



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Board Meeting Agenda

Location: WSI Board Room, 1600 East Century Avenue, Bismarck ND
By phone: 701.328.0950 Conference ID: 501 960 686#
Date: **Tuesday, December 10, 2024**
Time: 8:30 A.M. [Click here to join the meeting](#)

I. MINUTES

- A. November 12, 2024

II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

III. PRESENTATIONS

- A. External Audit Report - UHY
- B. Annuity Requirements for Fiduciaries - Ice Miller
- C. Annuity Education - Callan Consulting

IV. DEFINED CONTRIBUTION PLAN IMPLEMENTATION

- A. House Bill 1040 Implementation Update – Rebecca (Board Action)

V. DEFINED BENEFIT

- A. Job Service Plan Adjustments – MaryJo (Board Action) ***EXECUTIVE SESSION**

VI. DEFERRED COMPENSATION / DEFINED CONTRIBUTION

- A. 457 Companion Plan & 401(a) Plan 3rd Quarter Report – Derrick (Information)

VII. GROUP INSURANCE / FLEXCOMP

- A. Employee Assistance Program RFP – Katheryne (Board Action)
- B. Sanford Health Plan Member and Provider Call Center Hours of Operation – Rebecca (Board Action)

VIII. LEGISLATION/ADMINISTRATIVE RULES

- A. Administrative Rules – Rebecca (Information)

IX. OPERATIONS / ADMINISTRATIVE

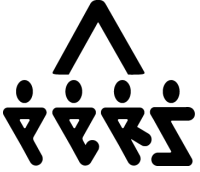
- A. Audit Committee Report – Shawna (Board Action)
- B. Quarterly Consultant Fees – Derrick (Information)
- C. Strategic Plan Update – Rebecca (Board Action)
- D. Committee/State Investment Board Assignments – Rebecca (Board Action)
- E. Operating Guidelines – Rebecca (Information)
- F. Contracts Under \$10,000 – Rebecca (Information)
- G. Next Meeting Date: **Monday, January 6, 2025 at 8:30 A.M.**

X. MEMBER

- A. Unforeseeable Financial Hardship Case #899 ****EXECUTIVE SESSION** – Marcy (Board Action)

*Executive session pursuant to N.D.C.C. 44-04-19.1(2) for Attorney Consultation.

**Executive Session pursuant to N.D.C.C. §44-04-19.2(1) and §54-52-26 to discuss confidential records relating to retirement benefits of a member or a beneficiary in regard to member appeals or hardship withdrawal requests.



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Public Employees Retirement System
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Memorandum

TO: NDPERS Board

FROM: Shawna Piatz

DATE: December 10, 2024

SUBJECT: UHY Audit Report

Jason Ostroski from UHY will join the Board meeting to review the FY 2024 audit report and answer any questions you may have. A copy of the UHY presentation (Attachment 1) as well as the FY 2024 Financial Statements (Attachment 2) for the PERS agency are attached.

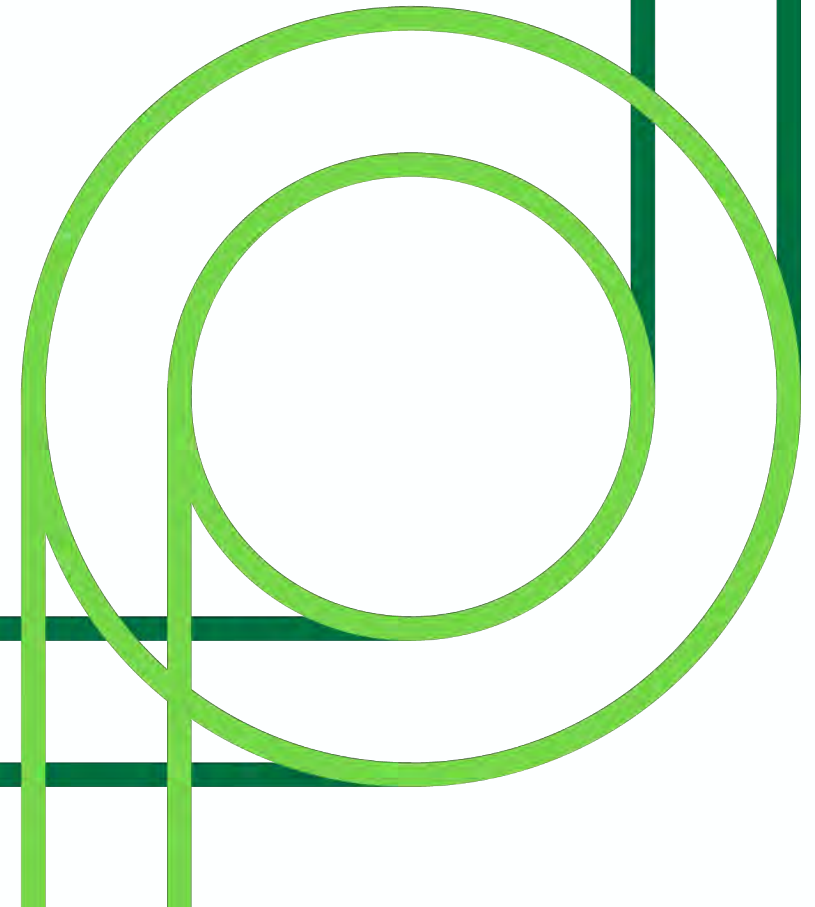
Attachment



**North Dakota Public Employees
Retirement System – Board of Trustees**

Audit Results Presentation

December 10, 2024



Agenda

- 2024 Audit Results
- Required Communications
- GASB 68 and 75 Schedule Audit Update



2024 Audit Results

- Independent Auditors' Report - Unmodified "clean" opinion that the financial statements are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
- Limited procedures were performed, and no opinion rendered, on management's discussion and analysis, required supplemental information, supplemental schedules, and the Introductory, Investment, Actuarial, and Statistical sections.
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - No material weaknesses
- Letter to the Board providing required communications with those charged with governance



Required Governing Body Communications

- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
- Significant accounting policies
 - No new accounting standards in fiscal year 2024
- Financial statement disclosures
 - There were no particularly sensitive financial statement disclosures
- Management judgments and accounting estimates
 - Valuation of alternative investments
 - Actuarial assumptions and methods used



Required Governing Body Communications

- Management was very cooperative and professional during the audit process
- No disagreements with management
- Management did not consult with other accountants on the application of GAAP or GAAS
- No major issues were discussed with management prior to retention
- Management Representations



GASB 68 and 75 Schedule Audit Update

- Employer Census Testing is Complete
 - Selected 10 Employers for testing
 - Noted no significant errors
- Expect to begin work on the GASB 68 and 75 Schedules in December 2024
- Expect to issue our final report on the schedules no later than January 2025



Thank you!



Jason Ostroski, CPA

Engagement Principal

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About UHY

UHY is one of the nation's largest professional services firms providing audit, tax, consulting and advisory services to clients primarily in the dynamic middle market.

We are trailblazers who bring our experience from working within numerous industries to our clients so that we can provide them a 360-degree view of their businesses. Together with our clients, UHY works collaboratively to develop flexible, innovative solutions that meet our clients' business challenges.

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NORTH DAKOTA PUBLIC EMPLOYEES

RETIREMENT SYSTEM

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
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INDEPENDENT AUDITOR'S REPORT

Governor Doug Burgum
The Legislative Assembly

Rebecca Fricke, Executive Director
North Dakota Public Employees' Retirement System
Bismarck, North Dakota

Opinion

We have audited the accompanying financial statements of the proprietary fund and each of the individual fiduciary funds of the North Dakota Public Employees' Retirement System (the System), a department of the State of North Dakota, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund and the fiduciary net position of each of the individual fiduciary funds of the System, as of June 30, 2024, and the respective changes in financial and net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The financial statements of the System as of June 30, 2023 were audited by other auditors whose report dated December 1, 2023 expressed an unmodified opinion on those statements. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the State of North Dakota that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position, changes in financial position, and, where applicable, the cash flows of the State of North Dakota as of June 30, 2024, and for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes to the net pension liability and related ratios, schedule of changes to the net other post-employment benefit liability and related ratios, employer contributions and investment returns and related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of administrative expenses - fiduciary funds, investment expenses - fiduciary funds and consulting expenses - fiduciary funds and the statement of appropriations are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to

provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

UHY LLP

Columbia, Maryland
November 25, 2024

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

Management's Discussion and Analysis (MD&A) of the North Dakota Public Employees Retirement System's (NDPERS) financial performance provides an overview of the system's financial activities for the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the basic financial statements, which follow this discussion.

NDPERS administers a total of seven fiduciary funds. This includes three defined benefit pension trust funds (PERS, Highway Patrol and Job Service), one defined contribution pension trust fund, the retiree health insurance credit trust fund, the deferred compensation trust fund and pretax benefits trust fund. NDPERS also administers one proprietary fund, the Uniform Group Insurance Program, which is an enterprise fund.

Financial Highlights - Pension and Other Employee Benefit Plans

- As of June 30, 2024, and 2023, the Plan Fiduciary Net Position (FNP) as a percentage of the Total Pension Liability (TPL) and Total OPEB Liability (TOL) for each pension and OPEB fund is shown below:

	<u>2024</u>	<u>2023</u>
Public Employees Retirement System	68.6%	66.0%
Highway Patrolmen Retirement System	59.1%	56.4%
Retirement Plan for Employees of Job Service of ND	117.8%	115.7%
Retiree Health Insurance Credit Fund	68.4%	62.7%

The increases in the FNP as a percentage of the TPL for the Public Employees Retirement System and the Highway Patrol System were mainly due to general fund cash infusions and investment returns for the fiscal year. The increase in the FNP as a percentage of the TPL Job Service of ND was primarily the result of investment returns for the year. The increases in the FNP as a percentage of the TPL for the Retiree Health Insurance Credit plan was primarily the result of investment earnings, as well as contributions received over statutory requirements.

- The fiduciary net position for all trust funds administered by NDPERS increased \$478.6 million during the fiscal year ended June 30, 2024. This increase is primarily due to increased investment earnings as well as lump sum infusions into the Main Defined Benefit Plan (\$135.0 million) and Highway Patrol Plan (\$3 million).

<i>(in thousands)</i>	<u>Change in Net Position 2024</u>	<u>Change in Net Position 2023</u>
Public Employees Retirement System	\$ 421,347	\$ 208,169
Highway Patrolmen Retirement System	9,186	5,711
Retiree Health Insurance Credit Fund	18,258	13,835
Defined Contribution Retirement Fund	3,481	2,910
Pretax Benefits Fund	56	151
Deferred Compensation Plan	26,973	25,934
Retirement Plan for Employees of Job Service ND	(682)	(2,692)
Total Change in Plan Fiduciary Net Position	<u>\$ 478,619</u>	<u>\$ 254,018</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

Financial Highlights - Uniform Group Insurance Program

- Net position increased by \$1.33 million or 2.2% in fiscal year 2024. The increase is primarily a result of investment earnings for the year ended June 30, 2024. Net position increased by \$0.027 million or 0.04% for the year ended June 30, 2023. The increase is primarily a result of investment earnings for the year ended June 30, 2023.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction and overview of the basic financial statements for NDPERS, which include the fund financial statements and notes to the financial statements.

Financial Statements

There are two financial statements presented for the fiduciary funds. The Statements of Fiduciary Net Position as of June 30, 2024 and 2023 indicate the net position available to pay future benefits and gives a snapshot at a particular point in time. The Statements of Changes in Fiduciary Net Position for the years ended June 30, 2024 and 2023 provide a view of the current year's additions and deductions to the individual trust funds.

There are three financial statements presented for the proprietary fund. The Statements of Net Position as of June 30, 2024 and 2023 provide a snapshot at a particular point in time of the net position available for use by this program. The Statements of Revenues, Expenses, and Changes in Fund Net Position for the years ended June 30, 2024 and 2023, provide a view of the current year's operating and non-operating revenues and expenses for the enterprise fund. The Statements of Cash Flows for the years ended June 30, 2024 and 2023 show the cash used and provided by operating activities as well as the net increase or decrease in cash due to operating and investing activities for the years presented.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 19-55 of this report.

Required supplementary information. The required supplementary information consists of a Schedule of Employer Contributions, Schedule of Changes to the Net Pension Liability and Related Ratios, and Schedule of Investment Returns for the defined benefit pension trust funds and a Schedule of Net OPEB Liability and related ratios, Schedule of Employer Contributions and Schedule of Investment Returns for the Retiree Health Insurance Credit advance funded plan.

Other supplementary schedules. The other supplementary schedules consist of a Schedule of Investment Expenses, Administrative Expenses, Consulting Expenses and Appropriations.

Financial Analysis

The financial results for fiscal years 2024, 2023 and 2022 are summarized on page 7. The information in the tables on the following page are condensed from the Financial Statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

Statement of Fiduciary Plan Net Position (condensed, in thousands)

	June 30, 2024	%	June 30, 2023	%	June 30, 2022
		Change		Change	
Assets					
Cash	\$ 22,183	-1.2%	\$ 22,443	5.1%	\$ 21,361
Receivables	25,760	0.5%	25,628	11.6%	22,972
Investments	4,844,449	11.0%	4,366,046	6.1%	4,113,847
Invested Securities Lending Collateral	64,062	133.2%	27,467	16.3%	23,612
Software & Equipment, Net of Accumulated Depreciation	217	-24.1%	286	-19.4%	355
Total Assets	<u>4,956,671</u>	11.6%	<u>4,441,870</u>	6.2%	<u>4,182,147</u>
Liabilities					
Long-Term Liabilities	152	15.2%	132	-6.4%	141
Other Liabilities	68,755	110.9%	32,595	21.3%	26,881
Total Liabilities	<u>68,907</u>	110.6%	<u>32,727</u>	21.1%	<u>27,022</u>
Fiduciary Net Position	<u>\$ 4,887,764</u>	10.9%	<u>\$ 4,409,143</u>	6.1%	<u>\$ 4,155,125</u>

The total assets for all fiduciary funds as of June 30, 2024 were \$4.89 billion and were comprised mostly of investments. For the fiscal year ended June 30, 2024 net position increased \$478.6 million. The increase was primarily due to financial market gains during the fiscal year as well as lump sum infusions into the Main Defined Benefit Plan (\$135.0 million) and Highway Patrol Plan (\$3 million). For the fiscal year ended June 30, 2023 net position increased \$254.0 million. The increase was primarily due to financial market gains during the fiscal year.

Total liabilities as of June 30, 2024 increased \$36.2 million due to an increase in securities lending collateral. Total liabilities as of June 30, 2023 increased \$5.7 million due to an increase in securities lending collateral.

Statement of Changes in Fiduciary Plan Net Position (condensed, in thousands)

	June 30, 2024	%	June 30, 2023	%	June 30, 2022
		Change		Change	
Additions					
Contributions	\$ 267,390	13.8%	\$ 235,058	3.8%	\$ 226,465
Transfers In	139,836	6639.1%	2,075	-20.6%	2,613
Net Investment Income/(Loss)	411,393	25.1%	328,787	-201.0%	(325,627)
Other	7,788	12.7%	6,908	-41.3%	11,777
Total Additions	<u>826,407</u>	44.3%	<u>572,828</u>	-775.7%	<u>(84,772)</u>
Deductions					
Benefit Payments	321,395	8.7%	295,696	6.9%	276,697
Transfers Out	755	42.2%	531	-25.6%	714
Refunds	20,512	12.7%	18,194	15.4%	15,769
Administrative Expenses	5,126	16.8%	4,388	5.1%	4,177
Total Deductions	<u>347,788</u>	9.1%	<u>318,809</u>	7.2%	<u>297,357</u>
Change in Fiduciary Net Position	<u>\$ 478,619</u>	88.4%	<u>\$ 254,019</u>	166.5%	<u>\$ (382,129)</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

Additions. Contributions, transfers in and earnings on invested funds are the primary additions that are accumulated and used to pay benefits for each of the plans. Contributions and transfers in, combined, increased by \$170.1 million for the year ended June 30, 2024 and increased \$8.1 million for the year ended June 30, 2023. The increases reflect an increase in contributions as a result of membership and payroll growth as well as cash infusions totaling \$138.0 million in 2024. Investment earnings increased \$82.6 million in 2024. Investment earnings increased by \$654.4 million in 2023 from the previous year. The change in Other Additions for June 30, 2024 and June 30, 2023 is primarily due to fluctuations in service purchase payments received during the year.

Deductions. Total deductions increased by \$29.0 million or 9.1% for the fiscal year ended June 30, 2024. Total deductions increased by \$21.4 million or 7.2% for the fiscal year ended June 30, 2023. The increase each year was due to an increase in benefit payments, which reflects the increase in the total number of retirees who are receiving pension payments, as well as the significant increase in refunds/transfers.

Statement of Proprietary Fund Net Position (in thousands)

	June 30, 2024	% Change	June 30, 2023	% Change	June 30, 2022
Assets					
Cash & Investments	\$ 60,715	0.9%	\$ 60,191	79.9%	\$ 33,457
Receivables	806	97.1%	409	-98.4%	26,371
Capital Assets	72	-25.8%	97	-21.8%	124
Total Assets	<u>61,593</u>	1.5%	<u>60,697</u>	1.2%	<u>59,952</u>
Liabilities					
Long-Term Liabilities	82	5.1%	78	2.6%	76
Other Liabilities	559	-44.1%	1,000	253.4%	283
Total Liabilities	<u>641</u>	-40.5%	<u>1,078</u>	200.3%	<u>359</u>
Net Position	<u>\$ 60,952</u>	2.2%	<u>\$ 59,619</u>	0.0%	<u>\$ 59,593</u>

The net position for the proprietary fund increased by \$1.33 million during the fiscal year ended June 30, 2024. The increase is mostly due to investment earnings. The net position for the proprietary fund increased by \$0.026 million during the fiscal year ended June 30, 2023. The increase is mostly due to investment earnings.

Total assets, as of June 30, 2024, were \$61.6 million and were comprised mainly of cash and investments. Total assets increased by \$0.9 million from the prior fiscal year primarily due to an investment earnings. Total assets, as of June 30, 2023, were \$60.7 million and were comprised mainly of cash and investments. Total assets increased by \$0.7 million from the prior fiscal year primarily due to an investment earnings. Total assets, as of June 30, 2022, were \$60.0 million and were comprised mainly of cash and investments as well as a \$26.0 million receivable from Sanford Health Plan.

Total liabilities, as of June 30, 2024, were \$0.6 million, \$1.1 million as of June 30, 2023 and \$0.4 million as of June 30, 2022, and were comprised mostly of unearned premiums, which represent premiums received before they are due as well as a liability to Sanford Health Plan as of June 30, 2023, as further explained in Note 14.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

The net position of the proprietary fund consists primarily of cash and investments and is to pay administrative expenses of the uniform group insurance program, reduce premium payments/increases, and increase insurance coverage.

Statement of Changes in Proprietary Fund Net Position (in thousands)

	June 30, 2024	% Change	June 30, 2023	% Change	June 30, 2022
Operating Revenues					
Premium Revenues	\$ 402,092	13.0%	\$ 355,842	-0.3%	\$ 356,896
Administrative Fee	947	-0.5%	952	-0.1%	953
Miscellaneous	(45)	93.8%	(728)	102.8%	26,113
Total Operating Revenues	<u>402,994</u>	13.2%	<u>356,066</u>	-7.3%	<u>383,962</u>
Non-Operating Revenues					
Net Investment Income	<u>4,411</u>	93.9%	<u>2,275</u>	-234.6%	<u>(1,690)</u>
Total Revenues	<u>407,405</u>	13.7%	<u>358,341</u>	-6.3%	<u>382,272</u>
Operating Expenses					
Premium Expenses	403,518	13.4%	355,924	-0.3%	356,984
Administrative Expenses	2,194	4.0%	2,110	26.2%	1,672
Total Operating Expenses	<u>405,712</u>	13.3%	<u>358,034</u>	-0.2%	<u>358,656</u>
Non-Operating Expense					
Transfer Out	<u>360</u>	28.6%	<u>280</u>	71.8%	<u>163</u>
Change in Net Position	<u>\$ 1,333</u>	4837.0%	<u>\$ 27</u>	-99.9%	<u>\$ 23,453</u>
Total Net Position	\$ 60,952	2.2%	\$ 59,619	0.0%	\$ 59,593

Contacting NDPERS Financial Management

This financial report is designed to provide our members, annuitants, employers, business partners and the general public with a general overview of the System's financial activities. If you have questions about this report or need additional financial information, contact the North Dakota Public Employees Retirement System, PO Box 1657, Bismarck, ND 58502.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024 AND 2023**

	Uniform Group Insurance Program	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,583,916	\$ 1,656,216
Invested Cash	2,972,589	2,858,504
Commingled Domestic Fixed Income Investments	56,158,352	55,676,252
Unearned Premiums	340,601	108,845
Accounts Receivable	465,470	300,339
Total Current Assets	61,520,928	60,600,156
NONCURRENT ASSETS		
Capital Assets (Net of Depreciation/Amortization)	72,011	96,925
Total Assets	61,592,939	60,697,081
LIABILITIES		
CURRENT LIABILITIES		
Salaries Payable	115,249	109,241
Accounts Payable	425,653	874,790
Due to Other State Agencies	10,561	8,905
Accrued Compensated Absences	7,991	7,137
Total Current Liabilities	559,454	1,000,073
NONCURRENT LIABILITIES		
Accrued Compensated Absences	82,001	78,027
Total Liabilities	641,455	1,078,100
NET POSITION		
Net Investment in Capital Assets	72,011	96,925
Unrestricted Net Position	60,879,473	59,522,056
Total Net Position	\$ 60,951,484	\$ 59,618,981

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEARS ENDED JUNE 30, 2024 AND 2023**

	Uniform Group Insurance Program	
	2024	2023
OPERATING REVENUES		
Premium Revenues	\$ 402,092,046	\$ 355,841,878
Administrative Fee	945,863	951,165
Underwriting Loss	(51,175)	(734,296)
Miscellaneous	6,408	6,215
Total Operating Revenues	402,993,142	356,064,962
OPERATING EXPENSES		
Premium Expenses	403,517,899	355,923,733
Salaries and Wages	1,399,041	1,174,951
Operating Expenses	389,033	367,404
Professional Fees	293,175	452,333
Data Processing	87,754	88,184
Amortization	24,915	26,834
Total Operating Expenses	405,711,817	358,033,439
Operating Gain (Loss)	(2,718,675)	(1,968,477)
NON-OPERATING REVENUES AND EXPENSES		
Investment Income (Loss)	4,489,103	2,351,664
Investment Expenses	(77,925)	(76,788)
Total Non-Operating Revenues and Expenses	4,411,178	2,274,876
INCOME BEFORE TRANSFERS	1,692,503	306,399
TRANSFERS OUT	360,000	280,000
Change in Net Position	1,332,503	26,399
Total Net Position - Beginning of Year	59,618,981	59,592,582
TOTAL NET POSITION - END OF YEAR	\$ 60,951,484	\$ 59,618,981

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
YEARS ENDED JUNE 30, 2024 AND 2023**

	Uniform Group Insurance Program	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Collected	\$ 402,092,046	\$ 355,841,877
Administrative Fees Collected	548,976	26,912,776
Payments to Suppliers	(1,217,443)	(208,992)
Premiums Paid	(403,517,899)	(355,923,732)
Payments to Employees	(1,388,205)	(1,154,979)
Underwriting Gain (Loss)	(51,175)	(734,296)
Miscellaneous Income	6,407	6,215
Net Cash Provided (Used) by Operating Activities	(3,527,293)	24,738,869
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of Investments	(482,100)	(25,307,331)
Investment Income/(Loss)	4,489,103	2,351,664
Investment Expense	(77,925)	(76,788)
Net Cash Provided (Used) by Investing Activities	3,929,078	(23,032,455)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Out	(360,000)	(280,000)
Net Cash Used by Financing Activities	(360,000)	(280,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	41,785	1,426,414
Cash and Cash Equivalents - Beginning of Year	4,514,720	3,088,306
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,556,505	\$ 4,514,720
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (2,718,675)	\$ (1,968,477)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization	24,915	26,834
Effect of Changes in Assets and Liabilities:		
Accounts Receivable	(165,131)	25,957,683
Unearned Premium	(231,757)	(88,177)
Due from Other Fiduciary Funds	-	92,105
Salaries Payable	6,008	18,462
Accrued Compensated Absences	4,828	1,510
Accounts Payable	(449,137)	715,497
Due to Other State Agencies	1,656	(16,568)
Net Cash Provided (Used) by Operating Activities	\$ (3,527,293)	\$ 24,738,869

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Service North Dakota	Total
ASSETS								
Cash	\$ 19,608,033	\$ -	\$ 1,583,500	\$ 190,245	\$ 186,007	\$ 513,932	\$ 101,129	\$ 22,182,846
Receivables:								
Contribution Receivable	12,944,304	730,305	862,111	95,215	565,906	1,358,625	759	16,557,225
Interest Receivable	8,978,952	220,640	1,202	-	-	-	430	9,201,224
Due from Other State Agencies	-	-	183	-	-	-	-	183
Total Receivables	21,923,256	950,945	863,496	95,215	565,906	1,358,625	1,189	25,758,632
Investments:								
External Investment Pool	4,227,892,525	106,269,095	-	-	-	-	-	4,334,161,620
Equities	-	-	120,260,279	-	-	-	16,452,057	136,712,336
Fixed Income	-	-	63,927,579	1,772,155	-	7,989,660	66,270,484	139,959,878
Mutual Funds	-	-	-	20,745,279	-	207,072,484	-	227,817,763
Invested Cash	-	-	57,181	680,639	-	5,009,937	49,324	5,797,081
Total Investments	4,227,892,525	106,269,095	184,245,039	23,198,073	-	220,072,081	82,771,865	4,844,448,678
Invested Securities Lending Collateral	62,523,660	1,537,979	-	-	-	-	-	64,061,639
Machinery & Equipment (Net of Depreciation/Amortization)	3,663	-	-	-	-	-	-	3,663
Capital Assets (Net of Depreciation/Amortization)	102,789	1,146	49,456	287	14,491	44,835	366	213,370
Total Assets	4,332,053,926	108,759,165	186,741,491	23,483,820	766,404	221,989,473	82,874,549	4,956,665,165

See accompanying notes to financial statements.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Service North Dakota	Total
LIABILITIES								
Salaries Payable	\$ 170,948	\$ -	\$ -	\$ 3,927	\$ 25,689	\$ 170,948	\$ -	\$ 371,512
Accounts Payable	3,952,995	-	165,491	4,163	14,415	82,722	70,908	4,290,694
Due to Other State Agencies	14,668	-	-	402	2,715	5,124	-	22,909
Amounts Held in Custody for Others	-	-	-	-	-	8,405	-	8,405
Securities Lending Collateral	62,523,934	1,537,705	-	-	-	-	-	64,061,639
Accrued Compensated Absences	104,032	-	-	-	17,351	30,339	-	151,722
Total Liabilities	66,766,577	1,537,705	165,491	8,492	60,170	297,538	70,908	68,906,881
FIDUCIARY NET POSITION								
Restricted for Pensions	4,265,287,349	107,221,460	-	23,475,328	-	221,691,935	82,803,641	4,700,479,713
Restricted for Postemployment Healthcare Benefits	-	-	186,576,000	-	-	-	-	186,576,000
Restricted for Pretax Benefits	-	-	-	-	706,234	-	-	706,234
Total Fiduciary Net Position Held in Trust	\$ 4,265,287,349	\$ 107,221,460	\$ 186,576,000	\$ 23,475,328	\$ 706,234	\$ 221,691,935	\$ 82,803,641	\$ 4,887,761,947

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Service North Dakota	Total
ASSETS								
Cash	\$ 20,135,526	\$ -	\$ 1,627,141	\$ 141,830	\$ 153,440	\$ 310,449	\$ 74,529	\$ 22,442,915
Receivables:								
Contribution Receivable	13,078,615	730,304	1,351,210	188,162	540,907	1,124,519	716	17,014,433
Interest Receivable	7,983,009	205,075	901	-	-	-	592	8,189,577
Due from Other Fiduciary Funds	-	-	422,817	-	-	-	-	422,817
Due from Other State Agencies	-	-	190	-	-	-	-	190
Total Receivables	<u>21,061,624</u>	<u>935,379</u>	<u>1,775,118</u>	<u>188,162</u>	<u>540,907</u>	<u>1,124,519</u>	<u>1,308</u>	<u>25,627,017</u>
Investments:								
External Investment Pool	3,807,263,994	97,098,136	-	-	-	-	-	3,904,362,130
Equities	-	-	109,976,710	-	-	-	16,756,911	126,733,621
Fixed Income	-	-	55,046,287	144,806	-	3,794,656	66,225,503	125,211,252
Mutual Funds	-	-	-	19,044,485	-	186,329,521	-	205,374,006
Invested Cash	-	-	96,387	474,570	-	3,229,142	565,354	4,365,453
Total Investments	<u>3,807,263,994</u>	<u>97,098,136</u>	<u>165,119,384</u>	<u>19,663,861</u>	<u>-</u>	<u>193,353,319</u>	<u>83,547,768</u>	<u>4,366,046,462</u>
Invested Securities Lending Collateral	26,778,457	688,698	-	-	-	-	-	27,467,155
Machinery & Equipment (Net of Depreciation/Amortization)	4,459	-	-	-	-	-	-	4,459
Capital Assets (Net of Depreciation/Amortization)	<u>137,387</u>	<u>1,607</u>	<u>60,478</u>	<u>378</u>	<u>20,861</u>	<u>60,799</u>	<u>488</u>	<u>281,998</u>
Total Assets	<u>3,875,381,447</u>	<u>98,723,820</u>	<u>168,582,121</u>	<u>19,994,231</u>	<u>715,208</u>	<u>194,849,086</u>	<u>83,624,093</u>	<u>4,441,865,547</u>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Service North Dakota	Total
LIABILITIES								
Salaries Payable	\$ 159,382	\$ -	\$ -	\$ -	\$ 24,755	\$ 40,198	\$ -	\$ 224,335
Accounts Payable	3,973,724	-	263,984	99	22,973	41,199	138,773	4,440,752
Due to Other State Agencies	15,084	-	85	159	2,206	4,106	-	21,640
Due to Other Fiduciary Funds	422,817	-	-	-	-	-	-	422,817
Amounts Held in Custody for Others	-	-	-	-	-	18,755	-	18,755
Securities Lending Collateral	26,778,457	688,698	-	-	-	-	-	27,467,155
Accrued Compensated Absences	91,241	-	-	-	15,366	25,766	-	132,373
Total Liabilities	<u>31,440,705</u>	<u>688,698</u>	<u>264,069</u>	<u>258</u>	<u>65,300</u>	<u>130,024</u>	<u>138,773</u>	<u>32,727,827</u>
FIDUCIARY NET POSITION								
Restricted for Pensions	3,843,940,742	98,035,122	-	19,993,973	-	194,719,062	83,485,320	4,240,174,219
Restricted for Postemployment Healthcare Benefits	-	-	168,318,052	-	-	-	-	168,318,052
Restricted for Pretax Benefits	-	-	-	-	649,908	-	-	649,908
Total Fiduciary Net Position Held in Trust	<u>\$ 3,843,940,742</u>	<u>\$ 98,035,122</u>	<u>\$ 168,318,052</u>	<u>\$ 19,993,973</u>	<u>\$ 649,908</u>	<u>\$ 194,719,062</u>	<u>\$ 83,485,320</u>	<u>\$ 4,409,142,179</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Service North Dakota	Total
ADDITIONS								
Contributions:								
From Employer	\$ 123,000,618	\$ 2,515,772	\$ 12,328,091	\$ 656,832	\$ -	\$ -	\$ -	\$ 138,501,313
From Employee	102,073,900	1,747,354	7,894	621,701	5,702,303	18,730,883	4,936	128,888,971
Transfers from Other Plans	-	-	-	45,482	-	710,000	-	755,482
Contributions from General Fund	135,000,000	3,000,000	-	-	-	-	-	138,000,000
Transfer from Proprietary Fund	-	-	-	-	-	360,000	-	360,000
From External Plans	-	-	-	-	-	720,860	-	720,860
Total Contributions	<u>360,074,518</u>	<u>7,263,126</u>	<u>12,335,985</u>	<u>1,324,015</u>	<u>5,702,303</u>	<u>20,521,743</u>	<u>4,936</u>	<u>407,226,626</u>
Investment Income:								
Net Change in Fair Value of Investments	293,802,907	7,282,942	16,039,784	1,769,305	-	26,705,831	1,160,091	346,760,860
Interest and Dividends	63,246,960	1,565,371	5,306,731	1,038,755	1,548	125,313	3,728,489	75,013,167
Less Investment Expense	(9,533,328)	(233,216)	(542,564)	(26,000)	-	-	(276,920)	(10,612,028)
Net Investment Income/(Loss)	<u>347,516,539</u>	<u>8,615,097</u>	<u>20,803,951</u>	<u>2,782,060</u>	<u>1,548</u>	<u>26,831,144</u>	<u>4,611,660</u>	<u>411,161,999</u>
Securities Lending Income	225,528	5,606	-	-	-	-	-	231,134
Repurchase Service Credit	6,539,922	30,861	282,386	-	-	-	-	6,853,169
FICA Tax Savings	-	-	-	-	904,911	-	-	904,911
Miscellaneous Income (Expense)	22,897	142	596	3,579	-	2,861	-	30,075
Total Additions	<u>714,379,404</u>	<u>15,914,832</u>	<u>33,422,918</u>	<u>4,109,654</u>	<u>6,608,762</u>	<u>47,355,748</u>	<u>4,616,596</u>	<u>826,407,914</u>
DEDUCTIONS								
Benefits Paid to Participants	269,179,193	6,649,852	-	581,952	5,640,538	19,276,921	5,283,299	306,611,755
Refunds	20,462,340	38,248	11,197	-	-	-	-	20,511,785
Prefunded Credit Applied	-	-	14,783,098	-	-	-	-	14,783,098
Transfers to Other Plans	405,482	-	-	-	350,000	-	-	755,482
Administrative Expenses	<u>290,047,015</u>	<u>6,688,100</u>	<u>14,794,295</u>	<u>581,952</u>	<u>5,990,538</u>	<u>19,276,921</u>	<u>5,283,299</u>	<u>342,662,120</u>
Total Deductions	<u>293,032,797</u>	<u>6,728,494</u>	<u>15,164,970</u>	<u>628,299</u>	<u>6,552,436</u>	<u>20,382,875</u>	<u>5,298,275</u>	<u>347,788,146</u>
CHANGE IN FIDUCIARY NET POSITION	421,346,607	9,186,338	18,257,948	3,481,355	56,326	26,972,873	(681,679)	478,619,768
Net Position - Beginning of Year	<u>3,843,940,742</u>	<u>98,035,122</u>	<u>168,318,052</u>	<u>19,993,973</u>	<u>649,908</u>	<u>194,719,062</u>	<u>83,485,320</u>	<u>4,409,142,179</u>
FIDUCIARY NET POSITION - END OF YEAR	\$ 4,265,287,349	\$ 107,221,460	\$ 186,576,000	\$ 23,475,328	\$ 706,234	\$ 221,691,935	\$ 82,803,641	\$ 4,887,761,947

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Service North Dakota	Total
ADDITIONS								
Contributions:								
From Employer	\$ 101,933,327	\$ 2,573,696	\$ 12,137,476	\$ 552,043	\$ -	\$ -	\$ -	\$ 117,196,542
From Employee	93,407,915	1,769,864	10,741	535,002	5,570,672	16,562,670	4,298	117,861,162
Transfers from Other Plans	-	-	-	36,367	-	495,000	-	531,367
Transfer from Proprietary Fund	-	-	-	-	-	280,000	-	280,000
From External Plans	-	-	-	-	-	1,264,001	-	1,264,001
Total Contributions	<u>195,341,242</u>	<u>4,343,560</u>	<u>12,148,217</u>	<u>1,123,412</u>	<u>5,570,672</u>	<u>18,601,671</u>	<u>4,298</u>	<u>237,133,072</u>
Investment Income:								
Net Change in Fair Value of Investments	235,395,847	6,007,729	12,315,155	1,129,361	-	19,096,661	(556,475)	273,388,278
Interest and Dividends	56,987,131	1,452,182	4,144,674	922,360	1,196	130,675	3,323,785	66,962,003
Less Investment Expense	(10,704,698)	(268,922)	(484,757)	(326)	-	-	(280,428)	(11,739,131)
Net Investment Income/(Loss)	<u>281,678,280</u>	<u>7,190,989</u>	<u>15,975,072</u>	<u>2,051,395</u>	<u>1,196</u>	<u>19,227,336</u>	<u>2,486,882</u>	<u>328,611,150</u>
Securities Lending Income	171,284	4,363	-	-	-	-	-	175,647
Repurchase Service Credit	5,151,247	592,870	282,185	-	-	-	-	6,026,302
FICA Tax Savings	-	-	-	-	868,513	-	-	868,513
Miscellaneous Income (Expense)	10,885	65	1	1,776	-	-	-	12,727
Total Additions	<u>482,352,938</u>	<u>12,131,847</u>	<u>28,405,475</u>	<u>3,176,583</u>	<u>6,440,381</u>	<u>37,829,007</u>	<u>2,491,180</u>	<u>572,827,411</u>
DEDUCTIONS								
Benefits Paid to Participants	253,174,353	6,226,332	-	256,679	5,576,619	11,084,431	5,168,647	281,487,061
Refunds	18,023,294	164,784	6,234	-	-	-	-	18,194,312
Prefunded Credit Applied	-	-	14,208,566	-	-	-	-	14,208,566
Transfers to Other Plans	316,367	-	-	-	215,000	-	-	531,367
	<u>271,514,014</u>	<u>6,391,116</u>	<u>14,214,800</u>	<u>256,679</u>	<u>5,791,619</u>	<u>11,084,431</u>	<u>5,168,647</u>	<u>314,421,306</u>
Administrative Expenses	2,670,084	30,106	355,695	9,690	497,445	810,593	14,683	4,388,296
Total Deductions	<u>274,184,098</u>	<u>6,421,222</u>	<u>14,570,495</u>	<u>266,369</u>	<u>6,289,064</u>	<u>11,895,024</u>	<u>5,183,330</u>	<u>318,809,602</u>
CHANGE IN FIDUCIARY NET POSITION	208,168,840	5,710,625	13,834,980	2,910,214	151,317	25,933,983	(2,692,150)	254,017,809
Net Position - Beginning of Year	<u>3,635,771,902</u>	<u>92,324,497</u>	<u>154,483,072</u>	<u>17,083,759</u>	<u>498,591</u>	<u>168,785,079</u>	<u>86,177,470</u>	<u>4,155,124,370</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 3,843,940,742</u>	<u>\$ 98,035,122</u>	<u>\$ 168,318,052</u>	<u>\$ 19,993,973</u>	<u>\$ 649,908</u>	<u>\$ 194,719,062</u>	<u>\$ 83,485,320</u>	<u>\$ 4,409,142,179</u>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Public Employees Retirement System (the System) is an agency of the State of North Dakota, operating through the legislative authority of North Dakota Century Code 54-52-03. As a state agency, the System is considered to be a department of the State of North Dakota and is included in the State's Annual Comprehensive Financial Report as a pension and other employee benefit trust fund except for the uniform group insurance program, which is reported as a proprietary fund.

