Welcome!

Pre-Retirement Education Program
(PREP)
Some reminders

- PREP materials available online
  - Agenda
  - Online presentation
- Evaluation through email
- Lunch on your own
- Cell phones
- Restrooms
Keep in mind

• NDPERS does not endorse any services or products offered by guest speakers

• Materials are for general information only and are not intended to provide specific advice or recommendation
PREP Goals

- To help members understand the importance of planning and preparing for retirement before the day arrives
  - Financial Resources
  - Health Status
  - Marital Status
- To provide materials that will assist your retirement preparation
Your Retirement Counselor

Retirees are assigned to counselors by last name

- A-K Mary Ann Welder
- L-Z Marcy Aldinger
NDPERS Retirement Plans

1. Defined Benefit (DB) Hybrid Retirement Plan. This is the NDPERS MAIN plan
2. Defined Contribution (DC) Retirement Plan
3. ND Judges Retirement System
4. ND Highway Patrol Retirement System
5. ND Public Safety Retirement System
6. State Law Enforcement Retirement System
7. Job Service Retirement Plan
Defined Benefit (DB) Hybrid Plan or “Main Plan”
Eligibility to Participate

- Employed by a participating employer
- At least 18 years of age
- Regularly funded position
- Work a minimum of 20 hours per week for 20 or more weeks per year
- Temporary employees can participate in Defined Benefit at own expense
Defined Benefit Hybrid (DB) Plan
How Your Retirement Contributions are Allocated

NDPERS distributes into these accounts

Your employer sends to PERS
15.26% of your gross earnings each pay period (does not include overtime)

7%
Employee Account (Your Member Account Balance)

7.12%
Employer Account (General Pool of Funds)

1.14%
Retiree Health Credit
Service Credit and Vesting

- You receive one month of service credit for each month NDPERS receives contributions on your behalf.
- Vested means you are legally entitled to a monthly benefit from NDPERS.
- You become vested the earlier of:
  - Achieving 36 months of service credit, or
  - Attaining 65 years of age while employed
- This is an ANNUITY. You can receive a monthly retirement payment for the rest of your life.
### DB Retirement
(Hired Before 1/1/2016)

<table>
<thead>
<tr>
<th>Normal Retirement</th>
<th>Early Retirement**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetime benefit</td>
<td>Lifetime benefit</td>
</tr>
<tr>
<td>• At the earlier of:</td>
<td>• Reduced by 6% for each year or .5% for each month if:</td>
</tr>
<tr>
<td>Attain Age 65</td>
<td>NOT Age 65</td>
</tr>
<tr>
<td>OR</td>
<td>OR</td>
</tr>
<tr>
<td>Achieve “Rule of 85” (Member’s Age + Service Credit)</td>
<td>HAVE NOT met Rule of 85</td>
</tr>
<tr>
<td>Example: 60 years old + 25 years service = 85 years</td>
<td>**Must be at least age 55</td>
</tr>
</tbody>
</table>
# DB Retirement
(Hired on or After 1/1/2016)

<table>
<thead>
<tr>
<th>Normal Retirement</th>
<th>Early Retirement**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifetime benefit</td>
<td>Lifetime benefit</td>
</tr>
<tr>
<td>• At the earlier of:</td>
<td>• Reduced by 8% for each year or 0.667 for each month if:</td>
</tr>
<tr>
<td>Attain Age 65</td>
<td>NOT Age 65</td>
</tr>
<tr>
<td>OR</td>
<td>OR</td>
</tr>
<tr>
<td>Achieve “Rule of 90” with minimum age of 60 (Member’s Age + Service Credit)</td>
<td>HAVE NOT met Rule of 90</td>
</tr>
</tbody>
</table>

**Must be at least age 60

Example: 60 years old + 30 years service = 90 years
Dual Membership
(Combine service credit for vesting and normal retirement)

- NDPERS Defined Benefit Retirement Plans:
  - Defined Benefit Hybrid Plan (Main)
  - Public Safety Plan
  - State Law Enforcement Plan
  - Judges Plan
  - Highway Patrol Plan
  - Job Service Plan

- Other Qualifying State-Sponsored Retirement Plans
  - Teachers Fund for Retirement (TFFR)
  - Teachers Insurance and Annuity Association (TIAA)
    - through North Dakota University System only
DB Retirement Benefit Formula

*Final Average Salary (FAS) Calculation Method*

**What is FAS?**
A factor used to determine your monthly retirement benefit (pension)

**FAS x Years of Service x Multiplier = Monthly Retirement Benefit**

**Currently (until December 31, 2019)**
The average of your highest 36 salaries during the last 180 months worked

**Upcoming (after January 1, 2020)**
- The *higher of*
  - average of your highest 36 salaries calculated on December 31, 2019
  - or the average of the three highest 12-month consecutive periods
- New retirees will be “grandfathered”
DB Retirement Benefit Formula

- Final Average Salary (FAS)
- Years of Service (YOS)
  - One month of service for each contribution
- Benefit Multiplier
  - 2.00%

\[ \text{FAS} \times \text{YOS} \times 2\% = \text{Single Life} \]
Retirement Benefit Options

- Single Life
- 50% Joint & Survivor
- 100% Joint & Survivor
- 10 Year Term Certain
- 20 Year Term Certain

Additional Benefit Options:
- Partial Lump Sum Option (PLSO)
- Graduated Benefit Option
Example: Retirement Benefit Estimate

<table>
<thead>
<tr>
<th>Benefit Multipier:</th>
<th>2.00%</th>
<th>Marital Status:</th>
<th>Married</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement:</td>
<td>55.4167</td>
<td>Retirement Date:</td>
<td>December 01, 2039</td>
</tr>
<tr>
<td>Years of Service Credit:</td>
<td>29.5833</td>
<td>Account Balance:</td>
<td>$35,505.69</td>
</tr>
<tr>
<td>Final Average Salary:</td>
<td>$4,255.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### RETIREMENT BENEFIT OPTIONS

- **Single Life Benefit:** $2,517.54
- **50% Joint & Survivor Benefit:** $2,422.13
- **100% Joint & Survivor Benefit:** $2,333.51
- **Ten (10) Year Term Certain Benefit:** $2,497.65
- **Twenty (20) Year Term Certain Benefit:** $2,443.78

### RETIREE HEALTH INSURANCE BENEFIT OPTIONS (RHIC)

- **Standard Health Credit:** $147.92
- **Alternate 50% Joint & Survivor Health Credit:** $142.31
- **Alternate 100% Joint & Survivor Health Credit:** $137.11

This example may not be interpreted as a personal calculation.
Partial Lump Sum Option (PLSO)

- Normal or past normal retirement
- 12 months of Single Life payment in a lump sum
- Lifetime monthly benefit is actuarially reduced
- May still choose an alternate benefit option
  - Joint & Survivor
  - Term Certain
- Once in a lifetime election
  - Made at initial application for retirement benefits
Example: Partial Lump Sum Option (PLSO)

<table>
<thead>
<tr>
<th>Benefit Multiplier:</th>
<th>2.00%</th>
<th>Marital Status:</th>
<th>Married</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement:</td>
<td>55.4167</td>
<td>Retirement Date:</td>
<td>December 01, 2039</td>
</tr>
<tr>
<td>Years of Service Credit:</td>
<td>29.5833</td>
<td>Account Balance:</td>
<td>$35,505.69</td>
</tr>
<tr>
<td>Final Average Salary:</td>
<td>$4,255.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RETIREMENT BENEFIT OPTIONS**

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>WITHOUT PLSO</th>
<th>WITH PLSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Life Benefit:</td>
<td>$2,517.54</td>
<td>$2,284.92</td>
</tr>
<tr>
<td>50% Joint &amp; Survivor Benefit:</td>
<td>$2,422.13</td>
<td>$2,198.32</td>
</tr>
<tr>
<td>100% Joint &amp; Survivor Benefit:</td>
<td>$2,333.51</td>
<td>$2,117.89</td>
</tr>
<tr>
<td>Ten (10) Year Term Certain Benefit:</td>
<td>$2,497.65</td>
<td>$2,266.87</td>
</tr>
<tr>
<td>Twenty (20) Year Term Certain Benefit:</td>
<td>$2,443.78</td>
<td>$2,217.97</td>
</tr>
</tbody>
</table>

**PARTIAL LUMP SUM OPTION (PLSO)**

- $30,210.48

**RETIREE HEALTH INSURANCE BENEFIT OPTIONS (RHIC)**

<table>
<thead>
<tr>
<th>Health Credit Type</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Health Credit:</td>
<td>$147.92</td>
</tr>
<tr>
<td>Alternate 50% Joint &amp; Survivor Health Credit:</td>
<td>$142.31</td>
</tr>
<tr>
<td>Alternate 100% Joint &amp; Survivor Health Credit:</td>
<td>$137.11</td>
</tr>
</tbody>
</table>

This example may not be interpreted as a personal calculation.
Graduated Benefit Option

- Must be at or past normal retirement
- Choice between a 1% or 2% annual increase
- Monthly benefit is actuarially reduced
- May still choose an alternate benefit option
  - Joint & Survivor
  - Term Certain
- Once in a lifetime election
  - Made at initial application for retirement benefits
### Example: 2% Graduated Benefit Option

#### Year of RULE 85. Age at Retirement:
- **Female Member:** 55.4167 years; **Male Spouse:** 54.4167 years

<table>
<thead>
<tr>
<th>Benefit Multiplier:</th>
<th>2.00%</th>
<th>Marital Status:</th>
<th>Married</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement:</td>
<td>55.4167</td>
<td>Retirement Date:</td>
<td>December 01, 2039</td>
</tr>
<tr>
<td>Years of Service Credit:</td>
<td>29.5833</td>
<td>Account Balance:</td>
<td>$35,505.69</td>
</tr>
<tr>
<td>Final Average Salary:</td>
<td>$4,255.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### RETIREMENT BENEFIT OPTIONS

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>No Graduated Benefit</th>
<th>Graduated Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Life Benefit:</td>
<td>$2,517.54</td>
<td>$2,075.71</td>
</tr>
<tr>
<td>50% Joint &amp; Survivor Benefit:</td>
<td>$2,422.13</td>
<td>$1,973.07</td>
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<tr>
<td>100% Joint &amp; Survivor Benefit:</td>
<td>$2,333.51</td>
<td>$1,880.34</td>
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<tr>
<td>Ten (10) Year Term Certain Benefit:</td>
<td>$2,497.65</td>
<td>$2,060.81</td>
</tr>
<tr>
<td>Twenty (20) Year Term Certain Benefit:</td>
<td>$2,443.78</td>
<td>$2,007.57</td>
</tr>
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</table>

