



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: 126 585 487#
Date: **Tuesday, March 4, 2025**
Time: 8:30 A.M. [Join the meeting now](#)

I. MINUTES

- A. February 7, 2025

II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

III. PRESENTATIONS

- A. Annual Defined Benefit Investment Review
- B. Retiree Health Insurance Credit (RHIC) Overview

IV. DEFERRED COMPENSATION / DEFINED CONTRIBUTION

- A. 457 Companion Plan & 401(a) Plan 4th Quarter 2024 Report – Derrick (Information)

V. GROUP INSURANCE / FLEXCOMP

- A. Sanford Health Plan Renewal Repricing Update – Rebecca (Information)
- B. Sanford Health Plan Updates – Rebecca (Information)
 - 1. Stelara Formulary
 - 2. +Oscar New Campaign for Certain Skin Conditions

VIII. LEGISLATION / ADMINISTRATIVE RULES

- A. Legislation Update – Rebecca (Information)

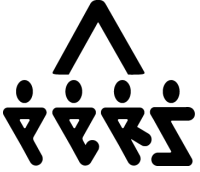
IX. OPERATIONS / ADMINISTRATIVE

- A. Audit Committee Report – Shawna (Information)
- B. Contracts under \$10,000 – Rebecca (Information)
- C. Annual Communication Plan – Aime (Information)
- D. National Employee Benefits Day – Casey (Information)
- E. Quarterly Consultant Fees – Derrick (Information)
- F. Performance Bonuses for HB 1040 – Derrick (Board Action)
- G. Next meeting date Friday, April 4, 2025 at **2:30 P.M.**

X. MEMBER*

- A. Unforeseeable Financial Hardship Case #906 – Marcy (Board Action)

*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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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: March 4, 2025

SUBJECT: Annual Defined Benefit Investment Review

Scott Anderson, the Chief Investment Officer for the Retirement and Investment Office, will provide the Board with an update on the investment performance for the 2024 calendar year.

Attachment

INVESTMENT PERFORMANCE

Scott M Anderson, CFA – Chief Investment Officer
March 4, 2025

THE MARKET

NORTH
Dakota
Be Legendary.

Retirement & Investment

PERFORMANCE – BENCHMARK INDICES

Summary of Returns December 31, 2024					
Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 1000	24.5%	24.4%	14.3%	12.9%	18.0%
Russell 2000	11.5%	11.5%	7.4%	7.8%	22.9%
S&P 500	25.0%	24.9%	14.5%	13.1%	17.8%
MSCI ACWI IMI Net	16.4%	16.3%	9.7%	9.0%	14.4%
MSCI World ex US	4.7%	4.7%	5.1%	5.3%	14.5%
MSCI Emerging Markets	7.5%	7.5%	1.7%	3.6%	15.8%
Bloomberg Aggregate	1.3%	1.2%	-0.3%	1.3%	4.8%
Bloomberg Gov/Credit	1.2%	1.2%	-0.2%	1.5%	5.1%
Bloomberg US High Yield	8.2%	8.2%	4.2%	5.2%	5.2%
NCREIF Property Index (12/31/2024)	0.4%	0.4%	3.1%	5.7%	4.1%