The System is governed by an eleven-member board, eight of the members are appointed and the remaining three are elected by the participants of the retirement plans.

The System administers three defined benefit pension plans and one defined contribution retirement plan. The System also manages and administers the retiree health insurance credit program, the uniform group insurance program, the deferred compensation program and the pretax benefits program.

For financial reporting purposes, the System has included all funds, and has considered all potential component units for which the System is financially accountable, and other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the System to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the System.

Based upon these criteria, there are no component units to be included within the System as a reporting entity and the System is part of the State of North Dakota as a reporting entity.

Fund Financial Statements

The System's only non-fiduciary activity is the administration and management of the uniform group insurance program. This program is an enterprise fund that relies to a significant extent on fees and charges for support and is shown in the separate proprietary fund financial statements.

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities with the difference reported as net position. Net position is reported as restricted for benefits which result when constraints on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

All other activities of the system are pension and other post-employment employee benefit trust funds and are shown in the separate fiduciary fund financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the System are reported using the economic resources measurement focus and the accrual basis of accounting.

This measurement focus includes all assets and liabilities associated with the operations of the proprietary and fiduciary funds on the statements of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The proprietary fund is used to account for the operations of the Uniform Group Insurance Program. The System has been given the responsibility to manage this public entity risk pool. The Uniform Group Insurance Program is a risk sharing pool that provides the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments, or agencies, economies of scale in purchasing health, life, dental, vision, and long-term care insurance.

The fiduciary funds consist of the pension and other employee benefit trust funds that are used to account for assets held by the department in a trust capacity. These include:

Public Employees Retirement System - a cost-sharing multiple-employer defined benefit retirement plan.

Highway Patrolmen's Retirement System - a single-employer defined benefit retirement plan.

Retiree Health Insurance Credit Fund - a cost-sharing multiple employer other post-employment benefit (OPEB) plan that offsets the members' cost of health insurance during their retirement.

Defined Contribution Retirement Plan - an optional defined contribution retirement plan available to state employees in accordance with Section 401(a) of the Internal Revenue Code.

Pretax Benefits Program - allows eligible employees to elect to reduce their salaries to pay for eligible dependent care and medical expenses.

Deferred Compensation Plan - voluntary, supplemental retirement plan provided in accordance with Section 457 of the Internal Revenue Code.

Retirement Plan for Employees of Job Service North Dakota --a single-employer defined benefit retirement plan.

The System follows the pronouncements of the GASB, which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities.

The proprietary fund is accounted for on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are premiums and administrative fees charged to the participants in the Uniform Group Insurance Program and underwriting gains and losses. Operating expenses include premiums, salaries and wages, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fiduciary funds are accounted for on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each system.

Budgetary Process

The System operates through a biennial appropriation provided by the State Legislature. The System prepares a biennial budget on the modified accrual basis, which is included in the Governor's budget and presented to the General Assembly at the beginning of each legislative session. The General Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. Before signing the appropriation bills, the Governor has line item veto powers over legislation, subject to legislative override. Once passed and signed, the appropriation becomes the system's financial plan for the next two years. Changes to the appropriation are subject to approval by the Emergency Commission.

The Statement of Appropriations has been prepared using the accrual basis of accounting. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC), Section 54-44.1-11. Expenditures not subject to appropriation of a specific amount include premium expenses, professional fees, depreciation and amortization expense, benefits and refunds paid to participants, prefunded credits applied, and employee reimbursements in the Pretax Benefits Program.

There were no supplemental appropriations during the fiscal years ending June 30, 2024 and 2023. The legal level of budgetary control is at the appropriation and expenditure line item level, with administrative controls established at lower levels of detail in certain instances.

Investment Valuation and Income Recognition

The fair value of investments is discussed in further detail in Note 2 to the financial statements.

The net change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. The fair value for the Stable Value option within the deferred compensation and defined contribution plans is measured at contract value.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Securities

Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed upon benchmark. The System’s investment policy allows the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities are reported in the statements of fiduciary net position.

Accounts Receivable and Credit Policy

Accounts receivable primarily include amounts due for contributions, insurance premiums, employee pretax benefit deductions, and accrued interest on investments. Management reviews all receivables at year-end and assesses collectability. All remaining receivables are considered collectible.

Capital Assets and Depreciation

Capital assets, which include equipment and intangibles (software) greater than \$5,000, are presented in the accompanying financial statements at cost or estimated historical cost. Donated capital assets are stated at acquisition value at the time of donation. Capital assets acquired via lease agreements are capitalized at the inception of the agreement. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. For the years ending June 30, 2024 and 2023, the System capitalized equipment and software in accordance with Section 54-27-21 of the North Dakota Century Code.

The capital assets are depreciated on a straight-line basis over estimated useful lives ranging from five to 10 years.

Accrued Compensated Absences

Annual leave is a part of permanent employees’ compensation as set forth in Section 54-06-14 of the North Dakota Century Code. Employees are entitled to earn annual leave based on tenure of employment, within a range of a minimum of one working day per month of employment, to a maximum of two working days per month of employment, to be fixed by rules and regulations adopted by the employing unit. No more than 240 hours of annual leave may be carried forward beyond April 30th of each year. Employees are paid for unused annual leave upon termination or retirement. Permanent employees accrue sick leave from the first day of employment at the rate of eight hours per month with unlimited accumulation. Employees with at least 10 years of state employment are paid one-tenth of their accumulated sick leave under Section 54-06-14 of the North Dakota Century Code when the employee leaves the employ of the state.

The System’s liability for accumulated unpaid leave is reported in the applicable funds.

Amounts Held in Custody for Others

Amounts held in custody for others includes monies collected from participating employers for deferred compensation contributions that had not been forwarded to the investment provider company as of June 30, 2024.

Unearned Premiums

Unearned premiums include monies collected by the System from individuals or participating employers for insurance premiums before the premiums are due.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers to/from Other Plans

Transfers to/from other plans consist of monies transferred from the Public Employees Retirement System Defined Benefit Plan to the Defined Contribution Retirement Plan pursuant to Section 54-52.6 Subsection 3 of the North Dakota Century Code. Each eligible employee who elects to terminate membership in the Defined Benefit Plan has a lump sum amount transferred to the participating member's account under the Defined Contribution Retirement Plan. For new employees electing to transfer to the Defined Contribution Retirement Plan, the lump sum transferred is the actual employee and employer contributions plus interest. In 2024 and 2023, transfers to other plans also includes transfers from the pretax benefits program, retirement plan, and insurance plan to the deferred compensation plan to cover general administrative expenses.

Restricted Net Position

Net position restricted for benefits consists of funds on deposit with Sanford Health Plan to pay health care benefits in the event total claims incurred during the biennium exceed total premiums. This amount was \$0 as of June 30, 2024 and June 30, 2023. See Note 14 for additional discussion on the status of open contracts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position.

NOTE 2 DEPOSITS AND INVESTMENTS

Fair Value Measurement

The System's investments in the Defined Contribution Retirement Plan and Deferred Compensation Plan are measured and reported at fair value, and are classified according to the following hierarchy:

Level 1 – Investments that represent unadjusted quoted prices for identical instruments in active markets.

Level 2 – Investments are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Investments are based on valuation techniques in which significant inputs are unobservable.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS

Defined Contribution Retirement Fund

June 30, 2024				
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Fair Value				
Mutual Funds	\$ 20,745,279	\$ 20,745,279	\$ -	\$ -
Investments at Contract Value				
Fixed Income	1,772,155			
Investments at Amortized Cost				
Invested Cash	680,639			
Total Investments	\$ 23,198,073			
June 30, 2023				
	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Fair Value				
Mutual Funds	\$ 19,044,485	\$ 19,044,485	\$ -	\$ -
Investments at Contract Value				
Fixed Income	144,806			
Investments at Amortized Cost				
Invested Cash	474,570			
Total Investments	\$ 19,663,861			

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deferred Compensation Plan

June 30, 2024				
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Fair Value				
Mutual Funds	\$ 207,072,484	\$ 207,072,484	\$ -	\$ -
Investments at Contract Value				
Fixed Income	7,989,660			
Investments at Amortized Cost				
Invested Cash	5,009,937			
Total Investments	\$ 220,072,081			

June 30, 2023				
	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Fair Value				
Mutual Funds	\$ 186,329,521	\$ 186,329,521	\$ -	\$ -
Investments at Contract Value				
Fixed Income	3,794,656			
Investments at Amortized Cost				
Invested Cash	3,229,142			
Total Investments	\$ 193,353,319			

Investments Measured at the Net Asset Value - Proprietary Fund

	June 30, 2024
Commingled Domestic Fixed Income	\$ 56,158,352
	June 30, 2023
Commingled Domestic Fixed Income	\$ 55,676,252

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at the Net Asset Value - Fiduciary Funds

	June 30, 2024			
	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Retirement Plan for Employees of Job Services North Dakota
Commingled External Investment Pools	\$ 4,227,892,525	\$ 106,269,095	\$ -	\$ -
Commingled Equities	-	-	120,260,279	16,452,057
Commingled Fixed Income	-	-	63,927,579	66,270,484
Total Investments Measured at the Net Asset Value	<u>\$ 4,227,892,525</u>	<u>\$ 106,269,095</u>	<u>\$ 184,187,858</u>	<u>\$ 82,722,541</u>
	June 30, 2023			
	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Retirement Plan for Employees of Job Services North Dakota
Commingled External Investment Pools	\$ 3,807,263,994	\$ 97,098,136	\$ -	\$ -
Commingled Equities	-	-	109,976,710	16,756,911
Commingled Fixed Income	-	-	55,046,287	66,225,503
Total Investments Measured at the Net Asset Value	<u>\$ 3,807,263,994</u>	<u>\$ 97,098,136</u>	<u>\$ 165,022,997</u>	<u>\$ 82,982,414</u>

Net Asset Value Measurement

The System's investments in the Uniform Group Insurance Program are held in an external investment pool with the North Dakota Retirement and Investment Office and are valued at Net Asset Value (NAV). The System's investments in commingled cash are valued at amortized cost. There are no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period.

The System's investments in the Public Employees Retirement System and Highway Patrol Retirement System are held in an external investment pool with the North Dakota Retirement and Investment Office and are valued at Net Asset Value (NAV). There are no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period.

The System's investments in the Retiree Health Insurance Credit Fund are directly managed and held in an individual investment account with the North Dakota Retirement and Investment Office and are valued at NAV as of June 30, 2024 and 2023. There are no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period. For the years ended June 30, 2024 and 2023, the Retirement Plan for Employees of Job Service of North Dakota's investments were held in an individual investment pool with the North Dakota Retirement and Investment Office and were valued at Net Asset Value (NAV). There were no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

According to North Dakota Century Code 21-04-01, the System is required to bank at the state-owned and operated Bank of North Dakota. The System receives interest for funds on deposit in all accounts.

Cash and cash equivalents for reporting purposes, includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less at the time of acquisition.

	2024	2023
Cash Deposits at the Bank of North Dakota Recorded as Cash and Cash Equivalents	\$ 21,498,302	\$ 21,728,325
Cash Deposits at State Treasury Recorded as Cash and Cash Equivalents	2,399,761	2,292,331
Cash Held by the North Dakota Retirement and Investment Office Recorded as Cash and Cash Equivalents	2,972,589	2,858,504
Guaranteed Investment Contract with Health Plan Provider Recorded as Cash and Cash Equivalents	10,398	78,474
Total Cash and Cash Equivalents	\$ 26,881,050	\$ 26,957,634

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of the failure of a depository financial institution, the System will not be able to recover the deposits. The System does not have a formal policy that limits custodial risk for deposits. Deposits at the Bank of North Dakota and the State Treasury are uncollateralized but are guaranteed by the State of North Dakota (NDCC Section 6-09-10).

At June 30, 2024 and 2023, the carrying amount of the System's cash deposits were \$83,039,402 and \$82,633,887 and the bank balances were \$81,890,017 and \$81,399,045. All of the System's deposits are uncollateralized and uninsured at June 30, 2024 and 2023.

Investments

Total investments of the fiduciary funds of the System as of June 30, 2024 and 2023, consisted of the following:

	2024	2023
Equity Securities	\$ 2,721,091,203	\$ 2,436,654,494
Fixed Income Securities	1,163,573,127	968,729,351
Real Assets	698,182,769	746,170,848
Mutual Funds	227,817,763	205,374,006
Invested Cash	33,783,816	9,117,763
	\$ 4,844,448,678	\$ 4,366,046,462

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

All investments of the fund, except for the Defined Contribution Retirement Plan and Deferred Compensation Plan, are to be made by the North Dakota State Investment Board (SIB). Chapter 21-10-07 of the North Dakota Century Code requires that all investments made by this state agency, be made using the prudent investor rule.

Investments of the Defined Contribution Retirement Plan and the Deferred Compensation Plan are participant directed and are held by Empower.

The System's Board is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments. The investment goals are viewed over the long term. The Board recognizes the plans' performance objectives, benefit projections, and capital market expectations when determining the asset allocation. The SIB is responsible for managing the System's investments in accordance with the investment policy. The following were the System's asset allocation policies for the Public Employees Retirement System, Highway Patrolmen's Retirement System, Retirement Plan for Employees of Job Service of North Dakota, and Retiree Health Insurance Credit Fund as of June 30, 2024.

Asset Class	Target Allocation		
	PERS & HPRS	JSND	RHIC
Domestic Equities	31.90%	2.00%	39.00%
International Equities	19.10%	18.00%	26.00%
Private Equity	7.00%	6.00%	0.00%
Domestic Fixed Income	23.00%	74.00%	35.00%
Global Real Assets	19.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%

Rate of return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested. The annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense for the years ended June 30, 2024 and 2023 are:

	2024	2023
Public Employees Retirement System	9.14%	8.13%
Highway Patrolman's Retirement System	8.85%	7.86%
Job Service Plan	6.03%	3.30%
Retiree Health Insurance Credit Fund	12.84%	10.82%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

All investments of the Public Employees Retirement System, Highway Patrolmen's Retirement System, and Uniform Group Insurance Program are invested in an external investment pool managed by SIB. The pool is not rated. The System does not have a formal credit risk policy that limits the credit risk of the investments.

All investments of the Retirement Plan for Employees of Job Service of North Dakota and Retiree Health Insurance Credit Fund are managed and invested by the SIB in institutional equity and fixed income mutual funds. The fixed income funds are rated AA. The System does not have a formal credit risk policy that limits the credit risk of the investments.

Investments of the Defined Contribution Retirement Plan and the Deferred Compensation Plan are invested in mutual funds directed by the participants. The mutual funds are not rated. The System does not have a formal credit risk policy that limits the credit risk of the investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. The SIB has chosen to use the Segmented Time Distribution disclosure method. Tables detailing the System's portion of the investment pool are reported on the next page. Readers may refer to the North Dakota Retirement and Investment Office financial statements regarding highly sensitive securities that are disclosed at the SIB level.

The System does not have a formal investment interest rate risk policy for the investments in the Defined Contribution Retirement Plan or the Deferred Compensation Plan as the investments are directed by each individual participant.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

PERS and HPRS Plan

<u>Type (in thousands)</u>	2024				
	<u>Fair Value</u>	<u>Less Than 1</u>			
		<u>Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Domestic Fixed Income Pool	\$ 745,593	\$ 17,832	\$ 235,697	\$ 122,940	\$ 369,124
Below Investment Grade FI Pool	148,339	665	110,443	33,527	3,704
Large Cap Domestic Equity Pool	102,691	9,929	64,414	4,753	23,595
Total Debt Securities	<u>\$ 996,623</u>	<u>\$ 28,426</u>	<u>\$ 410,554</u>	<u>\$ 161,220</u>	<u>\$ 396,423</u>

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

<u>Type (in thousands)</u>	2023				
	<u>Fair Value</u>	<u>Less Than 1</u>			
		<u>Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Domestic Fixed Income Pool	\$ 607,167	\$ 14,447	\$ 176,012	\$ 140,609	\$ 276,099
Below Investment Grade FI Pool	51,544	2,729	30,163	13,999	4,653
Large Cap Domestic Equity Pool	101,467	7,927	66,144	1,336	26,060
Small Cap Domestic Equity Pool	-	-	-	-	-
Total Debt Securities	<u>\$ 760,178</u>	<u>\$ 25,103</u>	<u>\$ 272,319</u>	<u>\$ 155,944</u>	<u>\$ 306,812</u>

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Job Service Retirement Plan

<u>Type (in thousands)</u>	2024				
	<u>Fair Value</u>	<u>Less Than 1</u>			
		<u>Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Pooled Investments	\$ 66,271	\$ -	\$ 32,212	\$ 31,626	\$ 2,433

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

<u>Type (in thousands)</u>	2023				
	<u>Fair Value</u>	<u>Less Than 1</u>			
		<u>Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Pooled Investments	66,226	-	32,329	33,897	-

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Retiree Health Insurance Credit Fund

<u>Type (in thousands)</u>	<u>2024</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>			
		<u>Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Pooled Investments	\$ 63,927	\$ -	\$ 5,544	\$ 51,027	\$ 7,356

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

<u>Type (in thousands)</u>	<u>2023</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>			
		<u>Year</u>	<u>1-6 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Pooled Investments	55,047	-	4,879	50,168	-

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Securities Lending

Securities are loaned versus collateral that may include cash; U.S. government and select OECD government debt securities; and domestic and international equities from major indices as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of North Dakota State Investment Board loans was approximately 47 days as of June 30, 2024.

Cash open collateral is invested in a short term investment pool, the NDSIB USD Cash fund, which had an interest sensitivity of 3 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

For securities loaned at fiscal year end, the SIB has no credit risk exposure to borrowers because the amounts the SIB owes the borrowers exceeds the amounts the borrowers owe the SIB.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS AND STATE AGENCY TRANSACTIONS

As of June 30, 2024 there were no due from/to balances on the fiduciary or proprietary funds as the Plan liquidated all account balances as of June 30, 2024.

The June 30, 2023 due from/to fiduciary and proprietary funds are summarized as follows:

Fund	Due From Fiduciary and Proprietary Funds	Due to Fiduciary and Proprietary Funds
Fiduciary		
Public Employees Retirement System	\$ -	\$ 422,817
Highway Patrolmen's Retirement System	-	-
Retiree Health Insurance Credit Fund	422,817	-
Retirement Plan for Employees of Job Service North Dakota	-	-
Pretax Benefits Program	-	-
Deferred Compensation Plan	-	-
Defined Contribution Plan	-	-
Proprietary		
Uniform Group Insurance Program	-	-
	<u>\$ 422,817</u>	<u>\$ 422,817</u>

These balances are a result of a time lag between the dates the expenditures are incurred, the allocations determined, and when the transactions are entered into the accounting system.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS
AND STATE AGENCY TRANSACTIONS (CONTINUED)**

June 30, 2024 due from/to state agencies are summarized as follows:

Fund	Due From State Agencies	Due to State Agencies
Fiduciary		
Public Employees Retirement System		
NDIT	\$ -	\$ 11,485
Attorney General	-	1,539
Central Supply	-	16
Central Duplicating	-	885
RIO	-	743
Total	<u>\$ -</u>	<u>\$ 14,668</u>
Retiree Health Insurance Credit Fund		
Job Service	\$ 183	\$ -
Total	<u>\$ 183</u>	<u>\$ -</u>
Defined Contribution Plan		
NDIT	\$ -	\$ 175
Attorney General	-	227
Total	<u>\$ -</u>	<u>\$ 402</u>
Pretax Benefits Program		
NDIT	\$ -	\$ 2,293
Central Supply	-	\$ 4
Central Duplicating	-	\$ 212
Attorney General	-	206
Total	<u>\$ -</u>	<u>\$ 2,715</u>
Deferred Compensation Plan		
NDIT	\$ -	\$ 4,213
Central Supply	-	\$ 8
Central Duplicating	-	\$ 212
Attorney General	-	691
Total	<u>\$ -</u>	<u>\$ 5,124</u>
Proprietary		
Uniform Group Insurance Program		
NDIT	\$ -	\$ 8,754
Central Supply	-	\$ 12
Central Duplicating	-	852
Attorney General	-	943
Total	<u>\$ -</u>	<u>\$ 10,561</u>

These balances are a result of a time lag between the dates that services are provided, the payments are made, and the transactions are entered into the accounting system.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS
AND STATE AGENCY TRANSACTIONS (CONTINUED)**

The June 30, 2023 due from/to state agencies are summarized as follows:

Fund	Due From State Agencies	Due to State Agencies
Fiduciary		
Public Employees Retirement System		
NDIT	\$ -	\$ 11,126
Attorney General	-	2,394
Central Duplicating	-	34
RIO	-	1,530
Total	<u>\$ -</u>	<u>\$ 15,084</u>
Retiree Health Insurance Credit Fund		
Job Service	\$ 190	\$ -
Attorney General	-	85
Total	<u>\$ 190</u>	<u>\$ 85</u>
Defined Contribution Plan		
NDIT	\$ -	\$ 158
Attorney General	-	1
Total	<u>\$ -</u>	<u>\$ 159</u>
Pretax Benefits Program		
NDIT	\$ -	\$ 2,051
Attorney General	-	155
Total	<u>\$ -</u>	<u>\$ 2,206</u>
Deferred Compensation Plan		
NDIT	\$ -	\$ 3,853
Attorney General	-	253
Total	<u>\$ -</u>	<u>\$ 4,106</u>
Proprietary		
Uniform Group Insurance Program		
NDIT	\$ -	\$ 8,072
Central Duplicating	-	2
Attorney General	-	831
Total	<u>\$ -</u>	<u>\$ 8,905</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS
AND STATE AGENCY TRANSACTIONS (CONTINUED)**

The June 30, 2024 transfers in/out are summarized as follows:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Fiduciary Funds		
Defined Contribution Plan	\$ 45,482	\$ -
Deferred Compensation Plan	1,070,000	-
Pretax Benefit Program	-	350,000
Public Employee Retirement System	-	405,482
Proprietary Funds		
Uniform Group Insurance Program	-	360,000

The June 30, 2023 transfers in/out are summarized as follows:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Fiduciary Funds		
Defined Contribution Plan	\$ 36,367	\$ -
Deferred Compensation Plan	775,000	-
Pretax Benefit Program	-	215,000
Public Employee Retirement System	-	316,367
Proprietary Funds		
Uniform Group Insurance Program	-	280,000

The transfer to the Defined Contribution Retirement Fund is for those employees electing to transfer from the PERS plan. The transfers to the Deferred Compensation Plan are to cover administrative expenses pursuant to NDCC 54-52-04 subsection 11.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 4 CAPITAL ASSETS

A statement of changes in equipment and accumulated depreciation for the System for the year ended June 30, 2024 and 2023 is as follows:

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
Proprietary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 3,078,679	\$ -	\$ -	\$ 3,078,679
Less Accumulated Amortization for:				
Software	(2,981,754)	(24,914)	-	(3,006,668)
Total Capital Assets Being Depreciated, Net	<u>96,925</u>	<u>(24,914)</u>	<u>-</u>	<u>72,011</u>
Proprietary Funds Capital Assets, Net	<u>\$ 96,925</u>	<u>\$ (24,914)</u>	<u>\$ -</u>	<u>\$ 72,011</u>
Fiduciary Funds:				
Capital Assets Being Depreciated:				
Machinery & Equipment	5,195	\$ -		5,195
Software	7,683,124	-	-	7,683,124
Total Capital Assets Being Depreciated	7,688,319	-	-	7,688,319
Less Accumulated Depreciation for:				
Machinery & Equipment	(733)	(796)		(1,529)
Software	(7,401,129)	(68,628)	-	(7,469,757)
Total Capital Assets Being Depreciated, Net	<u>286,457</u>	<u>(69,424)</u>	<u>-</u>	<u>217,033</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 286,457</u>	<u>\$ (69,424)</u>	<u>\$ -</u>	<u>\$ 217,033</u>
	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Proprietary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 3,078,679	\$ -	\$ -	\$ 3,078,679
Less Accumulated Amortization for:				
Software	(2,954,920)	(26,834)	-	(2,981,754)
Total Capital Assets Being Depreciated, Net	<u>123,759</u>	<u>(26,834)</u>	<u>-</u>	<u>96,925</u>
Proprietary Funds Capital Assets, Net	<u>\$ 123,759</u>	<u>\$ (26,834)</u>	<u>\$ -</u>	<u>\$ 96,925</u>
Fiduciary Funds:				
Capital Assets Being Depreciated:				
Machinery & Equipment	0	5,195		5,195
Software	\$ 7,683,124	\$ -	\$ -	\$ 7,683,124
Total Capital Assets Being Depreciated	7,683,124	5,195	-	7,688,319
Less Accumulated Depreciation for:				
Machinery & Equipment	-	(733)		(733)
Software	(7,327,710)	(73,419)	-	(7,401,129)
Total Capital Assets Being Depreciated, Net	<u>355,414</u>	<u>(68,957)</u>	<u>-</u>	<u>286,457</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 355,414</u>	<u>\$ (68,957)</u>	<u>\$ -</u>	<u>\$ 286,457</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 5 LEASE OBLIGATIONS

Intra-Agency Lease

The system entered into an intra-agency lease for office space until June 30, 2025. Expenditures for this lease were \$99,843 for the year ended June 30, 2024 and June 30, 2023, respectively. The future minimum lease payment for the fiscal year ending June 30, 2024 is \$99,843.

The lease contains clauses stating that renewal is dependent upon appropriation funding by the State Legislature. Lease obligations for operating and capital leases are payable from all funds of the System.

NOTE 6 CHANGE IN LONG-TERM LIABILITIES

	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>
	<u>Accrued Compensated</u>	<u>Accrued Compensated</u>
	<u>Absences</u>	<u>Absences</u>
Balance - June 30, 2022	\$ 83,653	\$ 140,729
Increases	66,487	103,342
Decreases	(64,976)	(111,698)
Balance - June 30, 2023	85,164	132,373
Increases	4,868	19,416
Decreases	(40)	(68)
Balance - June 30, 2024	<u>\$ 89,992</u>	<u>\$ 151,721</u>
Balance - Due Within One Year	\$ 7,991	\$ 13,473

The accrued annual compensated absences is generally liquidated by excess revenue in the Uniform Group Insurance Program and the Pension Trust Funds.

NOTE 7 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

All eligible employees of the System, except those electing to participate in the North Dakota Defined Contribution Retirement Plan, contribute to the North Dakota Public Employees Retirement System (PERS), a state-wide cost-sharing multiple-employer defined benefit pension plan, which is detailed in the notes that follow.

The System is required to contribute to PERS at a statutorily determined rate for permanent employees. The System's contributions to PERS for the years ended June 30, 2024 and 2023, were \$318,220 and \$236,232 which were equal to the required contributions for each year.

The System is required to contribute to the North Dakota Defined Contribution Retirement Plan at a statutorily determined rate for permanent employees who have elected to participate in this plan. The System's contributions to this plan for the years ended June 30, 2024 and 2023, were \$27,937 and \$20,807.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS

General

The System administers three defined benefit pension plans and a defined contribution plan. The Public Employees Retirement System (PERS) is a cost-sharing multiple-employer retirement plan. The PERS was established July 1, 1966 as a defined contribution plan and was changed to a defined benefit plan by the 1977 North Dakota Legislature, and was changed back to a defined contribution plan by the 2023 North Dakota Legislature. The PERS is administered in accordance with Chapter 54-52 of the North Dakota Century Code. The Highway Patrolmen's Retirement System (HPRS) was established July 1, 1949 and is administered in accordance with Chapter 39-03 of the North Dakota Century Code. The HPRS is a single-employer defined benefit plan. The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000 and is administered in accordance with Chapter 54-52.6 of the North Dakota Century Code. The Retirement Plan for Employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan administered by the Agency. The plan is established under NDCC 52-11-01 with benefit provisions established through the plan document, as amended.

The costs of administering PERS, HPRS, and the Retirement Plan for Employees of Job Service North Dakota are financed through the contributions and investment earnings of each plan. The administrative costs of the Defined Contribution Plan are funded by forfeitures of non-vested employer contributions and administrative fees charged to individual participant accounts.

The following brief description of the PERS, HPRS, Defined Contribution Plan and the Retirement Plan for Employees of Job Service North Dakota is provided for general information purposes only. Participants should refer to the applicable chapters of the North Dakota Century Code for more complete information.

The PERS covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions (Main System). It also covers Supreme and District Court Judges, the National Guard Security Officers and Firefighters, peace officers and correctional officers employed by political subdivisions, and as of August 1, 2017, firefighters employed by participating political subdivisions. Effective August 1, 2015, current and newly eligible members of the National Guard System were transferred to the Law Enforcement System. The HPRS covers substantially all sworn officers of the North Dakota Highway Patrol. An optional Defined Contribution Retirement Plan (DC Plan) was established effective January 1, 2000. The DC plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota, and as of January 1, 2025 will be the retirement plan offered to new public employees who are not peace officers, judges, or Highway Patrol. The Retirement Plan for Employees of Job Service North Dakota is limited to employees participating in the plan as of September 30, 1980.

Responsibility for administration of the defined benefit pension plans and the defined contribution plan is assigned to a Board comprised of eleven members. The Board consists of a Chairman, who is appointed by the Governor; three additional members appointed by the Governor; four members of the legislative assembly appointed by the chairman of the legislative management; and three members elected by the active membership of the NDPERS system.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

The plans are not subject to the provisions of the Employee Retirement Income Security Act of 1974. The number of participating political subdivisions in the PERS was:

	2024	2023
Cities	100	98
Counties	51	51
School Districts	133	131
Other	95	93
Total Participating Political Subdivisions	379	373

Employee membership data is as follows:

	PERS		HPRS		Job Service	
	2024	2023	2024	2023	2024	2023
Retirees, Beneficiaries, and Disability						
Currently Receiving Benefits	15,632	14,997	147	143	163	169
Terminated Vested Participants	10,210	9,585	39	39	-	-
Inactive Participants	8,457	8,017	20	20	-	-
Active Plan Participants						
Vested	17,362	17,256	70	72	1	1
Nonvested	8,437	7,763	97	72	-	-
Total Plan Membership	60,098	57,618	373	346	164	170

The defined contribution plan had 86 and 88 active participants as of June 30, 2024 and June 30, 2023, respectively.

BENEFITS

PERS

Benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the main system are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 is replaced with the Rule of 90 with a minimum age of 60. The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the annual pension benefit is equal to 1.75% of their average monthly salary, using the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. The Plan permits early retirement at ages 55-64 with three or more years of service.

Supreme and District Court Judges are entitled to unreduced monthly pension benefits beginning at normal retirement age of (65) or the Rule of 85. The monthly pension benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to 3.50% of average monthly salary multiplied by the first ten years of service, plus 2.80% of the average monthly salary times the second ten years of service, plus 1.25% of average monthly salary times years of service in excess of twenty years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The Plan permits early retirement at ages 55-64 with five or more years of service.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Members of the National Guard System are entitled to unreduced monthly pension benefits at normal retirement age (55). Effective August 1, 2015, the National Guard System became part of the Law Enforcement System. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits at normal retirement age (55) or the Rule of 85. The monthly pension benefit for the National Guard/Law Enforcement is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The Plan permits early retirement at ages 50-55 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

HPRS

Benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members are entitled to unreduced pension benefits upon attainment of age 55 and 10 years of eligible employment or when the sum of age and years of credited service equals or exceeds 80. The annual pension benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% and 1.75% multiplied by years of service in excess of 25, if any. The Plan permits early retirement at ages 50-54, with ten or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Defined Contribution Plan

Benefits are set by statute. Members are entitled to their vested account balance. A participating member is immediately 100% vested in the member's contributions. A participating member vests in the employer contributions made on the member's behalf as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%

Members may elect to receive their account balance in a lump sum, lump sum direct rollover or periodic distribution. Legislation was passed during the 2015 session providing eligible members of the Defined Contribution Plan a special election period in which to elect to return to the PERS defined benefit plan.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Retirement Plan for Employees of Job Service North Dakota

Benefits are established through the plan document, as amended by the Board. The System provides a post-retirement cost-of living adjustment each year based on the Consumer Price Index. Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service. Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

- 1.5% times years of credited service up to five plus
- 1.75% times years of credited service between six and ten plus
- 2.0% times years of credited service in excess of ten years

Death and Disability Benefits

PERS

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System and Public Safety, or less than five years of service for Supreme and District Court Judges, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System and Public Safety, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

For Judges who have earned more than five years of credited service, the death benefit is the greater of (i) lump sum payment of accumulated contributions, or (ii) 100% of the members' accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the System in the North Dakota Administrative Code.

For Judges only, the disability benefit formula is 70% of final average salary minus Social Security and Workers Compensation benefits.

HPRS

Death and disability benefits are set by statute. If an active member dies with less than ten years of credited service, a death benefit equal to the value of the member's accumulated contributions, plus interest is paid to the member's beneficiary. If the member has earned more than ten years of credited service, the surviving spouse, if any, will be entitled to a single payment refund or life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are up to 70% of their final average salary, reduced by worker's compensation, with a minimum benefit of \$100. To qualify under this section the member must meet the criteria established by the System for being totally disabled and apply for benefits within one year of termination.

Defined Contribution Plan

Death and disability benefits are set by statute. Upon the death of a participating member or former participating member, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies).