#### RETIREE HEALTH INSURANCE BENEFIT OPTIONS (RHIC)

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Health Credit:</td>
<td>$147.92</td>
</tr>
<tr>
<td>Alternate 50% Joint &amp; Survivor Health Credit:</td>
<td>$142.31</td>
</tr>
<tr>
<td>Alternate 100% Joint &amp; Survivor Health Credit:</td>
<td>$137.11</td>
</tr>
</tbody>
</table>

This example may not be interpreted as a personal calculation.
## Graduated Benefit Example

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly Single Life</th>
<th>Single Life LTD</th>
<th>Monthly 2% Graduated Benefit</th>
<th>2% Graduated LTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,517.54</td>
<td>$30,210.48</td>
<td>$2,075.71</td>
<td>$24,908.52</td>
</tr>
<tr>
<td>2</td>
<td>$2,517.54</td>
<td>$60,420.96</td>
<td>$2,117.22</td>
<td>$50,315.21</td>
</tr>
<tr>
<td>3</td>
<td>$2,517.54</td>
<td>$90,631.44</td>
<td>$2,159.57</td>
<td>$76,230.03</td>
</tr>
<tr>
<td>4</td>
<td>$2,517.54</td>
<td>$120,841.92</td>
<td>$2,202.76</td>
<td>$102,663.16</td>
</tr>
<tr>
<td>5</td>
<td>$2,517.54</td>
<td>$151,052.40</td>
<td>$2,246.82</td>
<td>$129,624.94</td>
</tr>
<tr>
<td>6</td>
<td>$2,517.54</td>
<td>$181,262.88</td>
<td>$2,291.75</td>
<td>$157,125.96</td>
</tr>
<tr>
<td>7</td>
<td>$2,517.54</td>
<td>$211,473.36</td>
<td>$2,337.59</td>
<td>$185,177.00</td>
</tr>
<tr>
<td>8</td>
<td>$2,517.54</td>
<td>$241,683.84</td>
<td>$2,384.34</td>
<td>$213,789.06</td>
</tr>
<tr>
<td>9</td>
<td>$2,517.54</td>
<td>$271,894.32</td>
<td>$2,432.03</td>
<td>$242,973.36</td>
</tr>
<tr>
<td>10</td>
<td>$2,517.54</td>
<td>$302,104.80</td>
<td>$2,480.67</td>
<td>$272,741.34</td>
</tr>
<tr>
<td>11</td>
<td><strong>$2,517.54</strong></td>
<td><strong>$332,315.28</strong></td>
<td><strong>$2,530.28</strong></td>
<td><strong>$303,104.69</strong></td>
</tr>
<tr>
<td>12</td>
<td>$2,517.54</td>
<td>$362,525.76</td>
<td>$2,580.88</td>
<td>$334,075.31</td>
</tr>
<tr>
<td>13</td>
<td>$2,517.54</td>
<td>$392,736.24</td>
<td>$2,632.50</td>
<td>$365,665.33</td>
</tr>
<tr>
<td>14</td>
<td>$2,517.54</td>
<td>$422,946.72</td>
<td>$2,685.15</td>
<td>$397,887.16</td>
</tr>
<tr>
<td>15</td>
<td>$2,517.54</td>
<td>$453,157.20</td>
<td>$2,738.86</td>
<td>$430,753.42</td>
</tr>
<tr>
<td>16</td>
<td>$2,517.54</td>
<td>$483,367.68</td>
<td>$2,793.63</td>
<td>$464,277.01</td>
</tr>
<tr>
<td>17</td>
<td>$2,517.54</td>
<td>$513,578.16</td>
<td>$2,849.51</td>
<td>$498,471.07</td>
</tr>
<tr>
<td>18</td>
<td>$2,517.54</td>
<td>$543,788.64</td>
<td>$2,906.50</td>
<td>$533,349.01</td>
</tr>
<tr>
<td>19</td>
<td>$2,517.54</td>
<td><strong>$573,999.12</strong></td>
<td><strong>$2,964.63</strong></td>
<td><strong>$568,924.51</strong></td>
</tr>
<tr>
<td>20</td>
<td>$2,517.54</td>
<td>$604,209.60</td>
<td>$3,023.92</td>
<td>$605,211.52</td>
</tr>
<tr>
<td>21</td>
<td>$2,517.54</td>
<td>$634,420.08</td>
<td>$3,084.40</td>
<td>$642,224.27</td>
</tr>
<tr>
<td>22</td>
<td>$2,517.54</td>
<td>$664,630.56</td>
<td>$3,146.08</td>
<td>$679,977.28</td>
</tr>
</tbody>
</table>

This example may not be interpreted as a personal calculation.
Disability Benefits in the DB Plan

- **Disability Retirement**
  - Vested after 6 months
  - Must separate from employment
  - Determined by Medical Consultant or Social Security Award
  - Deadline for application

- 25% of Final Average Salary (FAS)
  - $100 per month minimum

- Eligibility must be recertified

- Conversion to Normal
Disability Benefits for Judges and Highway Patrol Plan

- Disability Retirement
  - Vested after 6 months
  - Must separate from employment
  - Must apply within 12 months from date of separation
  - Determined by Medical Consultant or Social Security Award

- 70% of Final Average Salary (FAS)
  - Judges: Offset by Social Security and /or Workforce Safety & Insurance benefits paid (min $100)
  - HP: Offset by Workforce Safety & Insurance benefits paid (min $100)

- Eligibility must be recertified
DB Member 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 benefit
    - At normal retirement, benefit is 100% Joint & Survivor
Death of Beneficiary

- Death of Beneficiary must be reported (pre or post retirement)
  - Any beneficiary (spouse or non-spouse)
  - Benefits to be considered
    - Continuation of Retirement benefits
    - Continuation of Insurance benefits
    - Life Insurance claim
## Member Account Balance Options at Separation of Employment

<table>
<thead>
<tr>
<th>NOT Vested</th>
<th>Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leave member account balance</strong> with NDPERS</td>
<td><strong>Receive a lifetime annuity</strong></td>
</tr>
<tr>
<td>▪ <strong>Return to service</strong>, accrued service and account balance are recognized</td>
<td>Retire as early as age 55 (age 60 if hired after 1/1/2016) or attain “Rule” or age 65</td>
</tr>
<tr>
<td>▪ Account <strong>accrues interest</strong> *</td>
<td>Interest no longer accrues when you start retirement benefits.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Lump Sum Refund</strong></th>
<th><strong>Lump Sum Refund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Tax penalties</td>
<td>▪ Tax penalties</td>
</tr>
<tr>
<td>▪ Forfeit service credit and RHIC</td>
<td>▪ Forfeit service credit and RHIC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Direct Rollover</strong></th>
<th><strong>Direct Rollover</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forfeit service credit and RHIC</td>
<td>Forfeit service credit and RHIC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Combination rollover/refund</strong></th>
<th><strong>Combination rollover/refund</strong></th>
</tr>
</thead>
</table>

*Interest based upon assumed actuarial rate of return and subject to change
Can You Invest MORE in Your DB Plan?

YES!

Purchasing service may:
1. Vest earlier
2. Increase lifetime benefit
3. Increase health credit
4. Reach “Rule” earlier
Purchase of Service Credit

- Previous Public Employment:
  - Includes Military, Federal, Legislative
  - Cities, Counties and Schools (not PERS participating)

- Previous refund of NDPERS employment

- USSERA/Previous Active Military Duty

- Generic
  - Must be vested
  - Max of 60 months

- Unpaid Leave of Absence

- Unused Sick Leave
  - At separation of employment
Purchase Provisions

- Submitting a Purchase Request
  - Request for Purchase Information - SFN 53718
  - Online through Member Self Service

- Payment Methods
  - Direct Rollover/Transfer of Pre-Tax Dollars from other retirement plans
  - Periodic Payments/Payroll Deductions (pre or post-tax)
  - Lump Sum
DB Plan
Impact of Service Purchase—60 months (5 years)

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)

This example may not be interpreted as a personal calculation
Unused Sick Leave Conversion*

Final Average Salary (FAS)  
\[ \times \]  
15.26% (Plan Contribution Rate)  
\[ \times \]  
Number of Months  
(hours divided by 173.3, rounded up)  

\[ = \text{Cost} \]

If your employer pays out a portion of your sick leave, can you still convert your sick leave balance for service purchase? Yes!

*Application must be filed before the end of the month in which you terminate employment*
Example: Converting 3 Months of Sick Leave

**Year of RULE 85. Age at Retirement:**
Female Member: 55.4167 years; Male Spouse: 54.4167 years

<table>
<thead>
<tr>
<th>Benefit Category</th>
<th>Without Sick Leave</th>
<th>With Sick Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Life Benefit (without sick leave)</td>
<td>$2,446.54</td>
<td>$2,467.21</td>
</tr>
<tr>
<td>50% Joint &amp; Survivor Benefit</td>
<td>$2,335.47</td>
<td>$2,355.20</td>
</tr>
<tr>
<td>100% Joint &amp; Survivor Benefit</td>
<td>$2,233.94</td>
<td>$2,252.81</td>
</tr>
<tr>
<td>Ten (10) Year Term Certain Benefit</td>
<td>$2,410.58</td>
<td>$2,430.94</td>
</tr>
<tr>
<td>Twenty (20) Year Term Certain Benefit</td>
<td>$2,324.46</td>
<td>$2,344.10</td>
</tr>
</tbody>
</table>

**Retirement Benefit Options**

**Retiree Health Insurance Benefit Options**

- Standard Health Credit: $147.92
- Alternate 50% Joint & Survivor Health Credit: $141.20
- Alternate 100% Joint & Survivor Health Credit: $135.07

Purchase gains $21.92 per month. Recoup investment in 7.1 years.