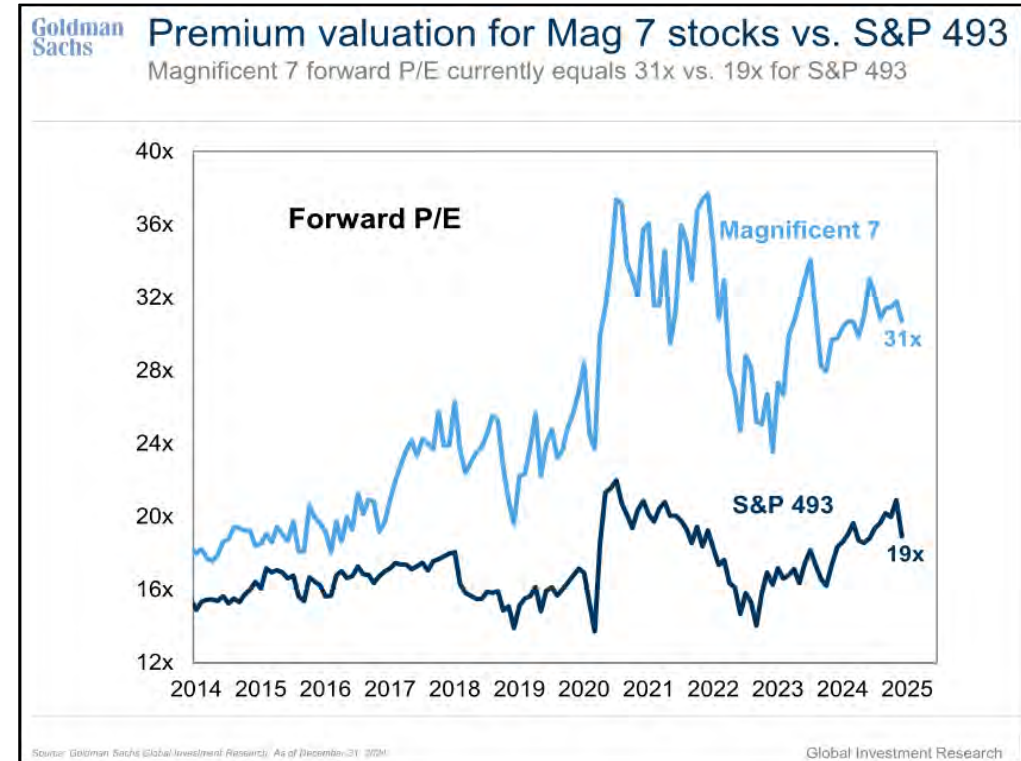
Source: Bloomberg

PERFORMANCE – BENCHMARK INDICES

Summary of Returns February 25, 2025					
Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 1000	1.3%	18.3%	15.2%	12.6%	18.0%
Russell 2000	-2.6%	9.0%	8.1%	7.2%	22.9%
S&P 500	1.4%	18.6%	15.5%	12.9%	17.8%
MSCI ACWI IMI Net	2.9%	14.7%	11.2%	8.9%	14.4%
MSCI World ex US	7.8%	10.3%	7.8%	5.5%	14.4%
MSCI Emerging Markets	4.6%	11.8%	3.7%	3.7%	15.8%
Bloomberg Aggregate	2.2%	5.4%	-0.5%	1.4%	4.8%
Bloomberg Gov/Credit	2.2%	5.1%	-0.5%	1.6%	5.1%
Bloomberg US High Yield	1.9%	9.9%	4.5%	5.1%	5.2%
NCREIF Property Index (12/31/2024)	0.4%	0.4%	3.1%	5.7%	4.1%