A member who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the member must meet the criteria established by the System for being totally disabled.

Retirement Plan for Employees of Job Service North Dakota

The plan document provides disability and death benefits. If the death of a participant occurs prior to his/her annuity starting date, the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before he/she died and elected the Contingent Annuitant Option with 55% of his/her retirement benefit continued to his/her spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefits will cease.

If a participant becomes totally disabled, he/she will be eligible for a monthly disability benefit that shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as their date of disability.

Refunds of Member Contributions

Upon termination, if a member of PERS or HPRS is not vested (is not 65 or does not have three years of service for the Main System and National Guard/Law Enforcement, or five years of service for the Supreme and District Court Judges, credited for the PERS, or is not 60 or does not have ten years of service credited for the HPRS), they will receive the accumulated member contributions plus interest, or may elect to receive this amount at a later date. If a member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Contributions

Contribution rates for PERS, HPRS, and the Defined Contribution Plan are set by state statute and are a percentage of salaries and wages. Contribution rates for the Job Service Retirement Plan are established in the plan document, as amended, which prescribes that they are actuarially determined using the frozen initial liability actuarial cost method which is the same as the aggregate cost method.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

PERS

Member contributions are set by statute. During the 1983-1985 biennium the State and some of the participating political subdivisions implemented the employer pickup provision of the IRS code whereby a portion or all of the required member contributions are made by the employer. The State is paying 4% of the member contribution. Some of the political subdivisions are paying all or part of the member contributions. The 2019 Legislative Assembly passed legislation that ended the RHIC plan for new hires after January 1, 2020 and redirected the 1.14% RHIC employer contribution to the retirement account. Employer contributions are set by statute except the contribution rates for the National Guard/Law Enforcement Plans which are set by the Board.

Contribution rates are established by statute as a percent of covered compensation as follows:

Rates Set by Statute

	Member	Employer			
		Before 2024	2024-2025	2026 and Later	Political Subdivision
Main System Permanent Employees					
- Hired before 2020	7.00%	7.12%	8.12%	Actuarial*	8.12%
- Hired after 2019	7.00%	8.26%	9.26%	Actuarial*	9.26%
Main System Temporary Employees					
- Hired before 2020	14.12%	0.00%	0.00%	0.00%	0.00%
- Hired after 2019	15.26%	0.00%	0.00%	0.00%	0.00%
Judges	8.00%	17.52%	17.52%	17.52%	17.52%

* The 2026 and 2027 contribution will be based on the amount sufficient to fund the Main System on an actuarial basis from the July 1, 2024 valuation with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Rates Determined by the Board of Retirement

	Member	Employer						
		Before 2024	2024 and Later	Member	Employer			
Public Safety with prior Main System service	5.50%	9.81%	11.40%	Before 2024	2025 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	2024 and Later
- National Guard Members	5.50%	9.81%	11.40%					
Public Safety without prior Main System service	5.50%	7.93%	9.16%					
Public Safety with prior Main System service				Before 2024	2025 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	2024 and Later
- BCI Employees	6.00%	7.00%	8.00%	6.00%	6.00%	9.81%	20.67%	22.26%
- State Public Safety Employees	6.00%	6.00%	6.00%	6.00%	6.00%	N/A	12.75%	14.34%

The member's account balance includes employee contributions, interest, and the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. Members of the Supreme and District Court Judges are not eligible to vest in the employer contributions if contributing to the deferred compensation plan.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

The minimum monthly member contribution to the deferred compensation plan is \$25 and the maximum vesting in the employer contributions may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

HPRS

Member and employer contributions are set by statute as a percent of covered compensation. The state is paying 4.0% of the member contribution. The member contribution rate is 14.8% and the employer rate is 21.2%. Both the member and the employer contribution rate will increase by 0.5% in January 2025.

Defined Contribution Plan

Member and employer contributions are set by statute as a percent of covered compensation. The state is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12% for members first enrolled prior to January 1, 2020. For members first enrolled after January 1, 2020 the member contribution rate is 7.00% and the employer rate is 8.26%.

The defined contribution plan will become the primary retirement plan for new hires after January 1, 2025 for new hires that would currently be eligible for the Main plan. These mandatory contribution rates will be 4% from the employee and 5.26% from the employer. Members will have a one-time lifetime election to increase their contributions an additional 1%, 2%, or 3%, with the employer matching those incremental elections.

Retirement Plan for Employees of Job Service North Dakota

Employees' contributions are established at 7.0% of total compensation. The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. For the fiscal years ended June 30, 2024 and June 30, 2023 there were no employer contributions necessary into the plan.

Effective July 1, 1999, the "scheduled contribution" will be zero as long as the plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 9 NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability (asset) of the Plans at June 30, 2024 and 2023, are as follows:

2024	PERS	HPRS	JSND
Total Pension Liability	\$ 6,218,968,568	\$ 181,312,966	\$ 70,275,109
Plan Fiduciary Net Position	4,265,287,349	107,221,460	82,803,641
Net Pension Liability (Asset)	<u>\$ 1,953,681,219</u>	<u>\$ 74,091,506</u>	<u>\$ (12,528,532)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	68.59%	59.14%	117.83%
2023	PERS	HPRS	JSND
Total Pension Liability	\$ 5,828,125,577	\$ 173,909,732	\$ 72,138,555
Plan Fiduciary Net Position	3,843,940,742	98,035,122	83,485,320
Net Pension Liability (Asset)	<u>\$ 1,984,184,835</u>	<u>\$ 75,874,610</u>	<u>\$ (11,346,765)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	65.96%	56.37%	115.73%

The plan provisions used in the measurement of the total pension liability are the same as those used in the PERS, HPRS and JSND Actuarial Valuation and Reviews as of July 1, 2024 and 2023.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2024 and June 30, 2023 valuations were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019 as adopted by the Board.

PERS:

The total pension liability as of June 30, 2024 and 2023, was determined by actuarial valuations as of July 1, 2024 and 2023, respectively, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	3.50% to 17.75% including inflation.
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Mortality Rates Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members.

Other Notes The employer rates to the System are the statutory/Board approved contribution rates of 8.12% of payroll for the Main System (9.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 11.40% for Public Safety with prior Main System service System, 22.26% for BCI, 14.34% for State Public Safety, and 9.16% for Public Safety without prior Main System service System. The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Highway Patrol

The total pension liability as of June 30, 2024 and 2023, was determined by actuarial valuations as of July 1, 2024 and 2023, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Plan Fiduciary Net Position (Market value of assets, no assets smoothing)
Inflation	2.25%
Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality Rates	Pub 2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using MP-2019 scale.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Other Notes There were no benefit changes during the year

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period of July 1, 2014 through July 1, 2019. The investment return assumption was decreased from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022

The employer rate to the System is the current statutory contribution rate of 21.20% of payroll. The statutory employer and employee contributions will each increase by an additional 0.5% of pay in January 1, 2025.

JSND

The total pension liability as of June 30, 2024 and 2023, was determined by actuarial valuations as of July 1, 2024 and 2023, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Plan Fiduciary Net Position (Market value of assets, no assets smoothing)
COLA	2.25%
Inflation	2.25%
Salary Increases	3.50%
Investment Rate of Return	3.00%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality Rates	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes There were no benefit changes during the year

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The Board approved lowering the investment return assumption from 3.75 percent to 3.00 percent, first effective July 1, 2022.

The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Investment Rate of Return

The long-term expected investment rate of return assumption for PERS, HPRS, and JSND was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation as of July 1, 2024 and 2023 are summarized in the following tables:

PERS and HPRS

<u>Asset Class</u>	<u>FY 2024 Long-Term Expected Real Rate of Return</u>	<u>FY 2023 Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.40%	6.25%
International Equity	7.00%	6.95%
Private Equity	8.50%	9.45%
Domestic Fixed Income	2.88%	2.51%
Global Real Assets	6.10%	4.33%
Cash Equivalents	0.00%	0.00%

JSND*

<u>Asset Class</u>	<u>FY 2024 Long-Term Expected Real Rate of Return</u>	<u>FY 2023 Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.85%	6.85%
Core Fixed Income	3.12%	3.12%
Limited Duration Fixed Income	1.80%	1.80%
Global Equity	7.14%	7.14%
Diversified Short-Term Fixed Income	3.00%	3.00%
Short-Term Corporate Fixed Income	1.63%	1.63%
US High Yield	5.54%	5.54%
Emerging Market Debt	6.47%	6.47%

*The real rate of return used by the actuary is based on the short-term expected rate of return due to the closed plan status of JSND

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments the use of a municipal bond rate is required.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the June 30, 2024 valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%. For the June 30, 2023 valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

For HPRS, the expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.97% and the resulting Single Discount Rate is 5.39% for June 30, 2024. The expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.86% and the resulting Single Discount Rate is 5.22% for June 30, 2023.

For JSND, the discount rate was 3.00% as of June 30, 2024 and 3.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2024 and July 1, 2023 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions (for JSND it is assumed no future contribution will be made), the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments for current plan members as of June 30, 2024. Therefore, the short-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024 and 2023.

Sensitivity of Net Pension Liability (Asset)

The following presents the net pension liability (asset) of the Plans as of June 30, 2024, calculated using the discount rate of 6.50% for PERS (6.50% as of June 30, 2023), 5.39% for HPRS (5.22% as of June 30, 2023) and 3.00% for JSND (3.00% as of June 30, 2023), as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Net Pension Liability (Asset) as of June 30, 2024	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
PERS	\$ 2,786,979,091	\$ 1,953,681,219	\$ 1,263,776,006
	1% Decrease (4.39%)	Current Discount (5.39%)	1% Increase (6.39%)
HPRS	102,430,339	74,091,506	51,317,331
	1% Decrease (2.00%)	Current Discount (3.00%)	1% Increase (4.00%)
JSND	\$ (5,738,620)	\$ (12,528,532)	\$ (18,369,021)
Net Pension Liability (Asset) as of June 30, 2023	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
PERS	\$ 2,757,174,761	\$ 1,984,184,835	\$ 1,345,047,212
	1% Decrease (4.22%)	Current Discount (5.22%)	1% Increase (6.22%)
HPRS	103,458,958	75,874,610	53,762,446
	1% Decrease (2.00%)	Current Discount (3.00%)	1% Increase (4.00%)
JSND	\$ (4,129,713)	\$ (11,346,765)	\$ (17,528,530)

NOTE 10 RETIREE HEALTH INSURANCE CREDIT (RHIC) FUND

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer other post-employment benefit (OPEB) plan, is administered by the System to provide members that were first enrolled in the plan prior to January 1, 2020 and are receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance plan. Effective August 1, 2019 the credit is expanded to also include any dental, vision, and long term care plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Employee membership data is as follows:

	2024	2023
Retired Participants, Receiving Benefits	15,599	14,996
Active Participants, Not Receiving Benefits	16,283	17,283
	<u>31,882</u>	<u>32,279</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 10 RETIREE HEALTH INSURANCE CREDIT (RHIC) FUND (CONTINUED)

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the pension trust funds.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

NOTE 11 NET OPEB LIABILITY OF THE RHIC FUND

The components of the net OPEB liability of the RHIC Plan at June 30, 2024 and June 30, 2023 are as follows:

2024	RHIC
Total OPEB Liability	\$ 272,981,552
RHIC Fiduciary Net Position	186,576,000
Net OPEB Liability (Asset)	\$ 86,405,552
RHIC Fiduciary Net Position as a Percentage of the Total OPEB Liability	68.35%
2023	RHIC
Total OPEB Liability	\$ 268,293,176
RHIC Fiduciary Net Position	168,318,052
Net OPEB Liability (Asset)	\$ 99,975,124
RHIC Fiduciary Net Position as a Percentage of the Total OPEB Liability	62.74%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 11 NET OPEB LIABILITY OF THE RHIC FUND (CONTINUED)

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Plan Fiduciary Net Position (Market value of assets, no asset smoothing)
Inflation	2.25%
Salary Increases	Not applicable
Investment Rate of Return	5.75%
Mortality Rates	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes: RHIC is for the most part a closed plan. There were no benefit changes during the year. The investment return assumption was decreased from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019. The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

Investment Rate of Return

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 and 2023 are summarized in the following table:

<u>Asset Class</u>	<u>FY 2024 Long-Term Expected Real Rate of Return</u>	<u>FY 2023 Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	4.00%	6.10%
Small Cap Domestic Equities	6.00%	7.10%
International Equities	7.00%	6.50%
Core-Plus Fixed Income	3.29%	2.59%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 11 NET OPEB LIABILITY OF THE RHIC FUND (CONTINUED)

Discount Rate

For the purpose of the June 30, 2024 valuation, the expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 3.97%; and the resulting single discount rate is 5.75%. The expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 3.86%; and the resulting single discount rate is 5.75% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2024, and July 1, 2023, RHIC actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability (Asset)

The following presents the net OPEB liability of the Plans as of June 30, 2024 (using a single discount rate of 5.75%) and June 30, 2023 (using a 5.75% single discount rate), as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability (Asset) as of June 30, 2024	1% Decrease (4.75%)	Current Discount (5.75%)	1% Increase (6.75%)
RHIC	\$ 118,095,167	\$ 86,405,552	\$ 59,715,285
Net OPEB Liability (Asset) as of June 30, 2023	1% Decrease (4.75%)	Current Discount (5.75%)	1% Increase (6.75%)
RHIC	\$ 131,391,780	\$ 99,975,124	\$ 73,526,134

The benefit provided by the North Dakota Retiree Health Insurance Credit Fund is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a healthcare cost trend rate was not performed.

NOTE 12 DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

The System was given the authority by Chapter 54-52.2 to administer an employee deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan allows employees of the State of North Dakota or any of its political subdivisions, institutions, departments, or agencies to participate, providing that the employee has signed a participant agreement, which permits them to defer a portion of their salary until future years. Each participant may defer the lesser of \$23,000 for calendar year 2024 (\$22,500 for 2023) or 100% of gross annual compensation. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive use of the employee or their beneficiary.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

NOTE 12 DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES (CONTINUED)

The deferred compensation plan had 16,997 and 16,366 active participants as of June 30, 2024 and 2023, respectively.

The related investments of participants are reported at fair value as follows by the participating employer:

	2024		2023	
Investment Balance by:				
State of North Dakota	\$ 204,464,881	93%	\$ 177,247,349	92%
Other Jurisdictions	15,607,200	7%	16,105,970	8%
Total Investments	\$ 220,072,081	100%	\$ 193,353,319	100%

NOTE 13 FEDERAL INCOME TAX STATUS

The System is qualified under Section 401(a) of the Internal Revenue Code (IRC) and is exempt from the payment of any federal income taxes under Section 501(a) of the IRC and by virtue of being an agency of the state of North Dakota.

NOTE 14 UNIFORM GROUP INSURANCE PROGRAM SURPLUS

The Uniform Group Insurance Program, a proprietary fund, contracted with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments or agencies. The contract for the 2019-2021 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2019-2021 biennium will occur in 2023 with an initial settlement occurring in 2022. In the event of a loss, the system does not have any risk. For this period, premiums exceeded claims, therefore, a gain of \$26.1 million was returned to the System as an initial settlement in 2022. The final settlement resulted in a decrease to the initial settlement, and resulted in an accrued payable to Sanford Health Plan of \$625,846 for 2023. A final payment of \$547,984 was made in 2024 to close out the 2019-2021 contract.

The System again entered into a similar contract with Sanford Health Plan for the 2021-2023 biennium. The contract for the 2021-2023 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2021-2023 biennium will occur in 2025 with an initial settlement occurring in 2024. In the event of a loss, the system does not have any risk. For this period, claims exceeded premiums, resulting in no settlement in 2024. No other insurance contracts have a gain sharing provision.

The accumulated surplus and other invested funds in the amounts of \$60.7 million and \$60.2 million are shown as cash, invested cash and commingled domestic fixed income investments on the Statement of Net Position as of June 30, 2024 and 2023, respectively.

NOTE 15 RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are funds/pools established by the state for risk management issues:

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 RISK MANAGEMENT (CONTINUED)

The 1995 Legislative Session established the Risk Management Fund (RMF), an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies' employees and the University System. All state agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence.

The System also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The agency pays an annual premium to the Fire and Tornado Fund to cover property damage to building and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 120-month period. The State Bonding Fund currently provides the agency with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The System participates in the North Dakota Workforce Safety, an Enterprise Fund of the State of North Dakota. Workforce Safety is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 16 RELATED PARTIES

As stated in Note 1 of these financial statements, the System is a state agency of the state of North Dakota, as such, the other state agencies of the state and political subdivisions are related parties.

NOTE 17 SUBSEQUENT EVENTS

The System evaluated subsequent events through December 1, 2023 which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2024, but prior to December 1, 2023 that provided additional evidence about conditions that existed at June 30, 2024, have been recognized in the financial statements for the year ended June 30, 2024. Events or transactions that provided evidence about conditions that did not exist at June 30, 2024, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2024.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30**

Public Employees Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 169,457,318	\$ 224,785,082	\$ 143,197,284	\$ 242,751,143	\$ 135,139,549	\$ 172,183,673	\$ 164,018,071	\$ 113,148,379	\$ 126,443,929	\$ 104,158,320
Interest	374,970,693	335,804,159	345,662,042	296,285,379	317,129,009	294,701,001	279,835,016	269,769,850	243,284,784	236,419,648
Change of Benefit Terms	(1,787,775)	(9,138,927)	-	-	-	-	-	-	-	2,615
Differences Between Expected and Actual Experience	138,249,770	72,722,916	3,714,515	47,335,729	17,186,877	(210,895,384)	(65,345,796)	(3,612,020)	15,914,938	4,395,805
Changes of Assumptions	-	(1,132,002,859)	1,375,418,631	(1,743,329,166)	1,859,558,804	(464,473,143)	125,224,437	741,491,982	108,139,418	(76,152,255)
Benefit Payments, Including Refund of Employee Contributions	(290,047,015)	(271,514,014)	(252,066,249)	(231,300,404)	(218,553,888)	(197,757,937)	(182,521,663)	(162,991,968)	(149,664,141)	(134,929,737)
Net Change in Total Pension Liability	390,842,991	(779,343,643)	1,615,926,223	(1,388,257,319)	2,110,460,351	(406,241,790)	321,210,065	957,806,223	344,118,928	133,894,396
Total Pension Liability - Beginning	5,828,125,577	6,607,469,220	4,991,542,997	6,379,800,316	4,269,339,965	4,675,581,755	4,354,371,690	3,396,565,467	3,052,446,539	2,918,552,143
Total Pension Liability - Ending (A)	\$ 6,218,968,568	\$ 5,828,125,577	\$ 6,607,469,220	\$ 4,991,542,997	\$ 6,379,800,316	\$ 4,269,339,965	\$ 4,675,581,755	\$ 4,354,371,690	\$ 3,396,565,467	\$ 3,052,446,539
Plan Fiduciary Net Position										
Contributions - Employer	\$ 123,000,618	\$ 101,933,327	\$ 96,630,783	\$ 91,265,640	\$ 85,504,033	\$ 81,588,318	\$ 80,727,209	\$ 78,933,571	\$ 77,080,576	\$ 70,842,535
Contributions - Employee	102,073,900	93,407,915	89,633,939	85,914,756	81,477,666	78,213,580	77,486,189	76,007,456	74,218,276	68,392,061
Service Credit Repurchase	6,539,922	5,151,247	10,249,235	7,129,269	10,818,588	7,219,697	19,984,972	11,805,070	9,179,163	6,651,879
Net Investment Income	347,742,067	281,849,564	(256,072,364)	844,933,209	101,105,998	159,824,092	249,165,181	311,760,863	11,333,836	81,536,565
Transfers and Other Income	135,022,897	10,885	14,125	(1,723)	(2,580)	(5,641)	(24,440)	32,183	23,574,937	-
Benefit Payments, Including Refund of Employee Contributions	(290,047,015)	(271,514,014)	(252,066,249)	(231,300,404)	(218,553,888)	(197,757,937)	(182,521,663)	(162,991,968)	(149,664,141)	(134,929,737)
Administrative Expense	(2,985,782)	(2,670,084)	(2,340,267)	(2,569,186)	(2,729,759)	(2,531,304)	(2,472,761)	(2,607,243)	(2,537,799)	(2,365,357)
Net Change in Plan Fiduciary Net Position	421,346,607	208,168,840	(313,950,798)	795,371,561	57,620,058	126,550,805	242,344,687	312,939,932	43,184,848	90,127,946
Plan Fiduciary Net Position - Beginning	3,843,940,742	3,635,771,902	3,949,722,700	3,154,351,139	3,096,731,081	2,970,180,276	2,727,835,589	2,414,895,657	2,371,710,809	2,281,582,863
Plan Fiduciary Net Position - Ending (B)	4,265,287,349	3,843,940,742	3,635,771,902	3,949,722,700	3,154,351,139	3,096,731,081	2,970,180,276	2,727,835,589	2,414,895,657	2,371,710,809
Net Pension Liability - Ending (A)-(B)	\$ 1,953,681,219	\$ 1,984,184,835	\$ 2,971,697,318	\$ 1,041,820,297	\$ 3,225,449,177	\$ 1,172,608,884	\$ 1,705,401,479	\$ 1,626,536,101	\$ 981,669,810	\$ 680,735,730
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.59%	65.96%	55.03%	79.13%	49.44%	72.53%	63.53%	62.65%	71.10%	77.70%
Covered Payroll	\$ 1,454,921,813	\$ 1,318,276,116	\$ 1,248,307,560	\$ 1,213,675,937	\$ 1,167,767,935	\$ 1,098,416,146	\$ 1,075,957,954	\$ 1,063,371,798	\$ 1,048,548,467	\$ 973,536,402
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	134.28%	150.51%	85.84%	85.84%	276.21%	106.75%	158.50%	152.96%	93.62%	69.92%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30**

Highway Patrolmen's Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 5,351,440	\$ 5,680,665	\$ 3,280,944	\$ 6,693,393	\$ 2,877,493	\$ 2,818,006	\$ 2,738,268	\$ 2,701,326	\$ 2,226,286	\$ 2,038,291
Interest	9,043,645	8,549,678	8,547,642	7,304,593	7,869,528	7,527,064	7,203,350	6,951,177	6,311,403	6,007,875
Change of Benefit Terms	-	-	-	(135,457)	-	-	-	-	-	-
Differences Between Expected and Actual Experience	4,060,971	416,739	1,844,603	(2,196,613)	729,281	(67,748)	(621,359)	21,564	39,748	984,241
Changes of Assumptions	(4,364,722)	(5,009,411)	39,467,011	(60,572,392)	66,142,608	3,042,863	-	1,257,370	3,945,801	394,419
Benefit Payments, Including Refund of Employee Contributions	(6,688,100)	(6,391,116)	(5,848,024)	(5,951,877)	(5,704,586)	(5,391,115)	(4,981,377)	(4,806,319)	(4,713,495)	(4,745,510)
Net Change in Total Pension Liability	7,403,234	3,246,555	47,292,176	(54,858,353)	71,914,324	7,929,070	4,338,882	6,125,118	7,809,743	4,679,316
Total Pension Liability (Asset) - Beginning	173,909,732	170,663,177	123,371,001	178,229,354	106,315,030	98,385,960	94,047,078	87,921,960	80,112,217	75,432,901
Total Pension Liability (Asset) - Ending (A)	\$ 181,312,966	\$ 173,909,732	\$ 170,663,177	\$ 123,371,001	\$ 178,229,354	\$ 106,315,030	\$ 98,385,960	\$ 94,047,078	\$ 87,921,960	\$ 80,112,217
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,515,772	\$ 2,573,696	\$ 2,686,795	\$ 2,293,404	\$ 2,176,902	\$ 2,090,886	\$ 2,152,970	\$ 2,155,944	\$ 2,127,355	\$ 2,002,291
Contributions - Employee	1,747,354	1,769,864	1,825,729	1,548,335	1,469,682	1,411,619	1,453,533	1,455,540	1,436,236	1,351,798
Contributions - Transfer from General Fund	3,000,000									
Service Credit Repurchase	30,861	592,870	159,747	400,751	205,461	167,824	281,573	249,436	-	96,429
Net Investment Income	8,620,703	7,195,352	(6,509,971)	19,637,841	2,667,371	4,250,901	6,716,525	8,500,352	316,963	2,334,780
Transfers and Other Income	142	65	62	(11)	(16)	(41)	(187)	221	-	-
Benefit Payments, Including Refund of Employee Contributions	(6,688,100)	(6,391,116)	(5,848,024)	(5,951,877)	(5,704,586)	(5,391,115)	(4,981,377)	(4,806,319)	(4,713,495)	(4,745,510)
Administrative Expense	(40,394)	(30,106)	(65,650)	(37,097)	(45,870)	(43,555)	(30,353)	(30,195)	(31,450)	(30,925)
Net Change in Plan Fiduciary Net Position	9,186,338	5,710,625	(7,751,312)	17,891,346	768,944	2,486,519	5,592,684	7,524,979	(864,391)	1,008,863
Plan Fiduciary Net Position - Beginning	98,035,122	92,324,497	100,075,809	82,184,463	81,415,519	78,929,000	73,336,316	65,811,337	66,675,728	65,666,865
Plan Fiduciary Net Position - Ending (B)	107,221,460	98,035,122	92,324,497	100,075,809	82,184,463	81,415,519	78,929,000	73,336,316	65,811,337	66,675,728
Net Pension Liability (Asset) - Ending (A)-(B)	\$ 74,091,506	\$ 75,874,610	\$ 78,338,680	\$ 23,295,192	\$ 96,044,891	\$ 24,899,511	\$ 19,456,960	\$ 20,710,762	\$ 22,110,623	\$ 13,436,489
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.14%	56.37%	54.10%	81.12%	46.11%	76.58%	80.22%	77.98%	74.85%	83.23%
Covered Payroll	\$ 14,820,158	\$ 11,991,087	\$ 12,267,230	\$ 11,516,196	\$ 11,409,711	\$ 10,354,210	\$ 10,737,297	\$ 10,629,403	\$ 10,526,791	\$ 10,145,713
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	499.94%	632.76%	638.60%	202.28%	841.78%	240.48%	181.21%	194.84%	210.04%	132.44%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30**

Retirement Plan for Employees of Job Service North Dakota

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 15,333	\$ 15,315	\$ 41,998	\$ 58,356	\$ 57,560	\$ 70,295	\$ 80,344	\$ 55,500	\$ 71,420	\$ 127,734
Interest	2,085,721	2,038,054	2,342,037	2,628,514	3,038,156	3,129,175	3,500,344	4,130,232	4,281,440	5,026,167
Change of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	1,318,799	4,761,066	3,413,145	(201,346)	(1,122,296)	(504,895)	(310,124)	(1,648,283)	(2,006,791)	(1,806,271)
Changes of Assumptions	-	-	4,717,298	2,898,630	539,852	-	5,811,755	4,421,401	69,885	(309,878)
Benefit Payments, Including Refund of Employee Contributions	(5,283,299)	(5,168,647)	(4,865,682)	(4,668,820)	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)
Net Change in Total Pension Liability	(1,863,446)	1,645,788	5,648,796	715,334	(2,068,303)	(1,932,271)	4,499,742	2,424,697	(2,185,242)	(1,656,419)
Total Pension Liability (Asset) - Beginning	72,138,555	70,492,767	64,843,971	64,128,637	66,196,940	68,129,211	63,629,469	61,204,772	63,390,014	65,046,433
Total Pension Liability (Asset) - Ending (A)	\$ 70,275,109	\$ 72,138,555	\$ 70,492,767	\$ 64,843,971	\$ 64,128,637	\$ 66,196,940	\$ 68,129,211	\$ 63,629,469	\$ 61,204,772	\$ 63,390,014
Plan Fiduciary Net Position										
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	4,936	4,298	9,299	13,979	27,047	29,159	32,987	39,417	44,178	50,142
Service Credit Repurchase	-	-	-	-	-	-	-	-	-	-
Net Investment Income	4,611,660	2,486,882	(5,551,487)	6,025,272	2,621,067	6,229,630	2,918,585	5,238,877	4,840,333	3,260,507
Transfers and Other Income	-	-	-	-	-	-	-	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(5,283,299)	(5,168,647)	(4,865,682)	(4,668,820)	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)
Administrative Expense	(14,976)	(14,683)	(18,357)	(17,371)	(19,148)	(16,808)	(46,295)	(12,684)	(32,253)	(30,214)
Net Change in Plan Fiduciary Net Position	(681,679)	(2,692,150)	(10,426,227)	1,353,060	(1,952,609)	1,615,135	(1,677,300)	731,457	251,062	(1,413,736)
Plan Fiduciary Net Position - Beginning	83,485,320	86,177,470	96,603,697	95,250,637	97,203,246	95,588,111	97,265,411	96,533,954	96,282,892	97,696,628
Plan Fiduciary Net Position - Ending (B)	82,803,641	83,485,320	86,177,470	96,603,697	95,250,637	97,203,246	95,588,111	97,265,411	96,533,954	96,282,892
Net Pension Asset - Ending (A)-(B)	\$ (12,528,532)	\$ (11,346,765)	\$ (15,684,703)	\$ (31,759,726)	\$ (31,122,000)	\$ (31,006,306)	\$ (27,458,900)	\$ (33,635,942)	\$ (35,329,182)	\$ (32,892,878)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	117.83%	115.73%	122.25%	148.98%	148.53%	146.84%	140.30%	152.86%	157.72%	151.89%
Covered Payroll	\$ 65,088	\$ 61,404	\$ 175,176	\$ 175,176	\$ 314,607	\$ 416,552	\$ 416,652	\$ 498,564	\$ 564,684	\$ 790,649
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	(19,248.60)%	(18,478.87)%	(25,573.44)%	(18,130.18)%	(9,892.34)%	(7,443.56)%	(6,590.37)%	(6,746.56)%	(6,256.45)%	(4,160.24)%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES TO THE NET OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30**

Retiree Health Insurance Credit Fund

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability								
Service Cost	\$ 4,160,052	\$ 4,865,725	\$ 4,003,587	\$ 4,273,247	\$ 4,041,849	\$ 3,827,807	\$ 3,766,661	\$ 3,430,578
Interest	15,125,396	14,547,655	15,155,215	14,657,683	15,498,021	15,217,017	14,485,170	14,327,443
Differences Between Expected and Actual Experience	197,223	(776,702)	616,158	2,164,642	314,726	(1,374,146)	2,732,254	(2,231,206)
Changes of Assumptions	-	(10,642,733)	30,533,446	-	4,372,129	5,002,621	-	8,860,723
Benefit Payments, Including Refund of Employee Contributions	(14,794,295)	(14,214,800)	(13,746,110)	(12,884,511)	(12,317,075)	(11,505,070)	(11,016,060)	(10,014,370)
Net Change in Total OPEB Liability	<u>4,688,376</u>	<u>(6,220,855)</u>	<u>36,562,296</u>	<u>8,211,061</u>	<u>11,909,650</u>	<u>11,168,229</u>	<u>9,968,025</u>	<u>14,373,168</u>
Total OPEB Liability (Asset) - Beginning	<u>268,293,176</u>	<u>274,514,031</u>	<u>237,951,735</u>	<u>229,740,674</u>	<u>217,831,024</u>	<u>206,662,795</u>	<u>196,694,770</u>	<u>182,321,602</u>
Total OPEB Liability (Asset) - Ending (A)	<u>\$ 272,981,552</u>	<u>\$ 268,293,176</u>	<u>\$ 274,514,031</u>	<u>\$ 237,951,735</u>	<u>\$ 229,740,674</u>	<u>\$ 217,831,024</u>	<u>\$ 206,662,795</u>	<u>\$ 196,694,770</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 12,328,091	\$ 12,137,476	\$ 12,565,573	\$ 13,110,651	\$ 13,392,266	\$ 12,977,460	\$ 12,834,547	\$ 12,575,627
Contributions - Employee	7,894	10,741	12,234	15,481	16,319	15,859	15,984	16,173
Service Credit Repurchase	282,386	282,185	456,895	375,038	556,585	377,329	746,942	464,323
Net Investment Income	20,803,951	15,975,072	(26,756,507)	36,526,655	6,904,869	8,178,932	8,210,898	12,074,082
Benefit Payments, Including Refund of Employee Contributions	(14,794,295)	(14,214,800)	(13,746,110)	(12,884,511)	(12,317,075)	(11,505,070)	(11,016,060)	(10,014,370)
Administrative Expense	(370,675)	(355,695)	(383,458)	(430,097)	(453,913)	(437,349)	(480,244)	(443,220)
Other	596	1	(1)	312	9,580	(857)	225	-
Net Change in Plan Fiduciary Net Position	<u>18,257,948</u>	<u>13,834,980</u>	<u>(27,851,374)</u>	<u>36,713,529</u>	<u>8,108,631</u>	<u>9,606,304</u>	<u>10,312,292</u>	<u>14,672,615</u>
Plan Fiduciary Net Position - Beginning	<u>168,318,052</u>	<u>154,483,072</u>	<u>182,334,446</u>	<u>145,620,917</u>	<u>137,512,286</u>	<u>127,905,982</u>	<u>117,593,690</u>	<u>102,921,075</u>
Plan Fiduciary Net Position - Ending (B)	<u>186,576,000</u>	<u>168,318,052</u>	<u>154,483,072</u>	<u>182,334,446</u>	<u>145,620,917</u>	<u>137,512,286</u>	<u>127,905,982</u>	<u>117,593,690</u>
Net OPEB Liability (Asset) - Ending (A)-(B)	<u>\$ 86,405,552</u>	<u>\$ 99,975,124</u>	<u>\$ 120,030,959</u>	<u>\$ 55,617,289</u>	<u>\$ 84,119,757</u>	<u>\$ 80,318,738</u>	<u>\$ 78,756,813</u>	<u>\$ 79,101,080</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	68.35%	62.74%	56.28%	76.63%	63.38%	63.13%	61.89%	59.78%
Covered Payroll	\$ 1,036,707,331	\$ 1,005,182,784	\$ 1,032,405,030	\$ 1,090,257,793	\$ 1,139,970,530	\$ 1,115,857,588	\$ 1,094,216,775	\$ 1,081,841,008
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	8.33%	9.95%	11.63%	5.10%	7.38%	7.20%	7.20%	7.31%

*Complete data for this schedule is not available prior to 2017.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30
(IN THOUSANDS)**

Public Employees Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	204,475	191,274	157,390	157,543	140,537	127,129	125,714	116,564	124,336	107,514
Contributions in Relation to the Actuarially Determined Contribution	258,001	101,933	96,631	91,266	85,504	81,588	80,727	78,934	77,081	70,843
Contribution Deficiency (Excess)	<u>(53,526)</u>	<u>89,341</u>	<u>60,759</u>	<u>66,277</u>	<u>55,033</u>	<u>45,541</u>	<u>44,987</u>	<u>37,630</u>	<u>47,255</u>	<u>36,671</u>
Covered Payroll	1,454,922	1,318,276	1,248,308	1,213,676	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536
Contributions as a Percentage of Covered Payroll	17.73%	7.73%	7.74%	7.52%	7.32%	7.43%	7.50%	7.42%	7.35%	7.28%

Highway Patrolmen's Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	5,211	5,107	3,921	4,081	3,256	2,936	2,949	3,060	2,307	2,201
Contributions in Relation to the Actuarially Determined Contribution	5,516	2,574	2,687	2,293	2,177	2,091	2,153	2,156	2,127	2,002
Contribution Deficiency (Excess)	<u>(305)</u>	<u>2,533</u>	<u>1,234</u>	<u>1,788</u>	<u>1,079</u>	<u>845</u>	<u>796</u>	<u>904</u>	<u>180</u>	<u>199</u>
Covered Payroll	14,820	11,991	12,267	11,516	11,410	10,354	10,737	10,629	10,527	10,146
Contributions as a Percentage of Covered Payroll	37.22%	21.46%	21.90%	19.91%	19.08%	20.20%	20.05%	20.28%	20.21%	19.73%

Retiree Health Insurance Credit Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	14,676	14,766	12,414	13,340	12,145	12,707	12,252	11,696	7,544	6,439
Contributions in Relation to the Actuarially Determined Contribution	12,328	12,138	12,566	13,111	13,392	12,977	12,835	12,575	12,350	11,479
Contribution Deficiency (Excess)	<u>2,348</u>	<u>2,628</u>	<u>(152)</u>	<u>229</u>	<u>(1,247)</u>	<u>(270)</u>	<u>(583)</u>	<u>(879)</u>	<u>(4,806)</u>	<u>(5,040)</u>
Covered Payroll	1,036,707	1,005,183	1,032,405	1,090,258	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657
Contributions as a Percentage of Covered Payroll	1.19%	1.21%	1.22%	1.20%	1.17%	1.16%	1.17%	1.16%	1.08%	1.09%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

PERS

Benefit Changes:

Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan.

