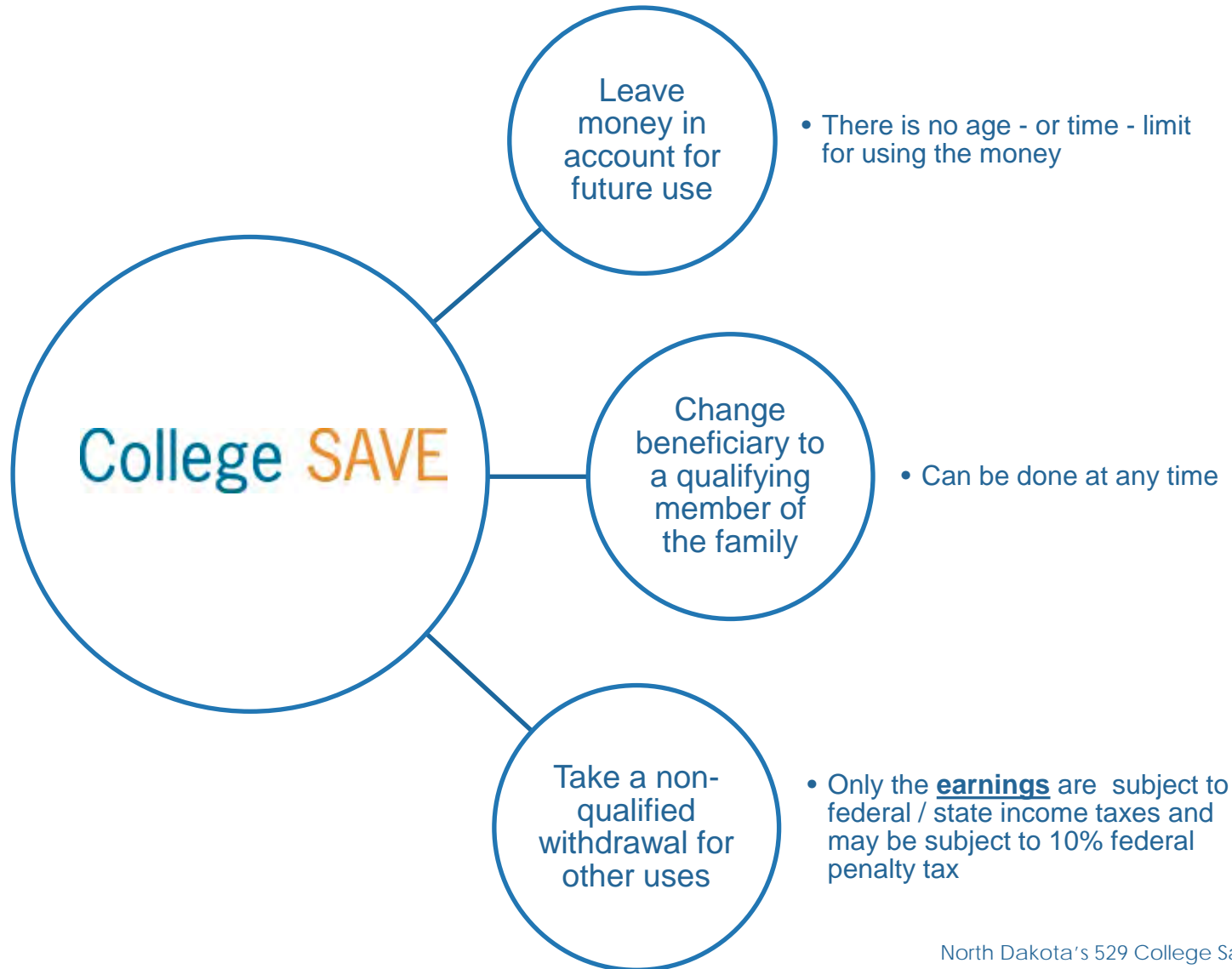
College SAVE	\$22,547
Other investment	\$21,882

You earn \$700 more and save \$344 in taxes[†] with College SAVE!

Assumptions: This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan, the effect of fees and expenses, or any taxes payable upon withdrawal. For all options at the time of contributions, distribution, and deduction, taxpayer is in the 24% federal income tax bracket, is subject to the North Dakota state marginal tax rate of 3.44%, and has taxable income of \$100,000. Please consult your tax advisor. Actual investment returns may be higher or lower than that shown and are not guaranteed.

[†] State tax savings may increase federal income taxes. Please consult your tax advisor for more information.

What if my student doesn't go to college?



Low fees, Low minimums, and High maximum

- Annual maintenance fees waived for ND residents and beneficiaries
 - Out-of-state participants pay only \$20 per year
- Low management fee: 0.48% of your investment annually
- Low minimum contribution amounts
 - \$25 for initial and ongoing contributions (EFT or check) or \$12.50/pay period
- High maximum contribution limit
 - Contribute until the total balance of all Program accounts for the same beneficiary reaches the aggregate maximum of \$269,000 (earnings can continue to accrue after reaching the maximum)

Who needs college?



