

# Perspectives

FOR ACTIVE  
MEMBERS  
OF THE  
NORTH DAKOTA  
PUBLIC  
EMPLOYEES  
RETIREMENT  
SYSTEM

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### **Board Members**

*Chairperson-Vacant*

Troy Seibel

*Attorney General Appointee*

Mylynn Tufte

*State Health Officer*

Rep. Pamela Anderson

*Legislative Management Appointee*

Senator Dick Dever

*Legislative Management Appointee*

### **Members Elected**

Adam M. Miller, Casey Goodhouse,

Yvonne Smith, Kim Wassim

Sparb Collins, *Executive Director*

Kathy M. Allen, *Editor*

## ***How Are Health Insurance Plan Design Changes Approved?***

### **Funding for the Health Insurance Plan**

During each legislative session, the funding for the health insurance premiums is determined in the budgeting process by the Legislature and Governor. One of the most important factors to determine the funding for this item is the Legislature's continued commitment to pay 100% of the state employees' health premiums. Therefore, the approved funding by the Legislature is a significant variable in defining the health insurance plan design. For the 2017-19 biennium, the final approved state budget provided funds for a 9.8% increase in health premiums.

The NDPERS health insurance plan design was modified to reflect the level of premiums approved by the Legislature and available NDPERS reserves.

### **Approval of the Health Insurance Plan Design Changes**

After the process described above was completed, the NDPERS Board approved the plan design changes consistent with the funding approved by the Legislature and the available NDPERS reserves.

## **Updated Forms Now Available**

Effective October 1, 2017, forms with a revised date prior to 2017 will be returned to the sender. The updated forms are available on our new website at <https://ndpers.nd.gov> and on PERSLink Member Self Service (MSS) at <https://perslink.nd.gov/perslinkwss/wfm/loginME.aspx>. Most forms are fillable and can be completed and submitted online, or they may be downloaded, printed, and mailed to the NDPERS office.

## **Adam M. Miller Elected to the Board**

Adam Miller was elected to a five-year term on the NDPERS Board. His term is effective July 1, 2017, and ends June 30, 2022. Adam is currently an Environmental Scientist with the North Dakota Department of Health. The NDPERS Board and staff welcome Adam as the newest member.

The following is a recap of the election results.

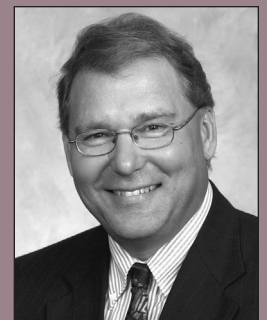
	Votes
Adam M. Miller	995
Deon Vilhauer	663
Invalid	9
Write-ins	9
Received after deadline	120
Total votes received	1,796



*Adam Miller*

## **Thank you, Mike!**

Mike Sandal concluded his term on the NDPERS Board in June 2017. Mike served as an active representative for 10 years. The NDPERS Board and staff extend their appreciation to Mike for his contribution and dedication during his time on the Board.



*Mike Sandal*

## We Need Your Email Address!

NDPERS is moving to more electronic communications to reduce mailing and printing costs. This is in compliance with the legislature's intent to create operating efficiencies by utilizing electronic distribution whenever possible. We are currently developing initiatives to address this transition. This change will impact documents currently mailed by NDPERS and includes but is not limited to this active PERSpective newsletter, annual statements and other correspondence.

This move creates a great opportunity for our active members to receive important information instantly and at your convenience. NDPERS strongly encourages members to access their PERSLink Member Self Service (MSS) and update their personal profile with an email address.

More information on NDPERS transition to electronic communications will be provided during 2017. In the meantime, you may follow us on Facebook or Subscribe to NDPERS news on our website at <https://ndpers.nd.gov/sign-up-for-ndpers-publications> for updates.