State employees participating in the Main System on January 1, 2025 who are at least age 18 with 5 years or less of participation will be eligible to irrevocably elect to transfer to the existing DC Plan during a three-month election period ending March 31, 2025. For members who elect to transfer to the existing DC Plan, NDPERS will transfer a lump sum from the Main System to the DC Plan based on the actuarial present value of the accrued benefit as of January 1, 2025, plus interest from January 1, 2025 to the date of transfer. The state employer of an employee who elects to transfer to the existing DC Plan shall contribute an additional amount of \$3,333 annually for up to three years, provided the employee continues employment.

Member and/or employer contribution rates were changed for all plans except the Judges Plan.

For BCI members who retire on or after August 1, 2023, the multiplier is 3.00% for the first twenty years and 1.75% for additional years. For BCI members hired on or after August 1, 2023, the vesting requirement is changed from 3 years to 10 years.

Peace Officers employed by the State who were Main System participants transferred to the Public Safety with prior Main System service effective August 1, 2023.

Changes of Assumptions:

There were no assumption changes made since the prior valuation.

HPRS

Benefit Changes:

There were no changes made in the plan provisions since the prior valuation

Changes of Assumptions:

There were no assumption changes made since the prior valuation.

JSND

Benefit Changes:

There were no changes made in the plan provisions since the prior valuation

Changes of Assumptions:

There were no assumption changes made since the prior valuation.

RHIC

Benefit Changes:

There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions:

There were no assumption changes made since the prior valuation.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

Schedule of Employer Contributions - PERS

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal Method.
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50% (3.00% for Judges)
Remaining amortization period	20 years
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	3.50% to 17.75% including inflation
Investment Rate of Return	6.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes: The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

The employer rates to the System are the statutory/Board approved contribution rates of 8.12% of payroll for the Main System (9.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 11.40% for Public Safety with prior Main System service System, 22.26% for BCI, 14.34% for State Public Safety, and 9.16% for Public Safety without prior Main System service System. In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Legislation was passed relating to the Public Safety with Prior Service System. The Public Safety with Prior Service System was expanded to allow peace officers employed by the State to participate. The provisions are similar to the Public Safety with Prior Service System, but with a 6.00 percent employee contribution rate. The benefit multiplier and the vesting requirements for the Bureau of Criminal Investigation group were changed.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

Schedule of Employer Contributions - HPRS

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal Method.
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50%
Remaining amortization period	20 years
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service
Investment Rate of Return	6.5%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex- distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex- distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex- distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes:	There were no benefit changes during the year. The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The investment return assumption was decreased from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. The employer rate to the System is the current statutory contribution rate of 20.70% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2024 to January 1, 2025, ultimately increasing both by 1.0% of pay.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

Schedule of Employer Contributions - Job Service

Valuation date	July 1, 2024
Actuarial cost method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	N/A
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
COLA	2.25%
Salary Increases	3.50%
Investment Rate of Return	3.00%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition

Mortality

Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes: There were no benefit changes during the year.

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The Board approved lowering the investment return assumption from 3.75 percent to 3.00 percent, first effective July 1, 2022.

The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

Schedule of Employer Contributions - RHIC

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal Method.
Amortization Method	N/A
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Not Applicable
Investment Rate of Return	5.75%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes:

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

The investment return assumption was decreased from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019.

The determination of the actuarial rate was changed effective July 1, 2019 to equal the rate needed to pay off the unfunded liability and future NC contributions at the end of 20 years as a level percent of closed group (decreasing) payroll.

The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 FOR THE YEARS ENDED JUNE 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Employees Retirement	8.13%	8.13%	-6.32%	27.43%	3.57%	5.69%	9.21%	13.01%	0.49%	3.61%
Highway Patrolmen's Retirement Retirement Plan for Employees	7.86%	7.86%	-6.50%	23.90%	3.28%	5.39%	9.16%	12.93%	0.48%	3.66%
Job Service North Dakota	3.30%	3.30%	-5.55%	6.81%	3.09%	7.00%	3.32%	5.85%	5.14%	3.41%
Retiree Health Insurance Credit Fund	10.82%	10.82%	-14.48%	25.58%	5.37%	6.75%	7.01%	11.75%	0.83%	-

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT EXPENSES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Public Employees Retirement System*	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Payments to State Investment Board:							
Investment Fees	\$ 8,427,819	\$ 208,971	\$ 542,564	\$ -	\$ -	\$ -	\$ 276,920
Administrative Expenses	1,467,779	24,245	-	-	-	-	-
	<u>9,895,598</u>	<u>233,216</u>	<u>542,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,920</u>
Payments to Providers:							
Investment Fees (Net of Plan Servicing Credits)	-	-	-	26,000	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Expenses	<u><u>\$ 9,895,598</u></u>	<u><u>\$ 233,216</u></u>	<u><u>\$ 542,564</u></u>	<u><u>\$ 26,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 276,920</u></u>

*Also includes GASB 68 admin expenses of the Retirement & Investment Office

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT EXPENSES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Employees Retirement System*	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Payments to State Investment Board:							
Investment Fees	\$ 9,791,357	\$ 249,967	\$ 484,757	\$ -	\$ -	\$ -	\$ 280,428
Administrative Expenses	742,949	18,955	-	-	-	-	-
	<u>10,534,306</u>	<u>268,922</u>	<u>484,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,428</u>
Payments to Providers:							
Investment Fees (Net of Plan Servicing Credits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Expenses	<u><u>\$ 10,534,306</u></u>	<u><u>\$ 268,922</u></u>	<u><u>\$ 484,757</u></u>	<u><u>\$ 326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 280,428</u></u>

*Also includes GASB 68 admin expenses of the Retirement & Investment Office

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUPPLEMENTAL INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Personnel Services:							
Salaries	\$ 1,376,063	\$ 8,611	\$ 56,090	\$ 19,470	\$ 222,012	\$ 405,672	\$ 3,048
Social Security	101,453	635	4,105	1,457	16,072	29,878	223
Retirement	165,296	1,034	6,776	2,533	26,502	49,856	368
Insurance	348,048	2,178	13,912	6,867	51,051	101,448	756
Total Personnel Services	1,990,860	12,458	80,883	30,327	315,637	586,854	4,395
Professional Services:							
Actuarial	160,620	22,475	23,150	-	-	-	7,793
Audit	36,047	226	1,704	120	9,068	18,136	93
Data Processing	419,602	2,626	19,258	3,506	99,509	196,702	302
Consulting	19,250	120	1	2,681	77	100,900	-
Legal Counsel	82,973	519	5,892	8,181	10,994	49,216	210
Misc Outside Services	20,850	134	219,500	132	70,025	61,474	1,558
Total Professional Services	739,342	26,100	269,505	14,620	189,673	426,428	9,956
Communication:							
Printing	13,560	85	456	32	1,095	1,124	25
Postage	37,444	234	1,333	94	3,717	3,782	72
Telephone	7,129	45	414	29	2,369	2,722	23
Total Communication	58,133	364	2,203	155	7,181	7,628	120
Rentals:							
Equipment Rent	1,874	12	89	6	471	943	5
Office Rent	38,867	243	1,837	130	9,778	19,555	100
Total Rentals	40,741	255	1,926	136	10,249	20,498	105
Miscellaneous:							
Depreciation/Amortization	35,394	461	11,022	91	6,370	15,964	122
Dues & Prof Development	16,727	105	474	388	1,130	2,620	25
Insurance	1,923	12	91	6	484	967	5
Supplies	84,948	528	3,944	291	29,342	40,727	214
Travel	17,714	111	627	333	1,832	4,268	34
Total Miscellaneous	156,706	1,217	16,158	1,109	39,158	64,546	400
Total Administrative Expenses	\$ 2,985,782	\$ 40,394	\$ 370,675	\$ 46,347	\$ 561,898	\$ 1,105,954	\$ 14,976

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUPPLEMENTAL INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Personnel Services:							
Salaries	\$ 1,092,614	\$ 6,543	\$ 50,209	\$ 3,200	\$ 185,008	\$ 293,550	\$ 2,707
Social Security	81,094	486	3,710	236	13,595	21,783	200
Retirement	123,643	740	5,692	363	21,090	33,904	307
Insurance	274,896	1,654	12,446	793	43,196	74,801	671
Total Personnel Services	1,572,247	9,423	72,057	4,592	262,889	424,038	3,885
Professional Services:							
Actuarial	274,880	15,490	23,150	-	-	-	7,700
Audit	55,176	330	6,540	417	13,877	27,753	353
Data Processing	455,351	2,421	20,622	3,176	97,708	180,242	1,112
Consulting	12,704	76	-	371	-	50,176	-
Legal Counsel	89,828	538	3,899	243	13,927	15,239	205
Misc Outside Services	35,463	214	209,272	76	67,587	32,935	822
Total Professional Services	923,402	19,069	263,483	4,283	193,099	306,345	10,192
Communication:							
Printing	11,647	70	708	37	1,275	1,412	31
Postage	28,764	172	1,258	80	4,293	4,297	68
Telephone	9,799	59	429	27	1,317	2,423	23
Total Communication	50,210	301	2,395	144	6,885	8,132	122
Rentals:							
Equipment Rent	1,711	10	90	6	430	861	5
Office Rent	38,874	233	2,041	130	9,777	19,533	110
Total Rentals	40,585	243	2,131	136	10,207	20,394	115
Miscellaneous:							
Depreciation/Amortization	37,881	499	11,276	107	7,010	17,244	135
Dues & Prof Development	14,185	85	486	40	1,030	2,562	26
Insurance	2,846	9	82	5	179	787	4
Repairs and Maintenance	3,270	20	154	10	184	1,345	8
Supplies	7,880	352	3,100	339	15,390	29,174	167
Travel	17,578	105	531	34	572	572	29
Total Miscellaneous	83,640	1,070	15,629	535	24,365	51,684	369
Total Administrative Expenses	\$ 2,670,084	\$ 30,106	\$ 355,695	\$ 9,690	\$ 497,445	\$ 810,593	\$ 14,683

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUPPLEMENTAL INFORMATION
SCHEDULE OF CONSULTING EXPENSES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Actuary Fees:							
Gabriel Roeder Smith & Co	\$ 160,620	\$ 22,475	\$ 23,150	-	-	-	\$ 7,793
Audit/Accounting Fees:							
CliftonLarsonAllen LLP	36,047	226	1,704	120	9,068	18,136	93
Disability Consulting Fees:							
Mid Dakota Clinic	-	-	-	-	-	-	-
IT Consulting:							
Sagitec Solution LLC	289,918	1,814	13,703	968	72,933	145,866	745
Miscellaneous Consulting Fees:							
Gabriel Roeder Smith & Co	19,250	120	1	-	77	-	-
Investment Consulting							
Callan Associates	-	-	-	2,681	-	100,900	-
Legal:							
Ice Miller, LLP	11,848	253	4,268	7,108	22	34,312	136
ELSBERRY & SHIVELY PC	5,252	-	-	-	1,313	1,313	-
KLAUSNER KAUFMAN JENSEN & LEVI	23,288	-	-	-	5,822	5,822	-
ND Attorney General	42,585	267	1,624	1,074	3,838	7,769	74
Totals	\$ 588,808	\$ 25,155	\$ 44,450	\$ 11,951	\$ 93,073	\$ 314,118	\$ 8,841

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUPPLEMENTAL INFORMATION
SCHEDULE OF CONSULTING EXPENSES
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Actuary Fees:							
Gabriel Roeder Smith & Co	\$ 274,880	\$ 15,490	\$ 23,150	\$ -	\$ -	\$ -	\$ 7,700
Audit/Accounting Fees:							
CliftonLarsonAllen LLP	55,176	330	6,540	417	13,877	27,753	353
Disability Consulting Fees:							
Mid Dakota Clinic	3,150	-	-	-	-	-	-
IT Consulting:							
Sagitec Solution LLC	264,171	1,582	13,870	884	66,438	132,877	748
Miscellaneous Consulting Fees:							
Gabriel Roeder Smith & Co	9,554	76	-	-	-	-	-
Investment Consulting							
Callan Associates	-	-	-	371	-	50,176	-
Legal:							
Ice Miller, LLP	24,778	-	-	-	-	616	-
Klausner Kaufman Jensen & Levi	43,153	391	2,769	176	11,039	11,025	149
Elsberry & Shively	5,361	48	336	21	1,340	1,340	18
ND Attorney General	16,536	99	794	45	1,548	2,259	37
Totals	\$ 696,759	\$ 18,016	\$ 47,459	\$ 1,914	\$ 94,242	\$ 226,046	\$ 9,005

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2024**

	Approved Fiscal Years 2023-2025	Fiscal Year 2024 Expenditures	Unexpended
ALL FUND TYPES			
Salaries and Wages	9,068,789	4,381,411	4,687,378
Operating Expenses	2,542,712	1,180,593	1,362,119
Defined Benefit Closure	372,027	82,106	289,921
Contingency	250,000	-	250,000
	12,233,528	5,644,110	6,589,418

Reconciliation of Administrative Expenses to Appropriated Expenditures

Administrative expenses as reflected in the financial statements		2024
Pension and OPEB trust funds		5,126,026
Enterprise funds - Group Insurance		405,711,817
Total administrative expenses		410,837,843
Adjustments:		
Change in accrued compensated absences		6,847
Professional Fees, premiums and benefits paid pursuant to NDCC54-52-04(6)		(405,106,272)
Amortization Expense		(94,339)
Contribution/premium over & short		31
		5,644,110



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Retirement
North Dakota Public Employees' Retirement System
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Dakota Public Employees Retirement System (NDPERS), which comprise the statement of net position and fiduciary net position as of June 30, 2024, and the related statement of changes in net position and fiduciary net position for the year ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NDPERS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NDPERS's internal control. Accordingly, we do not express an opinion on the effectiveness of the NDPERS's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NDPERS's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NDPERS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NDPERS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NDPERS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Columbia, Maryland
November 25, 2024



**Special Comments Requested by the Legislative Audit
and Fiscal Review Committee
Year Ended June 30, 2024**

The Legislative Audit and Fiscal Review Committee requires that certain items be addressed by auditors performing audits of state agencies. These items and our responses are as follows:

Audit Report Communications

1. What type of opinion was issued on the financial statements?

Unmodified

2. Was there compliance with statutes, laws, rules and regulations under which the agency was created and is functioning?

Yes

3. Was internal control adequate and functioning effectively?

No material weaknesses noted. See internal controls report.

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No

5. Has action been taken on findings and recommendations included in prior year reports?

Yes

6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management response.

No

Audit Committee Communications

1. Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.

None

2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditors' conclusions regarding the reasonableness of those estimates.

The fair value of alternative investments, including private equity and real estate investments, are a management estimate which is primarily based upon net asset values reported by the investment managers to the North Dakota Retirement and Investment Office (RIO) which is responsible for managing, administering and accounting for these investments. The values for these investments are reported by NDPERS based upon the most recent financial information available as reported by RIO to NDPERS as of June 30, 2024. Our audit procedures validated this approach through the review of the financial information provided by RIO, including RIO's June 30, 2024 audited financial statements. Based on these procedures we reviewed management's estimate and found it to be reasonable in relation to the financial statements taken as a whole.

The actuarial valuations were based on the actuarial assumptions and methods adopted by the Board, including an actuarial expected investment rate of return of 6.50% for the Public Employees Retirement System (PERS) and Highway Patrolmen's Retirement System (HPRS), 6.50% for the Retiree Health Insurance Credit Fund (RHIC) and 3.0% for the Retirement Plan for Employees of Job Services North Dakota (JSND).

The discount rates used to measure the total pension liabilities for the PERS and HPRS plans were 6.50%. The discount rate used to measure the total pension liability of the JSND plan was its actuarial expected investment rate of return of 3.0%. The discount rate used to measure the total OPEB liability for the RHIC plan was 5.75%.

In accordance with GASB 67, the total pension liability of the PERS, HPRS and JSND were calculated with an actuarial valuation and measurement date of June 30, 2024. In accordance with GASB 74, the total OPEB liability of the RHIC was calculated with an actuarial valuation and measurement date of June 30, 2024. We evaluated the key factors and assumptions used to develop the estimate of the total pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

3. Identify any significant audit adjustments.

None

4. Identify any disagreements with management, whether or not resolved to the auditors' satisfaction, relating to financial accounting, reporting, or auditing matters that could be significant to the financial statements.

None

5. Identify any significant difficulties encountered in performing the audit.

None

6. Identify any major issues discussed with management prior to retention.

None

7. Identify any management consultations with other accountants about auditing and accounting matters.

None

8. Identify any high-risk information technology systems critical to operations based on the auditors' overall assessment of the importance of the system to the agency and its mission or whether any exceptions identified in the six audit report questions addressed above are directly related to the operations of an information technology system.

Based on the audit procedures performed, the System's critical information technology system is PERSlink. There were no exceptions identified that were directly related to this application.

This report is intended solely for the information and use of the audit committee, management, the Legislative Audit and Fiscal Review Committee, and other state officials, and is not intended to be and should not be used by anyone other than these specified parties.

UHY LLP

Columbia, Maryland
November 25, 2024

North Dakota Public Employees Retirement System: Annuity Provider Selection in a DC Plan (Fiduciary Duties)



December 10, 2024

Presented By:

Audra Ferguson and Robert Gauss

Who is or is not a Fiduciary?

- Fiduciaries:
 - 54-52.6-04:
 - The board shall administer the defined contribution retirement plan established under this chapter and the board or vendors contracted for by the board shall invest the assets of the plan. **The board is the fiduciary and the trustee of the plan.** The board has the exclusive authority and responsibility to employ or contract with personnel and for services that the board determines necessary for the proper administration of and investment of assets of the plan, including managerial, professional, legal, clerical, technical, and administrative personnel or services
 - North Dakota Defined Contribution Plan (effective January 1, 2025);
 - **8.9 Fiduciary responsibilities.** The Board, the Administrator, and any agent or designee thereof with discretionary authority for the Plan, are fiduciaries under the Plan
- Who is not a fiduciary?
 - The Settlor (State/Legislature)
 - Strictly Administrative Functions -- Employers

Typical Fiduciary Activities:

Appointing other plan fiduciaries, *e.g.*, investment advisor

Delegating responsibilities to other fiduciaries

Selecting/monitoring plan investments

Acquiring/disposing of plan assets

Interpreting plan provisions

Making decisions under the plan, including recommendations regarding funding

HB 1040

54-52.6-05(3). Direction of Investments:

The board shall provide a diversified menu of mutual funds and in-plan lifetime annuity options, either fixed, variable, or a combination of both. In selecting an annuity provider the board shall comply with section 54-52.6-05.1.

54-52.6-05.1. Annuity provider - Qualifications

In selecting an annuity provider, Board shall:	
Determine that provider has appropriate financial strength and stability	Determine whether annuity provider can provide contracted rights and benefits to members
Determine whether the costs of the annuity options in relation to benefits are reasonable	Determine whether administrative services to be provided are appropriate. At a minimum, provider must include periodic reports to the Board.
Determine experience of provider.	Determine whether the annuity provider offers a menu of annuity options that meet certain conditions.
Determine whether the annuity provider offers objective and participate specific education and tools to help a participating member understand the appropriate use of annuities as a long-term retirement savings vehicle.	

“In-Plan Annuity” v. “Out of Plan” Annuity

In-Plan Annuity Option: Investment option

- Allows members to invest in lifetime annuity products
- Provides pension-like income
- General Fiduciary Standards apply

“Out of Plan Annuity Option: Annuity Purchase Outside of Plan

- Selection of annuity provider and contract by fiduciaries
- FAB 2015-02 (ERISA)

FAB 2015-02

Interprets DOL safe harbor regulation for plan fiduciary selection of annuity providers under DC plan that offer annuity distribution options.

Duty of Prudence satisfied if plan fiduciary:

- Engages in an objective search to identify annuity providers;
- Considers information regarding the ability of the annuity provider to make future payments under annuity contract;
- Consider the cost in relation to the benefits and administrative services under the contract;
- Consult with appropriate experts

FAB 2015-02

Periodic review of annuity providers and annuity contracts, including the cost of the annuity contract and financial ability to make future payments.

Based on information available at time of selection, and review, not subsequent events.

Duty to Monitor:

- Regularity of review is based on “facts and circumstances,” e.g. a major insurance rating service downgrading the annuity provider or several annuitants submitting complaints**
- Duty to Monitor ends when the plan fiduciary replaces the current annuity provider with a new annuity provider.**

Questions?



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November 26, 2024



North Dakota PERS Defined Contribution Plans

Annuity Education

Craig Chaikin, CFA
Senior Vice President

Perry Hopper, CFA, CAIA
Vice President

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Senior Vice President / Head of Tax-Exempt
DC Research

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

Retirement Income Solutions

Agenda

- Overview of Retirement Income solutions
- Guaranteed income solutions
- Summary

Overview of Retirement Income Solutions

What Does “Retirement Income” Mean?

Broadly speaking, retirement income refers to tools that help participants manage and facilitate the drawdown of their plan assets.

Retirement income solutions can take on many forms:

Education/Advice: this can include web-based calculators that model drawdown scenarios and managed accounts that may include more holistic education and advice around Social Security strategies and tax planning.

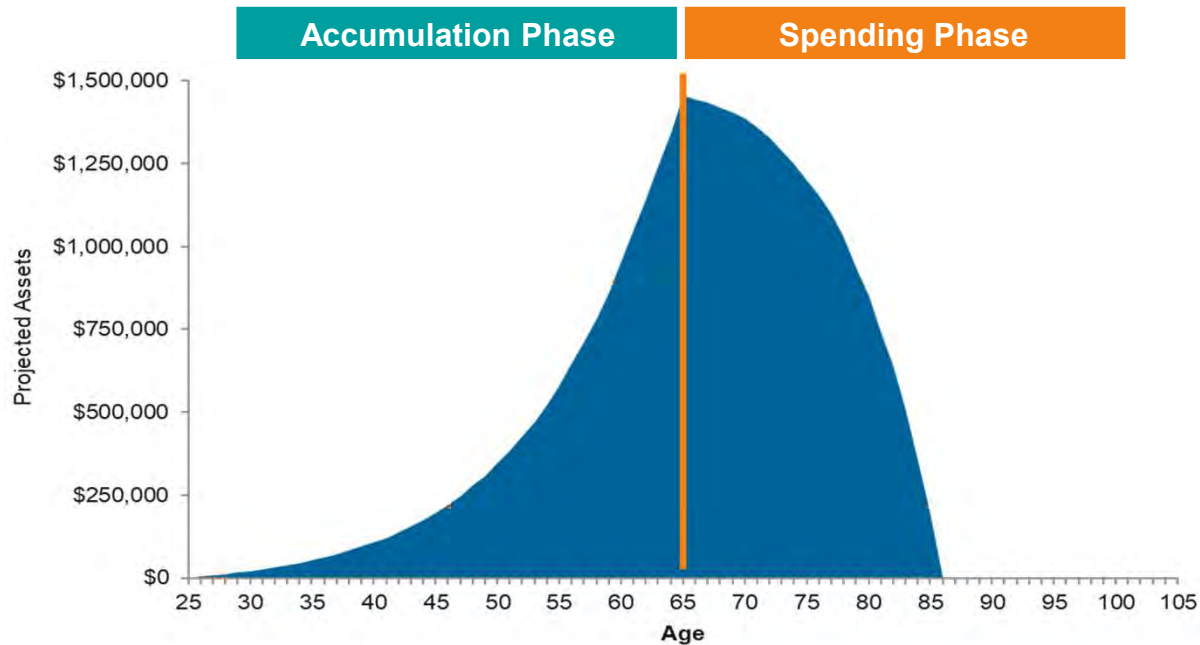
Products: Specific investment options offered with the objective of providing retirees income. These can be guaranteed or non-guaranteed.

Transactions: Depending on the recordkeeper and the plan document, participants can draw down assets in a variety of ways:

- Lump sum
- Ad-hoc/partial/on-demand: The key here is that participants must proactively request this type of distribution each time. It is not automated.
- Systematic/installment: This is a repeated automated withdrawal. Currently these can be set up as a fixed amount over a fixed time period.
 - Some recordkeepers have rolled out more flexibility, allowing participants to withdraw based on a fixed percentage or over their life expectancy.
 - Payouts can occur monthly, quarterly, semi-annually or annually.
 - The tax withholding (wages vs. 20%) depends on the time over which distributions are taken.

Retirement Income Solutions

Retirement Income Solutions refer to tools that help participants manage and facilitate the drawdown of their plan assets in the spending phase of their retirement lifecycle.



Accumulation Phase

Focus on savings

- Automatic enrollment

Investment Products

- Birth Date Funds
- In-Plan annuities
- Core Funds, Brokerage Window

Spending Phase

Focus on distributions

- Partial, installment payments, lump-sum
- Tax optimization / planning

Investment Products

- Birth Date Funds
- Core Funds, Brokerage Window
- Guaranteed and non-guaranteed income

Non-Guaranteed vs. Guaranteed Solutions

Non-Guaranteed – Already in Many Plans

Stable Value (separate account/CIT)

Included in many plans; provides for a fixed crediting rate.

Target Date Fund (Retirement Vintage)

Often the “Retirement Income” vintage is a misnomer. Providers are re-thinking how to better facilitate drawing down assets in an orderly fashion.

Managed Accounts

Many can accommodate participants’ specific circumstances to set an allocation and drawdown rate.

Recordkeeper

Participants can often model drawdown scenarios. Participants can (depending on plan documents) establish installment payments from their balance (e.g., \$500/month)

Managed Payout

A fund with a targeted payout level (e.g., 4% of corpus).

Guaranteed, Assets Remain in Plan

Guaranteed Fixed Accounts/Group Annuity Contracts

Provides for a fixed crediting rate and may allow participants to annuitize.

Guaranteed Minimum Withdrawal Benefit (GMWB)

Used to lock-in a certain value on the underlying portfolio which then translates into a guaranteed payout rate.

Guaranteed, Assets Leave Plan

Annuity Shopping Services – Many plans include an annuity shopping service that allows participants to compare pricing and features on out-of-plan annuity purchases.

Qualified Longevity Annuity Contracts (QLAC)

Long-deferred annuities. Typically purchased at 65 and exercised at 80 or 85.

Single Premium Immediate Annuity (SPIA)

An annuity that is purchased at a single point in time and begin to payout; can be incorporated as part of a target date fund with the guarantee being in-plan or out-of-plan.

Guaranteed Income Solutions

Alphabet Soup: The ABCs of Annuities

QLAC (Qualified Longevity Annuity Contract)

GMWB (Guaranteed Minimum Withdrawal Benefit)

DFA (Deferred Fixed Annuity)

SPIA (Single Premium Immediate Annuity)

VA (Variable Annuity)

Joint Survivor (What % to spouse)

DIA (Deferred Income Annuity)

GMDB (Guaranteed Minimum Death Benefit)

Lapse Rates (% that abandon coverage)

GLWB (Guaranteed Lifetime Withdrawal Benefit)

COLA (Cost-of-living rider)

FIA (Fixed Indexed Annuity)



Annuities can be very beneficial for a specific need; however, they are very challenging to understand and evaluate the cost/benefit tradeoffs.

Taxonomy of Annuity Products

Guaranteed* Income Solutions

Annuity Shopping Services

- Service that allows participants to compare pricing and features from multiple insurance providers on out-of-plan annuity purchases.

Guaranteed Fixed Account (GFA)

- A capital preservation investment option backed by the general assets of an insurance company with the ability to annuitize.

Single Premium Immediate Annuity (SPIA)

- An annuity that is purchased at a single point in time and payout begins immediately.

Qualified Longevity Annuity Contracts (QLAC)

- Long-deferred annuities. Typically purchased at 65 and exercised at 80 or 85.

Guaranteed Minimum Withdrawal Benefit (GMWB)

- Used to lock-in a certain value on the underlying portfolio which then translates into a guaranteed payout rate.

Participant education and understanding remains a principal challenge.

*The guarantee is only as good as the underlying insurance company and the backstops provided by the particular state insurance guarantee funds.

Guaranteed Fixed Account

A capital preservation investment option backed by the general assets of an insurance company that provides guarantee of principal, periodically adjusted fixed rates of return, and the ability to annuitize and draw guaranteed income.

Pros

- Guarantees principal and interest.
- Can be used as a capital preservation investment option in the line-up.
- Longer-term, credited interest rates are normally higher than money market returns (with an upward sloping yield curve).
- Fully liquid for participants until annuitized.

Cons

- Often onerous plan level liquidity (installments over five years or more).
- Potential commingling with other general account assets of the insurance company.
- Opaque disclosure on general account assets.
- May give participants a false sense of retirement security as earnings normally lag stocks and may not keep pace with inflation.

May be a standalone in-plan option or included as part of a target date suite.

*The guarantee is only as good as the underlying insurance company and the backstops provided by the particular state insurance guarantee funds.

Guaranteed Minimum Withdrawal Benefit

Investment option that guarantees the ability to withdrawal a set percentage of a participant's assets annually but does not guarantee a specific annual amount.

Pros

- Participation in up markets (resetting the income base) while protecting against downturns since the income base can be thought of as a high-water mark.
- Creates a degree of certainty around retirement planning.
- Most decisions are revocable.
- Provides longevity protection assuming participants follow the rules.

Cons

- Participant behavior is an essential component to the products producing any net value.
- Premiums typically fall around 50-100 bps in excess of the underlying investment management fees.
- Portability (for the plan) could be limited as not all recordkeepers support the various products.
- There is the question of eliminating or changing providers as products are intended for use over participants' lifetimes.
- Complexity may inhibit usage or result in the GMWB being used incorrectly.

May be a standalone in-plan option or included as part of a target date suite.

*The guarantee is only as good as the underlying insurance company and the backstops provided by the particular state insurance guarantee funds.

Target Date Suite with Annuity Component

A target date series that includes an increasing allocation to an annuity (e.g. GFA, GMWB, SPIA, QLAC, etc.) as the target retirement date approaches.

Pros

- Ability to draw guaranteed income included in the target date fund so participants don't have to choose another investment.
- The income component is added incrementally over time to the target date suite asset allocation.
- Investment manager acts as the fiduciary over the insurance companies included in the product.
- Currently inclusion of annuities has not had a significant impact on total target date pricing.

Cons

- Limited track records.
- Limited participant experience for drawing income.
- Participants must elect to annuitize so income component may never be used.
- May be too complex, especially the annuitization.
- Only offer a single type of annuity, which may not meet all participant needs.
- Annuity pricing may be high.

A standalone option in the line-up that meets the requirements of the default option.

*The guarantee is only as good as the underlying insurance company and the backstops provided by the particular state insurance guarantee funds.

Annuity Shopping Service

Plans may include an annuity shopping service that allows participants to compare pricing and features on out-of-plan annuity purchases.

Pros

- Service provides quotes from multiple insurers.
- Participants can customize inputs to better refine annuity options provided.
- Group annuity contracts with gender-neutral pricing.

Cons

- Still priced like retail annuities (approximately 3% fee).
- Plan sponsor is generally the fiduciary over insurers but has limited ability to influence selection.
- Plan distribution to purchase the annuity.

As this service is attached to, but outside of the plan, it does not currently meet the requirements of HB1040.

*The guarantee is only as good as the underlying insurance company and the backstops provided by the particular state insurance guarantee funds.

Summary

Summary

Guaranteed Fixed Accounts appear to be the best way to currently meet the requirements of HB1040

- Meets the law's in-plan requirement.
- Meets the law's requirement for offering a fixed annuity.
- Long track record and substantial public sector usage.
- Options for how to annuitize (e.g. single life, joint & survivor).
- Allows the Board to comply with HB1040 and provide flexibility to pivot to other solutions as necessary when participant savings and withdrawal behavior with the new benefits structure is available.
- ***At the November 12, 2024 Board meeting, the Board approved adding the Empower Investments Fixed Account Series and New York Life Anchor Account to the line-up***
 - Implementation is expected to be January 1, 2025

Potential areas to explore

- Participant education and understanding remains a principal challenge.
 - Tailoring education materials to marry the concepts of managing funding, investing, and distributions in a cohesive and easy to understand manner could always use improvement.
- An annuity shopping window may be worth further exploration. Choice and cost remain key hurdles.
 - Annuities are being considered for introduction to defined contribution plans given that it allows participants to outsource investment management and distribution management in retirement. That said, participants must follow through on the funding side to ensure they are able to afford an annuity.
 - Plan level adoption has been increasing, with 13% of respondents to Callan's DC Trends Survey offering annuities as a form of distribution in 2023, compared to 5% in 2019. We do not have data on participant level adoption.
- Very low adoption for target date funds with annuities.
 - Do participants roll-in previous employer balances?
 - Cost benefit trade off between various insurance riders and target date fund projections.
 - Will participants use effectively, or will they forgo insurance premiums and other expenses?

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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: December 10, 2024

SUBJECT: House Bill 1040 Implementation Update

The following activities have occurred for House Bill 1040 implementation since our last Board discussion:

- PERSLink has successfully been tested to accommodate the DC 2025 plan and the special election window transfers. The finalized system enhancements will be moved into our production environment on December 14.
- Have discussions with Sagitec as vendor has questions.
- Planning meetings held focused on special election window for eligible state employees, including finalizing the packet being sent to eligible state employees. Attachment 1 is a sample of the packet sent to eligible employees on November 22.
- Bi-weekly meetings held with Empower to discuss collaboration for special election window education, fund transfer files and ongoing member education for new hires as of 1/1/2025 and after. See Attachment 2 provided by Empower outlining services they will be providing as part of the member education requirement.
- Outward facing communication pieces being finalized include new hire and termination guides, employer guide, as well as, website updates.
- Presented to the Team ND Human Resources (HR) group at the invitation of HRMS on November 20.
- Presented to the political subdivisions participating in the retirement plan regarding HR issues on November 21.
- Finalized presentation to be given on December 11 for state employees eligible for special election window.
- Finalized presentation to be given on December 12 to all participating employers in the retirement plan regarding payroll reporting and plan highlights.
- Providing staff training on December 17 as reminder of plan provisions and implementation.

- Planning a 2nd presentation to be held in January for state employees eligible for special election window.

Empower has notified NDPERS that they applied for the MARCOM Award, which honors excellence in marketing and communication while recognizing creativity, hard work and generosity of industry professions. Specifically, they entered with a submission of the transition guide that was developed by NDPERS and Empower and distributed to members as part of the changeover from TIAA to Empower this past summer. Empower let us know that we were selected for the MARCOM Gold Award.

There is one item that we need Board direction on regarding employer reporting of 457 Deferred Compensation wages. We are asking that Board direction be provided to indicate that if an employer needs to report adjusted wages for the Deferred Compensation plan, that they are required to provide the adjusted wages on the next payroll. NDPERS would not adjust the matches based upon the adjusted eligible wages on previously reported wages.

Attachment 3 and Attachment 4 are included as an overview of work efforts and timelines identified.

Board Action Requested:

Provide direction regarding adjusted wages for the Deferred Compensation Plan. Specifically, that employers report adjusted wages for this plan on the next payroll and that NDPERS will not adjust the matches based upon the adjusted eligible wages on previously reported wages.

Attachment 1

{stdMbrFullName}
{stdMbrAdrCorStreet1}
{x stdMbrAdrCorStreet2}
{stdMbrAdrCorCity} {stdMbrAdrCorState} {stdMbrAdrCorZip}

DRAFT

November 21, 2024

Member ID: {stdMbrPERSLinkID}

{stdMbrFullName}
{stdMbrAdrCorStreet1}
{x stdMbrAdrCorStreet2}
{stdMbrAdrCorCity} {stdMbrAdrCorState} {stdMbrAdrCorZip}

RE: OPTIONAL SPECIAL ELECTION – TRANSFER FROM MAIN DEFINED BENEFIT PLAN TO DEFINED CONTRIBUTION PLAN

Dear {stdMbrSalutation}:

As a permanent state employee with no more than five (5) years of service*, you have a special election opportunity created by House Bill (HB) 1040. This bill was passed during the 68th legislative assembly and allows you to elect to transfer from your current Main Defined Benefit Plan {CurrentPlanTierName} into the existing Defined Contribution Retirement Plan {FuturePlanTierName} with NDPERS. *This is not the newly created Defined Contribution 2025 Tier 3 plan.*

Reference the *Plan Tier: Transfer Election Summary* to compare your current plan tier and the one available to you if you elect to transfer.