This example may not be interpreted as a personal calculation.
Summary of Defined Contribution Plan Eligibility

- State non-classified employees effective 8/1/2018
- NDPERS provides an individual comparison of the two plans
- Written election must be within 6 months of eligibility and is **irrevocable**
- If no election is filed at NDPERS within 6-month window, the eligible employee remains a member of the Defined Benefit Plan

- Eligible temporary/PT employees can participate at own expense
- Current Trust Company is TIAA
- Benefits at retirement based on performance of investments and amount in account balance
Defined Contribution (DC) Plan
How Your Retirement Contributions are Allocated

Your employer sends to PERS 15.26% of your gross earnings each pay period (does not include overtime).

NDPERS distributes into these accounts:

- **7% TIAA**
  - Member Account Balance
  - + Expenses, Gains & Losses

- **7.12% TIAA**
  - Employer Contribution
  - + Expenses, Gains & Losses

- **1.14%**
  - Retiree Health Insurance Credit
Defined Contribution (DC) Plan
Service Credit and Vesting

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>% vested in Employer Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 years</td>
<td>0%</td>
</tr>
<tr>
<td>2 years</td>
<td>50%</td>
</tr>
<tr>
<td>3 years</td>
<td>75%</td>
</tr>
<tr>
<td>4 years</td>
<td>100%*</td>
</tr>
</tbody>
</table>

*Also vested 100% in employer contributions upon attaining age 65 as an active employee
PERSLink Member Self Service

Online Portal

- View/update benefit plans & personal profile
- Retirement benefit estimates
- Service purchase estimates

Mobile App

- View/update benefit plans & personal profile
- Retirement benefit estimates
- Service purchase estimates
NDPERS Home Page
Member Self Service (MSS) 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.
Benefit Estimates through MSS

Step 1

Step 2

Your Benefit Estimate

What would you like to do? Use the benefit estimate calculator & calculate a benefit estimate ▼ Go
Step 3: Enter Retirement Date

Plan: Main Retirement
Benefit Account Type: Retirement
Last Date of Employment: 04/20/2034
Retirement Date: May \( \checkmark \) 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
Month Salary Increase Effective: July \( \checkmark \)

Enter the typical salary percent increase you receive annually. Example: If you receive 4%, enter a 4

Would you like to include a new purchase of eligible service? If yes, what type?

Would you like to add Deductions (Health / Dental / Vision / Life / Taxes)?
Step 4: Add Service Purchases

Review Your Selections

Please review your selections; if correct, click the Finish button at the bottom of this page. If you need to change any information, click the Previous button and modify your selections.

<table>
<thead>
<tr>
<th>Member Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan: Main Retirement</td>
</tr>
<tr>
<td>Termination Date: 04/20/2034</td>
</tr>
<tr>
<td>Monthly Salary Percent Increase: 3</td>
</tr>
<tr>
<td>Spouse Date of Birth:</td>
</tr>
<tr>
<td>Service Credit Change:</td>
</tr>
</tbody>
</table>
Step 5 Benefit Estimate Results

### Summary

- **Benefit Calculation ID**: 46137
- **Plan**: Main Retirement
- **Benefit Type**: Retirement
- **Employment Termination Date**: 04/20/2034
- **Retirement Date**: 05/01/2034
- **Spouse Date of Birth**: Normal Retirement Date: 05/01/2034

#### Service Credit Details

- **Credited Service on File**: 100.000000
- **Unused Sick Leave Converted (Months)**: 0.00
- **Unused Sick Leave Conversion Cost**: $0.00
- **Service Months Purchased**: Service Months Purchase Cost: $0.00
- **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

**This example may not be interpreted as a personal calculation**

### Benefit Calculation and Options

<table>
<thead>
<tr>
<th>Final Average Salary</th>
<th>Benefit Multiplier %</th>
<th>Years of Service Credit</th>
<th>Gross Benefit Amount</th>
<th>Monthly Non Taxable Amount</th>
<th>Monthly Taxable Amount</th>
<th>Benefit Amount After Deductions</th>
<th>Total Deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,666.02</td>
<td>2.0000</td>
<td>27.9167</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payee</th>
<th>Benefit Option</th>
<th>Gross Benefit Amount</th>
<th>Monthly Non Taxable Amount</th>
<th>Monthly Taxable Amount</th>
<th>Benefit Amount After Deductions</th>
<th>Total Deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>Single Life</td>
<td>$3,163.53</td>
<td>$0.00</td>
<td>$3,163.53</td>
<td>$3,163.53</td>
<td>$0.00</td>
</tr>
<tr>
<td>Member</td>
<td>20 Year Term Certain</td>
<td>$2,969.61</td>
<td>$0.00</td>
<td>$2,969.61</td>
<td>$2,969.61</td>
<td>$0.00</td>
</tr>
<tr>
<td>Member</td>
<td>10 Year Term Certain</td>
<td>$3,106.27</td>
<td>$0.00</td>
<td>$3,106.27</td>
<td>$3,106.27</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### Retiree Health Insurance Credit

<table>
<thead>
<tr>
<th>RHIC Option</th>
<th>Member RHIC Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Health Credit</td>
<td>$139.58</td>
</tr>
</tbody>
</table>
Step 1

Service Purchases through MSS

- Personal Profile: View or Edit Your Personal Profile
- Benefit Estimates: Perform, Request or View Benefit Estimates
- NDPERS Plans: Enroll, Update or View Plans
- Service Credit Purchase: Perform, Request or View Service Purchase
Service Purchases through MSS

Step 2

Service Credit Purchase

What would you like to do? [Calculate a service purchase cost estimate] Go
Step 3: Enter months

<table>
<thead>
<tr>
<th>Purchase Type</th>
<th>From Date</th>
<th>To Date</th>
<th>Additional Service Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Service Credit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave of Absence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Military Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous Public Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous NDPERS Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The purchase payment schedule will determine what your required payments need to be based upon the payment frequency selected and either the number of payments or payment amount that you have entered. If you do not enter amounts in the payment election section, the payment schedule will automatically calculate a monthly payment amount based upon a 15 year (180 months) period.
Service Purchases through MSS

Step 4: Results

Estimate Service Purchase

<table>
<thead>
<tr>
<th>Service Credit Purchase Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Months Purchased: 60</td>
</tr>
<tr>
<td>Service Months Purchase Cost: $40,230.12</td>
</tr>
</tbody>
</table>

*Cost varies for each individual and based upon actuarial components: Date of Birth, Final Average Salary, Age eligible for unreduced retirement benefits, Number months purchased

This example may not be interpreted as a personal calculation.
Service Purchases through MSS

Step 5: 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](#).
Service Purchases through MSS

Step 6: Notification

- You will receive a letter verifying request along with required forms
- Specified amount eligible for rollover
- Partial amount must be paid after-tax (retiree health credit)
- Estimate valid for 90 days
Retiree Health Insurance Credit (RHIC)
Retiree Health Insurance Credit (RHIC)

- Retirees of NDPERS Plans are eligible for RHIC
- $5.00 for every year of service credit (*Reduced for Early Retirees*)
- Applies to any health and/or prescription drug plan
- Applies to NDPERS dental, vision, and long term care
  - Any effective 8/1/2019
- Options for married members who select a Single Life or 10 or 20 Year Term Certain benefit
  - 50% Joint & Survivor
  - 100% Joint & Survivor
Combining Retiree Health Credits*

- Members and spouses receiving retirements benefits from one of NDPERS Plans

- Members receiving their own retirement benefit as well as a surviving spouse benefit from one of NDPERS retirement plans

*Requires completion of “Request to Combine Retiree Health Insurance Credits – SFN 58591”
RHIC Example

**Early Retirement (Age 55)**
- Reduction applies
- $5.00 \times 29 \text{ yrs} = $145.00
- Reduction factor = 57.00%
- Health Credit: **$82.65**

**Normal Retirement (Age 55)**
- Rule of 85 applies
- $5.00 \times 30 \text{ yrs} = $150
- Health Credit: **$150.00**

---

This example may not be interpreted as a personal calculation
Claiming Your RHIC

Administered by ASIFlex

- Retiree pays premiums
- ASIFlex reimburses RHIC equal to premiums paid up to maximum health credit available
- NDPERS insurances are validated to ASIFlex
- Other post-tax health insurance premiums must be claimed by the retiree
457 Deferred Compensation Plan
What is Deferred Compensation?

- Voluntary supplemental retirement plan
- Investing Pre-tax dollars, which lowers your taxable income
- Taxed at the time of distribution
Eligibility to Participate

- Employed by a participating employer
- At least 18 years of age
- Regularly funded position
- Works a minimum of 20 hours per week for 20 or more weeks per year
Investing

- 9 eligible provider companies
- Participate with multiple providers
- Change providers or complete partial/full transfer of funds to another PERS 457 provider any time
- You select how your money is invested
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

- Political Subdivisions – “Other” 457/403b Plan
  - Contact Human Resources/Payroll
Why does NDPERS have a Companion Plan?

- Makes getting started easy for participants
- Lifecycle Funds (other providers may offer as well)
- Educational efforts
- State Investment Board oversight
- No transaction fees
Annual Deferral Limits

**Minimum**
- $25 per month

**Maximum**
- The lesser of:
  - 2019 Annual IRS Limit: **$19,000/year**
  - 100% of Taxable Compensation
Catch-up Provisions (2 options)

- **50+ Catch-Up**
  - Additional $6,000 (total of $25,000)
  - Complete SFN 3803

- **3-Year Catch-Up**
  - Up to $38,000 yearly
  - 3 consecutive calendar years
    - prior to year of “normal” retirement
  - One time only – NDPERS approved
  - Complete SFN 51501 and 3803

- Cannot be used at the same time
Deferred Lump Sum Contributions

- Lump Sum Payments:
  - Accrued annual leave
  - Unused sick leave
  - Back pay
- Subject to FICA before deferral
- Cannot exceed annual IRS limits
- Severance pay or buyout distributions are not eligible to be deferred
Distributions

- Separation from employment
  - Must be off payroll for 31 days

- An approved unforeseeable emergency distribution
  - Sudden unexpected event beyond control of participant
  - Contact NDPERS for application

- Small account distribution
  - Account is less than $5,000
  - No deferrals for previous 24 months
  - No previous distributions
Distribution Payment Options

- Lump sum distribution
  - Subject to mandatory 20% federal income tax

- Periodic payment
  - Annually, semiannually, quarterly, monthly
  - Not subject to 20% income tax

- Rollover to other tax qualified plans
  - May be used to purchase NDPERS service credit
  - Not subject to income tax

- Deferred distribution
  - Minimum distribution required at age 70½ (unless still employed)
Direct Distribution Payments

- Penalties
  - Provider penalties/fees on some products
  - No IRS 10% penalty before age 59 ½

- Taxes
  - Income in the year received
  - Reported on 1099R Form

- Social Security
  - No effect on earnings limit
Portability Enhancement Provision (PEP)

How 457 Deferred Compensation and Defined Benefit Hybrid Retirement Plan Work Together
PEP

FREE MONEY!!