## Thinking About Purchasing Service Credit

Effective January 1, 2018, the cost to purchase service credit will change to reflect updated actuarial equivalent calculations. This means an alternative calculation method (not yet determined) will be implemented for purchases that occur on or after this date. This change does not affect the cost to purchase unused sick leave at the time of retirement.

More information will be provided in upcoming communications as NDPERS staff and Board work with GRS.

## Walk at Work Day 2017

Sanford Health Plan dedicated the month of May to promoting the benefits of incorporating physical activity throughout the work day. It is recommended you get 30 minutes of physical activity each day to stay active and help combat the health risks of excessive sitting.



Walk-your-break events were held at the Capital on May 23 at 10 a.m. and 3 p.m. for employees to get outside and exercise during their break. Fifty-six employees participated in the walks with Sanford Health Plan wellness educators. Sanford Health Plan educators were also on-site to answer questions about improving your health and well-being through physical activity.

Agencies in Bismarck and across North Dakota were encouraged to host their own walking events. Twenty-two agencies participated in the Capital events or held a walking event at their worksite. A photo contest was also part of the May events, with agencies submitting a photo of their worksite walkers.

Congratulations to the winners, Career and Technical Education and Ransom County. The winners will each receive a fresh fruit basket for their walking participants.



## NDPERS Retirement Benefit Option Factors

NDPERS is working with our actuarial consultant Gabriel Roeder Smith & Co (GRS) on updating the benefit option factors for calculating retirement benefits. These factors are used in determining retirement benefits for all options with the exception of the Single Life option (referred to as the Normal Retirement option for those in the Highway Patrol and Judges Retirement plans).

### *I'm thinking about retirement. What are my retirement benefit options?*

You continue to have the same retirement benefit options at the time of retirement as listed below:

#### **Main & Law Enforcement**

- Single Life
- 50% Joint and Survivor (if married)
- 100% Joint and Survivor (if married)
- 10-year Term Certain
- 20-Year Term Certain

#### **Highway Patrol & Judges**

- Normal Retirement
- 100% Joint and Survivor (if married)
- 10-Year Term Certain
- 20-year Term Certain

For members at normal retirement, additional options are available and include Deferred Normal Retirement Option (DNRO), Partial Lump Sum Option (PLSO) and Graduated Benefit Option. The retirement benefit option factors for these alternate retirement options will also change. Contact NDPERS for more information on these retirement options or view the complete Retirement Kit at <https://ndpers.nd.gov/image/cache/retirement-kit.pdf>.

### *Why is the Single Life option not affected by the retirement benefit option factors?*

The Single Life option is not impacted by the update to the retirement benefit option factors because the formula to calculate your

## Upcoming Interest Rate Change

The interest rate NDPERS pays on member retirement accounts and accrues on service purchases with payment plans will change as set forth in N.D.A.C. 71-02-01-01(e) and 71-02-03-02.2 effective January 1, 2018.

### What does this mean for you?

**1. Member Retirement Account**  
Under N.D.A.C. 71-02-01-01(e), the interest NDPERS pays on a member's retirement account is one-half of one percent less than the actuarial interest (investment return) assumption. Therefore, the interest NDPERS pays on member's retirement contributions will be lowered from 7.50% to 7.25%.

- This impacts members or beneficiaries that choose to take a full refund or rollover of their account balance.
- This does not impact monthly retirement benefit payments.

**2. Service Purchase with Payment Plans\***  
Under NDAC 71-02-03-02.2, if a purchase payment installment method is used, simple interest at the actuarial rate of return must accrue monthly on the unpaid balance. This will lower the simple interest on all open active purchase accounts prospectively from 8.00% to 7.75%.

- Members who choose to set up an ongoing payment plan will pay less interest on the service purchase effective January 1, 2018.
- Members with payment plans already in place will experience a decrease in the interest rate on January 1, 2018.