**Your eligibility will be verified at the time of your application.*

Do I need to take any action?

If you wish to remain in the Main Defined Benefit Retirement Plan, no action is needed, and you can disregard this notice. If you are interested in learning more about this opportunity, please take the time to carefully review the information enclosed.

When does the application need to be returned?

You have a three (3) month window from January 1, 2025 until March 31, 2025 to make an election by submitting the enclosed Defined Contribution Retirement Plan Special Election Form SFN 62523 to the NDPERS office.

- Completed forms must be submitted to NDPERS by fax, mail or as a scanned PDF. Digital signatures are not accepted by NDPERS.
- The form must be:
 - Hand delivered and date stamped by the NDPERS office at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 5:00 PM CT.
 - Electronically received by the NDPERS info account at ndpers-info@nd.gov between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 11:59 PM CT.

- Deposited into the NDPERS drop box at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025.
 - Postmarked by a delivery service between January 1, 2025 and Monday, March 31, 2025.
- Upon NDPERS receipt of your election form, you may not amend your election.
 - If NDPERS does not receive a completed election form from you by the date and time for any of the methods above, you will remain in the Defined Benefit Retirement Plan.

Will my Defined Benefit Beneficiary Designations transfer to the Defined Contribution plan if I elect to transfer?

No. If you choose to transfer your Defined Benefit Plan into the existing Defined Contribution Plan, your current beneficiary designations previously made for your Main Defined Benefit plan will not transfer to your Defined Contribution benefits. A new Designation of Beneficiary Form SFN 2560 will need to be completed and will be mailed to you if you elect to transfer.

What are the differences between the Defined Benefit and Defined Contribution Plans?

See the enclosed Empower Brochure for a comparison and additional details on the key differences between the plans.

What amount transfers if I elect to transfer from my current Main DB Plan into the existing DC Plan?

A lump sum amount based on the actuarial present value of your accrued benefit as of January 1, 2025 plus interest from January 1, 2025 to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election will be transferred into this account.

What is the transfer incentive?

If you elect to transfer to the Defined Contribution Retirement Plan and remain employed by an eligible state agency, your employer will contribute an additional employer contribution in the amount of \$3,333 annually into the Defined Contribution Retirement Plan for up to three (3) years with the first payment being made in January 2026. Incentive payments are not pro-rated. If you transfer to a political subdivision or terminate employment prior to the additional employer contribution(s) being made, you will no longer be eligible for the additional annual employer incentive payment(s).

Scan the QR code to watch the Transfer Incentive Details.



Where can I find more information?

Enclosed in this mailing, you will find a personalized, hypothetical comparison of your potential benefits under each plan, as well as a Plan Tier: Transfer Election Summary, the current 401(a) Defined Contribution plan Investment Lineup and the Defined Contribution Retirement Plan Special Election SFN 62523. Please read these materials and be sure you understand the information and your options before you make your decision.

We encourage you to consult your retirement plan advisor, attorney, tax consultant or personal accountant to analyze this information and decide what's the best option for you. *NDPERS cannot advise members.*

Questions about this material?

Contact NDPERS at {stdNDPERSPhoneNumber} or {stdNDPERSTollFreePhoneNumber}, email us at ndpers-info@nd.gov or send us a confidential message through your Member Self Service (MSS).

If there are questions about the investment options available, please contact the {stdCPOR_Name} web site at {stdCPOR_Web}.

Join us for one of these virtual events. The information discussed during both events is the same. You will have an opportunity to ask questions.

- December 11, 2024 at 11 AM CT
- January 15, 2025 at 10:30 AM CT

To add an event to your calendar, join the event live or watch a recording of the presentation at a later date, visit <https://www.ndpers.nd.gov/special-election>.

Sincerely,

NDPERS Benefits Division

Enclosures

Hypothetical Illustration
Plan Tier: Transfer Election Summary
Defined Contribution Retirement Plan Special Election SFN 62523
Empower Brochure

State of North Dakota
Hypothetical Retirement Benefit Comparison
For
{Member Name}
ID: {xxxx}

This estimate was prepared with projected data as of 1/1/2025

To assist you with your decision, we have enclosed a personalized, hypothetical pension illustration. This illustration provides you with a comparison of the potential retirement benefits you might receive from either the current Defined Benefit plan or the corresponding Defined Contribution plan. The purpose of this illustration is to help you decide which plan to choose. This information is provided for educational purposes only, it is only an estimate and should not be considered investment advice, nor should it be the only factor that you consider. Please refer to your Plan Highlights for additional plan features which may affect your decision.

This illustration is based on your specific personal information that was provided by you and your employer as well as the following assumptions:

- You will remain employed and participate in the plan until you reach Normal Retirement Date
 - Members hired before January 1, 2016 must meet age 65 or the “Rule of 85”
 - Members hired on or after January 1, 2016 must meet age 65 or the “Rule of 90 with a minimum age of 60”
- You will receive a 3.5% salary increase annually in July
- The \$3,333 employer incentive payments are included in the projections
- Vesting in employer contributions under the Portability Enhancement Provision (PEP) were not factored into these calculations
- There will be a 6% growth rate in the Defined Contribution plan while employed
- There will be a 4.5% growth rate in the Defined Contribution plan when distributions begin
- You will begin receiving benefit payments at your Normal Retirement Date

Please review your information and the assumptions carefully, as changing any of the assumptions will change the result of the illustration. Also, separating from eligible service prior to your Normal Retirement Date will impact the benefit you can anticipate from either plan.

Participant Information

PERSLink ID	{xxxxxx}
Date of Birth	{xx/xx/xxxx}
Gender	{Male}
Current Plan	Main Plan
Current Tier	{Member DB Tier}
Current Salary	{\$ xxx,xxx}
Current Years of Service	{xx.xx}
Actuarial Present Value of DB Plan projected Account Balance as of 1/1/2025	{\$ xxx,xxx}

Retirement Assumptions

Normal Retirement Date	Normal Retirement Age
Assumed Separation Date	{xx/xx/xxxx}
Age at Plan Separation	{xx yrs & x mos}
Projected Years of Service at Retirement assuming continuous employment	{xx.xx}

Salary Increase and Contribution Assumptions

Assumed Annual Salary Increase 3.50%*

** Increases are assumed to occur annually in July*

	<u>DB</u>	<u>DC</u>
Mandatory Employee Contribution Rate	{x.xx%}	{x.xx%}
Fixed Employer Contribution Rate	{x.xx%}	{x.xx%}

In order to fund your retirement benefits, you and your employer will make contributions equal to the above percentages of your gross pay (for the plan you have chosen). These rates are established in the North Dakota Century Code and may change in the future.

Rate of Return Assumptions

DC Plan Accumulation Rate of Return (prior to retirement)	6.00%
DC Plan Distribution Rate of Return (during retirement)	4.50%

The rates of return shown above are hypothetical, and are not based on your actual investments in the plan. Your actual returns will be based on your asset allocation and investment choices, and will fluctuate from year to year. It is important to consider the potential risks and rewards involved when choosing your investments. You may wish to seek the advice of your financial planner in this matter.

Tax Implications

All benefits are shown prior to any taxes. Applicable Federal Income Tax will be withheld when benefits are paid to you. Tax will not be withheld if benefits are rolled over into a "like" plan or IRA.

Monthly withdrawals during retirement from either plan will be taxed as ordinary income in the year received. If you receive benefits from the defined contribution plan before you turn age 59 1/2, a 10% early withdrawal penalty may apply under certain circumstances.

Be sure that you understand the tax consequences of any distribution or rollover before you initiate one. You may wish to consult your tax advisor if you are not sure.

Your Benefits Comparison

Separation Date: {xx/xx/xxxx}		Separation Age: {xx years & x mos}	
	Defined Benefit Plan ²		Defined Contribution Plan
Lump Sum Distribution ¹	{ \$ xx,xxx }	{ \$ xx,xxx }	
Final Average Salary	{ \$ xx,xxx }	N/A	
Benefit as a % of Final Average Salary	{xx.xx%}		N/A
Vesting	100.00%		100.00%

Retirement Date: {xx/xx/xxxx}				
	Defined Benefit Plan ²		Defined Contribution Plan ³	
Lump Sum Distribution ¹	{ \$ xx,xxx }		{ \$ xx,xxx }	
Years in Retirement ⁴	Monthly Benefit ^{5,6}	Lifetime Benefit	Monthly Benefit	Lifetime Benefit
10	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
15	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
20	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
25	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
30	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
35	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
40	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }
23.7 *	{ \$ x,xxx }	{ \$ xxx,xxx }	{ \$ x,xxx }	{ \$ xxx,xxx }

* This figure represents normal life expectancy and is projected from 2010 with generational mortality improvement using the MP-2019 two-dimensional mortality improvement scales.

The benefits shown above are prior to any reductions that would apply if you were less than 100% vested.

Notes:

1 This represents the potential lump sum available at the date shown. The projected balance in the DC account is hypothetical and is based on the return assumptions shown above.

2 Please note that you will forfeit any potential ongoing DB monthly benefit if you choose the lump sum option.

3 Regarding the defined contribution plan, when determining how much to withdraw it is important to keep in mind that you may live longer than your life expectancy. In that case you run the risk of consuming your entire balance during your lifetime and not having anything left to withdraw.

4 Each line is to be read individually assuming the years in retirement listed is the exclusive duration of time that you will receive benefit distributions

5 The DB plan monthly benefit is assumed to be paid under the normal annuity form (single life annuity).

6 Prior service from other defined benefit plans is subject to the early retirement reductions and YOS Service used in monthly benefit calculation is reflective of Main plan service only. If you have dual service in any other plans, this amount does not include those benefits.

This illustration provides only a single scenario under the North Dakota Public Employees' Defined Contribution Retirement System and the North Dakota Public Employees Retirement System.

Plan documents will govern in the event of any discrepancy.

Plan Tier: Transfer Election Summary

Reference the first paragraph on the cover letter to view your current Main Defined Benefit (DB) tier and your Defined Contribution (DC) transfer option. This summary is the same information listed on the *instructions* of the enclosed Defined Contribution Retirement Plan Special Election (SFN 62523).

Transfer from Main (DB) Tier 1 or Tier 2

Main DB Plan Tier	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main Tier 1 <i>Rule of 85</i>	7% Employee	36 months	Final Average Salary x Years of Service x Benefit Multiplier
Main Tier 2 <i>Rule of 90 with minimum retirement age 60</i>	8.12% Employer 1.14% RHIC*		



Transfer to DC Tier 1

DC Plan Tier	Contribution Rate	Vesting Schedule	Benefit
DC Tier 1	7% Employee 7.12% Employer 1.14% RHIC*	Less than 2 years: 0% 2 years: 50% 3 years: 75% 4 years: 100%	Based on your investment strategy

*These are the only plans with the Retiree Health Insurance Credit (RHIC) benefit.

Transfer from Main (DB) Tier 3

Main DB Plan Tier	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main Tier 3 <i>Rule of 90 with minimum retirement age 60</i>	7% Employee 9.26% Employer	36 months	Final Average Salary x Years of Service x Benefit Multiplier



Transfer to DC Tier 2

DC Plan Tier	Contribution Rate	Vesting Schedule	Benefit
DC Tier 2	7% Employee 8.26% Employer	Less than 2 years: 0% 2 years: 50% 3 years: 75% 4 years: 100%	Based on your investment strategy

DEFINED CONTRIBUTION RETIREMENT PLAN SPECIAL ELECTION

{SFNLogo}

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SFN 62523 (01-2025)

{SFNAddress}

PART A: MEMBER INFORMATION

Name (Last, First, Middle) {stdMbrFullNameLFM}	NDPERS Member ID {stdMbrPERSLinkID}
Last Four Digits of Social Security Number {stdMbrLastFourDigitsOfSSN}	Date of Birth (mm/dd/yyyy) {stdMbrDateOfBirth}
Member email	Member phone number

PART B: ELIGIBILITY AND ACKNOWLEDGEMENT

Per NDCC 4-52.6-02.2, eligible employee means a permanent state employee of a state employer who on December 31, 2024, is a participating member of the Public Employees Retirement System Main Defined Benefit Plan (see Tiers on page 3) under chapter 54-52, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.

For the purpose of identifying employer obligations under the provisions of NDCC 54-52-06(1)(a), NDCC 54-52.6-02.2, and NDCC 54-52.6-09.5, and determining employee eligibility under NDCC 54-52.6-02.2, per NDAC 71-08-11-08, "state governmental unit" and "state employer" are those state entities that receive budgetary approval from the state legislature.

I have been given the opportunity to elect to remain in the Main Defined Benefit retirement plan under NDCC 54-52 or terminate membership and become a participating member in the Defined Contribution Retirement Plan under NDCC 54-52.6 during the special election window of January 1, 2025 – March 31, 2025.

If I elect to terminate membership and participate in the Defined Contribution Plan, **I understand my election is irrevocable and permanent** and I will not be able to rejoin the Main Defined Benefit Plan in the future under any circumstance. Further, if I elect to transfer to the Defined Contribution Plan, I voluntarily waive all of my rights to a pension, annuity, retirement allowance, disability benefit, dual service or any other benefit under the NDCC 54-52 Main Defined Benefit Plan. I understand that if I terminate state employment before receiving the lump sum transfer, my election is invalid, and I will remain a member of Main Defined Benefit Plan.

I acknowledge that by electing the Defined Contribution Retirement Plan, I may be eligible for an additional annual contribution payment to my account in the Defined Contribution Retirement Plan for the prior year. The first payment will be \$3,333.00 paid by my state employer in January 2026, with subsequent payments for up to two (2) remaining years each January, as long as I continue permanent employment with an eligible state employer. Annual contribution payments will extend no further than January 2028. I understand that if I terminate employment with an eligible state employer before receiving up to the three (3) allowable additional annual contribution payments, I will forfeit any subsequent payments.

I have had the opportunity to speak with an attorney and financial planner of my choosing at my own expense, and to review NDCC 54-52 and 54-52.6 and the information available from NDPERS, and to ask any questions I may have concerning this election. I further understand that under the NDCC 54-52.6 Defined Contribution Retirement Plan, I will be responsible for directing the investment of any transferred fund balance as well as future retirement contributions. I will be solely responsible for the investment results of my account. NDPERS and its governing board will not be liable for any election or investment decision I make or any default investment as a result of my failure to timely make an investment election.

I understand that my election to terminate membership and join the Defined Contribution Plan must be either:

- **Hand delivered and date stamped by the NDPERS office at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 5:00 PM CT.**
- **Electronically received by the NDPERS info account at ndpers-info@nd.gov between Wednesday, January 1, 2025 and Monday, March 31, 2025 at 11:59 PM CT.**
- **Deposited into the NDPERS drop box at 1600 E Century Ave. Bismarck, ND between Wednesday, January 1, 2025 and Monday, March 31, 2025.**
- **Postmarked by a delivery service between January 1, 2025 and Monday, March 31, 2025.**

If I fail to provide my election by the date and time for any of the methods above, I shall remain a member of the Main Defined Benefit Retirement Plan.

PART C: EMPLOYEE ELECTION

I have reviewed and understand each of the above provisions, and I hereby elect to remain in the Main Defined Benefit Retirement Plan.

Remain

Member's Signature (Electronic Signatures will not be accepted)

Effective Date

I have reviewed and understand each of the above provisions, and I hereby elect to terminate my membership in the Main Defined Benefit Retirement Plan and transfer to the Defined Contribution Retirement Plan.

Terminate

Member's Signature (Electronic Signatures will not be accepted)

Termination Date

INSTRUCTIONS

PART A: MEMBER INFORMATION

For member identification, please provide all requested information.

PART B: ELIGIBILITY AND ACKNOWLEDGEMENT

Per NDCC 4-52.6-02.2, eligible employee means a permanent state employee of a state employer who on December 31, 2024, is a participating member of the NDPERS Main Defined Benefit Plan under NDCC 54-52, who has been a participating member under NDCC 54-52 for no more than five years, and who is at least eighteen years of age.

For the purpose of identifying employer obligations under the provisions of NDCC 54-52-06(1)(a), NDCC 54-52.6-02.2, and NDCC 54-52.6-09.5, and determining employee eligibility under NDCC 54-52.6-02.2, per NDAC 71-08-11-08, "state governmental unit" and "state employer" are those state entities that receive budgetary approval from the state legislature.

PART C: EMPLOYEE ELECTION

Member must select which plan they elect to participate. Election is irrevocable. The Defined Contribution Retirement Plan Special Election Form must be executed properly and received on or before Monday, March 31, 2024 at 5:00 PM CT. The Main Defined Benefit Retirement Plan Tiers are outlined below based upon member "first enrolled" date at NDPERS. The arrow provides the applicable Defined Contribution Retirement Plan that you will move to if you elect to transfer your participation from the Main Defined Benefit Retirement Plan to the Defined Contribution Retirement Plan.

First enrolled in the Main Defined Benefit Retirement Plan prior to January 1, 2020.

Transfer from Main (DB) Tier 1 or Tier 2

Main DB Plan Tier	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main Tier 1 <i>Rule of 85</i>	7% Employee	36 months	Final Average Salary x Years of Service x Benefit Multiplier
Main Tier 2 <i>Rule of 90 with minimum retirement age 60</i>	8.12% Employer 1.14% RHIC*		

Transfer to DC Tier 1

DC Plan Tier	Contribution Rate	Vesting Schedule	Benefit
DC Tier 1	7% Employee 7.12% Employer 1.14% RHIC*	Less than 2 years: 0% 2 years: 50% 3 years: 75% 4 years: 100%	Based on your investment strategy

First enrolled in the Main Defined Benefit Retirement Plan on or after January 1, 2020.

Transfer from Main (DB) Tier 3

Main DB Plan Tier	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main Tier 3 <i>Rule of 90 with minimum retirement age 60</i>	7% Employee 9.26% Employer	36 months	Final Average Salary x Years of Service x Benefit Multiplier

Transfer to DC Tier 2

DC Plan Tier	Contribution Rate	Vesting Schedule	Benefit
DC Tier 2	7% Employee 8.26% Employer	Less than 2 years: 0% 2 years: 50% 3 years: 75% 4 years: 100%	Based on your investment strategy



NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM



Know your options

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



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

Here is what you need to know

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

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

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

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

Who is eligible?

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

- Actively employed with a state governmental unit
 - Permanent state employee
 - First enrolled in the main plan before January 1, 2025
 - Accrued no more than five years of service*
- * Service will be verified at the time of application.*

What are the next steps?

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

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

Defined benefit and defined contribution plans side by side

	Defined benefit	Defined contribution
How is my benefit determined?	Retirement benefit is calculated based on a formula (final average salary x years of credited service x benefit multiplier).	Retirement benefit is subject to the value of your account at retirement and may be limited in duration based upon performance of contributions and investment earnings and the rate at which distributions are taken.
Investment strategy	Contributions are held in a trust and invested pursuant to an asset allocation set by the NDPERS Board. Investment risk is assumed by the State Investment Board.	Contributions are allocated into individual accounts, and the account holder chooses their own investments. Investment risk is assumed by the employee.
When do I become vested?	<p>After three years of service, you are vested and eligible to receive a lifetime monthly benefit at retirement.</p> <p><i>Note: Most NDPERS defined benefit plans have a vesting period of 36 months — exceptions are the Judges, BCI new hires, and Highway Patrol plans.</i></p>	<p>There is a vesting schedule for the employer contributions as follows:</p> <ul style="list-style-type: none"> - 50% after two years of service - 75% after three years of service - 100% after four years of service
What are my distribution options?	Employee may take a lifetime monthly benefit distribution or a lump sum of their account balance.	Employee can choose between a periodic payment, in-plan annuities, or a lump sum of their available account balance based on contributions and investment performance, with benefit distributions decided by the employee.
How are distributions taxed?	Distributions to an employee are taxed regardless of the plan type.	
Portability	The Defined Benefit Plan can be rolled over at the time of termination, but the member forfeits a lifetime benefit.	Defined contribution plans typically allow you to roll your savings over to another retirement account.
Transparency	Defined benefit plans will provide employees with an annual statement showing estimated monthly benefits at normal retirement date.	Defined contribution plans provide employees with regular statements showing account performance and transactions.
Potential growth	The employer assumes the market risk and financial liability to ensure the defined benefit is provided based on the defined benefit formula.	Employees benefit directly from investment growth. While this comes with market risk, it also offers the potential for higher returns.



401(a) investment options

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

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

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



DRAFT

Investing involves risk, including possible loss of principal.

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HB 1040 Participant Education/Engagement

What: Welcome to Empower webinars

Who: New Hires/Enrollees to the DC 401(a) Plan

How: Virtual via Teams & Brainshark (recorded presentation)

When: 2x/month & Brainshark is accessible 24/7

Key Webinar Topics:

- 1) NDPERS' role re: enrollment, contributions, beneficiary
- 2) Web demo - How to navigate Empower's portal re: account registration, investment education, retirement income planning tools, and resources
- 3) Distribution options including in-plan annuity
- 4) How members will receive communications from Empower
- 5) How members can contact Empower for help and questions

What: Personalized Automated Communications

Who: All members with an account balance (DC 401(a) Plan, 457 Companion Plan)

How: Email, Mail, Website, App Push Notification

When: Ongoing based on age/career event and/or action taken as well as to promote awareness on investment/retirement income planning tools and how to contact Empower for help.

Examples:

- 1) Register your account
- 2) Benefits of using the personalized website (net worth, retirement income planning tools, investing help)
- 3) Schedule a retirement consultation

What: Empower Learning Center

Who: All members with an account balance (DC 401(a) Plan, 457 Companion Plan)

How: Website: https://www.empower.com/learning_center/#/

When: Available 24/7 – promoted through new hire monthly webinars & Brainshark, personalized automated communications, website messaging.

Learning Center Features/Resources:

- 1) investment & retirement income planning
- 2) planning for life events (home, college, transitioning to retirement)
- 3) Monthly live webinars that can be accessed and watched afterwards.

What: Individual Counseling Sessions

Offered to: All members with an account balance (DC 401(a) Plan, 457 Companion Plan)

How: Virtual

When: 50 education days are provided to NDPERS annually, allocated at 4 days per month.

Counseling session objectives: Mike Williams, Empower's Retirement Plan Counselor, will provide Comprehensive Account Reviews covering investment education (including in-plan annuity options), retirement income planning, and tools/resources that focus on long-term planning and life events that can impact retirement savings.



NDPERS Member Education & Engagement



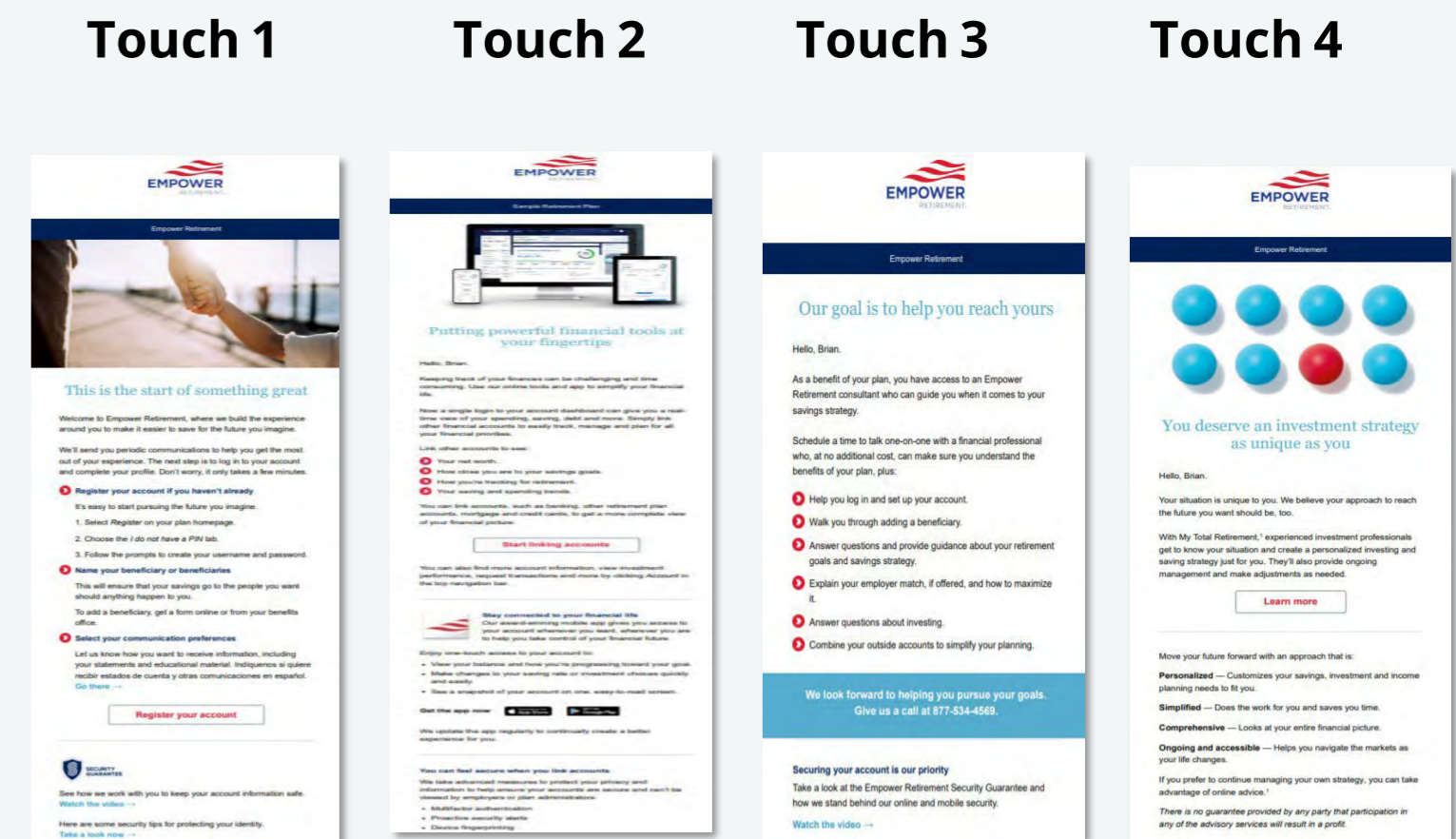


Personalized Automated Communications

Welcome to your retirement plan

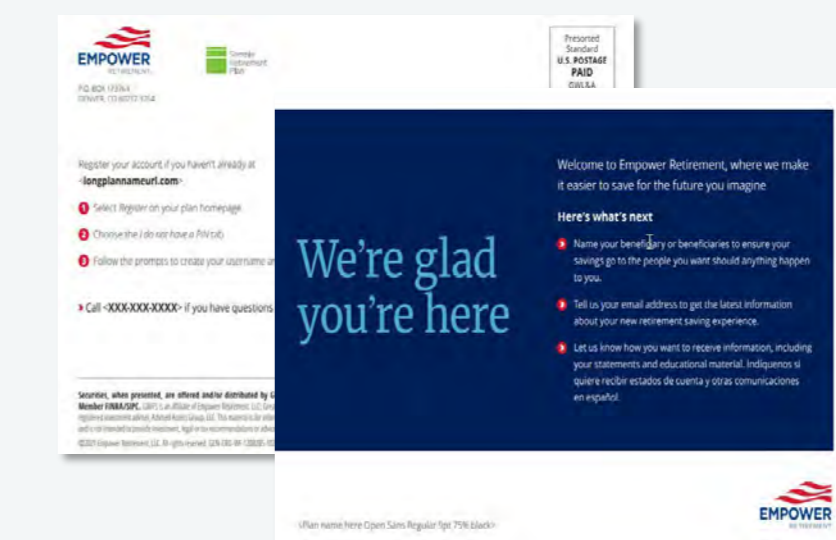
of Touches:
4 emails
1 mailer
outbound call

<p>Objective</p>	<ul style="list-style-type: none"> Effectively onboard newly enrolled participants <ul style="list-style-type: none"> Register account Designate beneficiary (457 plan only) Set communication preferences Use online tools Call us for help
<p>Channel</p>	<ul style="list-style-type: none"> Email Mail (limited) Outbound calling (limited)
<p>Audience</p>	<ul style="list-style-type: none"> Newly enrolled DC participants or existing participants that are new to Empower
<p>Timing</p>	<ul style="list-style-type: none"> Triggered – date of first cash or contribution (individual enrollment) or plan live date (plan transition)



Mailer

Outbound Call



FOR ILLUSTRATIVE PURPOSES ONLY

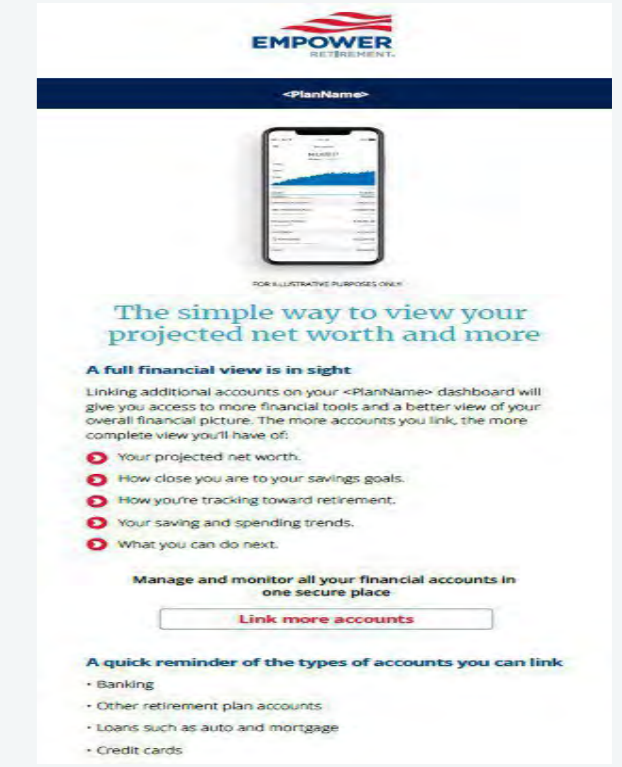
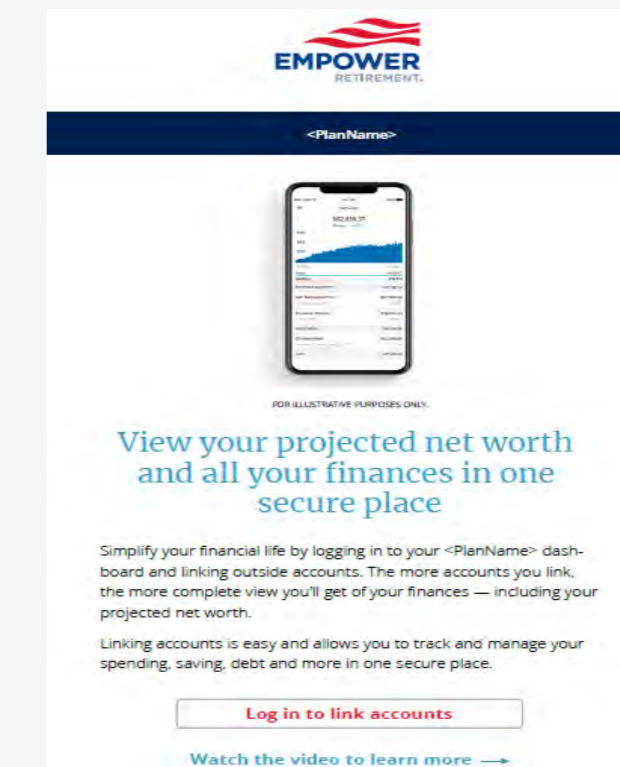
Benefits of using the personalized website

Objective	<ul style="list-style-type: none"> Encourage participants to use web-based planning tools and link accounts for a more complete view of their financial picture.
Channel	<ul style="list-style-type: none"> Email Post login action (PLA) App push notification
Audience	<ul style="list-style-type: none"> Active and terminated participants on the new web experience
Timing	<ul style="list-style-type: none"> Email: ongoing – 3x to 4x per year

Touches:
1 email
1 post login action
Mobile app notification

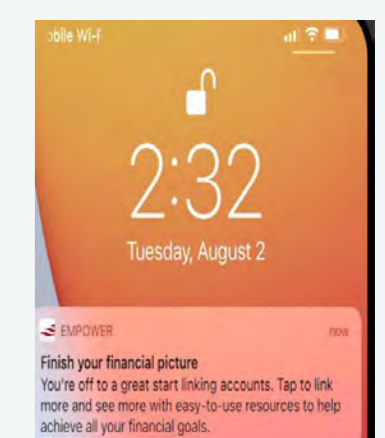
No linked accounts

Linked accounts



Post Login Action (PLA)

App push notification



Resources and education

Videos, calculators, articles. No matter how you like to learn, we've made it convenient to do so with tons of simple resources.

Powerful features at your fingertips

The free Empower Personal Dashboard™ helps you:

- See all your accounts in one place.
- Track, manage, and plan your financial life.
- Understand your net worth, retirement needs, financial goals, and more.

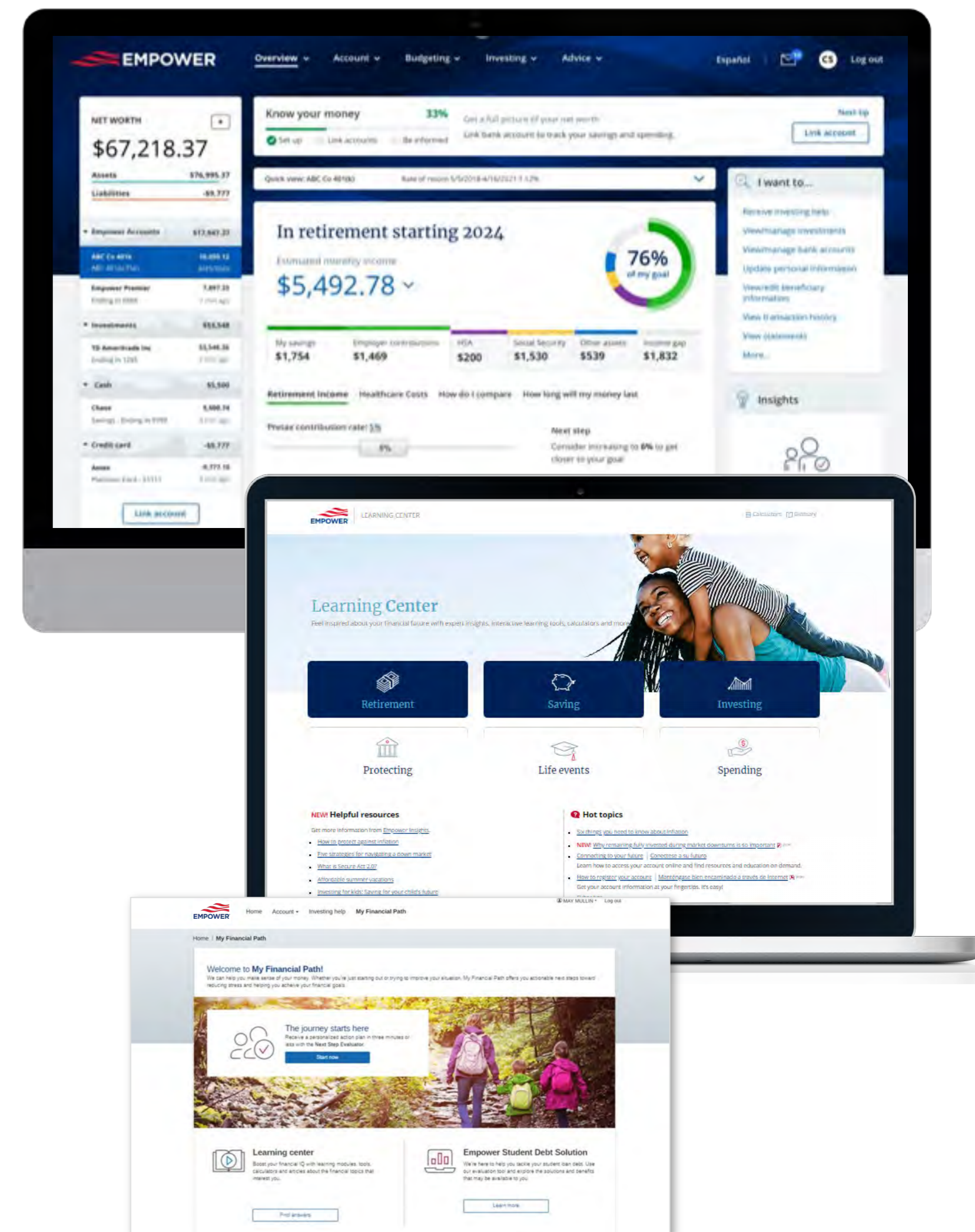
The Learning Center makes financial education delightfully easy through:

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Automated system available 24/7. Password required.