- Must participate in an eligible deferred compensation plan

- Not a match, but a redistribution of the Defined Benefit Hybrid Retirement funds

- Faster growth of Member Account Balance and gives you more “portability”
# How PEP Works

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Your Investment in Deferred Comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-12 months</td>
<td>1% of gross pay or minimum of $25</td>
</tr>
<tr>
<td>13-24 months</td>
<td>2% or minimum of $25</td>
</tr>
<tr>
<td>25-36 months</td>
<td>3% or minimum of $25</td>
</tr>
<tr>
<td>37+ months</td>
<td>4% or minimum of $25</td>
</tr>
</tbody>
</table>

NDPERS distributes into these accounts:

- **15.26%** of your gross earnings (does not include overtime)

  - **11%** Employee Account
  - **3.12%** Employer Account
  - **1.14% Retiree Health Insurance Credit (RHIC)**
How To Activate PEP

- If enrolled in NDPERS deferred compensation plan, PEP is automatic.

- If enrolled in “Other” 457/403b plan, employer must sign PEP agreement.

- If not enrolled in an eligible plan, contact a Deferred Comp provider representative or your Payroll/Human Resource Office to enroll.
Are You Retiring Soon?
Retirement Timeline

• The termination date for purposes of processing an application must be the last date (paycheck) for which a member receives salary.

• Applications must be filed with NDPERS at least thirty (30) days before the retirement date or before the benefit payment begins.

• If a lump sum distribution elected, the refund will be processed within 60 – 90 days.

• May defer receiving a distribution to a later date.
Retirement Timeline Example

If a monthly pension benefit is elected, an example of the timeline is as follows:

• April – termination date in April
• April – last paycheck in April (for non-state agencies) or May 1 (for state agencies)
• April – application received by NDPERS
• May 1 – NDPERS retirement date
• June 1 – first pension check
• June 1 – RHIC available (retro to May 1)
Preparing for Retirement

- Determine when your last paycheck will be issued
- Find your birth certificate and your spouse’s birth certificate (if married)
- Find your marriage license (if married)
- Gather your beneficiary(ies) information: Name, Address, Date of Birth, Social Security Number
- Get a voided check
- Your forms must be received and on file with NDPERS 31 days before your retirement date (1st of each month).

Make an appointment with NDPERS if you would like assistance completing forms.
Preparing for Retirement

**Medicare eligible?**

- If you will be Medicare eligible, apply for Medicare 60 days before you retire

**Steps to follow with your employer?**

- Notify your employer that you are leaving service
- If authorizing your employer to send sick and annual leave payout to your deferred comp provider, SFN 3803 must be on file with NDPERS two months before you leave service.
Questions?
Contact us

Telephone: (800) 803-7377 or (701) 328-3900

Website: https://ndpers.nd.gov/

Email: ndpers-info@nd.gov

Facebook: https://www.facebook.com/NDPERS/

Member Self Service: https://ndpers.nd.gov/login

Publications: https://ndpers.nd.gov/sign-up-for-ndpers-publications/

Address: 400 E Broadway | Suite 505 | Bismarck ND 58501
PO Box 1657 | Bismarck ND 58502-1657

Fax: (701) 328-3920
BREAK
Make the Most of Your Financial Future

The North Dakota Public Employees Retirement System 457 Deferred Compensation Companion Plan
Today’s Agenda

- We want to help you answer the following questions:
  - What Is the 457 Deferred Compensation Plan?
    - Eligibility
    - Contribution Limits
    - Investment Options
  - What is the NDPERS Companion Plan?
  - What are the advantages of participation?
  - What is the Portability Enhancement Provision (PEP)?
  - How do I get started?
  - The Value of Starting Now?
  - The Basics of Investing.
What is the 457 Deferred Compensation Plan?

A terrific Opportunity to Supplement Your Retirement Savings with Tax-Deferred Contributions!

It is a voluntary, supplemental retirement plan for eligible employees of participating governmental agencies.

The TIAA group of companies does not provide legal or tax advice. Please consult your legal or tax advisor.
What is the 457 Deferred Compensation Plan?

The program permits you to defer a portion of your salary on a pretax basis through convenient payroll deductions.

**PAY YOURSELF FIRST!**

You can’t miss what you don’t see.

You won’t spend what you don’t take home.

The amount deferred to your investment account and the potential income or gains on those investments are not taxable until you begin to withdraw money from the account, generally at retirement, at which time the withdrawals are taxed as ordinary income.
Pre-tax Savings Through Payroll Deduction Means…

If you put in $100.00 per pay period:

<table>
<thead>
<tr>
<th>TAX BRACKET</th>
<th>$100 WILL COST YOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>$88.00</td>
</tr>
<tr>
<td>22%</td>
<td>$78.00</td>
</tr>
<tr>
<td>24%</td>
<td>$76.00</td>
</tr>
</tbody>
</table>

Don’t miss out on the tax savings!
Eligibility

• Employees of the State of North Dakota and employees of participating political subdivisions are eligible to participate in the plan.

• To be eligible, you must be a permanent employee working at least 20 or more hours a week for 20 or more weeks in a calendar year and filling a position that is regularly funded and is not of limited duration.

• Legislators are eligible to participate in the plan.

• Temporary employees and independent contractors are not eligible to participate in the plan.
Contribution Limits

• The minimum contribution is $25 per month.
• The maximum regular annual contribution limit in 2019 is $19,000.
• You may change your contribution amount at any time or suspend contributions and start again at a later date.
• **Age 50+ Catch-Up**—Participants age 50 or older may contribute the maximum annual limit referenced above plus an additional $6,000 in 2019 (for a total of $25,000 in 2019, adjusted for cost-of-living in subsequent years). This election may be made using the NDPERS 457 Deferred Compensation Plan Enrollment/Change form SFN 3803.

• **Special Catch-Up**—Participants within 3 years of normal retirement date may contribute the regular maximum annual limit plus missed contributions from previous years up to $38,000 in 2019 (adjusted for cost-of-living in subsequent years). You may apply for this option by completing the Catch-Up Worksheet/Certification, SFN 51501 and submitting it to the NDPERS office.
Investment Options

There are eight (8) companies approved to provide investment services under the deferred compensation plan as follows:

- American Trust Center
- AXA Equitable
- Bank of North Dakota
- Mass Mutual
- Jackson National Life
- Nationwide Life
- VALIC
- Waddell & Reed Financial Services

In addition to the above, the NDPERS Companion is also an option.
What is the NDPERS Companion Plan?

An investment option under the plan that is set up as a trust under the NDPERS Board.

- 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.
- Has a convenient “Expedited Enrollment” option.
What is the Expedited Enrollment Option?

Makes Saving As Convenient As Possible!

- You do not have to make any decisions about contribution amount, investment allocation, or selecting a provider company/agent.
- Enroll online through NDPERS Member Self – Service or Complete SFN 54362, 457 Deferred Compensation Plan Expedited Enrollment form.
- Enrolls you for minimum contribution of $25/month and invests it in the NDPERS Companion Plan age appropriate life cycle funds administered by TIAA.
- You are automatically enrolled in the Portability Enhancement Provision (PEP).
- You also have option to specify a larger monthly contribution.
- You may change your contribution or investment allocation at any time.
What are the advantages of participating in a Deferred Compensation Plan?

• You supplement your retirement savings through tax-deferred contributions into an account in your name.

• You may select the investment provider(s) of your choice from the approved list.

• You are in control of your account and investment allocation.

• You may begin or suspend participation or increase or decrease your contributions at any time.

• You may be eligible for the Saver’s Tax Credit
What is the Saver’s Credit?

The 2019 Saver’s credit is a tax credit that can help offset the cost of the first $2,000 you voluntarily contribute to a 457 deferred compensation account.

<table>
<thead>
<tr>
<th>Saver Credit Rate</th>
<th>Single Filers</th>
<th>Head of Household</th>
<th>Joint Filers</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>$0 - $19,250</td>
<td>$0 - $28,875</td>
<td>$0 - $38,500</td>
</tr>
<tr>
<td>20%</td>
<td>$19,251 - $20,750</td>
<td>$28,876 - $31,125</td>
<td>$38,501 - $41,500</td>
</tr>
<tr>
<td>10%</td>
<td>$20,751 - $32,000</td>
<td>$31,126 - $48,000</td>
<td>$41,501 - $64,000</td>
</tr>
</tbody>
</table>
Deferred lump sum contributions

- Lump Sum Payments
  - Accrued annual leave
  - Unused sick leave
  - Back pay
- Subject to FICA before deferral
- Cannot exceed annual IRS limits
- Severance pay or buyout distributions are not eligible
Distributions

Separation from Employment
  - Must be off payroll for 31 days

Approved unforeseeable financial hardship
  - Sudden unexpected event beyond control of participant
  - Contact NDPERS for application

Demnimus Distribution
  - Account is less than $5,000
  - No deferrals for previous 24 months
  - No previous distributions
What are the advantages of participating in the Deferred Compensation Plan?

• You may transfer your account to another approved investment provider at any time.

• Upon termination, you have several options available for distribution of your account:
  – Lump sum
  – Periodic payment (annual, quarterly, monthly, etc.)
  – Defer to a later time
  – Rollover to another eligible plan

• Your funds may be used to purchase service in the defined benefit retirement plan.

• You can take advantage of the incentives offered through the Portability Enhancement Provision (PEP)
What is the Portability Enhancement Provision (PEP)?

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.
- 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 defined benefit plan.
## Employer contribution vesting schedule with PEP

<table>
<thead>
<tr>
<th>Service Credit</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-12 Months</td>
<td>$25</td>
<td>1%</td>
</tr>
<tr>
<td>13-24 Months</td>
<td>$25</td>
<td>2%</td>
</tr>
<tr>
<td>25-36 Months</td>
<td>$25</td>
<td>3%</td>
</tr>
<tr>
<td>37+ Months</td>
<td>$25</td>
<td>4%</td>
</tr>
</tbody>
</table>
Contribution allocation without PEP

15.26% of your monthly gross salary is sent to NDPERS (does not include overtime)

7.00% Employee Account (Your Member Account Balance)
7.12% Employer Account (General Pool of Funds)
1.14% Retiree Health Credit
Contribution allocation example with PEP

15.26% of your monthly gross salary is sent to NDPERS (does not include overtime)

- **Employee Account** (Your Member Account Balance): 11.00%
- **Employer Account** (General Pool of Funds): 3.12%
- **Retiree Health Credit**: 1.14%
- **457 Deferred Compensation** (Your voluntary contributions): 4.00%
How do I get started?