*\*Refer to the Thinking about Purchasing Service Credit article in this publication for additional information on changes to the cost of purchasing service credit effective January 1, 2018.*

### Why is this change taking place?

The NDPERS Board consulted with our actuarial consultant Gabriel Roeder Smith & Co (GRS) regarding the NDPERS retirement plan actuarial assumptions. GRS recommended that NDPERS lower the actuarial investment return assumption from the current 8.00% to 7.50%.

In addition to the actuarial assumptions review summary provided by GRS, the Board reviewed information relating to return assumptions used by other public sector plans and NDPERS historical returns. Using this information, the Board decided the current investment return assumption of 8.00% will be lowered to 7.75%.

monthly retirement benefit is not changing (Final Average Salary x Years of Service x Benefit Multiplier).

### Will a benefit be available to my beneficiary in the event of my death?

Yes. Joint and Survivor and Term Certain retirement options will continue to be available. Any one of these options is payable to the member for as long as the member lives. Depending on which option you choose when you retire, your beneficiary may also receive an ongoing monthly retirement benefit in the event of your death.

### How does this impact me if I'm considering retirement?

If you elect Joint and Survivor, Term Certain or an alternate retirement benefit option (DNRO, PLSO or Graduated Benefit), your monthly retirement benefit will likely be different under the new factors effective

October 1, 2017. For more information on how your benefit may change, access the NDPERS website to view the Retirement Benefit Percent Change tables. These tables only apply for members who have a retirement effective date of October 1, 2017 or later.

Members who retire prior to October 1, 2017 are subject to the current retirement benefit factors.

### When will NDPERS provide more information on this change?

The NDPERS Board received the retirement benefit option factors at the June 2017 meeting and moved to adopt the factors effective October 1, 2017. Members can expect more information through email, NDPERS Facebook and the NDPERS website.

## Effective June 1, 2017 Reinstatement of \$250 Wellness Benefit

The \$250 NDPERS Dakota Wellness incentive will be reinstated on June 1, 2017 for all active members participating in the NDPERS group health insurance plan. This benefit is taxable according to the Internal Revenue Service (IRS) memorandum #201622031 which advises that cash payments made to members for gym memberships and other cash-equivalent incentives (i.e. gift cards and prizes) for participation in a wellness program are taxable income. Contact your payroll department if you have any questions on how this benefit is being reported by your organization.

For information on how to redeem this benefit, please visit our website at <https://ndpers.nd.gov/wellness-benefit/>.

## Health Insurance Changes for 2017-2019

Your NDPERS Dakota Health Insurance Plan design and rates for the 2017 – 2019 biennium are changing effective July 1, 2017. To learn more about these changes in out-of-pocket expenses, visit our website at <https://ndpers.nd.gov/latest-news/health-insurance-plan-design-changes-for-2017-ndash-2019/>.

Sanford Health Plan (SHP) has mailed information on the changes to impacted members such as a Summary of Benefits and Coverage and new ID cards listing the new copay amounts. Additionally, you will receive an Amendment to the Certificate of Insurance listing changes to group health insurance coverage.



## Upcoming Events for Active Employees

In an effort to provide additional education on NDPERS programs to our members, NDPERS will host events for active employees this fall in Fargo, Dickinson, and Bismarck.

Registration for the Fargo and Dickinson events is currently available.

This table summarizes the main differences between the programs.

If you need additional information about these events, please call the NDPERS office at 701-328-3900 or toll free at 1-800-803-7377.

## Your FlexComp Debit Card

Your NDPERS Spending Account Debit Card is one of the most convenient benefit tools you can use. That's why we want to be sure that you understand how to use your card, how to keep your account current and maximize the value you receive from your FlexComp Plan.

Many people believe that the FlexComp Debit Card is a paperless solution. While it's true that most of your card purchases will be verified at the point of sale, that won't be the case with every purchase and the Internal Revenue Service (IRS) requires that every reimbursement from your FlexComp account be verified as eligible by a third party. That's why it's imperative that you save itemized receipts for all purchases made with your card.