TTY: 1-800-766-4952

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Empower's RPC can provide information and guidance about a variety of topics, including plan enrollments, distribution and rollover options, consolidation, investment conversations, and savings and contributions strategies by educating you about available options. During your interaction with your RPC, you will engage in an informational dialogue intended to help you understand basic concepts about investing, distribution options available to you, and the advantages of participating in your employer-sponsored retirement plan or an individual retirement account. Although your RPC cannot provide you with advice on your tax situation, they will share information related to the potential tax implications of taking receipt of the proceeds from your retirement investments.

In their capacity as RPCs, the representatives may provide you with retirement counseling services that include education related to various investment options available to you and enrollment processes related to products and services offered or serviced by EFSI or its affiliates. Services provided by your RPC do not include providing securities recommendations or investment advice. If you feel that you need specific securities recommendations, investment advice or tax advice, please consult with your personal investment and/or tax advisor.

To obtain the EFSI Form CRS, or for more information about Empower representatives, visit empower.com

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Not Insured by Any Federal Government Agency**

House Bill 1040 Administrative Implementation

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HB 1040 Administrative Implementation												
Marketing intern recruitment	★											
1% employer contribution increase launched	★											
Inventory the PERSLink correspondence updates			★									
Targeted communications to subs in main but not public safety				★								
Targeted communications to subs in main but not deferred comp				★								
Recordkeeper transition												★
PERSLink correspondence updates						★				★		
PERSLink correspondence testing										★		
Form updates						★				★		
Plan document updates										★		
Plan handbook updates										★		
Special election window education for eligible employees											★	
Administrative rule making promulgation												★
Employer training												★
Website updates												★
Revise new hire, transfer, termination guides												★
Staff training												★
Biweekly internal administrative implementation meetings												★
Communication team biweekly meetings												★
Education on new plan provision to members					★			★			★	★
Education on new plan provision to employers			★			★			★			★

KEY

★ Deadline

	Task Completed
	Work Effort
	Deadline Missed

Attachment 4

House Bill 1040 Programming Implementation Timeline

	2023						2024											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HB 1040 Programming Implementation																		
Funding for development effective	★																	
HB 1040 section-by-section analysis to determine system enhancements	★	★																
Meet with GRS to discuss the incentive, and get programming parameters		★																
NDPERS updates file layout documentation for employers										★								
NDPERS develops sample file layouts for employers										★								
Biweekly meetings to discuss section-by-section coding		★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
NDPERS user acceptance testing of enhancements																★		
State PeopleSoft development																		★
Higher Ed PeopleSoft development																		★
Political sub development																		★
Employer file testing																★		★

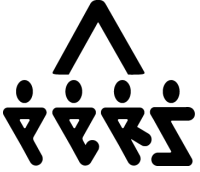
KEY

★ Deadline

Task Completed

Work Effort

Deadline Missed



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: MaryJo Anderson

DATE: December 10, 2024

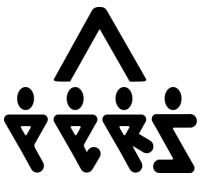
SUBJECT: Job Service Adjustments

During a recent review of calculations for a new Job Service Plan retiree, an inconsistency was discovered with the “Deferred Retirement Benefit” calculation worksheet for Job Service annuitants that elect to retire after attaining 65 years of age.

NDPERS staff will provide additional information and a summary of the affected members at the December Board meeting. Upon review, the Board may also consult with legal counsel on action that may be needed.

Board Action Requested

Provide NDPERS staff direction on the Job Service Plan Document and monthly benefit calculations for Job Service retirees.



Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: December 10, 2024

SUBJECT: 457 Companion Plan & 401(a) Plan 3rd Quarter 2024 Report

Attached is the 3rd quarter 2024 investment report for the 401(a) & 457 Companion Plans, which was reviewed by the Investment Subcommittee. The reports are available separately on the NDPERS website. The two plans have 10,835 (10,765 in Q2) participants with \$251.0 million (\$246.2 million in Q2) in assets.

Assets in the 401(a) plan increased to \$24.3 million (\$23.6 million in Q2) as of September 30, 2024. The number of active participants slightly decreased and is now at 104 (106 in Q2). The Target Date funds have 55.7% of the plan assets.

Assets in the 457 Companion Plan increased to \$226.8 million (\$222.6 in Q2) as of September 30, 2024. The number of active participants decreased and is now at 7,856 (7,886 in Q2). The Target Date funds have 66.5% of the plan assets.

Benchmarks:

Fund returns for the quarter were positive for the funds in the core lineup. All 27 core funds had positive returns for the quarter (0 had negative returns). Core fund performance was mixed when compared to benchmarks.

Fund / Investment News:

The Retirement & Investment Office provided an overview of the returns of the Pension Funds. The NDPERS Investment Subcommittee reviewed the 3rd Quarter 2024 plan review and field activity report with Empower. Callan gave a market overview, investment performance report, as well as education on in-plan vs. out-of-plan annuities.

The investment subcommittee did not have any actionable items for the Board.

**NDPERS
Quarterly Investment
Report
3rd Quarter
7/01/2024 – 9/30/2024**



North Dakota Public Employees Retirement System
1600 East Century Ave, Suite 2
Box 1657
Bismarck, ND 58502

New Investment Structure With In-Plan Annuity Options

To Be Implemented January 1, 2025

Tier I: Asset Allocation	Tier II: Passive Core	Tier II: Active Core	Tier III: Specialty
Target Date Funds Nuveen Lifecycle Retirement		Capital Preservation Galliard Stable Value Vanguard Treasury MM Empower IFAS VI New York Life Anchor	
	Core Fixed Income Vanguard Total Bond Index	Core Plus Fixed Income Baird Core Plus Bond	
	U.S. Large-Cap Equity Vanguard Institutional Index		
	Broad Non-U.S. Equity Vanguard Total Intr'l Index	Broad Non-U.S. Equity MFS International Diversification	
		U.S. Small/Mid-Cap Equity JP Morgan US SMID Core	
			Real Estate Cohen & Steers Realty
			Brokerage Window

* The Empower Fixed Account Series and New York Life Account are intended to meet the current in-plan annuity requirement of HB1040
 * The Board approved the two annuity options in the November meeting with implementation scheduled for January 1, 2025

Plan Performance Monitoring

As of September 30, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Asset Allocation Funds					
Nuveen Lifecycle Ret. Inc	4.40%	17.04%	2.68%	5.48%	5.27%
LifeCycle Ret Income CB	5.48%	18.58%	3.04%	5.92%	5.75%
Callan Tgt Dt Idx 2010	5.35%	17.42%	2.70%	5.31%	5.20%
Nuveen Lifecycle 2010 Fund	4.40%	17.02%	2.60%	5.50%	5.31%
LifeCycle 2010 CB	5.32%	17.70%	2.70%	5.73%	5.84%
Callan Tgt Dt Idx 2010	5.35%	17.42%	2.70%	5.31%	5.20%
Nuveen Lifecycle 2015 Fund	4.47%	17.45%	2.76%	5.88%	5.59%
LifeCycle 2015 Cust Bnoh	5.51%	18.89%	3.13%	6.20%	6.08%
CAI Tgt Dt Idx 2015	5.44%	17.90%	2.93%	5.63%	5.66%
Nuveen Lifecycle 2020 Fund	4.48%	18.48%	3.03%	6.31%	5.95%
LifeCycle 2020 Cust Bnohm	5.68%	20.02%	3.50%	6.83%	6.56%
CAI Tgt Dt Idx 2020	5.56%	18.83%	3.24%	6.17%	6.01%
Nuveen Lifecycle 2025 Fund	4.56%	19.76%	3.42%	7.07%	6.54%
LifeCycle 2025 Cust Bnoh	5.85%	21.33%	3.95%	7.57%	7.16%
CAI Tgt Dt Idx 2025	5.76%	20.34%	3.83%	7.09%	6.74%
Nuveen Lifecycle 2030 Fund	4.71%	21.46%	4.02%	7.98%	7.20%
LifeCycle 2030 Cust Bnoh	6.07%	23.08%	4.50%	8.46%	7.87%
CAI Tgt Dt Idx 2030	6.01%	22.46%	4.60%	8.19%	7.58%
Nuveen Lifecycle 2035 Fund	4.81%	23.50%	4.76%	8.96%	7.92%
LifeCycle 2035 Cust Bnoh	6.30%	25.08%	5.40%	9.46%	8.64%
CAI Tgt Dt Idx 2035	6.26%	24.71%	5.60%	9.31%	8.41%
Nuveen Lifecycle 2040 Fund	4.77%	25.82%	5.66%	10.05%	8.69%
LifeCycle 2040 Cust Bnoh	6.56%	27.44%	6.40%	10.59%	9.46%
CAI Tgt Dt Idx 2040	6.47%	26.66%	6.36%	10.22%	9.07%
Nuveen Lifecycle 2045 Fund	4.74%	27.15%	6.15%	10.90%	9.25%
LifeCycle 2045 Cust Bnoh	6.88%	28.89%	6.95%	11.45%	10.10%
CAI Tgt Dt Idx 2045	6.64%	28.12%	6.90%	10.85%	9.52%
Nuveen Lifecycle 2050 Fund	4.79%	27.97%	6.40%	11.16%	9.43%
LifeCycle 2050 Cust Bnoh	6.74%	29.57%	7.18%	11.71%	10.20%
CAI Tgt Dt Idx 2050	6.73%	28.97%	7.29%	11.16%	9.74%
Nuveen Lifecycle 2055 Fund	4.76%	28.14%	6.47%	11.28%	9.51%
LifeCycle 2055 Cust Bnoh	6.76%	29.83%	7.26%	11.80%	10.40%
CAI Tgt Dt Idx 2055	6.77%	29.30%	7.43%	11.29%	9.83%
Nuveen Lifecycle 2060 Fund	4.79%	28.99%	6.57%	11.42%	9.81%
LifeCycle 2060 Cust Bnoh	6.78%	30.10%	7.41%	12.01%	10.52%
Callan Tgt Dt Idx 2060	6.79%	29.53%	7.46%	11.36%	9.87%
Nuveen Lifecycle 2065 Fund	4.77%	28.55%	6.72%	-	-
LifeCycle 2065Custom Ben	6.81%	30.36%	7.52%	-	-
Callan Tgt Dt Idx 2065	6.80%	29.57%	7.51%	11.37%	9.88%

Plan Performance Monitoring

As of September 30, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Large Cap U.S. Equity					
Vanguard Institutional Index	5.88%	36.30%	11.87%	15.95%	14.46%
S&P 500 Index	5.89%	36.35%	11.91%	15.98%	14.50%
Small/Mid Cap U.S. Equity					
JPMorgan SMID Cap Equity R6	10.68%	23.90%	4.05%	8.79%	7.75%
Russell 2500 Index	8.75%	26.17%	3.47%	10.43%	9.02%
Non-U.S. Equity					
MFS International Diversification R6	9.26%	25.45%	4.16%	8.29%	-
MSCI ACWI xUS (Net)	8.06%	25.35%	4.14%	7.59%	5.44%
Vanguard Total Int'l Stock Adm	8.03%	24.88%	4.01%	7.74%	5.48%
FTSE GI All Cap ex US Idx	8.39%	25.22%	4.09%	7.95%	5.66%
Fixed Income					
Vanguard Total Bond Index Adm	5.06%	11.40%	(1.43%)	0.31%	1.47%
Blmbg Aggregate FIT Adj	5.13%	11.47%	(1.38%)	0.36%	1.51%
Baird Core Plus Bond Instl	5.22%	12.85%	(0.67%)	1.21%	2.19%
Blmbg Universal	5.20%	12.08%	(1.05%)	0.70%	1.74%
Capital Preservation					
Galliard Stable Value C	0.78%	2.90%	2.39%	2.24%	2.18%
3-month Treasury Bill	1.37%	5.46%	3.49%	2.32%	2.22%
Vanguard Treasury MM Inv	1.32%	5.42%	3.52%	2.28%	2.17%
3-month Treasury Bill	1.37%	5.46%	3.49%	2.32%	2.22%
Sector Funds					
Cohen & Steers Realty Shares	16.03%	36.02%	4.45%	6.39%	8.62%
FTSE NAREIT All Eq Index	16.79%	34.77%	3.51%	5.09%	7.13%

Active Manager Monitoring Summary

As of September 30, 2024

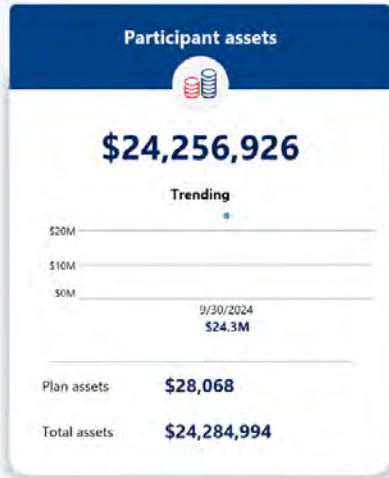
Manager	Below Benchmark	Above Benchmark		Above Peer Median		Qualitative Assessment					Overall Eval.
	8 Straight Quarters	3-Year Period	5-Year Period	3-Year Period	5-Year Period	Firm	Team	Process	Perf.	Product	
Small/Mid Cap Equity											
JPMorgan SMID Cap Equity	No	Yes	No	Yes	Yes						Stable
International Equity											
MFS Intl Diversification	No	Yes	Yes	Yes	Yes						Stable
Fixed Income											
Baird Core Plus Bond	No	Yes	Yes	Yes	Yes						Stable
Stable Value											
Galliard Stable Value	Yes	No	No	Yes	Yes						Stable
Sector Fund											
Cohen & Steers Realty Shares	No	Yes	Yes	Yes	Yes						Stable

Overall Evaluation	Status and Actions
Stable	Firm, Team, Strategy are performing as expected
Noteworthy	Manager has a qualitative or quantitative factor worth highlighting
In Review	Callan is proposing that the fund be added to the watchlist
Cautionary	Staff is reviewing strategy with consultant and scheduling an update meeting with manager
Terminating	Following staff review and consultant recommendation, manager will be terminated following a successful replacement search

- Galliard has underperformed the benchmark, but ranks top decile among peers over the trailing 3- and 5-year periods

Executive summary

As of 9/30/2024



Overview

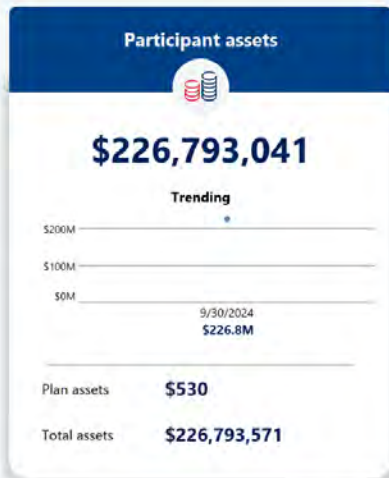
The assets and participant counts presented are effective as of period end. The assets do not reflect any adjustments, dividends, corrections, or similar that are processed after period end.

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100456-01 The North Dakota Public Employees Retirement System Defined Contribution 401(a) Plan

Executive summary

As of 9/30/2024



Overview

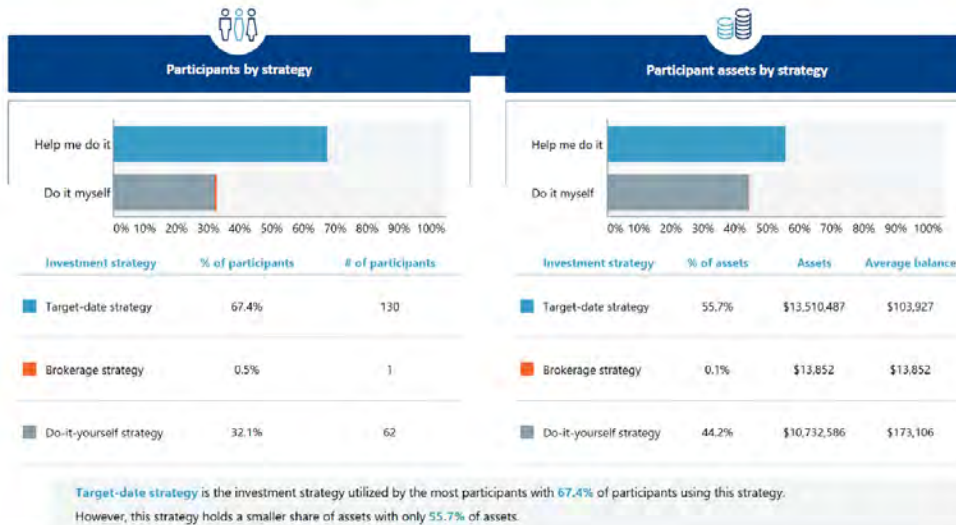
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100455-01 The North Dakota Public Employees Retirement System Deferred Compensation 457(b) Companion Plan

Investment strategy utilization

As of 9/30/2024



Overview

The investment strategy utilization is based on all participants that have a balance greater than \$0. Each participant is assigned a single investment strategy to provide insights on how investment options, features, and services are being utilized.

When a participant is assigned a strategy, 100% of their balance is grouped within that strategy even if they have a diverse investment mix. Additionally, each participants' strategy is reevaluated and assigned every month so a participant may move in and out of the different strategies from month to month.

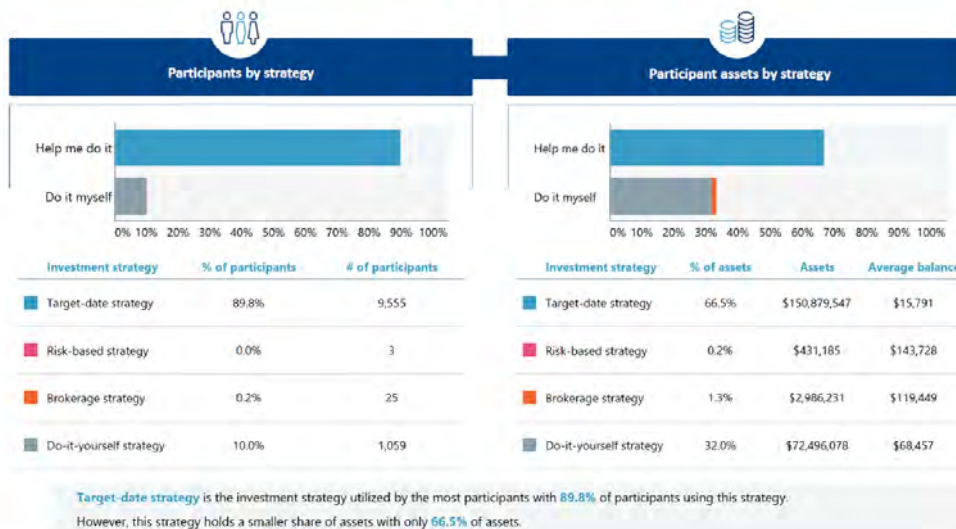
For the full list of investment strategies and their definitions, please refer to the glossary.

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100456-01 The North Dakota Public Employees Retirement System Defined Contribution 401(a) Plan

Investment strategy utilization

As of 9/30/2024



Overview

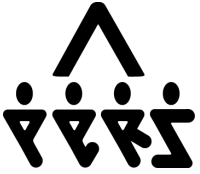
The investment strategy utilization is based on all participants that have a balance greater than \$0. Each participant is assigned a single investment strategy to provide insights on how investment options, features, and services are being utilized.

When a participant is assigned a strategy, 100% of their balance is grouped within that strategy even if they have a diverse investment mix. Additionally, each participants' strategy is reevaluated and assigned every month so a participant may move in and out of the different strategies from month to month.

For the full list of investment strategies and their definitions, please refer to the glossary.

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100455-01 The North Dakota Public Employees Retirement System Deferred Compensation 457(b) Companion Plan



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Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: Katheryne Korom

DATE: December 10, 2024

SUBJECT: Employee Assistance Program (EAP) RFP

We have included for your review a draft copy of the Employee Assistance Program (EAP) RFP for the 2023-2025 EAP renewal. The EAP RFP is issued every two years. There are currently four active EAP contracts:

CHI St. Alexius Employee Assistance Program
The Village Family Service Center EAP
Live Well Solutions EAP
eni NexGen EAP

Following are the key dates for the proposal process:

Date	Activity
February 3, 2025	NDPERS will issue RFP
February 28, 2025	Proposals are due
April 2025	NDPERS Board will select vendors
May 2025	List of vendor information will be given to agencies
May 30, 2025	Agencies vendor selection due
No later than June 6, 2025	Vendors will be notified of any agency changes
July 1, 2025	Effective date of EAP contract

The methodology that NDPERS has adopted for providing EAP services is called an “agency based” approach. Pursuant to this method, each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. To implement this approach, the NDPERS Board establishes through the RFP process a list of qualified vendors. EAP vendors that are able to successfully meet the requirements in the RFP, and provide the service at or below the specified price, are placed on a list of qualified vendors. Each agency is offered the list and is allowed to select one vendor from that list to provide services for that agency.

As in the past, for the existing EAPs we are proposing that they be allowed to file a renewal instead of having to do an entirely new proposal. This renewal would indicate the price and an indication that all services offered in the original proposal still apply or specify any deviations. If they continue to be able to meet the minimum requirements, we would continue to allow them to offer their services (please note minimum requirements are on page 8 of the RFP). We will post the RFP to our web site and the State Procurement Office Online Services System.

Board Action Requested:

Approve the EAP RFP and renewal process.

Attachment

REQUEST FOR PROPOSAL

Enrollment in the State of North Dakota's
Employee Assistance Program 2025-2027

Prepared by:

North Dakota Public Employees Retirement System
P.O. Box 1657
Bismarck, ND 58502-1657

I. BACKGROUND

The 1995 Legislature authorized an Employee Assistance Program (EAP), for employees of state agencies and higher education. This program allows permanent employees to receive confidential assistance in many areas without accessing the health care system.

EAP coverage applies to approximately 120 agencies. These agencies have about 16,000 employees with about 25,000 dependents. Residence of these members is mainly in North Dakota and bordering cities, but potentially includes remote workers located outside of the state. Eligibility for a dependent is the same as the NDPERS Group Medical Plan.

ELIGIBLE DEPENDENT - a dependent of the employee who qualifies for membership under this Benefit Plan in accordance with the requirements specified below:

- A. The employee's spouse under a legally existing marriage.
- B. The employee's or the employee's living, covered spouse's children under the age of 26 years. Children are considered under age 26 until the end of the month in which the child becomes 26 years of age. The term child or children includes:
 - 1) Children physically placed with the employee for adoption or whom the employee or the employee's living, covered spouse has legally adopted.
 - 2) Children living with the employee for whom the employee or the employee's living, covered spouse has been appointed legal guardian by court order.
 - 3) The employee's grandchildren or those of the employee's living, covered spouse if:
 - a) Be the natural child of the Subscriber's Dependent child, a child placed with the Subscriber's Dependent child for adoption, a legally adopted child by the Subscriber's Dependent child, a child for whom the Subscriber's Dependent child has legal guardianship, a stepchild of the Subscriber's Dependent child, or foster child of the Subscriber's Dependent child. These same definitions apply to dependents of the Dependent child(ren) of the Subscriber's living, covered Spouse; and
 - b) The Subscriber's Dependent child must be a Covered Dependent under this Certificate of Coverage for the dependent of the Dependent child to be eligible; and
 - c) The Subscriber's Dependent child must be chiefly dependent on the Subscriber for support as determined by N.D.C.C. §26.1-36-22 (3)(4).

- 4) Children for whom the employee or the employee's living, covered spouse are required by court order to provide health benefits.
- 5) Children beyond the age of 26 who are incapable of self-sustaining employment by reason of a disabling condition and chiefly dependent upon the Certificate holder/Subscriber for support and maintenance. If the Plan so requests, the Subscriber must provide proof of the child's disability within *thirty-one* (31) days of the Plan's request. Such a request may be no more than annually following the two year period of the disabled dependent child's attainment of the limiting age [N.D.C.C. § 26.1-36-22 (4)]. If a person has a disabled dependent that is over the limiting age but was never previously covered by the Plan, they are eligible for coverage if the disability occurred prior to reaching the limiting age of 26. If for any reason, Subscriber drops coverage for a disabled dependent prior to age 26, then wishes to cover the child again, coverage must be added prior to the child turning age 26. If the disabled child has reached age 26, the child must be continuously covered under the Plan in order to maintain eligibility.

II. ADMINISTRATION

NDPERS administers the EAP. The NDPERS EAP is an agency-based program with each individual agency choosing an EAP vendor. NDPERS does all agency billing and Vendor payments. Enrollment, orientation, services, and reporting is the responsibility of the vendor. Individual agency reports are supplied on at least an annual basis. Overall reporting on utilization shall be reported back to NDPERS on an annual basis. Reporting shall include but not be limited to cases, services, treatments, referrals, and management training.

III. EAP PROGRAM FORMAT, SOLICITATION PROCESS, AND TIME FRAMES

NDPERS has adopted a methodology for providing EAP services that is called an "Agency Based Approach." Pursuant to this method, each agency is the focal point for the decision on which EAP vendor would be the most appropriate for their employees. To implement this approach, the NDPERS Board establishes a list of qualified vendors based upon this bid process and a renewal procedure for existing Vendors. EAP vendors that are able to successfully meet the minimum requirements are placed on a list of qualified vendors. Each agency is offered the list and allowed to select one vendor from that list to provide services to that agency's employee base. An agency may select multiple vendors for geographical reasons.

In recognition of the above, this solicitation process involves two steps. First, each new vendor must complete this RFP and be approved by the NDPERS Board. The approved vendors will be placed upon a list of qualified vendors that will be sent to each agency. Information on the vendor's EAP and pricing will be included with the list of agencies. Second, each agency will review the list of qualified vendors and select a vendor to provide services to that agency for the upcoming biennium. NDPERS will then finalize a contract with each of the selected vendors for services. The initial selection by NDPERS to place a vendor on the list of qualified vendors does not guarantee the vendor will be selected by any of the agencies. If not selected by any agency, the vendor

will not have a contract with NDPERS for services.

The estimated time frames for this solicitation and agency selection process are as follows:

Date	Activity
February 3, 2025	NDPERS will issue RFP
February 28, 2025	Proposals are due
April 2025	NDPERS Board will select vendors
May 2025	List of vendor information will be given to agencies
May 30, 2025	Agencies vendor selection due
No later than June 6, 2025	Vendors will be notified of any agency changes
July 1, 2025	Effective date of EAP contract

IV. SCOPE OF WORK

NDPERS is seeking a vendor(s) to provide the following services:

A. Member Orientation

- 1) The vendor shall conduct the member orientation for state employees in the EAP. This effort will consist of the following activities:
 - a) Prepare and print appropriate informational material for distribution to all employers.
 - b) Conduct all presentations in a courteous, prudent, and professional manner without any pressure or harassment. The emphasis of all presentations and informational material shall be placed upon a factual representation of the features of the EAP.
 - c) Attend and present information at the NDPERS virtual Employer Conference upon request per the guidelines provided by NDPERS.
 - d) Participate in NDPERS or agency wellness and benefit fairs or meetings upon request.
- 2) If the EAP vendor selected by the agency is not the vendor that provided services during the 2023-2025 biennium, the EAP vendor

must:

- a) Distribute informational material to all agency employees advising them of the change in vendors and supplying appropriate reference material.
- b) If requested by the employer, hold an informational meeting for agency employees.

B. Minimum Services

- 1) Confidential, voluntary, short-term assessment, and counseling sessions for employees and families experiencing life problems of any kind. The EAP will provide counseling for problems related, but not limited to: stress, addiction, family, work, grief, tobacco, alcohol and drugs, marriage and divorce, depression, parent-child relationships, child/spouse abuse, aging, eating disorders, finances, school, gambling, suicide, and mental health. Proper referrals will be made if more extensive or further counseling is needed and the number of personal counseling sessions is exhausted.
- 2) Intervention, assessment, referral, and ongoing consultation with supervisors or employees regarding problems in the workplace.
- 3) Consultation and case management regarding challenging workplace problems, such as harassment, conflict resolution, violence, critical incidents, work performance, and change.
- 4) Educational programs, including training of State supervisory personnel on the use of EAP services and employee seminars.
- 5) Administrative services, including employee communications.
- 6) The table in Section VII - 9 shows the minimum requirements for selected features of the EAP.
- 7) All services proposed as part of the EAP must be available within the proposed geographic area.
- 8) Before March 1 of each year, the vendor will provide NDPERS an aggregate report of services provided to NDPERS members for the previous calendar year and the results of a member satisfaction survey.

C. Consulting

The vendor will be expected to serve as a consultant for the EAP to the agency and to the NDPERS Board, Executive Director, and NDPERS staff. In this capacity, the vendor may be expected to attend meetings to present findings and

recommendations as required. The NDPERS Board meets on a monthly basis. The vendor must provide the following:

- 1) Information on proposed state and federal laws affecting the EAP.
- 2) General assistance to NDPERS regarding the administration of the EAP.
- 3) Advice in determining the eligibility and services of the EAP.
- 4) The effect of changes in law or administrative interpretations on the operations of the EAP.

V. NDPERS ACTIVITIES

NDPERS will assist the vendor in the following:

- 1) Notify the vendor of any new agencies.
- 2) Include information on the EAP in our NDPERS newsletters.
- 3) Assist the vendor with establishing contacts with each of the agencies. The payroll/personnel staff of these agencies will set up meetings with their employees.
- 4) Assign an individual to act as the project leader and be the primary contact within each agency.

VI. FEES

NDPERS receives its funding for this program from the covered state agencies.

NDPERS is requesting each vendor bid this project on a fixed fee per active employee per month basis for enrollments (any changes beyond the fixed fee will not be allowed).

NDPERS will make payment to the vendor by multiplying the total monthly per employee fee by the number of employees in the agencies that chose the Vendor to contract for services. NDPERS will provide each vendor with details of each monthly premium payment electronically in the HIPAA 820 file format.

Bids exceeding \$1.54 per contract (employee) per month will not meet the minimum qualification and will be disqualified from further consideration. **Price per contract must be evenly divisible by two.**

VII. INFORMATION REQUESTS

The proposal must contain, in a separate section, your organization's responses to the following requested information:

- 1) Provide a brief description of the size, structure, and services provided by your organization, with special emphasis on past experience as an EAP vendor.
- 2) Provide, in detail, your understanding of the services NDPERS is requesting; specifically addressing the scope of work in Section IV, timeframes for delivery, and how you intend to staff the project.

3) The vendor should provide the following information:

- An organizational chart of the company which identifies its principal officers and staff members.
- The qualifications of the vendor's staff members who will be associated with the contract (i.e., education levels and experience with EAP plans). Identify the relationship of staff to the vendor or project manager (i.e., full-time employee, part-time employee, etc.).
- The day-to-day contact or project manager of the vendor's organization and the qualifications and authority of any such persons.
- Describe the quality assurance guidelines or ongoing monitoring system you have in place for evaluating professional staff. Who is responsible for assuring high standards of care?
- Locations the vendor currently maintains or plans to maintain. Offices and staff located in and outside of North Dakota. Any subcontractors for EAP services. Please explain.
- Please explain how you will provide services in areas you do not have an office.

4) If some staff is not yet hired or there are plans for expansion, the vendor should provide detailed descriptions.

5) Experience and reliability of the vendor's organization is considered in the evaluation process. Therefore, the vendor is advised to submit any information, which documents successful and reliable experience in past performances; especially those performances related to the requirements of this RFP.

6) The vendor **MUST** specify the principal business of the vendor and when the vendor began working in this area.

7) Please discuss your capabilities to provide referral and evaluation services under the Omnibus Transportation Employee Testing Act of 1991. However, these services are not being requested as part of the EAP.

8) Bidders must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this request for proposals. The list submitted should indicate the name of the entity, the relationship, and a discussion on the conflict.

9) Complete the following table and questions with information on your proposed EAP. The vendor shall show where their proposed services meet or exceed the minimum requirements in the following table.

EAP Features	Minimum	Vendor
EAP Established	1 year	
Number of Annual Sessions Per Individual	6	
Number of Annual Sessions Per Incident	6 (Full Individual Minimum)	
Coverage	Employee and Dependents	
Staffing	Licensed Social Workers	
Appointment Timing	Within 72 hours	
Emergency Appointments	Within 24 hours	
Weekend/Holiday Appointments	Emergency	
1-800 number	Minimum one line	
Phone Counseling	Minimum one staffed line	
24 hour Crisis 'Hot' Line Staffing	Minimum one staffed line by LSW	
On-site Employee Orientation	1 per year (Smaller groups may be combined)	
On-site Seminars	None, except as noted in IV, A, 1, c & d	
Off-site Seminars	None, except as noted in IV, A, 1, c & d	
Management Training	Minimum Requirements: Stress, Conflict, Crisis, Change Management	
Management Consulting	Available to all supervisory/management staff	
Additional/Specialty Services Available	@ Additional Cost	
Employee Newsletters Supervisory Newsletters Internal Marketing Material (i.e., payroll stuffers, posters, etc.)	Quarterly Biannually As needed	
Agency/NDPERS Reporting - Utilization	Aggregate annual report on utilization to NDPERS	
Agency/NDPERS Reporting - Survey	Aggregate annual report on member satisfaction to NDPERS	
Price	\$1.54 Maximum	
OTHER UNIQUE FEATURES		

Questions:

1. Indicate how long your organization has been in the EAP market.
2. Specify how long your organization has been in existence and whether it is a division of a parent company. Does it have an affiliation with other business entities? If so, explain the nature of these affiliations. Is it privately or publicly held?
3. Has your organization been through recent reorganization or name changes? If yes, briefly describe the nature of the reorganization and list past names of your organization.
4. Provide a summary of any and all claims, pending litigation, and judgements that have been entered against your organization in the past five years that are directly related to its provision of an EAP.
5. For cases in which a plan member requires additional services beyond those available through the EAP, which are not covered by the State health plan, how do you recommend handling referrals so that members do not get the mistaken impression that these services are covered?
6. How are emergency and crisis situations handled? How do you recommend your organization be contacted in the case of emergency admissions? What is your response time?
7. For short-term counseling within the EAP, what number of sessions per individual do you recommend and why? Is this number a total per individual per year or per problem incident? Do you recommend a different number of sessions based upon incident treatment? Explain your answers.
8. Typically, what percent of cases do you resolve within the EAP through short-term counseling and what percent are referred outside the EAP?
9. If treatment outside the EAP is recommended, typically how many visits are made to an EAP counselor before outside referral is made?
10. Describe the range of counseling services available which you recommend be provided within the EAP. Will all services be offered to employees at all your locations?
11. Describe educational courses you would propose for supervisors on use of an EAP and other employee educational programs. Indicate frequency, topics, and specify associated costs.
12. Describe educational courses or awareness campaigns specific to wellness-related topics.
13. Describe educational courses or awareness campaigns specific to the topics of depression, mental health, and suicide for both supervisors and employees.

14. Describe the nature and scope of employee communications that are provided as part of your fee. Include a sample of all communication material you customarily prepare.
15. Are you able to customize written materials and communications? Is there an additional cost associated with customization?
16. Under the plan of benefits you indicate a certain number of sessions are available to each member. Please define what constitutes a session (i.e., duration or time).
17. Concerning the management training and consulting services that are part of the services proposed, please define the depth, scope and range of these services (number of sessions, hours of management consulting, etc.).
18. What services does your EAP provide relating to maintaining a drug free workplace and employee testing? To what extent are these services part of your proposal and, to the extent they are not, what is the cost for those additional services?
19. What services (virtual and/or in-person) do you provide for employers and employees?
20. Do you have a licensed addiction counselor or substance abuse counselor on staff or available through your network?