• If enrolled in an eligible deferred compensation plan, PEP is automatic.
• If not enrolled in an eligible deferred compensation, contact an approved Deferred Compensation provider representative to enroll.
• Enrollment forms are available on the NDPERS website at https://ndpers.nd.gov/active-members/retirement-plans/457-deferred-compensation/
The high cost of delaying

The above illustration is intended to show a hypothetical example of the principle of compounding.

Assumptions: Current age: 35, $65,000 salary with no increases, employee contribution rate of 12%, employer contribution rate of 6% and 6.0% rate of return.

These returns are illustrative only and do not reflect actual performance, or predict future results, of any TIAA account. Investment returns, and the value of the principal you’ve invested, will vary over time. Investments offering the potential for higher rates of return also involve a higher degree of risk to capital. The results do not represent any specific product and do not predict or project future returns. The examples also do not reflect any withdrawals during the period displayed. You need to keep in mind that investing poses risks and it is possible to lose money by investing in securities.
Choosing your investment strategy
Choosing your investment strategy

Option A: Select a lifecycle fund
   A diversified retirement portfolio in a single “fund of funds”

Option B: Build your own portfolio
   An investment plan that you create based upon your own research and goals
A Lifecycle fund is a “fund of funds,” primarily invested in shares of other mutual funds. The fund’s investments are adjusted from more aggressive to more conservative over time as the target retirement date approaches. The principal value of a Lifecycle fund isn’t guaranteed at any time and will fluctuate with market changes. Lifecycle funds share the risks associated with the types of securities held by each of the underlying funds in which they invest. In addition to the fees and expenses associated with the target-date funds, there is exposure to the fees and expenses associated with the underlying mutual funds as well. The target date represents an approximate date when investors may plan to begin withdrawing from the fund. However, you are not required to withdraw the funds at that target date. Also, please note that the Lifecycle fund is selected for you based on your projected retirement date (assuming a retirement age of 65).

The charts are only visual representations of the target date, fixed-income and equity percentages. Please refer to the prospectus for the funds for more details on asset allocation for each of the target-date funds.
Option A: Selecting a lifecycle fund

Pick the fund closest to your anticipated retirement date

- 2060 Fund
- 2055 Fund
- 2050 Fund
- 2045 Fund
- 2040 Fund
- 2035 Fund
- 2030 Fund
- 2025 Fund
- 2020 Fund
- 2015 Fund
- 2010 Fund
- Retirement Income Fund

Legend:
- Blue: Equities
- Green: Fixed Income
- Orange: Direct Real Estate
Option B: Building your own portfolio

You can:

- Choose from among the plan’s investment options to create a portfolio.
- Go to TIAA.org/tools. Select the Asset Allocation Evaluator located under the Saving & Investing tab.
- Work with a TIAA financial consultant.

Keep in mind that there are risks associated with investing in securities including possible loss of principal.
You can get personalized retirement plan advice and education from a TIAA financial consultant.

- Available as part of your retirement plan at no additional cost to you
- Personal, face-to-face advice sessions (or by phone)
- Based on your time horizon, investment goals and risk tolerance

- Are you saving enough?
- How should you invest?
- How do you meet your retirement income needs?
One-to-one advice sessions

Scheduling options you can take advantage of:

TIAA.org/schedulenow

Call TIAA at 800-732-8353
Weekdays, 8 a.m. to 8 p.m. (ET)
Online investment advice

Prefer an online advice tool?

TIAA Retirement Advisor

- Four simple steps to address your goals and financial situation directly
- Quickly update your account

You can log in to your account at TIAA.org/ndpers and select the What We Offer tab.

IMPORTANT: The projections or other information generated by the retirement advisor tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.
Q&A
This material is for informational or educational purposes only and does not constitute a recommendation or investment advice in connection with a distribution, transfer or rollover, a purchase or sale of securities or other investment property, or the management of securities or other investments, including the development of an investment strategy or retention of an investment manager or advisor.

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NDPERS Insurance Plans
Health, Vision and Dental Insurance

Retirees who are receiving a retirement benefit may be eligible to participate in:

- Health insurance
- Dental insurance
- Vision insurance
- Life Insurance (if enrolled as active employee)

Surviving spouses receiving an ongoing retirement benefit:

- May be eligible to enroll at time of retiree’s death, or
- May be eligible to continue if currently participating

*With the exception of life insurance*
Enrollment “Qualifying Events”

Within 31 days of the following:
• First retirement benefit check
  Non-NDPERS retirees must provide a Verification of Alternate Retirement Plan (SFN-53863)
• Retiree or spouse’s 65th birthday or eligibility for Medicare
• Loss of coverage in an employer sponsored health plan (not a NDPERS plan)
  Employer Verification of Insurance Coverage (SFN-53621)
• Marriage, Birth, Adoption or Legal Guardianship
Health Insurance
Health Insurance Options

**COBRA**

- Currently enrolled in NDPERS health insurance as an active employee.
- You or eligible dependent are not Medicare eligible.
- COBRA is a continuation of your current level of coverage for 18 months.

**One Medicare + Other Dakota Retiree Plan**

- You or an eligible dependent are Medicare eligible.
- Medicare enrollee has Medicare Parts A & B as primary, NDPERS health insurance as secondary and a Part D, prescription plan.
- The “Other” enrolled in the NDPERS health insurance plan.

**Dakota Retiree Plan**

- You and eligible dependent are Medicare eligible.
- Medicare enrollee has Medicare Parts A & B as primary, NDPERS health insurance as secondary and a Part D, prescription plan.
COBRA

- Same plan design (co-pays, co-insurance, coverage) as you currently have
- Plan still has Preferred Provider Organization (PPO) and Basic out of pocket costs
What is a Preferred Provider Organization (PPO)?

- An agreement between the Provider and NDPERS
- An agreement between the Provider and Insurance Carrier
- Services provided by a non-PPO provider will be paid under the Basic Plan of benefits.
## Deductible

<table>
<thead>
<tr>
<th>PLAN</th>
<th>INDIVIDUAL</th>
<th>FAMILY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPO</td>
<td>$500</td>
<td>$1,500</td>
</tr>
<tr>
<td>BASIC</td>
<td>$500</td>
<td>$1,500</td>
</tr>
</tbody>
</table>
# Coinsurance Maximums

<table>
<thead>
<tr>
<th>PLAN</th>
<th>INDIVIDUAL</th>
<th>FAMILY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPO 80/20</td>
<td>$1,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>BASIC 75/25</td>
<td>$1,500</td>
<td>$3,000</td>
</tr>
</tbody>
</table>
# Total Out-of-Pocket Maximum*

<table>
<thead>
<tr>
<th>PLAN</th>
<th>INDIVIDUAL</th>
<th>FAMILY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPO</td>
<td>$1,500</td>
<td>$3,500</td>
</tr>
<tr>
<td>BASIC</td>
<td>$2,000</td>
<td>$4,500</td>
</tr>
</tbody>
</table>

*Sum of deductible and coinsurance (excludes copayments)
## Copayment Amounts

<table>
<thead>
<tr>
<th>PLAN</th>
<th>OFFICE CALL</th>
<th>EMERGENCY ROOM VISIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPO</td>
<td>$30 Per visit</td>
<td>$60 Per visit</td>
</tr>
<tr>
<td>BASIC</td>
<td>$35 Per visit</td>
<td>$60 Per visit</td>
</tr>
</tbody>
</table>
Preventive Screening Services

• $30/$35 Copayment per Office Visit
  ▪ Maximum Benefit Allowance of $200 per Member per Benefit Period
  ▪ Deductible Amount is waived

• Benefits Include
  ▪ One routine physical examination per Member per Benefit Period
  ▪ Routine diagnostic screenings
  ▪ Routine screening procedures for cancer
Prescription Drug Coverage

Formulary Generic
- $7.50 Copayment + 12% Coinsurance
- $1200 coinsurance maximum for formulary prescriptions per member per plan year

Formulary Brand Name
- $25 Copayment + 25% Coinsurance
- $1200 coinsurance maximum for formulary prescriptions per member per plan year

Non-Formulary Generic/Brand
- $30 Copayment + 50% Coinsurance
- $1200 coinsurance maximum does not apply

Mail Order is also available to NDPERS members
What happens after COBRA?

• If you and your spouse are not eligible for Medicare, you will need to find other coverage until you or your spouse become Medicare eligible.
  • Available through federal exchange [www.healthcare.gov](http://www.healthcare.gov).

• If either you or an eligible dependent are Medicare eligible, you may enroll in the One Medicare + Other Plan.

• If you or an eligible dependent are both eligible for Medicare, you may enroll in the Dakota Retiree Plan.
NDPERS DAKOTA RETIREE PLAN

Medicare Secondary Payor + Part D Rx
NDPERS Dakota Retiree Plan

- You apply for Parts A and B through Social Security

- The Dakota Retiree Plan is a supplement to Medicare Parts A & B, PLUS it includes Part D Prescription Plan.