Every two months (60 days), ADP sends Validation Request Forms (VRFs) to anyone who has card purchases that require them to submit receipts. If you fail to respond to a VRF, your card will be suspended. That's why it's very important that you watch for any VRFs and respond

Financial Essentials Workshop (FEW)		
Fargo	Tuesday, September 5, 2017	Registration is now available.
Dickinson	Tuesday, October 10, 2017	Registration is now available.
Bismarck	Wednesday, November 1, 2017	Registration is not yet available.

Pre-Retirement Education Program (PREP)		
Fargo	Wednesday, September 6, 2017	Registration is now available.
Dickinson	Wednesday, October 11, 2017	Registration is now available.

Financial Essentials Workshop (FEW)	
<b>Duration:</b> 4 hours	<b>Cost:</b> \$10
Ideal for new hires and other active employees interested in maximizing NDPERS benefits for future financial planning success.	
<b>Focus</b>	
<ul style="list-style-type: none"> <li>Financial planning as an active employee</li> <li>Service purchases</li> <li>457(b) Deferred Compensation Plan</li> <li>Portability Enhancement Provision (PEP)</li> <li>FlexComp</li> <li>College Save plans</li> </ul>	
<b>General overview</b> of NDPERS programs available to assist in planning and budgeting to meet your long-term financial planning goals.	
Print or download materials from the NDPERS website at <a href="http://ndpers.nd.gov">ndpers.nd.gov</a> .	

accordingly. If you have an email address on file with ADP, you'll receive your VRF via email. You'll receive the VRF via U.S. mail if you do not have an email address on file.

If you have additional questions about using your card or validating card purchases, please contact ADP's Participant Solution Center at 1-800-336-1881. Representatives are available Monday – Friday, 8:00 a.m. – 8:00 p.m., Eastern Time, excluding holidays.

Pre-Retirement Education Program (PREP)	
<b>Duration:</b> 8 hours	<b>Cost:</b> \$20
Ideal for individuals interested in retiring in the next five years and are seeking specific information on retirement planning	
<b>Focus</b>	
<ul style="list-style-type: none"> <li>NDPERS retirement benefits</li> <li>Personalized benefit estimate</li> <li>Retiree insurance plan options</li> <li>Legal estate planning</li> <li>Retiree Health Insurance Credit (RHIC)</li> <li>Social Security</li> </ul>	
General overview of NDPERS benefits and options available at retirement.	
Informational materials are provided, along with a personalized NDPERS benefit estimate.	



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!

## Summary of Legislation Passed and Signed by Governor

### Bill No. Description

**HB 1023** Section 1: Appropriation for the biennium  
 Section 2: Authorizes the cost of the health insurance increase for employees.  
 Section 3: Further description of one time funding items for the past and present biennium.  
 Section 4: Permits appropriation for line item transfers.  
 Section 5: Describes a legislative intent for the agency to create operating efficiencies by utilizing the electronic distribution of materials wherever possible.  
 Section 11: This section directs the Board to establish policies and procedures to make and collect payments in an increasingly cost-effective manner and encourages the use of electronic transfers.  
 Sections 6, 7, 8, 9, 10, 12 and 13 were vetoed.

**HB 1148** Establishes a firefighter retirement plan administered by NDPERS.

**HB 1403** Implements the auditing of Pharmacy Benefit Managers (PBM) in NDPERS group health insurance plans.

**SB 2052** Describes individual and group health insurance coverage of telehealth services. Reenacts uniform group insurance coverage of telehealth services.