VIII. SUBMISSION OF PROPOSAL

- A. Proposals should be prepared in a straightforward manner to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content. Costs for developing proposals are entirely the responsibility of the Vendor and shall not be chargeable to NDPERS.
- B. The bidder shall sign the proposal. The signer must be a partner or principal of the firm. An unsigned proposal will be rejected.
- C. Address or deliver the RFP to:

Katheryne Korom
North Dakota Public Employees Retirement System
1600 East Century Avenue, Suite 2
PO Box 1657
Bismarck, ND 58502-1657
(701) 328-3900

- D. Six (6) copies of the proposal must be received at the above listed location by: **5:00 p.m. Central Time, on February 28, 2025.** The package the proposal is delivered in must be plainly marked "**PROPOSAL TO PROVIDE EAP SERVICES.**" In addition to the six (6) physical copies, submit an electronic copy of the proposal. The electronic copy of the proposal can be sent by email to: katherynekorum@nd.gov and must be received by **5:00 p.m. Central Time, on February 28, 2025.** A proposal shall be considered late and will be rejected if

either the physical copies or the electronic copy are received at any time after the exact time specified for return of proposals.

- E. The policy of the NDPERS Board is to solicit proposals with bona fide intent to award a contract. This policy will not affect the right of the NDPERS Board to reject any or all proposals.
- F. The NDPERS Board may request representatives of your organization appear before them for interviewing purposes. Travel expenses and related costs will be the responsibility of the organization being interviewed.
- G. The NDPERS Board will award the contracts for service no later than June 2025.
- H. In evaluating the proposals, price will not be the sole factor. The NDPERS Board may consider any factors it deems necessary and proper for best value, including but not limited to: price, quality of service, response to this request, experience, staffing, and general reputation.
- I. The vendor must sign the attached Contract, including the business associate agreement. The signed Contract and business associate agreement must be submitted with the proposal. If the NDPERS Board accepts the proposal, the Contract and business associate agreement will be signed and a copy will be returned.
- J. NDPERS reserves the right to make the decision exclusively based on whatever criteria the Board deems appropriate.

Appendix A – CONTRACT

CONTRACT FOR SERVICES BETWEEN (*Insert Name of Contractor*) AND NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

1. PARTIES

The parties to this contract (Contract) are the state of North Dakota, acting through its *North Dakota Public Employees Retirement System* (STATE), and [*Insert Name of Business a type of business*] having its principal place of business at [*Insert principal Business Address*] (CONTRACTOR);

2. SCOPE OF WORK

CONTRACTOR, in exchange for the compensation paid by STATE under this Contract, shall provide a public health and medical preparedness and response program information system to replace several current systems to create one application as referenced in Exhibit A – SOW.

3. COMPENSATION – PAYMENTS

a. Contractual Amount

STATE shall pay for the accepted services provided by CONTRACTOR under this Contract an amount not to exceed [Amount] (Contractual Amount).

The Contractual Amount is firm for the duration of this Contract and constitutes the entire compensation due CONTRACTOR for performance of its obligations under this Contract regardless of the difficulty, materials or equipment required, including fees, licenses, overhead, profit and all other direct and indirect costs incurred by CONTRACTOR, except as provided by an amendment to this Contract.

b. Payment

- 1) Payment made in accordance with this Compensation section shall constitute payment in full for the services and work performed and the deliverables and work(s) provided under this Contract and CONTRACTOR shall not receive any additional compensation hereunder.
- 2) STATE shall make payment under this Contract within forty-five (45) calendar days after receipt of a correct invoice.
- 3) Payment of an invoice by STATE will not prejudice STATE's right to object to or question that or any other invoice or matter in relation thereto. CONTRACTOR's invoice will be subject to reduction for amounts included in any invoice or payment made which are determined by STATE, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute allowable costs. At STATE's sole discretion, all payments shall be subject to reduction for amounts equal to prior overpayments to CONTRACTOR.

- 4) For any amounts that are or will become due and payable to STATE by CONTRACTOR, STATE reserves the right to deduct the amount owed from payments that are or will become due and payable to CONTRACTOR under this Contract.

c. Travel

CONTRACTOR acknowledges travel costs are covered by the Contractual Amount and shall not invoice STATE for travel costs.

d. Prepayment

STATE will not make any advance payments before performance or delivery by CONTRACTOR under this Contract.

e. Payment of Taxes by STATE

STATE is not responsible for and will not pay local, state, or federal taxes. STATE sales tax exemption number is E-2001. STATE will furnish certificates of exemption upon request by the CONTRACTOR.

f. Taxpayer ID

CONTRACTOR'S federal employer ID number is: *[Insert FEIN]*.

4. TERM OF CONTRACT

This Contract term (Term) begins on *July 1, 2025* and ends on *June 30, 2027*.

a. No Automatic Renewal

This Contract will not automatically renew.

5. TIME IS OF THE ESSENCE

CONTRACTOR hereby acknowledges that time is of the essence for performance under this Contract unless otherwise agreed to in writing by the Parties.

6. TERMINATION

a. Termination by Mutual Agreement

This Contract may be terminated by mutual consent of both Parties executed in writing.

b. Early Termination in the Public Interest

STATE is entering this Contract for the purpose of carrying out the public policy of the State of North Dakota, as determined by its Governor, Legislative Assembly, Agencies and Courts. If this Contract ceases to further the public policy of the State of North Dakota, STATE, in its sole discretion, by written notice to CONTRACTOR, may terminate this Contract in whole or in part.

c. Termination for Lack of Funding or Authority

STATE by written notice to CONTRACTOR, may terminate the whole or any part of this Contract under any of the following conditions:

- 1) If funding from federal, state, or other sources is not obtained or continued at levels sufficient to allow for purchase of the services or goods in the indicated quantities or term.
- 2) If federal or state laws or rules are modified or interpreted in a way that the services or goods are no longer allowable or appropriate for purchase under this Contract or are no longer eligible for the funding proposed for payments authorized by this Contract.
- 3) If any license, permit, or certificate required by law or rule, or by the terms of this Contract, is for any reason denied, revoked, suspended, or not renewed.

Termination of this Contract under this subsection is without prejudice to any obligations or liabilities of either Party already accrued prior to termination.

d. Termination for Cause.

STATE may terminate this Contract effective upon delivery of written notice to CONTRACTOR, or any later date stated in the notice:

- 1) If CONTRACTOR fails to provide services or goods required by this Contract within the time specified or any extension agreed to in writing by STATE; **or**
- 2) If CONTRACTOR fails to perform any of the other provisions of this Contract, or so fails to pursue the work as to endanger performance of this Contract in accordance with its terms.

The rights and remedies of STATE provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

7. FORCE MAJEURE

Neither Party shall be held responsible for delay or default caused by fire, riot, terrorism, pandemic (excluding COVID-19), acts of God, or war if the event was not foreseeable through the exercise of reasonable diligence by the affected Party, the event is beyond the Party's reasonable control, and the affected Party gives notice to the other Party promptly upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default. If CONTRACTOR is the

affected Party and does not resume performance within fifteen (15) days or another period agreed between the Parties, then STATE may seek all available remedies, up to and including termination of this Contract pursuant to its Termination Section, and STATE shall be entitled to a pro-rata refund of any amounts paid for which the full value has not been realized, including amounts paid toward software subscriptions, maintenance, or licenses.

8. INDEMNIFICATION

CONTRACTOR agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by CONTRACTOR to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08. CONTRACTOR also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against CONTRACTOR in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this Contract.

9. INSURANCE

CONTRACTOR shall secure and keep in force during the term of this Contract and CONTRACTOR shall require all subcontractors, prior to commencement of a contract between Contractor and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$2,000,000 per occurrence.
- 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$500,000 per person and \$2,000,000 per occurrence.
- 3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
- 4) Employer's liability or "stop gap" insurance of not less than \$2,000,000 as an endorsement on the workers compensation or commercial general liability insurance.
- 5) Professional errors and omissions with minimum limits of \$1,000,000 per claim and in the aggregate, CONTRACTOR shall continuously maintain such coverage during the contract period and for three years thereafter. In the event of a change or cancellation of coverage, CONTRACTOR shall purchase an extended reporting period to meet the time periods required in this section.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the CONTRACTOR. The amount of any deductible or self-retention is subject to approval by the STATE.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the STATE. The policies shall be in form and terms approved by the STATE.
- 3) The duty to defend, indemnify, and hold harmless the STATE under this Contract shall not be limited by the insurance required in this Contract.
- 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The STATE shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this CONTRACT or by the contractual indemnity obligations of the CONTRACTOR.
- 5) A "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the STATE.
- 6) The CONTRACTOR shall furnish a certificate of insurance to the undersigned STATE representative prior to commencement of this Contract. All endorsements shall be provided as soon as practicable.
- 7) Failure to provide insurance as required in this Contract is a material breach of contract entitling the STATE to terminate this Contract immediately.
- 8) CONTRACTOR shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements. CONTRACTOR shall provide on an ongoing basis, current certificates of insurance during the term of the contract. A renewal certificate will be provided 10 days prior to coverage expiration.

10. WORKS FOR HIRE

CONTRACTOR acknowledges that all work(s) under this Contract is "work(s) for hire" within the meaning of the United States Copyright Act (Title 17 United States Code) and hereby assigns to STATE all rights and interests CONTRACTOR may have in the work(s) it prepares under this Contract, including any right to derivative use of the work(s). All software and related materials developed by CONTRACTOR in performance of this Contract for STATE shall be the sole property of STATE, and CONTRACTOR hereby assigns and transfers all its right, title, and interest therein to STATE. CONTRACTOR shall execute all necessary documents to enable STATE to protect STATE's intellectual property rights under this section.

11. WORK PRODUCT

All work product, equipment or materials created for STATE or purchased by STATE under this Contract belong to STATE and must be immediately delivered to STATE at STATE's request upon termination of this Contract.

12. NOTICE

All notices or other communications required under this Contract must be given by registered or

certified mail and are complete on the date postmarked when addressed to the Parties at the following addresses:

STATE	CONTRACTOR
Name: Mike Seminary	Name [Insert Name]
Title: Board Chairman	Title [Insert Title]
Address: 1600 East Century Ave, Suite 2 PO Box 1657	Address [Insert Address]
City, State, Zip: Bismarck, ND 58502-1657	City, State, Zip [Insert City, State, Zip]

Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

13. CONFIDENTIALITY

CONTRACTOR shall not use or disclose any information it receives from STATE under this Contract that STATE has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Contract or as authorized in advance by STATE. STATE shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that STATE determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota public records law, [N.D.C.C. ch. 44-04](#). The duty of STATE and CONTRACTOR to maintain confidentiality of information under this section continues beyond the Term of this Contract.

Information CONTRACTOR receives from STATE or Participants under this Contract may be subject to Health Insurance Portability and Accountability Act (HIPAA), 45 C.F.R. Part 160 and Subparts A, C, and E of Part 164. To that extent, CONTRACTOR is required to execute a Business Association Agreement, attached herewith and incorporated as Exhibit B.

14. COMPLIANCE WITH PUBLIC RECORDS LAWS

Under the North Dakota public records law and subject to the Confidentiality clause of this Contract, certain records may be open to the public upon request.

Public records may include: (a) records STATE receives from CONTRACTOR under this Contract, (b) records obtained by either Party under this Contract, and (c) records generated by either Party under this Contract.

CONTRACTOR agrees to contact STATE immediately upon receiving a request for information under the public records law and to comply with STATE's instructions on how to respond to such request.

15. INDEPENDENT ENTITY

CONTRACTOR is an independent entity under this Contract and is not a STATE employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the

North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR's activities and responsibilities under this Contract, except to the extent specified in this Contract.

16. ASSIGNMENT AND SUBCONTRACTS

CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE's express written consent, provided, however, that CONTRACTOR may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Contract, whether by merger, reorganization, operation of law, or otherwise. Should Assignee be a business or entity with whom STATE is prohibited from conducting business, STATE shall have the right to terminate in accordance with the Termination for Cause section of this Contract.

CONTRACTOR may enter subcontracts provided that any subcontract acknowledges the binding nature of this Contract and incorporates this Contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor with whom CONTRACTOR contracts. CONTRACTOR does not have authority to contract for or incur obligations on behalf of STATE.

17. SPOILIATION – PRESERVATION OF EVIDENCE

CONTRACTOR shall promptly notify STATE of all potential claims that arise or result from this Contract. CONTRACTOR shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to STATE the opportunity to review and inspect such evidence, including the scene of an accident.

18. MERGER AND MODIFICATION, CONFLICT IN DOCUMENTS

This Contract, including the following documents, constitutes the entire agreement between the Parties. There are no understandings, agreements, or representations, oral or written, not specified within this Contract. This Contract may not be modified, supplemented, or amended, in any manner, except by written agreement signed by both Parties.

Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the documents making up this Contract, the documents must control in this order of precedence:

- a. The terms of this Contract, including all attachments and exhibits, as may be amended;
- b. STATE's Request for Proposal ("RFP") number 192.02-03-25,
- c. CONTRACTOR's proposal in response to RFP number 192.02-03-25.
- d. All automated end-user agreements (e.g., click-through, shrink-wrap, or browse-wrap) are specifically excluded and null and void. Clicking shall not represent acknowledgement or agreement to any terms or conditions contained in those agreements.

19. SEVERABILITY

If any term of this Contract is declared to be illegal or unenforceable by a court having competent jurisdiction, the validity of the remaining terms is unaffected and, if possible, the rights and obligations of the Parties are to be construed and enforced as if this Contract did not contain that term.

20. APPLICABLE LAW AND VENUE

This Contract is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each Party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.

21. ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

By entering this Contract, STATE does not agree to binding arbitration, mediation, or any other form of mandatory Alternative Dispute Resolution. The Parties may enforce the rights and remedies in judicial proceedings. STATE does not waive any right to a jury trial.

22. ATTORNEY FEES

In the event a lawsuit is instituted by STATE to obtain performance due under this Contract, and STATE is the prevailing Party, CONTRACTOR shall, except when prohibited by N.D.C.C. § 28-26-04, pay STATE's reasonable attorney fees and costs in connection with the lawsuit.

23. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

CONTRACTOR agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. (*See* N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.)

CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums.

CONTRACTOR shall have and keep current and in good standing all licenses and permits required by law during the Term of this Contract all licenses and permits required by law.

CONTRACTOR's failure to comply with this section may be deemed a material breach by CONTRACTOR entitling STATE to terminate in accordance with the Termination for Cause section of this Contract.

24. STATE AUDIT

Pursuant to N.D.C.C. § 54-10-19, all records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this Contract are subject to examination by

the North Dakota State Auditor, the Auditor’s designee, or Federal auditors, if required. CONTRACTOR shall maintain these records for at least three (3) years following completion of this Contract and be able to provide them upon reasonable notice. STATE, State Auditor, or Auditor’s designee shall provide reasonable notice to CONTRACTOR prior to conducting examination.

25. COUNTERPARTS

This Contract may be executed in multiple, identical counterparts, each of which is to be deemed an original, and all of which taken together shall constitute one and the same contract.

26. EFFECTIVENESS OF CONTRACT

This Contract is not effective until fully executed by both Parties. If no start date is specified in the Term of Contract, the most recent date of the signatures of the Parties shall be deemed the Effective Date.

CONTRACTOR	STATE OF NORTH DAKOTA
<i>[insert business]</i>	Acting through its NDPERS
BY: <i>[Signature]</i>	BY: <i>[Board Chairman Signature]</i>
<i>[Printed Name]</i>	Mike Seminary
<i>[Title]</i>	NDPERS Board Chairman
Date:	Date:

EXHIBIT A- Scope of Work

A. Member Orientation

- 1) The vendor shall conduct the member orientation for state employees in the EAP. This effort will consist of the following activities:
 - a) Prepare and print appropriate informational material for distribution to all employers.
 - b) Conduct all presentations in a courteous, prudent, and professional manner without any pressure or harassment. The emphasis of all presentations and informational material shall be placed upon a factual representation of the features of the EAP.
 - c) Attend and present information at the NDPERS virtual Employer Conference upon request per the guidelines provided by NDPERS.
 - d) Participate in NDPERS or agency wellness and benefit fairs or meetings upon request.
- 2) If the EAP vendor selected by the agency is not the vendor that provided services during the 2023-2025 biennium, the EAP vendor must:
 - a) Distribute informational material to all agency employees advising them of the change in vendors and supplying appropriate reference material.
 - b) If requested by the employer, hold an informational meeting for agency employees.

B. Minimum Services

- 1) Confidential, voluntary, short-term assessment, and counseling sessions for employees and families experiencing life problems of any kind. The EAP will provide counseling for problems related, but not limited to: stress, addiction, family, work, grief, tobacco, alcohol and drugs, marriage and divorce, depression, parent-child relationships, child/spouse abuse, aging, eating disorders, finances, school, gambling, suicide, and mental health. Proper referrals will be made if more extensive or further counseling is needed and the number of personal counseling sessions is exhausted.
- 2) Intervention, assessment, referral, and ongoing consultation with supervisors or employees regarding problems in the workplace.
- 3) Consultation and case management regarding challenging workplace problems, such as harassment, conflict resolution, violence, critical incidents, work performance, and change.

- 4) Educational programs, including training of State supervisory personnel on the use of EAP services and employee seminars.
- 5) Administrative services, including employee communications.
- 6) The table in Section VII - 9 shows the minimum requirements for selected features of the EAP.
- 7) All services proposed as part of the EAP must be available within the proposed geographic area.
- 8) Before March 1 of each year, the vendor will provide NDPERS an aggregate report of services provided to NDPERS members for the previous calendar year and the results of a member satisfaction survey.

C. Consulting

The vendor will be expected to serve as a consultant for the EAP to the agency and to the NDPERS Board, Executive Director, and NDPERS staff. In this capacity, the vendor may be expected to attend meetings to present findings and recommendations as required. The NDPERS Board meets on a monthly basis. The vendor must provide the following:

- 1) Information on proposed state and federal laws affecting the EAP.
- 2) General assistance to NDPERS regarding the administration of the EAP.
- 3) Advice in determining the eligibility and services of the EAP.
- 4) The effect of changes in law or administrative interpretations on the operations of the EAP.

Exhibit B - Business Associate Agreement

This Business Associate Agreement is entered into by and between, the North Dakota Public Employees Retirement System (“NDPERS”) and the **[ENTER BUSINESS ASSOCIATE NAME, ADDRESS OF ASSOCIATE]**, each individually a “Party” and collectively the “Parties.” This Agreement is hereby incorporated into the underlying Contract, **CONTRACT FOR SERVICES BETWEEN (*Insert Name of Contractor*) AND NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**, between the parties dated **[insert date of original contract]** (hereinafter both the Agreement and underlying Contract shall collectively be referred to as the “Agreement”).

DEFINITIONS

Terms used, but not otherwise defined, in this Agreement have the same meaning as those terms in the HIPAA Rules.

Catch-all definitions:

The following terms used in this Agreement shall have the same meaning as those terms in the

HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

Specific definitions:

- a. Business Associate. “Business Associate” shall generally have the same meaning as the term “business associate” at 45 CFR § 160.103, and in reference to the party to this Agreement, shall mean [Insert Name of Business Associate].
- b. Covered Entity. “Covered Entity” shall generally have the same meaning as the term “covered entity” at 45 CFR § 160.103, and in reference to the party to this Agreement, shall mean NDPERS.
- c. Electronic Protected Health Information. “Electronic Protected Health Information” (ePHI) shall generally have the same meaning as the term “electronic protected health information” at 45 CFR § 160.103.
- d. HIPAA Rules. “HIPAA Rules” shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.
- e. Protected Health Information. “Protected Health Information” (PHI) shall generally have the same meaning as the term “protected health information” at 45 CFR § 160.103 that Business Associate creates, receives, maintains, or transmits on behalf of Covered Entity.

OBLIGATIONS OF BUSINESS ASSOCIATE

The Business Associate agrees to:

- a. Not use or disclose PHI other than as permitted or required by this Agreement or as required by law, or as otherwise authorized in writing by Covered Entity;
- b. Use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to ePHI, to prevent use or disclosure of PHI other than as provided for by the Agreement;
- c. Not request, use, or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. § 164 if done by Covered Entity, except that Business Associate may use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of Business Associate.
- d. Not request, use, or disclose more than the minimum amount of PHI necessary to accomplish the purpose of the use, disclosure, or request in accordance with 45 C.F.R. § 164.502(b).
- e. Not share, use, or disclose PHI in any form via any medium with any individual beyond the boundaries and jurisdiction of the United States of America without express written

authorization from Covered Entity.

- f. Ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of Business Associate agree to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such PHI, in accordance with 45 CFR § 164.502(e)(1) and § 164.308(b).
- g. Within twenty (20) business days of receiving written notice from Covered Entity, make any amendments to PHI in a Designated Record Set, as directed or agreed to by Covered Entity pursuant to 45 CFR § 164.526, or take other measures as necessary to satisfy the Covered Entity's obligations under 45 CFR § 164.526.
- h. PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of Business Associate.
- i. Report to Covered Entity any use or disclosure of PHI not provided for by the Agreement of which it becomes aware, including breaches of unsecured PHI as required at 45 C.F.R. § 164.410, and any security incident of which it becomes aware;
- j. To implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that it creates, receives, maintains or transmits on behalf of the Covered Entity as required by the HIPAA Rules.
- k. To make available to the Secretary the Business Associate's internal practices, books, and records, including policies and procedures relating to the use and disclosure of PHI and ePHI received from, or created or received by Business Associate on behalf of Covered Entity, for the purpose of determining the Covered Entity's compliance with the HIPAA Rules, subject to any applicable legal privileges.
- l. Provide to Covered Entity within fifteen (15) days of a written notice from Covered Entity, information necessary to permit the Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.
- m. To provide, within ten (10) days of receiving a written request, information necessary for the Covered Entity to respond to an Individual's request for access to PHI about himself or herself under 45 C.F.R. § 164.524, in the event that PHI in the Business Associate's possession constitutes a Designated Record Set.

REPORTING OF A VIOLATION TO COVERED ENTITY BY BUSINESS ASSOCIATE

Business Associate shall report to Covered Entity's Breach Investigation Team (BIT) via email at **[INSERT EMAIL ADDRESS TO BE USED FOR NOTIFICATION]**, any use or disclosure of PHI or ePHI not provided for by this Agreement, of which it becomes aware, including breaches of unsecured PHI as required at 45 CFR § 164.410, and any Security Incident of which it becomes aware, immediately, and in no case later than ten (10) business days after the use or disclosure.

- a. Security Incident. "Security Incident" means (as defined by 45 CFR § 164.304), the

attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. For purposes of clarification of this Section, Security Incident includes use, disclosure, modification, or destruction of PHI by an employee or otherwise authorized user of its system of which Business Associate becomes aware. Business Associate shall track all Security Incidents and shall report such Security Incidents in summary fashion as may be requested by the Covered Entity.

- i. Unsuccessful Security Incidents. Business Associate and Covered Entity agree that this Agreement constitutes notice from Business Associate of such Unsuccessful Security Incidents. By way of example, Covered Entity and Business Associate consider the following to be illustrative of Unsuccessful Security Incidents when they do not result in unauthorized access, use, disclosure, modification, or destruction of PHI or interference with an information system:
 1. Pings on Business Associate's firewall;
 2. Port Scans, which are attempts to log on to a system or enter a database with an invalid password or username;
 3. Denial-of-service attacks that do not result in a server being taken off-line; and
 4. Malware (e.g., worms, viruses).
- b. Discovery of a Violation. If the use or disclosure amounts to a breach of Unsecured PHI or ePHI, Business Associate shall ensure its report is made to Covered Entity's Breach Investigation Team (BIT) via email at [insert email from above] immediately upon becoming aware of the Breach, and in no case later than ten (10) business days after discovery. The Violation shall be treated as "discovered" on the first day which the Violation is known to the Business Associate or, by exercising reasonable diligence would have been known to the Business Associate. For purposes of clarification of this Section, Business Associate must notify Covered Entity of an incident involving the acquisition, access, use, or disclosure of PHI or ePHI in a manner not permitted under 45 C.F.R. Part E within ten (10) business days after an incident even if Business Associate has not conclusively determined within that time that the incident constitutes a Breach as defined by HIPAA Rules.
- c. Investigation of Breach. Business Associate shall immediately investigate the Violation and report in writing within ten (10) business days to Covered Entity with the following information:
 - i. Each Individual whose PHI has been or is reasonably believed to have been accessed, acquired, or disclosed during the Incident;
 - ii. A description of the types of PHI that were involved in the Violation (such as full

name, social security number, date of birth, home address, account number);

- iii. A description of unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data;
 - iv. A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized;
 - v. A description of probable causes of the improper use or disclosure;
 - vi. A brief description of what Business Associate is doing to investigate the Incident, to mitigate losses, and to protect against further Violations;
 - vii. The actions Business Associate has undertaken or will undertake to mitigate any harmful effect of the occurrence; and
 - viii. A Corrective Action Plan that includes the steps Business Associate has taken or shall take to prevent future similar Violations.
- d. Breach Notification.
- i. Business Associate shall cooperate and coordinate with Covered Entity in the preparation of any reports or notices to the Individual, required to be made under the HIPAA Rules or any other Federal or State laws, rules or regulations, provided that any such reports or notices shall be subject to the prior written approval of Covered Entity.
 - ii. Covered Entity shall make the final determination whether the Breach requires notices to affected Individuals and whether the notices shall be made by Covered Entity or Business Associate.
 - iii. For any notice regarding a Breach of Unsecured PHI caused by Business Associate that Covered Entity is required to provide pursuant to 45 C.F.R. §§ 164.404 – 164.408, Business Associate shall reimburse Covered Entity for all costs associated with Covered Entity's obligation of notifying affected Individuals, the Secretary, and the media.
- e. Mitigation. Business Associate shall mitigate to the extent practicable, and at its sole expense, any harmful effects known to the Business Associate of a use, disclosure, or loss of PHI by Business Associate in violation of the requirements of this Agreement, including, without limitation, any Security Incident or Breach of Unsecured PHI. Business Associate shall reasonably cooperate with the Covered Entity's efforts to seek appropriate injunctive relief or otherwise prevent or curtail such threatened or actual Breach, or to recover its PHI, including complying with a reasonable Corrective Action Plan.

Permitted Uses and Disclosures by Business Associate

- a. General Use and Disclosure Provisions. Business Associate may only use or disclose the minimum PHI and ePHI to perform functions, activities, or services for, or on behalf of, Covered Entity, specifically, as necessary to perform the services set forth in the Agreement. Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by Covered Entity, except for the specific uses and disclosures set forth in subsection b below.
- b. Specific Use and Disclosure Provisions. Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI and ePHI:
 - a. As required by law.
 - b. To make uses, disclosures, and requests for PHI consistent with Covered Entity's minimum necessary policies and procedures.
 - c. For the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
 - d. To report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. §§ 164.304 and 164.502(j)(1).

Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of:
 - a. Any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that any such limitation may affect Business Associate's use or disclosure of PHI.
 - b. Any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that any such changes may affect Business Associate's use or disclosure of PHI.

Any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that any such restriction may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity agrees that it:
 - i. Has included, and will include, in Covered Entity's Notice of Privacy Practices required by the Privacy Rule that Covered Entity may disclose PHI for Health Care Operations purposes.
 - ii. Has obtained, and will obtain, from Individuals any consents, authorizations and other permissions necessary or required by laws applicable to Covered Entity for Business Associate and Covered Entity to fulfill their obligations under the underlying Agreement and this Agreement.
 - iii. Will promptly notify Business Associate in writing of any restrictions on the use and disclosure of PHI about Individuals that Covered Entity has agreed to that may

affect Business Associate's ability to perform its obligations under the underlying Agreement or this Agreement.

- iv. Will promptly notify Business Associate in writing of any change in, or revocation of, permission by an Individual to use or disclose PHI, if the change or revocation may affect Business Associate's ability to perform its obligations under the underlying Agreement or this Agreement.

Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Subpart E of 45 CFR Part 164 if done by Covered Entity, except that the Business Associate may use or disclose PHI and ePHI for management and administration and legal responsibilities of Business Associate.

Term and Termination

- a. Term. The Term of this Agreement shall be effective as of July 1, 2025, and shall terminate when all of the PHI and ePHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI and ePHI, protections are extended to any such information, in accordance with the termination provisions in this Section.
- b. Automatic Termination. This Agreement will automatically terminate upon the termination or expiration of the Agreement or expiration of the services provided.
- c. Termination for Cause. Business Associate agrees that if in good faith Covered Entity determines that Business Associate has materially breached any of its obligations under this Agreement, Covered Entity may:
 1. Exercise any of its rights to reports, access, and inspection under this Agreement;
 2. Require the Business Associate to cure the breach or end the violation within the time specified by Covered Entity;
 3. Terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity
 4. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
 5. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.
 6. Before exercising either (c)(2) or (c)(3), Covered Entity shall provide written notice of preliminary determination to Business Associate describing the violation and the action Covered Entity intends to take.

d. Effect of Termination

1. Upon termination, cancellation, expiration, or other conclusion of this Agreement, Business Associate shall:
 - a. Return to Covered Entity or, if return is not feasible, destroy all PHI, ePHI, and any compilation of PHI in any media or form. Business Associate agrees to ensure that this provision also applies to PHI and ePHI in possession of subcontractors and agents of Business Associate. Business Associate agrees that any original record or copy of PHI and ePHI in any media is included in and covered by this provision, as well as all originals or copies of PHI or ePHI provided to subcontractors or agents of Business Associate. Business Associate agrees to complete the return or destruction as promptly as possible, but not more than thirty (30) business days after the conclusion of this Agreement. Business Associate will provide written documentation evidencing that return or destruction of all PHI and ePHI has been completed.
 - b. If Business Associate destroys PHI and ePHI, it shall be done with the use of technology or methodology that renders the PHI or ePHI unusable, unreadable, or undecipherable to unauthorized individuals as specified by the Secretary. Acceptable methods for destroying PHI or ePHI include:
 - a. For paper, film, or other hard copy media: shredding or destroying in order that PHI cannot be read or reconstructed; and
 - b. For electronic media: clearing, purging, or destroying consistent with the standards of the National Institute of Standards and Technology (NIST).

Redaction is specifically excluded as a method of destruction of PHI and ePHI.

- c. If Business Associate believes that the return or destruction of PHI or ePHI is not feasible, Business Associate shall provide written notification of the conditions that make return or destruction not feasible. If Business Associate determines that return or destruction of PHI or ePHI is not feasible, Business Associate shall extend the protections of this Agreement to the PHI or ePHI and prohibit further uses or disclosures of the PHI and ePHI without the express written authorization of Covered Entity. Subsequent use or disclosure of any PHI and ePHI subject to this provision will be limited to the use or disclosure that makes return or destruction not feasible.

Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.
- b. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the HIPAA Rules and any other applicable laws or regulations upon the effective date of such amendment, regardless of whether this Agreement has been formally amended.
- c. Survival. The respective rights and obligations of Business Associate under Section 7(d), related to “Effect of Termination,” of this Agreement shall survive the termination of this Agreement.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity and Business Associate to comply with the HIPAA Rules.
- e. Headings. Paragraph Headings used in this Agreement are for the convenience of the Parties and shall have no legal meaning in the interpretation of this Agreement.
- f. Severability. With respect to any provision of this Agreement finally determined by a court of competent jurisdiction to be unenforceable, such court shall have jurisdiction to reform such provision so that it is enforceable to the maximum extent permitted by applicable law, and the Parties shall abide by such court's determination. In the event that any provision of this Agreement cannot be reformed, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect.
- g. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything this Agreement confer, upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
- h. Applicable Law and Venue. This Business Associate Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action commenced to enforce this Contract must be brought in the state District Court of Burleigh County, North Dakota.
- i. Contact Persons. Business Associate shall identify “key contact persons” in Attachment A for all matters relating to this Agreement and shall notify Covered Entity of any change in these key contacts during the term of this Agreement in writing within ten (10) business days.
- j. Business Associate agrees to comply with all the requirements imposed on a business associate under Title XIII of the American Recovery and Reinvestment Act of 2009, the Health Information Technology for Economic and Clinical Health (HI-TECH) Act, and, at the request of NDPERS, to agree to any reasonable modification of this Agreement

required to conform the Agreement to any Model Business Associate Agreement published by the Department of Health and Human Services.

Entire Agreement

This Agreement and the underlying Agreement contains all of the agreements and understandings between the parties with respect to the subject matter of this Agreement. No agreement or other understanding in any way modifying the terms of this Agreement will be binding unless made in writing as a modification or amendment to this Agreement and executed by both parties.

IN WITNESS OF THIS, **NDPERS** [“Covered Entity”] and **ENTER BUSINESS ASSOCIATE NAME** [“Business Associate”] agree to and intend to be legally bound by all terms and conditions set forth above and hereby execute this Agreement as of the effective date set forth above.

For Covered Entity:

For Business Associate:

Mike Seminary, Board Chairman
ND Public Employees Retirement System

Signature

Printed Name

Title

Date

Date

ATTACHMENT "A"
BUSINESS ASSOCIATE KEY CONTACT PERSONS

When applicable, Business Associate shall notify Covered Entity of any change in key contacts during the term of this Agreement in writing within ten business days.

Website URL (if applicable):	
------------------------------	--

FIRST POINT OF CONTACT	
Name:	
Title:	
Address:	
Phone Number:	
Fax Number:	
Email Address:	

SECOND POINT OF CONTACT	
Name:	
Title:	
Address:	
Phone Number:	
Fax Number:	
Email Address:	

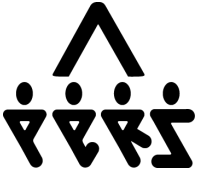
Business Associate

(Signature): _____

(Print Name): _____

(Title): _____

(Date): _____



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: December 10, 2024

SUBJECT: Sanford Health Plan Member and Provider Call Center Hours of Operation

Sanford Health Plan (SHP) has requested that NDPERS consider a change to the hours of operation for the SHP Member and Provider call centers that service the NDPERS population. The change would be effective with the new biennium effective July 1, 2025. The hours of operation are specifically part of the Administrative Services Agreement Renewal Amendment being finalized for the upcoming biennium that will be brought before the Board for approval at an upcoming meeting.

SHP has provided the attached memo outlining their request, which is to change the hours of operation from 8:00 a.m. - 5:30 p.m. Central Time to 7:30 a.m. - 5:00 p.m. Central Time. This change would align their call centers with their other lines of business and provide better support to assist with calls that need to be referred to other divisions at SHP, which operate within the proposed time window.

Staff do not have concerns with the proposed change and would recommend that the Board approve the request. If approved, staff will work with SHP to update the Administrative Services Agreement Renewal Amendment currently be prepared for Board approval at an upcoming meeting.

Representatives from SHP will be available to answer any questions you may have.

Board Action Requested:

Approve or deny Sanford Health Plan's request to change the hours of operation effective July 1, 2025 for the SHP Member and Provider call centers that service the NDPERS population.

Memo

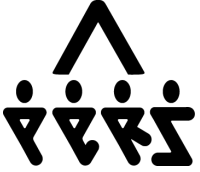
To: Rebecca Fricke
From: Kim Haug
Date: Dec 10, 2024
Re: Proposed change to SHP Service Hours eff 7/1/2025

As we begin preparations for the new biennium, Sanford Health Plan (SHP) would like to propose an update to the Member and Provider service line hours from 8:00 AM - 5:30 PM CST to 7:30 AM - 5:00 PM CST. This adjustment aims to maintain the same level of service while achieving better outcomes for our members.

By aligning the NDPERS service team operating hours with those of SHP, we can enhance first call resolutions. Most support departments, such as Utilization Management and Pharmacy, conclude their operations at 5:00 PM. Consequently, when members reach out for assistance after this time, it can lead to a negative experience if our service team is unable to provide help.