Saving vs. Borrowing

\$35,000 For College: SAVE or BORROW?



This hypothetical example is for illustrative purposes only and assumes no withdrawals made during the period shown. It does not represent an actual investment in any particular 529 plan and does not reflect the effect of fees and expenses or any taxes payable upon withdrawal. Your actual investment return may be higher or lower than that shown and is not guaranteed. The loan repayment terms are also hypothetical.

The graduating class in ND had an average of \$31,939 in student loan debt.

- 66% of graduates had debt
- 27% of graduates in North Dakota have private debt



* 7 of 14 reporting North Dakota Colleges, the institute for College Access and Success, 2020.

Two options to enroll

Direct

- Account owners sign up directly
 - Online – **www.collegesave4u.com**
 - Paper Application



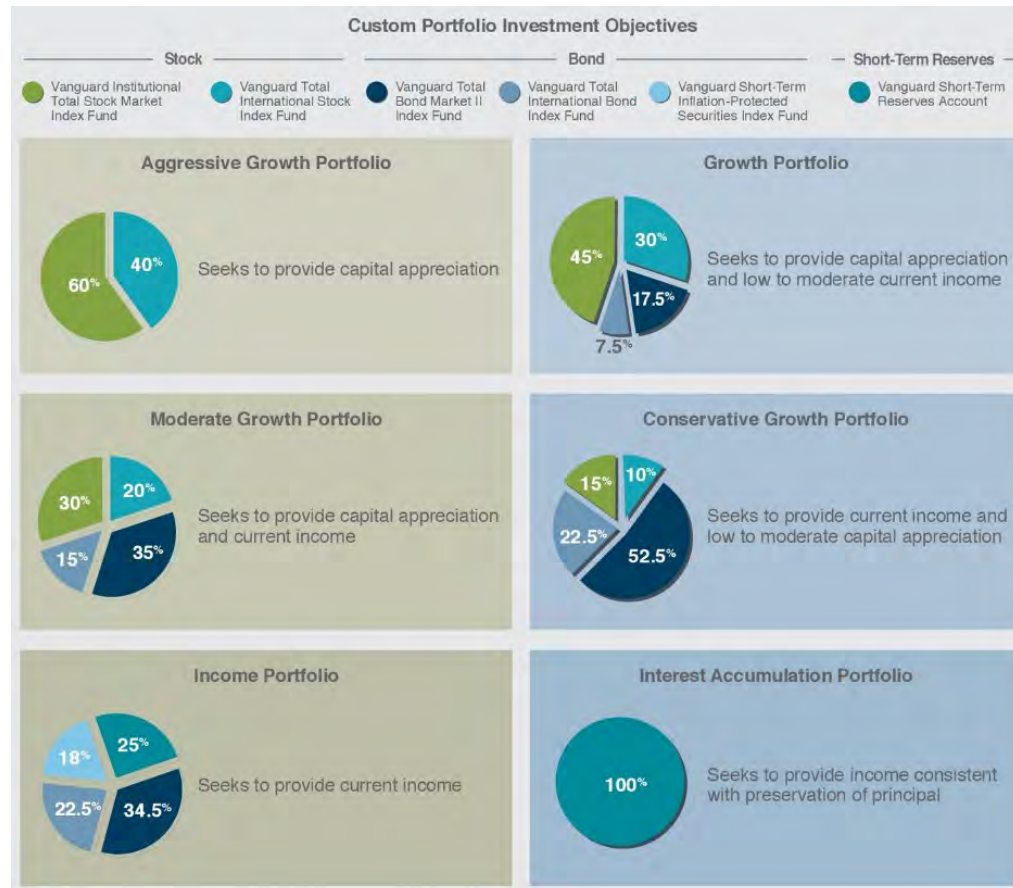
Financial Advisor

- Over 450 North Dakota advisors
- Nearly 60 firms and growing!

Investment Choices



6 Vanguard individual portfolios



*The Plan's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal fund securities and the value of units will vary with market conditions.

**You could lose money by investing in a portfolio which includes the Vanguard Short-Term Reserves Account which in turn invests in the Vanguard Federal Money Market Fund. Although the money market fund in which your investment option invests (the "underlying fund") seeks to preserve its value at \$1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The underlying fund's sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.

Age-based options



How to save more!

New Baby & Kindergarten Matches

NEW BABY MATCH:

Any North Dakota newborn has until they turn 12-months old to qualify for New Baby Match

- BND will match contributions up to \$200 for the baby. You have 12 months from when the account is open to meet the match.

KINDERGARTEN KICKOFF MATCH:

Any North Dakota kindergartener age 5 or 6 is eligible. Contributions must occur within the first 12 months or before the child turns 7 (whichever comes first).

There are NO income requirements to qualify for either match. You must contribute each amount in order to receive the full match in each program.

Account owners may qualify for ALL Match Programs!

- New Baby Match and Kindergarten Match are always funded first and then the \$300 BND Match



* Programs may be subject to certain limitations by Bank of North Dakota. In addition, grant programs are subject to the availability of funds and can be modified, reduced or stopped at Bank of North Dakota's discretion.