- You will have THREE insurance cards: Medicare, Sanford, and Express Scripts
# Medicare Part A Services

## NDPERS Dakota Retiree Plan
### Medicare (Part A) Hospital Services – Per Benefit Period

<table>
<thead>
<tr>
<th>Services</th>
<th>Medicare Pays</th>
<th>Dakota Retiree Plan Pays</th>
<th>You Pay</th>
</tr>
</thead>
</table>
| **Hospitalization**
  - Semiprivate room and board, general nursing and miscellaneous services and supplies
  - First 60 days
  - 61st thru 90th day
  - 91st and after:
    - While using 60 lifetime reserve days
    - Once lifetime reserve days are used:
      - Additional 365 days
      - Beyond the additional 365 days | All but $[1,316]
  - All but $[329] a day
  - All but $[658] a day
  - $0
  - $0 | $[1,316] (Part A deductible)
  - $[329] a day
  - $[658] a day
  - 100% of Medicare eligible expenses
  - $0 | $0
  - $0
  - $0 | All costs

| Skilled Nursing Facility Care
  - You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare approved facility within 30 days after leaving the hospital
  - First 20 days
  - 21st thru 100th day
  - 101st day and after | All approved amounts
  - All but $[164.50] a day
  - $0 | $0
  - Up to $[164.50] a day
  - $0 | $0
  - $0 | All costs

| Blood
  - First 3 pints
  - Additional amounts | $0
  - 100%
  - $0
  - $0 | $0
  - 3 pints
  - $0 | $0
  - $0 | $0

| Hospice Care
  - You must meet Medicare's requirements, including a doctor's certification of terminal illness.
  - All but very limited copayment/coinsurance for outpatient drugs and inpatient respite care | All but [very limited copayment/coinsurance]
  - $0 | $0
  - Balance | $0

---

1 A benefit period begins on the first day you receive services as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

2 When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's “Core Benefits.” During this time, the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.
Medicare Part B Services

<table>
<thead>
<tr>
<th>Services</th>
<th>Medicare Pays</th>
<th>Dakota Retiree Plan Pays</th>
<th>You Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medical Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In or out of the hospital and</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>outpatient hospital treatment</td>
<td>Generally 80%</td>
<td>Generally 20%³</td>
<td></td>
</tr>
<tr>
<td>- Physician’s services,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inpatient and outpatient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>medical and surgical services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and supplies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and speech therapy,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>diagnostic tests,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>durable medical equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• First $[183] of Medicare</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>approved amounts</td>
<td>Generally 80%</td>
<td>Generally 20%³</td>
<td></td>
</tr>
<tr>
<td>• Remainder of Medicare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>approved amounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Part B Excess Charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Above Medicare approved</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>amounts)</td>
<td>100%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td><strong>Blood</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• First 3 pints</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>• Next $[183] of Medicare</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>approved amounts</td>
<td>80%</td>
<td>20%</td>
<td>$0</td>
</tr>
<tr>
<td>• Remainder of Medicare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>approved amounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Clinical Laboratory Services</strong></td>
<td>100%</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Blood tests for diagnostic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Home Health Care</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare approved services</td>
<td>100%</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>• Medically necessary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>skilled care services</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>and medical supplies</td>
<td>80%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>• Durable medical equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- First $[183] of Medicare</td>
<td>$0</td>
<td>$[183] (Part B deductible)</td>
<td>$0</td>
</tr>
<tr>
<td>approved amounts</td>
<td>80%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>- Remainder of Medicare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>approved amounts</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

³ Once you have been billed $[183] of Medicare Approved Amounts for covered services, you Part B Deductible will have been met for the calendar year.

⁴ Part B Coinsurance (generally 20% of Medicare approved expenses), or in the case of hospital outpatient services under a prospective payment system, applicable copay amounts.
Medicare Part B Services

<table>
<thead>
<tr>
<th>Services</th>
<th>Medicare Pays</th>
<th>Dakota Retiree Plan Pays</th>
<th>You Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not covered by Medicare, medically necessary emergency care services</td>
<td>$0</td>
<td>$0</td>
<td>$250</td>
</tr>
<tr>
<td>• Beginning during the first 60 days of each trip outside the USA</td>
<td></td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>- First $[250] each calendar year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Remainder of charges</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Benefits – Not Covered by Medicare</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**These Are Some Items Not Covered**

- Services that are experimental or investigative in nature or that are not medically necessary as determined by Medicare.
- Services received prior to the effective date of your benefit plan.
- Services when benefits are provided by any governmental unit or social agency except Medicaid or when payment has been made under Medicare Part A or Part B.
- Outpatient prescription drugs, unless eligible under Medicare.
- Custodial care provided in a hospital or by a home health agency.
- Surgery to improve appearance.
- Services, treatments or supplies that are not a Medicare eligible expense.
Medicare Coverage Limitations

Refer to “Medicare & You” guide
www.medicare.gov

Medicare Benefit Changes

Medicare deductibles and coinsurances may change January 1st of each calendar year.
Customer Service

- Sanford Health Plan NDPERS Service Unit
  - 701-751-4125
  - Toll Free 1-800-499-3416
  - sanfordhealthplan.com/NDPERS

- You can also refer the NDPERS website
  https://ndpers.nd.gov
Medicare Prescription Drug Plan (PDP)

- Express Scripts
  - Qualified Medicare Prescription Drug Plan

- NDPERS Medicare secondary payor and Medicare Prescription Drug Plan must be carried together

- NDPERS Retirees will not be dis-enrolled from the PDP unless they also terminate from the Health Plan Coverage
Express Scripts Benefits

<table>
<thead>
<tr>
<th>Initial Coverage stage</th>
<th>Retail Three-Month (90-day) Supply</th>
<th>Home Delivery Three-Month (90-day) Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1: Generic Drugs</td>
<td>$5 copayment plus 15% coinsurance</td>
<td>$5 copayment plus 15% coinsurance</td>
</tr>
<tr>
<td>Tier 2: Preferred Brand Drugs</td>
<td>$15 copayment plus 25% coinsurance</td>
<td>$15 copayment plus 25% coinsurance</td>
</tr>
<tr>
<td>Tier 3: Non-Preferred Brand Drugs</td>
<td>$25 copayment plus 50% coinsurance</td>
<td>$25 copayment plus 50% coinsurance</td>
</tr>
</tbody>
</table>

You will pay the following until your total yearly drug costs (what you and the plan pay) reach $3,750. Please note that you can get up to a 90-day supply either at a retail network pharmacy or through home delivery:
**Express Scripts**

**Benefits Continued...**

<table>
<thead>
<tr>
<th>Coverage Gap stage</th>
<th>Under your plan, you reach the Coverage Gap stage once your total yearly drug costs reach $3,750. During this stage, your cost-sharing amounts for generic and brand-name drugs will generally remain the same until your yearly out-of-pocket drug costs reach $5,000.</th>
</tr>
</thead>
</table>
| Catastrophic Coverage stage | After your yearly out-of-pocket drug costs (what you and others pay on your behalf, including manufacturer discounts but excluding payments made by your Medicare prescription drug plan) reach $5,000, you will pay the greater of 5% coinsurance or:  
  - a $3.35 copayment for covered generic drugs (including brand drugs treated as generics)  
  - an $8.35 copayment for all other covered drugs. |

- Refer to the Benefits Overview on the NDPERS website for complete plan provisions.
- Formulary List also available on NDPERS website.
Express Scripts Tier Changes

Prescriptions may change tiers by the Pharmacy Benefits Manager with guidance from the Federal Drug Administration (FDA)/Drug Enforcement Administration (DEA).
Express Scripts Customer Service

Express Scripts Medicare Customer Service

1.855.315.4569

24 hours a day, 7 days a week

We have free language interpreter services available for non-English speakers.

TTY: 1.800.716.3231

You can also visit us on the Web at www.Express-Scripts.com.
Wellness Programs

Employees and eligible spouses can qualify to receive up to a total of $250 each year that can be earned through one or a combination of the following programs:

- Novu Wellness Program
- Gym Membership
State Health Insurance Counseling

SHIC
Contact ND Insurance Department
1-888-575-6611
http://www.nd.gov/ndins/shic/
Group Dental Plan

Underwritten By Delta Dental of Minnesota
Dental Coverage

- $50 Deductible per person per year
  - doesn’t apply to diagnostic/preventive services
- Diagnostic & Preventive Services: 100%*
- Basic Services, Endodontics, Periodontics, Oral Surgery, Prosthetic Repairs and Adjustments: 80%*
- Major Restorative, Prosthetics, Orthodontics: 50%*
- Calendar Year Plan Maximum: $1,000 per person
- Lifetime Orthodontics Maximum: $1,500 per covered dependent

*Non-participating dentists have not signed an agreement and are not obligated to limit the amount they charge; the member is responsible for paying any difference to the non-participating dentists.
Dental Plan Features

• No waiting periods

• No age limit on Orthodontic treatment

• Out-of-pocket savings if dentist is within network

• Online services at www.deltadentalmn.org

• Insurance cards are automatically mailed
## Dental Premiums

Premiums effective through December 31, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual only</td>
<td>$38.64</td>
</tr>
<tr>
<td>Individual &amp; spouse</td>
<td>$74.58</td>
</tr>
<tr>
<td>Individual &amp; child(ren)</td>
<td>$86.58</td>
</tr>
<tr>
<td>Family</td>
<td>$123.30</td>
</tr>
</tbody>
</table>
Group Vision Plan

Underwritten By Superior Vision
Plan Highlights

- Co-payments
  - $0 Comprehensive Eye Exam
  - $35 Materials
  - $35 Contact Lens Fitting

- In-network co-pays are paid directly to the provider.

- Materials co-pay applies to lenses and/or frames, not contact lenses.

- Insurance cards are automatically mailed.

For detailed description please see plan handbook.
Plan Highlights Continued

<table>
<thead>
<tr>
<th>Services</th>
<th>In Network</th>
<th>Out of Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Eye Exam:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ophthalmologist (MD)</td>
<td>Covered in Full</td>
<td>Up to $45 retail</td>
</tr>
<tr>
<td>Optometrist (OD)</td>
<td>Covered in Full</td>
<td>Up to $45 retail</td>
</tr>
<tr>
<td><strong>Standard Lenses (Per Pair):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Vision</td>
<td>Covered in Full</td>
<td>Up to $35 retail</td>
</tr>
<tr>
<td>Bifocal</td>
<td>Covered in Full</td>
<td>Up to $50 retail</td>
</tr>
<tr>
<td>Trifocal</td>
<td>Covered in Full</td>
<td>Up to $70 retail</td>
</tr>
<tr>
<td>Progressive lens upgrade</td>
<td>20% off over retail lined trifocal lens, including lens options</td>
<td>Up to $70 retail</td>
</tr>
</tbody>
</table>
## Plan Highlights Continued

<table>
<thead>
<tr>
<th>Plan Services</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Eye Exam</td>
<td>1 per Calendar Year</td>
</tr>
<tr>
<td>Contact Lens Fitting Exam</td>
<td>1 per Calendar Year</td>
</tr>
<tr>
<td>Lenses</td>
<td>1 Pair per Calendar Year</td>
</tr>
<tr>
<td>Frames</td>
<td>1 per Calendar Year</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>1 Allowance per Calendar Year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>In Network</th>
<th>Out Of Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Lenses</td>
<td>$100 retail allowance</td>
<td>Up to $100 retail</td>
</tr>
<tr>
<td>Contact Lens Fitting:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>Covered in Full</td>
<td>Not Covered</td>
</tr>
<tr>
<td>Specialty</td>
<td>$50 retail allowance</td>
<td>Not Covered</td>
</tr>
<tr>
<td>Frames - Standard</td>
<td>$75 retail allowance</td>
<td>Up to $40 retail</td>
</tr>
</tbody>
</table>
Locate a Provider

www.superiorvision.com
Coverage Type: Insurance Through Your Employer
Choose Network: Superior National
Vision Premiums

Individual only $6.57
Individual & spouse $13.15
Individual & child(ren) $11.98
Family $18.55

Premiums valid through 12/31/2023.
Retiree Health Insurance Credit (RHIC)

Administered by ASIFlex
Purpose of RHIC

• A monthly, lifetime reimbursement for eligible premiums

• May only be reimbursed for:
  • After-tax health insurance premiums
  • NDPERS vision plan premium
  • NDPERS dental plan premium
RHIC: HOW IT WORKS

• ASIFlex administers the reimbursement on behalf of NDPERS.
• NDPERS reports your RHIC to ASIFlex

Reimbursement

1. **NDPERS insurances**: NDPERS validates to ASIFlex – you are automatically reimbursed.