Historically, SHP has received a very low volume of calls between 5:00 - 5:30 PM, averaging less than 2 per day. In contrast, we have observed more calls in other lines of business between 7:30 - 8:00 AM, even if we normalize the data to similar membership numbers as NDPERS. Using this data, we anticipate that NDPERS members would be more likely to seek assistance during the earlier time slot compared to the later one. Therefore, this change would impact a minimal number of NDPERS members while improving member experience.

We appreciate your consideration of changing the service hours to better serve NDPERS members.



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

Rebecca Fricke
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

Memorandum

TO: NDPERS Board

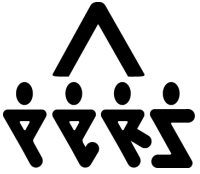
FROM: Rebecca

DATE: December 10, 2024

SUBJECT: Administrative Rules

Staff appeared before the Administrative Rules Committee on December 5 and reviewed the proposed changes. An update on the status of the proposed rules will be provided at the meeting.

This topic is informational only.



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

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Memorandum

TO: NDPERS Board

FROM: Shawna Piatz

DATE: December 10, 2024

SUBJECT: Audit Committee Memo

Attached are the approved minutes (Attachment 1) from the August 19, 2024 Audit Committee meeting. The minutes may also be viewed on the NDPERS website at www.nd.gov/ndpers.

The Committee did have one actionable item for the Board to consider relating to the agency's Final Average Salary (FAS) Review Policy, which was last approved in September 2020. This policy gives staff direction on 1) when benefits should be recalculated, 2) when wages should be reviewed and adjusted, and 3) secondary payee account review procedures. The policy also addresses when a review by audit is required.

There have been a number of personnel reporting and process enhancements that make it necessary to update this policy. A red-lined version (Attachment 2) of the updates that are being requested is attached for your review and approval. The Audit Committee reviewed the updates and recommended the amended version be brought before the Board for approval.

The next regular Audit Committee meeting is scheduled virtually and in person for February 6, 2025 at 3:00 pm.

Board Action Requested:

Review the updated Final Average Salary Review Policy for approval or recommend changes to be considered at a future meeting.



MEMORANDUM

TO: Audit Committee
Joe Morrissette
Adam Miller
Tyler Erickson
Nina Sand
Senator Dick Dever
Rebecca Fricke
Derrick Hohbein
Dean DePountis
Shannon Ennen

FROM: Shawna Piatz, Chief Audit Officer

DATE: Monday August 19, 2024

SUBJECT: **August 19, 2024 Audit Committee Meeting**

In Attendance:

Joe Morrissette
Senator Dick Dever
Adam Miller
Tyler Erickson
Nina Sand
Dean DePountis
Shawna Piatz
Shannon Ennen
Rebecca Fricke
Derrick Hohbein
Jason Ostroski (CPA UHY)

The meeting was called to order at 3:01 p.m. by Mr. Morrissette

I. Conflict of Interest Disclosure

- A. Conflict of interest disclosures concerning any of the agenda topics were considered. No conflicts of interest were disclosed.

II. Approval of prior Audit Committee Minutes

- A. The Audit Committee minutes from the prior Audit Committee meeting held on May 13, 2024 were examined. Senator Dever moved approval of the minutes. The motion was seconded by Mr. Miller. This was followed and approved by voice vote.

III. Presentations

- A. UHY FY 2024 Audit Kickoff Presentation – Jason Ostroski, CPA from UHY provided



information for the ND PERS FY 2024 financial audit. Engagement of the Scope is to audit the NDPERS financial statements, Schedules of Employer Allocations and Pension Amounts by Employer, Report on Internal Controls and Compliance and Written Communications with the Governance as of June 30, 2024.

IV. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – Information was provided of the past quarter's activity May 1, 2024 through July 31, 2024. Internal Audit spent 48.14% of their time on audit activities and 15.84% on consulting services. The remaining 36.02% of their time was spent on administrative items.
- B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the new monthly retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedural, system or compliance issues.

As of June 1, 2024, 501 of the 1,106 new retirees or \$1,782,088 of the \$3,923,039 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 97.8% for FY 2024. The fiscal year-to-date compliance/other accuracy rate is 97.41% resulting in an overall accuracy rate of 95.21% for FY 2024.

As of August 1, 2024, 73 of the 229 new retirees or \$266,806 of the \$836,764 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 100% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 95.89% resulting in an overall accuracy rate of 95.89% for FY 2025.

As of June 1, 2024, 152 of the 2,474 or \$4,924,109 of the \$20,738,144 total gross refunds issued for FY 2024 were audited. The fiscal year-to-date internal calculation accuracy rate is 95.39% for FY 2024. The fiscal year-to-date compliance/other accuracy rate is 97.37% resulting in an overall accuracy rate of 92.76% for FY 2024.

As of August 1, 2024, 35 of the 361 or \$1,206,720 of the \$3,599,545 total gross refunds issued for FY 2025 were audited. The fiscal year-to-date internal calculation accuracy rate is 97.14% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 100% resulting in an overall accuracy rate of 97.14% for FY 2025.

- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of correction made. The dollar amount and the number of errors has increased slightly over the last quarter but this is largely due to the increased availability of information obtained to be provided in this report and not due to an increase in the occurrence of over or under payments needed.

Staff is interested in using a collection service as part of a State Contract to try and



recoup some of our outstanding balances. There currently are 22 past due balances totaling \$16,565.85 that are recoverable. Preliminary estimates from the collection services have indicated any amounts recovered would require a fee ranging from 14 to 25% of the recovery. Staff would like subcommittee recommendation to our full Board to move forward with trying to collect some of these past due balances prior to hitting the six year Statute of Limitations.

Mr. Miller moved approval of ND PERS use of collection services. The motion was seconded by Senator Dever. This was followed and approved by voice vote.

- D. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of July 2024. There were 35 existing recommendation with no change or no response and 6 new recommendations added to this report. The new and outstanding issues were reviewed and discussed.

V. **Administrative**

- A. Audit Committee Charter Matrix Review - Per the Audit Committee charter, the Audit Committee is to “Confirm annually all responsibilities outlined in this charter have been carried out. Review and assess periodically the adequacy of the Committee charter, request Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.”

To meet this responsibility a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. A summary was attached of the progress made and activities completed through July 2024 for The Audit Committee’s review.

- B. Internal Audit Charter Matrix Review – In order to confirm all responsibilities outlined in the Audit Committee Charter are carried out annually, a matrix was developed to review each objective quarterly and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress and activities completed through July 2024.
- C. Underpayment Policy Update – Discussion was held related to the current De Minimis Policy, which contains direction on how overpayments and underpayments to members will be handled however does not address an overpayment of contributions by a member or the employer. This policy including recent updates was discussed and the information will be reported to the Board at the September Board meeting.
- D. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon procedures and any non-audit services provided.” To accomplish this objective, a summary of the consulting, investment and administrative fees paid as of June 30, 2024 was provided and reviewed by the Committee.

Attachment 2

Policy for Using Manual Benefit Recalculation Spreadsheet for account adjustments* - effective xx9/xx08/20240

- Required if audit finding requires account recalculation and adjustment for a member that received a **pop-up benefit after initial retirement** ~~Or~~ if an error was found through a random audit that requires adjustment to J&S and/or pop-up Single Life benefit amount. The system cannot recalculate benefit amount for member back to initial retirement effective date or pop-up date so benefit must be manually calculated. ~~Audit will secondarily review.~~
- Required if member's retirement effective date is prior to October 1, 2010. The system cannot recalculate benefit amount requiring **pre-PERSLink information**. ~~Audit will secondarily review.~~
- Required when underpayment of benefits (due to missing underpayment or random audit) occurs and **simple interest is due** to member. The system does not calculate simple interest owed to member as this is based upon NDAC 71-02-04-11. ~~Audit will verify and sign off correct interest amount to be paid member.~~
- Required when account adjustment for member is due to **audit finding**. MOU must be used to recover overpayment and if simple interest must be applied to underpayment. ~~Internal audit will secondarily review adjusting entry to ensure amount being collected or paid is accurate.~~
- Required if change in YOS or reported contributions requires **retirement effective date change** and payee account is cancelled to setup a new payee account. ~~Audit will secondarily review.~~
- Not required if member (and beneficiary) effective date of benefits began on or after October 1, 2010. With YOS or FAS change, PERSLink should be able to recalculate overpayment amount or underpayment amount when no interest is due.

**After correction or recalculation is made, Internal Audit will review more complex calculations and adjusting entries at their discretion to confirm accuracy.*

FAS Review Procedures effective – 9x/8xx/20240

1. Only salaries within the FAS (highest 36) that have a positive variance of 15% or more from the preceding month (positive or negative) are sent to the employer for review. Exceptions: salary spikes for employees that have a consistent non-monthly payroll cycle variance (i.e. biweekly/semi-monthly payroll cycles) will not need to be verified.
2. If salaries in the FAS require adjustments, the high 36 salaries initially questioned must be compared to the adjusted salaries. Secondary review of FAS is required to verify if additional salaries (not previously included in FAS) are now included in the FAS and have a positive variance of 15% or more.
3. Based upon employer response:
 - a. **If response is only to salaries in question**, any required adjustments will be sent to accounting to correct ineligible wages.
Example: 5 of 36 salaries in FAS were questioned and employer responded to these 5 salaries questioned. Counselor-BDS sends salary adjustments to accounting for correction, if needed.
 - b. **If response speaks to salaries outside of salaries questioned**, all 36 salaries in the FAS calculation will be sent to employer for review of ineligible wages.
Example: 5 of 36 salaries in FAS were questioned and employer responded stating that OT was reported for other months. Counselor-BDS sends all 36 salaries in FAS to the employer for review and accounting will correct, if needed.
4. Benefits division will provide the salary adjustment details for the specific months questioned in the following format to the accounting division:

Year	Month	Wages & Salary	Correct Wages	Adjustment	Comment
2017	2	\$3,000.00	\$2,886.00	(\$114.00)	OT, bonus to annualize, retro pay time frame, etc

5. Salary adjustments will be processed by accounting. After the adjustment, accounting staff will note the transaction in the payroll detail comments section will initial and date corrections made to member account and add required documentation to FileNet and the wage verification worksheet will be saved to

the member file. The employer will receive a refund of contributions for any removal of wages they submit and will be billed for any additional wages they are adding, plus interest.

6. **If wages outside of the FAS for an employee in question require adjustment or if other employees require adjustments:**

- a. If the error is something that is reasonably expected to be caught in our normal FAS or years of service review processes performed by the benefits division, the employer has the option to self-correct historical wages for all of its members through ESS and receive a refund of contributions, if applicable. The employer is required to correct the error in wage reporting prospectively.

Example: Employer indicates that OT was reported for the last 10 years, employer has the option to self-correct historical wages for all of its members, as NDPERS is only adjusting the wages in question that directly affect a specific member's retirement benefit calculation, and will be required to correct their reporting prospectively.

- b. If the error is something that is not reasonably expected to be caught in our normal processes, this requires additional follow up from PERS staff. Accounting will be notified of the situation and will have a query run for all active and deferred employees under the organization. Accounting will work with the employer to correct all wages that are identified with the problem and have either an active or suspended retirement plan in the system. The employer is required to correct the error in wage reporting prospectively.

Example: Employer indicates that wages have always been annualized. Because we look for salary spikes when someone retires, annualization of wages wouldn't be caught under our normal circumstances. PERS Staff will work to correct all active and deferred accounts that were associated with this organization and who have a similar error in reporting. The employer will be required to correct the error in wage reporting prospectively.

Secondary Payee Account Review Procedures effective 9x/8xx/20240

Disability to Normal

- FAS for disability benefit will not be reviewed at time retiree is converted to Normal Retirement (meets age 65 or "Rule"). Expectation is ~~that~~ because Disability FAS was verified at time of initial retirement.
- At conversion, if Normal Retirement benefit is larger, YOS will be reviewed to verify accuracy of new calculation based upon YOS.
- Verify effective date of Normal Retirement
- If Term certain benefit is elected and upon member death, Term Certain end date and Remaining MG will be reviewed for accuracy.

Return to Work

- Initial benefit for retirement will not be reviewed
- Nov 1, 2017 – March 31, 2018 - At time retiree applies for subsequent retirement, FAS and YOS will be reviewed for secondary benefit. If adjustments to FAS or YOS for subsequent retirement also affect the initial retirement benefit, both amounts will be corrected.
- Effective April 1, 2018 –NDAC for RTW was amended at this time and only YOS and FAS earned during the RTW period will be reviewed. RTW retirement will be added to the initial retirement benefit to calculate the updated retirement benefit.
- If Term certain benefit is elected and upon member death, Term Certain end date and Remaining MG will be reviewed for accuracy.

Pop-ups

- Wages and YOS for initial benefit will not be reviewed at the time a retirees' spouse passes away and retiree has a pop-up to the Single Life option. Expectation is ~~that~~ because this was verified at time of initial retirement.
- Verify pop-up is at the Single Life amount, including any early retirement or other reduction factors applicable at member's retirement and benefit factor increases that have occurred since the member's retirement.

- Verify death certificate is on file.
- Verify effective date of benefit eligibility.
- Verify updated beneficiary request has been sent if Remaining Minimum Guarantee remain.

J & S Survivor Benefits

- Wages and YOS for the initial benefit will not be reviewed at the time a retiree passes away and the existing benefit passes to the spouse. Expectation is ~~that because~~ this was verified at the time of the initial retirement.
- Verify death certificate indicates member was married and lists surviving spouse's name (maiden name), if applicable.
- Verify surviving spouse's birth certificate is on file and accurate for the setup of the new stream of benefit payments.
- Verify beneficiary information.
- Verify effective date of benefit eligibility.
- Verify J&S benefit and factors to calculate spousal benefit.

Term Certain Benefits

- Wages and YOS for initial benefit will not be reviewed at time payee passes away and the existing benefit passes to beneficiary. Expectation is ~~that because~~ this was verified at the time of the initial retirement.
- Upon member death, verify the amount due to beneficiary, the Remaining Minimum Guarantee and the Term Certain End Date, if the payee dies before the term period expires or if there is any original minimum guarantee remaining.
- Upon member death, verify updated beneficiary request has been sent to beneficiary.



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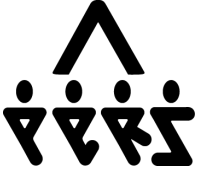
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- E. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Executive Director for the period May 1, 2024 through July 31, 2024. There were no out-of-state travel expenditures for the Board during this time. This was provided for the Audit Committee's information.

- F. CPE, Training and Webinars – A report on the training and education, including continuing professional education (CPE) webinars and seminars, Internal Audit participated in for the period May 1, 2024 through July 31, 2024 was provided to the committee for their review.

The meeting adjourned at 4:32 p.m. by Mr. Morrissette.



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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: December 10, 2024

SUBJECT: Consultant Fees for the Quarter Ended September 2024

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended September 2024.

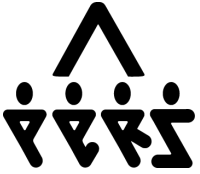
This is informational only.

Attachment

Attachment

North Dakota Public Employees Retirement System Consulting/Investment/Administrative Fees For the Quarter ended September 30, 2024

Program/Project	Fee Type	Jul-24	Aug-24	Sep-24	Fees Paid During The Quarter	Fees Paid Year-To-Date	Last Calendar Year-to-Date
<u>Actuary/Consulting Fees:</u>							
Insurance Plans:							
Deloitte	Insurance Legislative Analysis				42,525	42,525 \$	42,525 \$
Deloitte	Health & Part D Claims Projections				110,000	110,000 \$	110,000 \$
Deloitte	Insurance Consulting	14,254			14,254	15,229 \$	21,451 \$
Buck Consulting	Life/Dental/Vision RFP	5,000			5,000	35,000 \$	33,332 \$
Deferred Compensation/Defined Contribution:							
RVK	Asset Allocation & Liability Study				-	-	-
Callan & Associates	Investment Consultant Expenses	13,208			13,208	39,240 \$	38,098 \$
Callan & Associates	Record Keeper Search	49,440			49,440	49,440 \$	-
Defined Benefit:							
Gabriel Roeder Smith & Company	Retirement Actuarial Valuation		5,500	7,000	12,500	12,500 \$	44,500 \$
Gabriel Roeder Smith & Company	GASB 67/68 (Retirement) Valuation				-	19,000 \$	6,750 \$
Gabriel Roeder Smith & Company	Actuarial Factor Updates for 1040				-	5,600 \$	-
Gabriel Roeder Smith & Company	Retirement Legislation	15,225	700	6,913	22,838	45,200 \$	87,848 \$
Gabriel Roeder Smith & Company	Retirement Consulting/Actuarial Analysis	1,573	3,520	5,000	10,093	56,590 \$	13,573 \$
Mid Dakota Clinic	Retirement Disability Consultant				-	-	1,800
RHIC:							
Gabriel Roeder Smith & Company	RHIC Actuarial Valuation			2,000	2,000	2,000 \$	1,000 \$
Gabriel Roeder Smith & Company	GASB 74/75 (RHIC) Valuation				-	6,750 \$	5,000 \$
Gabriel Roeder Smith & Company	RHIC				-	-	-
<u>Audit Fees:</u>							
Clifton Larson Allen	Annual Audit Fee				-	24,348 \$	94,141 \$
UHY	Annual Audit Fee		16,300		16,300	16,300 \$	-
<u>Legal Fees:</u>							
ND Attorney General	Legal Fees on All Plans	3,455	9,806	4,927	18,188	52,974 \$	32,874 \$
Ice Miller - Federal Tax Consultant	Legal Fees on All Plans	8,853	5,981	11,169	26,003	81,776 \$	25,664 \$
<u>Investment Fees:</u>							
SIB - Investment Fees	Retirement (DB)	304,802	508,655	1,117,918	1,931,375	6,233,738 \$	10,631,984 \$
SIB - Investment Fees	Ret Health Credit	(94,816)	5,772	133,322	44,278	200,060 \$	993,129 \$
SIB - Investment Fees	Insurance	(234)	10,925	8,281	18,972	60,552 \$	118,855 \$
SIB - Investment Fees	Job Service	(64,756)	2,627	64,516	2,387	142,417 \$	560,862 \$
SIB - Administrative Fees	Retirement (DB)	223,392	58,845	61,626	343,863	798,443 \$	698,587 \$
<u>Administrative Fee:</u>							
Sanford Health Plan	Health Plan	1,270,812	1,270,907	1,276,343	3,818,061	11,415,718 \$	9,919,942 \$



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: December 10, 2024

SUBJECT: Strategic Plan

If you recall from last year's Board Planning Meeting, we do a "deep-dive" strategic planning session the fall of every odd year. However, due to changes in the board make-up and agency leadership, the planning session last time was held in January 2024. In Decembers of even years we take a look at where we are on the Strategic Plan and consider changes to the plan, including adding projects for the new third year of the plan.

Attached is the current status of the Strategic Plan. The primary focus of 2024 was implementation of HB 1040. Although the plan will be implemented in 2025, we anticipate that it will continue to be a focus for the first few years once live. In addition, the changes required due to the federal law change under Secure 2.0 as it relates to the 457 Deferred Compensation Plan, which must be effective January 1, 2026, will be a focus of the agency. Also, given the number of bills already presented during the Interim that could impact NDPERS benefits, we anticipate there may be additional changes that will need to be implemented in 2025 due to legislation. Therefore, we have added necessary RFPs to the third year and a couple of topics we must address, but nothing else.

Board Action Requested:

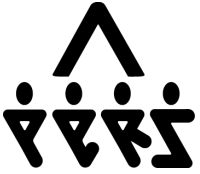
Approve the updated Strategic Plan as noted in the Attachment.

Attachment

Goal	Division(s) Involved	2024	2025	2026	2027	
Accuracy Improvement	All NDPERS Staff	In Process	X	X	X	
Procedure Manual Documentation	All NDPERS Staff	In Process	X	X	X	
Renewal/RFPs	Executive Director Benefits Research & Planning COO/CFO More staff involved and larger work effort for RFP process vs rebid.		X		X	
Vision			X		X	
RHIC						X
Medicare Part D			DONE	In Process	X	X
EAP				In Process		X
Consultant - Actuary			DONE		X	
Consultant - Health Plan				X		X
Health			DONE		X	
Dental			DONE		X	
457/DC Third Party Administrator				X		X
Flexcomp Third Party Administrator			DONE		X	
Consultant - Dental, Vision, Life				X		
Consultant - Investment		DONE		X		
Life		DONE		X		
Education Campaign						
Employers		DONE	X	X	X	
Legislators		DONE	X	X	X	
Members		DONE	X	X	X	
Succession Planning:	All NDPERS Staff					
Admin Services		In Process	X			
CFO		X	X			
CBO		X	X			
Educational Videos for Website	Communications/Benefits	In Process	X	X	X	
Correspondence Embedding	Benefits & IT	In Process	X			
Electronic Records Cleanup	Admin Services/IT	In Process	X			
Develop an Employee Handbook	Admin Services	X	X			
Comprehensive Wizards	All NDPERS Staff	In Process	X			
System Enhancement Backlog	All NDPERS Staff	In Process	X	X	X	
Workflow Redesign (BPM)	All NDPERS Staff	X	X	X	X	
Lifecycle Training Recordings	All NDPERS Staff	In Process	X	X		
OCR for Scanning Efficiencies	Admin Services/IT	X	X			
Redefining Mission Statement	All NDPERS Staff	DONE				
Death Processing Accuracy Improvement	All NDPERS Staff	In Process	X			
Board Committee Charter & Bylaws Creation	All NDPERS Staff	DONE				
DB Closure Initiative	All NDPERS Staff	In Process	X			
Secure 2.0 & Roth 457 Provisions	All NDPERS Staff	X	X			

* Will require one-time appropriation next session

** Bulk of the work done outside of NDPERS Staff



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: December 10, 2024

SUBJECT: Committee/State Investment Board Assignments

Due to changes in the Board membership, there will be vacancies on several of the Board committees and the State Investment Board assignment.

Senator Vedaa's term on the Board ended with the swearing in of new legislators as of December 1st. Senator Vedaa was serving on the Compensation and Performance Review Committee. However, this committee will not be meeting until later in 2025 and therefore, a replacement is not necessary at this time, unless the Board would like to make an appointment.

With Joe Morrissette's return to state employment, he will no longer be eligible to serve on the NDPERS Board as a Governor appointee. Mr. Morrissette serves on two committees. They are the Audit Committee, which he chairs, and the Investment Committee. He also is one of the two members serving on the State Investment Board (SIB). Given the recent announcement of the resignation of the Retirement & Investment Office's Executive Director and the upcoming recruitment for this position, the Board may wish to have full representation of the NDPERS Board by having the vacancy filled prior to the appointment of a new Governor appointed representative.

Therefore, if the Board wishes, they can name replacements to Senator Vedaa and Mr. Morrissette. The current designations are:

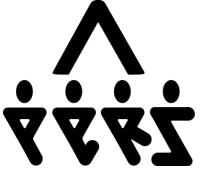
- Audit Committee (Board selects):
 - Morrissette (Chair), Dever, Erickson, Miller
- Investment Committee (Board Chair selects):
 - Miller (Chair), Erickson, Morrissette, Stemen, Volk

- Compensation & Performance Appraisal Committee (Board Chair selects):
 - Dockter (Chair), Buck, Goodhouse, Seminary, Vedaa
- Election Committee (Board selects):
 - Will be appointed in the February prior to next election per NDAC requirement
- State Investment Board (Board selects):
 - Miller, Morrissette

We will discuss the various committees/SIB at the meeting to determine if the Board wishes to make changes to the committees/SIB designation, keeping in mind that as new members are appointed to the Board, the topic will be reviewed as needed.

Board Action Requested:

Determine if changes should be made to the Board committees and State Investment Board appointment in light of current or upcoming vacancies to the Board. If determined changes should be made, provide direction on appointments to each committee and/or the State Investment Board.



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: December 10, 2024

SUBJECT: Operating Guidelines

Attached is the current NDPERS Operating Guidelines document, which separates the Board's responsibilities from Staff responsibilities. This Guideline was last approved by the Board in November 2020. Annually, staff provide the document to the Board to ensure the Board is still comfortable with the segregation of duties as outlined within the policy.

This item is informational and does not require action of the Board.

Attachment

NDPERS Operating Guidelines

GENERAL

	Board	Executive Director
Rules	Must approve all rules	Proposes, drafts and implements
Benefit Structure	Must approve all program design features not set by statute	Proposes and drafts changes; implements
Legislation	Must approve NDPERS sponsored bills. Provide direction on non-NDPERS sponsored bills	Proposes; drafts and represents Board's position
Plan Documents	Must approve 457 and 401(a) plan documents, and the flex plan document.	Proposes; drafts, and implements
Summary Plan Descriptions/COI	Approve health insurance COI	Receive and review from carrier for all insurance plans
Member Booklets, Newsletters, Retirement Handbook and Other Member Material		Draft, Approve, Update

FINANCE

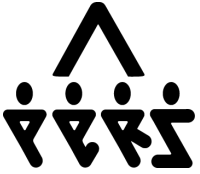
	Board	Executive Director
Emergency Commission (i.e. line item transfers or transfers from contingency)	Approves	Proposes
Budget Preparation and Submittal to OMB	Approves	Proposes and represents agency before Legislature and OMB
Budgeted Expenses		Approves as long as expenses do not exceed the approved budget. Must report the status of the budget semi-annually at the Board meeting. Director must assure the rate of expenditures for salaries and operating is consistent with Section 54-27-10 NDCC. Arrangements for office space must be reviewed by the Board before committing the Agency.
Consulting Service Contracts		
• On Budget		Approves (i.e. temp services, EAP, Printing, Etc.)
• Off Budget	Approves all contracts over \$10,000. Contract process will follow NDPERS Contract Procurement Policy.	Approves if under \$10,000; must report all contracts to the Board at the earliest opportunity. Contract process will follow NDPERS Contract Procurement Policy.

	Board	Executive Director
Contracts with Political Subs <ul style="list-style-type: none"> • Retirement • Health • Life • Deferred Compensation 	Approves standard agreement	Approves as long as consistent with standard agreement
Uniform Group Insurance Contract	Approves and must be signed by Chairman (54-52.1-05 NDCC)	Recommends
PPO Contracts	Approves guidelines and standard agreement	Negotiates and approves if consistent with guidelines and the arrangement is equal to, or more stringent than, a standard agreement; must advise Board of status and terms.
Travel	<p>Approves all out of state Board travel; the Chairman will review for approval any requests for Board travel that occurs prior to the reconvening of the full Board.</p> <p>Approves all staff travel outside the continental United States or travel offered by an outside vendor</p>	Approves all staff travel (including the Executive Director's) within the continental United States and in-state Board travel

PERSONNEL

	Board	Executive Director
Personnel Policies	Approves	Recommends and implements
New FTE Positions	Approves	Recommends
Hiring	Responsible for Executive Director	Responsible for filling authorized FTE and temporary assistance pursuant to OMB guidelines and available funds.
Firing	Responsible for Executive Director	Approves
Overtime Authorization & Severance Pay	Approves severance pay, subject to Section 54-14-04.3 NDCC	Approves overtime subject to available funds
Leave of Absence	Approves for Executive Director	Approves for staff

Job Evaluations	Responsible for Executive Director. Audit committee is responsible for the Chief Audit Officer Evaluation	Approves staff evaluations; advises Board annually of increases
Reclassifications		Approves; must advise Board of any major changes
Salary Increases	Approves for Executive Director	Approves, subject to available funds and OMB guidelines
Promotions		Approves, subject to OMB Human Resources guidelines
Educational Reimbursement	Approves for Executive Director	Approves for staff



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
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Rebecca Fricke
Executive Director
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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: December 10, 2024

SUBJECT: Contracts under \$10,000

Attached is a document that shows the contracts under \$10,000 that have been signed since the last update. Please let me know if you have any questions on any of these contracts.

This topic is informational only.

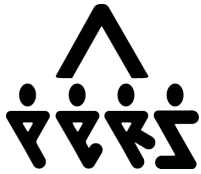
Attachment

All Contracts Signed During 2024:

Vendor	Amount	Notes
CliftonLarsonAllen	\$ -	GASB 68 & 75 Representation Lettess
TIAA	\$ -	Termination notice due to recordkeeper award
BND	\$ 909.00	Staff Years of Service Awards (Gift Cards)
City of Berthold	\$ -	Joined Life Insurance Plan 3/1/2024
Mandaree Public Schools	\$ -	Joined Deferred Compensation Plan 3/1/2024
Interoffice	\$ 1,179.44	Office Chair
Emmons County	\$ -	Joined Public Safety Plan 4/1/2024
City of Leeds	\$ -	Joined Defined Benefit Plan 4/1/2024
City of Leeds	\$ -	Joined Deferred Compensation Plan 4/1/2024
City of Emerado	\$ -	Joined Public Safety Plan 2/1/2024
City of Riverdale	\$ -	Joined Defined Benefit Plan 4/1/2024
City of Riverdale	\$ -	Joined Deferred Compensation Plan 4/1/2024
Fireside	\$ 3,079.80	5 year total lease on multi-function printer
Advanced Business Methods	\$ 5,713.20	5 year total lease on document scanner
Eddy County	\$ -	Joined Life Insurance Plan 5/1/2024
Galliard Fund Agreements	\$ -	Lowering the share class in the Galliard investments in the 401(a) & 457 Plans
Larimore Public School	\$ -	Joined Deferred Compensation Plan 1/1/2025
TIAA Deconversion Guide	\$ -	Strategy guide with TIAA for deconvertig to Empower
TIAA Letter of Direction	\$ -	Direction to pay out RMDs & scheduled installments early with TIAA prior to blackout
Empower Letter of Instruction	\$ -	Letter of instruction on brokerage account in 457 and 401(a) plans
Empower Brokerage Application	\$ -	Application on brokerage account in 457 and 401(a) plans
TIAA Custodial Agreement Terminations	\$ -	Termination of Custodial Agreements with TIAA for both the 457 and 401(a) Plans
TIAA Record Keeper Amendment	\$ -	Authorization for TIAA to pull recordkeeper fees through June 2024
Beulah Public School # 27	\$ -	Joined Deferred Compensation Plan 7/1/2024
TIAA Brokerage Re-Registration Letter	\$ -	Authorizes the transfer of brokerage accounts on both the 457 and 401(a) Plans
Empower Brokerage Transfer Request Form	\$ -	Authorizes the transfer of brokerage accounts on both the 457 and 401(a) Plans
Empower Plan Asset Transfer & Investment Direction	\$ -	Directs the investments of brokerage accounts on both the 457 and 401(a) Plans
Inter Office	\$ 824.76	Rising legs for standing desk
Advanced Business Methods	\$ 3,930.00	5 year total lease on multi-function printer
Steele County	\$ -	Joined Public Safety Plan 7/1/2024
City of Grand Forks	\$ -	Joined Deferred Compensation Plan 9/1/2024
Fargo Public Schools	\$ -	Joined Deferred Compensation Plan 1/1/2025
Garrison Public Schools	\$ -	Joined Deferred Compensation Plan 7/1/2024
Empower	\$ -	Staff setup on plan sponsor website
Oliver Mercer Special Education	\$ -	Joined Deferred Compensation Plan 7/1/2024
Central Cass School District	\$ -	Joined Deferred Compensation Plan 7/1/2024
Grand Forks Public Library	\$ -	Joined Deferred Compensation Plan 9/1/2024
Tri-County Water District	\$ -	Joined Defined Benefit Plan and Deferred Compensation Plan 8/1/2024
Inter-office	\$ 1,206.66	Office Chair
Northern Cass School District	\$ -	Joined Deferred Compensation Plan 1/1/2025
Empower	\$ -	401(a) NDPERS Admin Fee Agreement
Oakes Public School District	\$ -	Joined Deferred Compensation Plan 1/1/2025
Western Education Regional Cooperative	\$ -	Joined Defined Benefit Plan, Deferred Compensation Plan and Life Plan 10/1/2024
Parshall School District	\$ -	Joined Defined Benefit Plan 9/1/2024
City of Jamestown	\$ -	Joined Public Safety Plan 11/1/2024
City of Rugby	\$ -	Joined Public Safety Plan 11/1/2024
Lake Metigoshe Recreation Service District	\$ -	Joined Deferred Compensation Plan 10/1/2024
IRS	\$ -	Power of Attorney & Penalty of Perjury Statement for 401(a) IRS Determination Letter
Jamestown Parks & Recreation District	\$ -	Joined Deferred Compensation Plan 1/1/2025
Tri-County Water District	\$ -	Terminated election to join Defined Benefit 8/1/2024
Jamestown Public Schools	\$ -	Joined Deferred Compensation Plan 1/1/2025
Eddy County	\$ -	Joined Public Safety Plan 11/1/2024
Divide County	\$ -	Joined Public Safety Plan 1/1/2025
IRS	\$ -	Power of Attorney & Penalty of Perjury Statement for 457(b) IRS Private Letter Ruling
Ramsey County	\$ -	Joined Public Safety Plan 1/1/2025
Empower	\$ -	Acceptance of Mass Transfer Balances (Letter of Direction - Special Election Trasfers)
Grand Forks County	\$ -	Joined Deferred Compensation Plan 1/1/2025
City of Fairmount	\$ -	Joined Defined Benefit Plan and Deferred Compensation Plan 12/1/2024
Kulm Public School	\$ -	Joined Deferred Compensation Plan 11/1/2024
Devils Lake Public Schools	\$ -	Joined Deferred Compensation Plan 1/1/2025
James River Multi-District Speal Eduation Unit	\$ -	Joined Deferred Compensation Plan 1/1/2025

Contracts Signed Since Last Reported:

OMB	\$ -	Subsequent events confirmation for state ACFR
ND Firefighters Association	\$ -	Joined Public Safety Plan 1/1/2025
Cavalier Public School	\$ -	Joined Deferred Compensation Plan 1/1/2025
Empower	\$ -	Fund Line-up to Include In-Plan Annuities Letters of Direction
City of Minot	\$ -	Joined Public Safety Plan 1/1/2025
Devils Lake Public Schools	\$ -	Joined Deferred Compensation Plan 1/1/2025
Inter Office	\$ 1,171.66	Office Chair
City of Minnewaukan	\$ -	Joined Defined Benefit Plan and Deferred Compensation Plan 12/1/2024
City of Strasburg	\$ -	Joined Defined Benefit Plan, Deferred Compensation Plan and Life Plan 12/1/2024
Sioux County	\$ -	Joined Defined Benefit Plan 12/1/2024
Bakken Area Skills Center	\$ -	Joined Defined Benefit Plan and Deferred Compensation Plan 12/1/2024



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Memorandum

TO: NDPERS Board

FROM: Marcy Aldinger

DATE: December 10, 2024

SUBJECT: Deferred Compensation Hardship Case #899

The participant is requesting a withdrawal from the State of ND 457 Plan in the amount of \$30,000 to pay for teeth extraction, implants and dentures. The estimate cost is \$40,485.00. The participant has dental insurance, but it reimburses only \$1,000 per calendar year.

The participant's financial status is provided in the income and expense statement in Part L, M and N on the application (Attachment #1). Documentation compiled and verified has been listed on the supplemental spreadsheet (Attachment #1). Statements substantiating income and expenses have been provided along with correspondence (Attachment #2). The participant provided the estimate for the dental services (Attachment #3). The participant's total deferred compensation account balance as of November 12, 2024, was \$33,604.20. The participant has ceased contributions to the deferred compensation account.

According to Internal Revenue Code (I.R.C.) § 457 guidelines, the amount requested must be less than or equal to the financial need. According to I.R.C. § 457 regulations, financial hardship is defined as an unforeseeable emergency resulting from a sudden and unexpected illness or accident occurring to you or one of your dependents, loss of your property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control. A reference guide is included in the materials (Attachment #4).

Below you will find the relevant authority.

N.D. Admin. Code § 71-04-03-05. Unforeseeable emergency.

A participant who, prior to separation from service, experiences an unforeseeable emergency as defined in section 71-04-01-01 may apply for a distribution of the participant's deferred compensation account to the extent reasonably needed to satisfy the financial need. The participant may make application by completing a financial hardship form and delivering it to the retirement board offices.

N.D. Admin. Code § 71-04-01-01(13)

"Unforeseeable emergency" means a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant, the participant's spouse or dependent of the participant, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

Board Action Requested

Approve or deny applicant's request for a hardship withdrawal from their 457 account.