**SB 2053** Section 1 and 4: Adds language that defines “distributee” in accordance with the Internal Revenue Code.  
 Section 2: Updates several definitions including retirement and retirement board.  
 Section 3: Clarifies a member can only get a disability benefit from the retirement plan they are presently enrolled in as an active member. Deletes normal retirement date to recognize “age” and early retirement.  
 Section 5, 6, and 7: Simplifies language on participation in the uniform group insurance program.  
 Section 8: Clarifies that if a member closes a Health Savings Account (HSA), NDPERS is not responsible for depositing the HSA contribution after such closure. Federal law does not allow NDPERS to reopen the account.  
 Section 9: Provides the NDPERS board with the authority to distribute Defined Contribution (DC) Service Level Agreement Penalties to NDPERS.  
 Section 10: Recognizes an employer may be charged a penalty fee on late contributions made to the Defined Contribution (DC) plan. This is consistent with the penalty fee sustained by employers when late contributions are made to the Defined Benefit (DB) plan.

### **Not Passed – Fourth Year of the Recovery Plan**

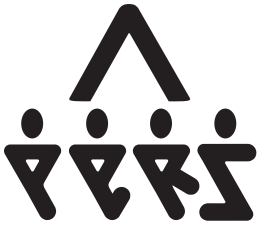
At the request of NDPERS, the Appropriations Committee introduced HB 1053 to the 65th Legislative Assembly requesting the 4th year of the recovery plan. The bill aimed to increase employer and employee’s retirement contributions under the public employees retirement system defined benefit and defined contribution plans. The bill failed to pass the House.

Without the approval of 4th year of the recovery plan, it will take longer for the NDPERS retirement plan to reach 100% funded status.

## **Your Life Insurance Coverage Has Been Enhanced!**

Effective August 1, 2017, the employer-paid basic life insurance coverage will be enhanced for all eligible members enrolled in the NDPERS Life Insurance plan through Voya Financial. The basic life coverage will increase from \$3,500 to \$7,000 at no additional cost.

For individuals who have elected to enroll in supplemental life insurance coverage, NDPERS will automatically adjust the first increment of employee supplemental coverage from \$1,500 to \$3,000. Therefore, the first total level of employee coverage when electing supplemental life coverage is \$10,000 (\$7,000 + \$3,000). Your deductions for supplemental life insurance coverage might change due to the increase in basic life insurance. Contact your payroll department for questions regarding your premium deductions for supplemental life insurance coverage.



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## TIAA Awarded Contract

TIAA had previously been awarded the 6-year contract for the NDPERS 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan from August 1, 2011 through July 31, 2017. With this period coming to an end, a request for proposal to select an investment consultant was released in May 2016. Segal Company was selected to assist with the development of the vendor request for proposal, interviews, and analysis of the investment and recordkeeping services.

After review by Segal Company, three vendor finalists were selected for interview at the March 2017 NDPERS board meeting. NDPERS staff was directed to initiate follow-up questions with each of the vendors on performance guarantees and pricing. A secondary review of the proposals was completed at the April 2017 meeting, and the board moved to award the contract to TIAA, the incumbent bidder. The new contract for the 401(a) Defined Contribution Plan and 457(b) Deferred Contribution Plan with TIAA will be effective August 1, 2017.

*The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.*

## Annual Statements Will Not Be Mailed Access it on PERSLink MSS

Beginning this year, NDPERS will discontinue the mailing of printed annual statements to its active members. To access the annual statement for fiscal year ending June 30, 2017, follow these quick steps:

1. Access the NDPERS website at <https://npders.nd.gov>
2. Click on the orange Member/Employer Login button
3. Select the blue button named Member Self Service (MSS)
4. Log in to your PERSLink Member Self Service (MSS) with your username and password
5. On the home page, click on View Your Annual Statement\*

Member/Employer  
LOGIN

As an added benefit, you will have access to your annual statements for the last 3 years. You may view only or download and print. This feature will be made available by early August 2017.\*

This annual statement is informational only and **does not require you to take action**. The statement details your retirement account balance, retirement service credit, estimated monthly retirement benefit and retiree health insurance credit (RHIC) as well as a summary of your participation in other NDPERS plans.

\*The View Annual Statements feature is not available in the mobile app.