2. **Non-NDPERS insurances**: You submit a claim form for non-NDPERS after-tax health insurance premium (Medicare Part B and Part D qualifies) to ASIFlex – you are automatically reimbursed.
RHIC Contact Information

- Retiree reimbursement questions should be directed to ASIFlex at 1-800-659-3035.

Phone: 1-800-659-3035  
Fax: 1-877-879-9038  
Web: www.asiflex.com  
Email: asi@asiflex.com  
Address: ASIFlex – PO Box 6044 – Columbia, MO 65205-6044
Life Insurance

Underwritten By Voya Financial
Eligibility

• Employees who participated in the NDPERS life insurance as an active employee

• Retired and receiving a retirement benefit from:
  ▪ NDPERS
  ▪ NDHPRS
  ▪ TIAA
  ▪ TFFR
  ▪ Job Service
Levels of Coverage with NDPERS

- Retirees may maintain current coverage or decrease coverage as term policy
  - Basic = $1,300 coverage ($4.32 per month)
  - Employee Supplemental *
  - Basic Dependent (children to age 26 & spouse) *
  - Spouse Supplemental *

*Premium is based on age and level of coverage (only through retired member’s age 65).
“Port” Rights with Voya

- Member may “port” existing level of coverage
  - Up to age 70
- Rates and “port” information provided directly by Voya
- Cannot keep term policy with NDPERS if electing to “port” coverage
Conversion Rights with Voya

• Member may apply for conversion with:
  • Loss of coverage at separation of employment
  • Loss of term coverage at age 65 (after separation of employment)
  • Loss of “port” coverage at age 70 (after separation of employment)

• Whole life insurance policy (no age limit)

• Rates and conversion information provided directly by Voya

• Cannot keep term policy with NDPERS if electing to “port” coverage
Life Insurance Information

NDPERS website  [https://ndpers.nd.gov/retired-members/insurance-plan/life/](https://ndpers.nd.gov/retired-members/insurance-plan/life/)

Voya: 1 (855) 663-8692
NDPERS Contact Information

Telephone: (800) 803-7377 or (701) 328-3900

Website: https://ndpers.nd.gov/

Email: ndpers-info@nd.gov

Facebook: https://www.facebook.com/NDPERS/

Member Self Service: https://ndpers.nd.gov/login

Publications: https://ndpers.nd.gov/sign-up-for-ndpers-publications/

Address: 400 E Broadway | Suite 505 | Bismarck ND 58501
       PO Box 1657 | Bismarck ND 58502-1657

Fax: (701) 328-3920
LUNCH

Lunch will be on your own
If you do not receive benefits, you can:

- Request a replacement Social Security card if you meet certain requirements;
- Check the status of your application or appeal;
- Get a benefit verification letter as proof that you are not getting benefits;
- Get your Social Security Statement to review:
  - Estimates of your future retirement, disability, and survivor benefits;
  - Your earnings once a year to verify the amounts that we posted are correct; and
  - The estimated Social Security and Medicare taxes you’ve paid.
my Social Security Services

If you receive benefits or have Medicare, you can:

• Request a replacement Social Security card if you meet certain requirements;
• Report your wages if you work and receive Disability Insurance (SSDI) and/or Supplemental Security Income (SSI) benefits;
• Get a benefit verification letter as proof that you are getting benefits;
• Check your benefit and payment information and your earnings record;
• Change your address and phone number;
• Start or change direct deposit of your benefit payment;
• Request a replacement Medicare card; and
• Get a replacement SSA-1099 or SSA-1042S for tax season.
How to Open a *my* Social Security Account

1. Visit [socialsecurity.gov/myaccount](http://socialsecurity.gov/myaccount)
2. Select: “Sign In or Create an Account.”
3. Provide some personal information to verify your identity.
4. Choose a username and password, then select how you would like to receive a one-time security code to create your account.

*No matter what type of device you use, the *my* Social Security portal will automatically re-adjust to fit the appropriate screen size, providing you full, easy-to-use access to your personal account!*
Social Security:
With You Through Life’s Journey…

Securing today and tomorrow

Produced at U.S. taxpayer expense
Presentation Overview

• Program Introduction
• Retirement Benefits
• Spouse Benefits
• Survivor Benefits
• Medicare Coverage
• Q & A
How Do You Qualify for Retirement Benefits?

• By earning “credits” when you work and pay Social Security taxes
• You need 40 credits (10 years of work) and you must be 62 or older
• Each $1,360 in earnings gives you one credit
• You can earn a maximum of 4 credits per year

Note: To earn 4 credits in 2019, you must earn at least $5,440.
How Social Security Determines Your Benefit

Benefits are based on earnings

• **Step 1** - Your wages are adjusted for changes in wage levels over time

• **Step 2** - Find the monthly average of your 35 highest earnings years

• **Step 3** - Result is “average indexed monthly earnings”
What Is the Best Age to Start Receiving Social Security Retirement Benefits?

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits

Note: This example assumes a benefit of $1,000 at a full retirement age of 66
<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
<th>A $1000 retirement benefit taken at age 62 would be reduced by</th>
<th>A $500 spouse benefit taken at age 62 would be reduced by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
<td>25.83%</td>
<td>30.83%</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
<td>26.67%</td>
<td>31.67%</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
<td>27.5%</td>
<td>32.5%</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
<td>28.33%</td>
<td>33.33%</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
<td>29.17%</td>
<td>34.17%</td>
</tr>
<tr>
<td>1960 +</td>
<td>67</td>
<td>30%</td>
<td>35%</td>
</tr>
</tbody>
</table>
Retirement Estimator

• Gives estimates based on your actual Social Security earnings record

• You can use the Retirement Estimator if:
  • You have enough Social Security credits at this time to qualify for benefits and
  • You are not:
    • Currently receiving benefits on your own Social Security record;
    • Waiting for a decision about your application for benefits or Medicare;
    • Age 62 or older and receiving benefits on another Social Security record;
      or
    • Eligible for a Pension Based on Work Not Covered By Social Security.

socialsecurity.gov/estimator
## Working While Receiving Benefits

<table>
<thead>
<tr>
<th>If you are</th>
<th>You can make up to</th>
<th>If you earn more, some benefits will be withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$17,640/yr. ($1,470/mo)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>The Year Full Retirement Age is Reached</td>
<td>$46,920/yr. before month of full retirement age ($3,910/mo)</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month of Full Retirement Age and Above</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
</tbody>
</table>

Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.
Windfall Elimination Provision (WEP)

If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.

WEP can apply if:

- You reach 62 after 1985; or
- You become disabled after 1985; and
- You first become eligible for a monthly pension based on work where you didn’t pay Social Security taxes after 1985.
Taxation of Social Security Benefits

Your adjusted gross income
+ Nontaxable interest
+ ½ of your Social Security benefits
= Your "combined income"

<table>
<thead>
<tr>
<th>Federal Tax Filing Status</th>
<th>“Combined Income”</th>
<th>Taxable Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$25,000 - $34,000</td>
<td>50%</td>
</tr>
<tr>
<td>Individual</td>
<td>Over $34,000</td>
<td>85%</td>
</tr>
<tr>
<td>Married Jointly</td>
<td>$32,000 - $44,000</td>
<td>50%</td>
</tr>
<tr>
<td>Married Jointly</td>
<td>Over $44,000</td>
<td>85%</td>
</tr>
</tbody>
</table>
We’re There For Your Wedding
Spousal Benefits

- Benefit is 50% of worker’s unreduced benefit
- Reduction for early retirement
- If spouse’s own benefit is less than 50% of the worker’s, the benefits are combined
- Does not reduce payment to the worker
- Benefit is 100% regardless of age if spouse is caring for a child under age 16 or disabled
Benefits for Divorced Spouses

You may receive benefits on your ex-spouse's record (even if he or she has remarried) if:

- You are unmarried;
- You are age 62 or older;
- Your ex-spouse is entitled to Social Security retirement or disability benefits; and
- The benefit you are entitled to receive based on your own work is less than the benefit you would receive based on your ex-spouse's work.

*Note: Marriage must have lasted 10 years or longer*
If you become eligible for Social Security benefits both as a retiree and as a spouse (or divorced spouse), and you want to go ahead and claim your benefits, you must file for both benefits.


Note: There are two exceptions.
Government Pension Offset

• A type of benefit reduction that may affect some spouses and widows or widowers

• If you receive a government pension based on work not covered by Social Security, your SS spouse’s or widow(er)’s benefits may be reduced.

socialsecurity.gov/gpo
A child must have:

• A parent who’s disabled or retired and entitled to Social Security benefits; or
• A parent who died after having worked long enough in a job where they paid Social Security taxes.