- College SAVE investors who are ND residents may qualify for a match up to \$300 from BND*
- Grandparents may qualify for the match due to lower retirement income

Your adjusted gross income (previous tax year):	You are eligible for:
\$0-\$120,000 if married filing jointly or \$0-\$80,000 if single	One time match of \$300

Your beneficiary – the person you are saving for – must be 15 years old or younger.

* Grant programs may be subject to certain limitations by Bank of North Dakota. In addition, grant programs are subject to the availability of funds and can be modified, reduced or stopped at Bank of North Dakota's discretion.

Ugift® – Give college savings

- Innovative, automated online program allows College SAVE participants to invite family and friends to contribute to a child's 529 plan
- Perfect for any event in a child's life
- Excellent way to encourage gift contributions to boost 529 savings*

Here's how to build college savings with Ugift:



1

Suggest a 529 gift contribution to family and friends



2

They send a contribution



3

Those gifts are invested in your account

“Finally, a birthday gift that’s fiscally responsible.”

- *Kiplinger's Personal Finance* magazine, September 2008

*Contributions are subject to a \$25 minimum, and certain terms and conditions apply. Please see Plan Disclosure Statement for more details.

Additional savings with Upromise® Rewards

Upromise is a free, optional service*

- Join Upromise collegesave4u.com
- Register credit, debit, grocery, and drug store cards
- Qualified purchases = money for college
- Link your Upromise account to your College SAVE account; earnings transfer automatically - \$25 minimum



Hundreds of leading companies can help you save for college



...and many more

* Upromise is an optional service offered by Upromise, Inc., an affiliate of Upromise Investments, Inc. It is separate from the College SAVE Plan and is not affiliated with the State of North Dakota and Bank of North Dakota. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions subject to change without notice. Transfers subject to \$25 minimum.

No Guarantee & Other Important Program Disclosures

For more information about North Dakota's College SAVE Plan (College SAVE), call 1-866-SAVE-529 (1-866-728-3529) or visit www.collegesave4u.com to obtain a Plan Disclosure Statement. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Disclosure Statement; read and consider it carefully before investing.

Please Note: Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

College SAVE is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. Ascensus Broker Dealer Services, LLC, the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of College SAVE, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns are not guaranteed and you could lose money by investing in College SAVE. Participants assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state consequences. responsibility for any federal or state tax consequences.

Ugift is a registered service mark of Ascensus Broker Dealer Services, LLC.

Upromise and the Upromise logo are registered service marks of Upromise, Inc.

- Visit www.collegesave4u.com to learn more about the Plan, request an information kit, and enroll online in just 10 minutes
- Call **1-866-728-3529** to speak with a Plan representative
 - Monday through Friday, 8 a.m. to 8 p.m.
- Questions?

BASIC ESTATE PLANNING

CASEY CHAPMAN

PLANNING ISSUES

- **POWER OF ATTORNEY**
- **HEALTH CARE DIRECTIVE**
- **ASSET OWNERSHIP**
- **WILL**

LIFETIME PLANNING

- **Disability**
 - Financial supervision
 - Health Care supervision
- **Asset Ownership**

POWER OF ATTORNEY

- Durable power of attorney
 - General powers, “plus...”
 - Words of “durability”
 - Avoid guardianship
 - Gifts under power of attorney
 - Some states...statutory form

HEALTH CARE DIRECTIVE

- **Designate Health Care Agent**
 - **Treatment, Providers, etc.**
 - **Living Will Language**
 - **Permanent Unconsciousness**

TRANSFER TAXES

- Gift Tax and Estate Tax – combined
- 2009- \$3.5 Million
- 2010- No transfer tax
- 2011- \$5 Million ‘plus’
- 2017- \$5.49 Million
- 2022- \$12.06 Million ‘plus’
- 2026- back to \$5.49 Million ‘plus’??

ASSET OWNERSHIP

- **What are the differences?**
- **Sole**
- **Joint**
- **Beneficiary Designations**

ASSET OWNERSHIP

- What issues arise during lifetime?
- Vehicles.... “or”
- Bank accounts.... “and”, “or”
- Bank accounts.... Additional owners?
- Houses and land... who must sign?

DEATH... PLAN?

- **Power of Attorney... terminates**
- **Is probate needed?**
 - **Solely owned property**
 - **Under \$50,000, with no house or land?**
 - **How is other property titled?**

DEATH... PLAN?

- **Jointly owned property**
 - No probate
- **Beneficiary designations**
 - No probate
- **Transfer on Death Deed**
 - No probate

WILLS

- Solely Owned Property
- And.... Special requirements
 - Minor children
 - Children with special needs
 - Specific property transfers
 - Business, farm, cabin, etc.
 - Charities

WILLS

- Mental Capacity
- No Undue Influence
- Signed
 - Two witnesses, OR
 - Notarized
- Can be amended
- Where is the original?

- Thank You !!
- REMEMBER
- USE A JOINT ACCOUNT, OR A WILL,
OR A BENEFICIARY DESIGNATION,
BUT ...
- MAKE A PLAN