The child must also be:

• Unmarried;
• Younger than age 18;
• 18-19 years old and a full-time student (no higher than grade 12); or
• 18 or older and disabled. (The disability must have started before age 22.)
We’re There If You Lose Your Soulmate
## Survivor Eligibility Factors

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child</td>
<td>May receive benefits if not married and is under age 18 (or under age 19 if still in high school)</td>
</tr>
<tr>
<td>Disabled Child</td>
<td>May receive benefits beyond age 18 if not married and was disabled before age 22</td>
</tr>
<tr>
<td>Widow / Widower Or Divorced Widow/Widower</td>
<td>May get full benefits at full retirement age – or reduced benefits at age 60 – or as early as age 50 if disabled – or at any age if caring for child under 16 or a disabled child</td>
</tr>
</tbody>
</table>
Survivor Benefits

When you pass away, your surviving spouse may:

• At full retirement age, receive 100% of deceased worker's unreduced benefit; or,
• At age 60, receive 71.5% of your full benefit and increases each month you wait up to 100% if you start at full retirement age; or
• Claim survivor benefits at any age between 60 and full retirement age.
Other Survivor Benefits

• Lump Sum Death Payment – A surviving spouse or child may receive a one-time lump-sum death payment of $255.00 if they meet certain requirements.

socialsecurity.gov/survivors
Spouse (living) benefits

Can start from age 62 to Full Retirement Age (FRA)

50% at FRA or less if you start prior to FRA (reduction for each month you take it early)

Divorced spouses qualify if marriage lasted at least 10 years and other conditions are met

Survivor (death) benefits

Can start from age 60 to Full Retirement Age (FRA)

71.5% at age 60 and increases each month you wait, up to 100% if you start at FRA, or as early as age 50 if disabled

Divorced spouses qualify if marriage lasted at least 10 years and other conditions are met
You can switch to retirement as early as age 62 if that benefit is higher than your widows benefit.
Medicare Enrollment

Initial Enrollment Period
Begins 3 months before your 65th birthday and ends 3 months after that birthday

General Enrollment Period
January 1 – March 31

Special Enrollment Period
If 65 or older and covered under a group health plan based on your – or your spouse’s – current work.
Medicare Coverages

Part A – Hospital Insurance
- Covers most inpatient hospital expenses
- 2019 Deductible $1,364

Part B – Medical Insurance
- Covers 80% doctor bills & other outpatient medical expenses after first $185 in approved charges
- 2019 standard monthly premium $135.50
  Some current beneficiaries may pay less

Part D- Medicare Prescription Drug Plan
- Covers major portion of prescription drug costs
- Annual Enrollment Period: October 15 – December 7
- Extra Help Program – Helps pay drug costs for those with low income/resources. Visit website for details.
Medicare standard Part B premium for 2019
If you’re single and file an individual tax return, or married and file a joint tax return:

<table>
<thead>
<tr>
<th>Modified Adjusted Gross Income (MAGI)</th>
<th>Part B monthly premium amount</th>
<th>Prescription drug coverage monthly premium amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals with a MAGI of $85,000 or less</td>
<td>2019 standard premium $135.50</td>
<td>Your plan premium</td>
</tr>
<tr>
<td>Married couples with a MAGI of $170,000 or less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $85,000 up to $107,000</td>
<td>Standard premium + $54.10</td>
<td>Your plan premium + $12.40</td>
</tr>
<tr>
<td>Married couples with a MAGI above $170,000 up to $214,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $107,000 up to $133,500</td>
<td>Standard premium + $135.40</td>
<td>Your plan premium + $31.90</td>
</tr>
<tr>
<td>Married couples with a MAGI above $214,000 up to $267,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $133,500 up to $160,000</td>
<td>Standard premium + $216.70</td>
<td>Your plan premium + $51.40</td>
</tr>
<tr>
<td>Married couples with a MAGI above $267,000 up to $320,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI above $160,000 up to $500,000</td>
<td>Standard premium + $297.90</td>
<td>Your plan premium + $70.90</td>
</tr>
<tr>
<td>Married couples with a MAGI above $320,000 up to $750,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals with a MAGI equal to or greater than $500,000</td>
<td>Standard premium +$325.00</td>
<td>Your plan premium + $77.40</td>
</tr>
<tr>
<td>Married couples with a MAGI equal to or greater than $750,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Applying for Benefits

3 options available to apply:

- Online
- By phone 1-800-772-1213
- At our office

You choose the most convenient option for you!

Note: Child and survivor claims can only be done by phone or in a field office (not online) at this time.
We’ll Be Here For Your Family In The Future
Social Security in the Future

- The two Social Security trust funds – Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) will be able to pay all benefits in full and on time until 2035.

- The trust funds have reached the brink of asset reserve depletion in the past, but Congress made substantial modifications to avoid this.

- If Congress does not act before 2035, the trust funds will still be able to pay 80 percent of each benefit due.
Putting you in control...
Learn what you can do online

my Social Security
Check out your Social Security Statement, change your address & manage your benefits online today.

Social Security Number
Your Social Security number remains your first and continuous link with Social Security.

Retirement Estimator
Calculate your benefits based on your actual Social Security earnings record.

FAQs
Get answers to frequently asked questions about Social Security.
Create your personal *my Social Security* account today

With your free, personal *my Social Security* account, you can receive personalized estimates of future benefits based on your real earnings, see your latest *Statement*, and review your earnings history. It even makes it easy to request a replacement Social Security Card or check the status of an application, all from the comfort of your home or office!

CREATE AN ACCOUNT ➔

SIGN IN ➔

FINISH SETTING UP YOUR ACCOUNT ➔

Why create a free account?

[socialsecurity.gov/myaccount](socialsecurity.gov/myaccount)
How to Open a *my* Social Security Account

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  - Your earnings once a year to verify the amounts that we posted are correct; and
  - The estimated Social Security and Medicare taxes you’ve paid.
Q&A session
BREAK
LEGAL CONCERNS RELATED TO RETIREMENT

Basic Estate and Retirement Planning

Tim Richard
Serkland Law Firm
What is Estate Planning?

• Reviewing your assets and property and planning how it will pass to your heirs
• Considering tax issues
• Planning for incapacity
Terminology

• Probate Estate
• Non-Probate Estate
• Taxable Estate
Probate v. Non-Probate Property

- All property owned individually
- All property in which an individual share is owned (Tenants-in-Common)

- Joint ownership with ROS (Joint Tenancy) or Life estate
- POD or TOD accounts
- Life insurance or retirement plans with beneficiary
- Trusts
Taxable Estate

- PROBATE ESTATE + your share of NON-PROBATE ESTATE
- IRS includes any asset that you had control of immediately prior to your death
Getting Started
Anything is better than indecision. We must decide. If I am wrong we shall soon find it out and can do the other thing. But not to decide wastes both time and money and may ruin everything.

- General Ulysses S. Grant
Getting Started

• Personal info: Marital status, children/stepchildren, grandchildren
• Asset info: Approximate value, how owned, where real estate located
• Beneficiary designations
Federal Estate Taxes

• Unlimited Marital Deduction – Never any estate taxes owed by a spouse
• $11.4 Million Exemption for children and other heirs/beneficiaries
• Portability of unused exemption to spouse
• Less than .5% of estates pay estate tax
State Estate Taxes

• Minnesota:
  – Unlimited Marital Deduction
  – $2.7 million exemption for other heirs
  – Increasing to $3 million in 2020

• North Dakota:
  – No ND estate tax

• Minnesota “tax trap” for North Dakota residents
Income Taxes

• Basis = Original purchase price of property or date of death value (Stepped up basis)
• Capital Gain = Selling price – Basis
• Carry-Over Basis (Gifts) v. Stepped-Up Basis (Inherited property)
• Very important when considering what property to transfer by gift v. by Will/Trust
• Don’t forget about deferred income tax
Probate

• In North Dakota, relatively straightforward process
• Does not tie up assets for years
• Probate required to transfer assets whether you have a Will or not
• If you die without a Will, your estate does not go to the State
Probate

- Intestate laws get somewhat complicated if step-children involved
- If you have property in multiple states, you may want to plan to avoid ancillary probate in other state(s)
Estate Planning Documents

• Wills and/or Revocable Living Trusts
• Durable Powers of Attorney
• Health Care Directives
Wills v. Living Trusts

- Simpler and cheaper to create
- Easier to control and manage your assets during your lifetime
- Probate in North Dakota is not complex or expensive

- More complex and expensive to create
- Avoids probate/ancillary probates
- More “seamless” transition upon incapacity/death
Wills

- Names Personal Representative ("PR") to handle estate
- Can reference separate list of tangible personal property
- Can create various types of trusts for spouse, children, grandchildren, charities, etc.
Living Trusts

• Generally always fully revocable and amendable
• Must actually transfer property into trust to be effective
• Have full control over trust assets while competent
• Can name successor trustee to take over
Living Trusts

- Upon death, assets can continue to be held in trust for spouse, children, grandchildren, etc.
- No tax or asset protection benefits unless irrevocable and other restrictions included
Beneficiary Designations

• Must coordinate with overall estate plan and provisions in Will and/or Trusts

• Income tax benefits to naming individual beneficiaries for certain retirement accounts
  – Spousal “Rollovers”
  – “Stretch”/Inherited IRA’s for children/grandchildren
  – Conduit/Retirement Benefits Trusts
Durable Power of Attorney

• Allows you to designate who should manage your assets if you are unable to
• Generally avoids need to go to court to appoint guardian/conservator
• Often critical to be able to do long term care planning
Health Care Directive

• Designate agent to make medical decisions for you
• Statement of how you want to be treated if you have terminal condition
Gifting

• Annual exclusion amount is currently $15,000
• $11.4 million lifetime exemption
• Don’t forget about carry-over basis!
Charitable Gifts

• Charitable trusts and annuities excellent way to reduce taxes:
  – Can reduce taxes on deferred income
  – Can avoid capital gain
Long Term Care Planning

• “Nursing home liens” only arise if person has received Medical Assistance benefits
• Very difficult to qualify for Medical Assistance:
  – $3,000 asset limit, 5 year “look-back” for gifts
• Protections for spouse
  – Primary residence and 1 vehicle are exempt
  – Minimum asset and income levels
  – IRA’s and qualifying annuities can be exempt
• Life estates and Medicaid Qualifying Trusts
Long Term Care Planning

• Long term care insurance should be considered:
  – Look at benefit period (average nursing home stay under 3 years)
  – Inflation rider
  – What services are covered
• Consider life insurance with long term care rider
Consult With Other Advisors

• Your estate plan should involve others:
  – Accountant
  – Financial Planner
  – Insurance Agent
Questions?