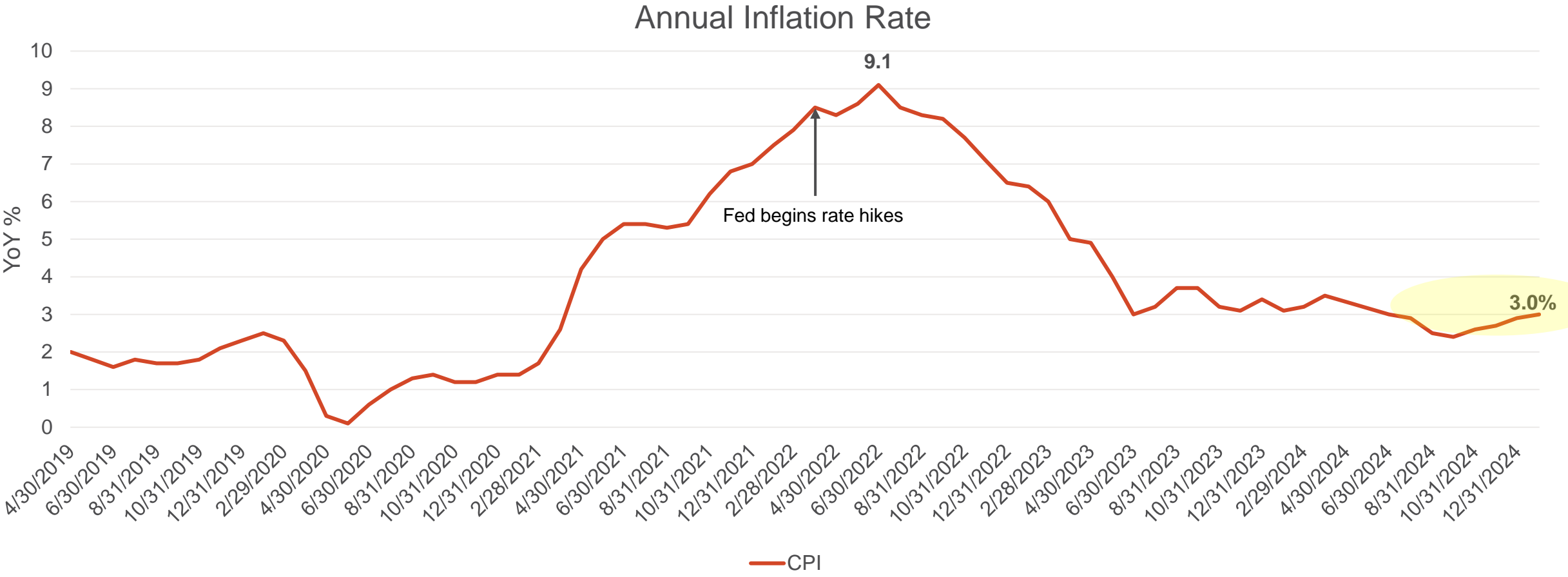
Source: Bloomberg

RISING CONCENTRATION & VALUATIONS

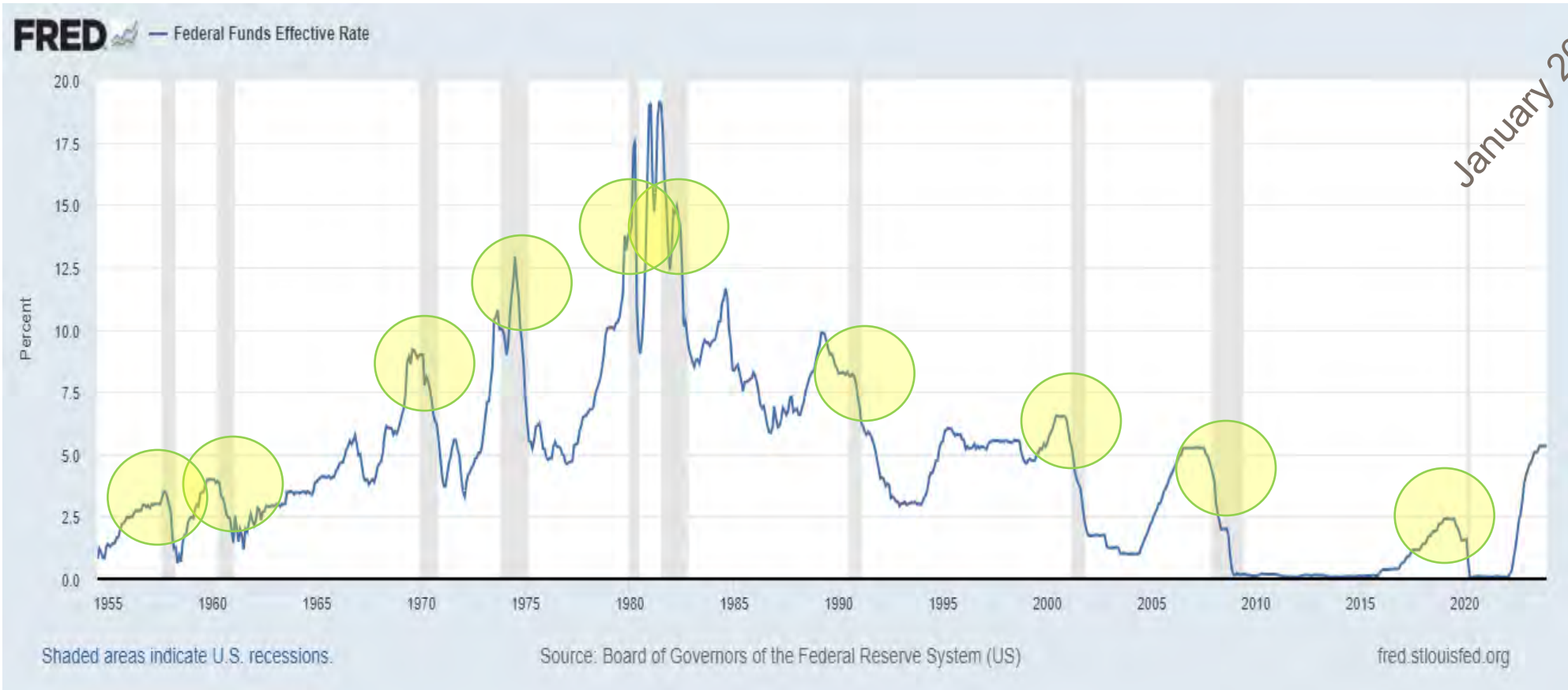


- As the Mag 7 continue to outperform the U.S. large cap indices have become increasingly concentrated
- Forward P/E is significantly higher for the Mag 7 as compared to the other 493 S&P 500 companies.

INFLATION PAST 5 YEARS



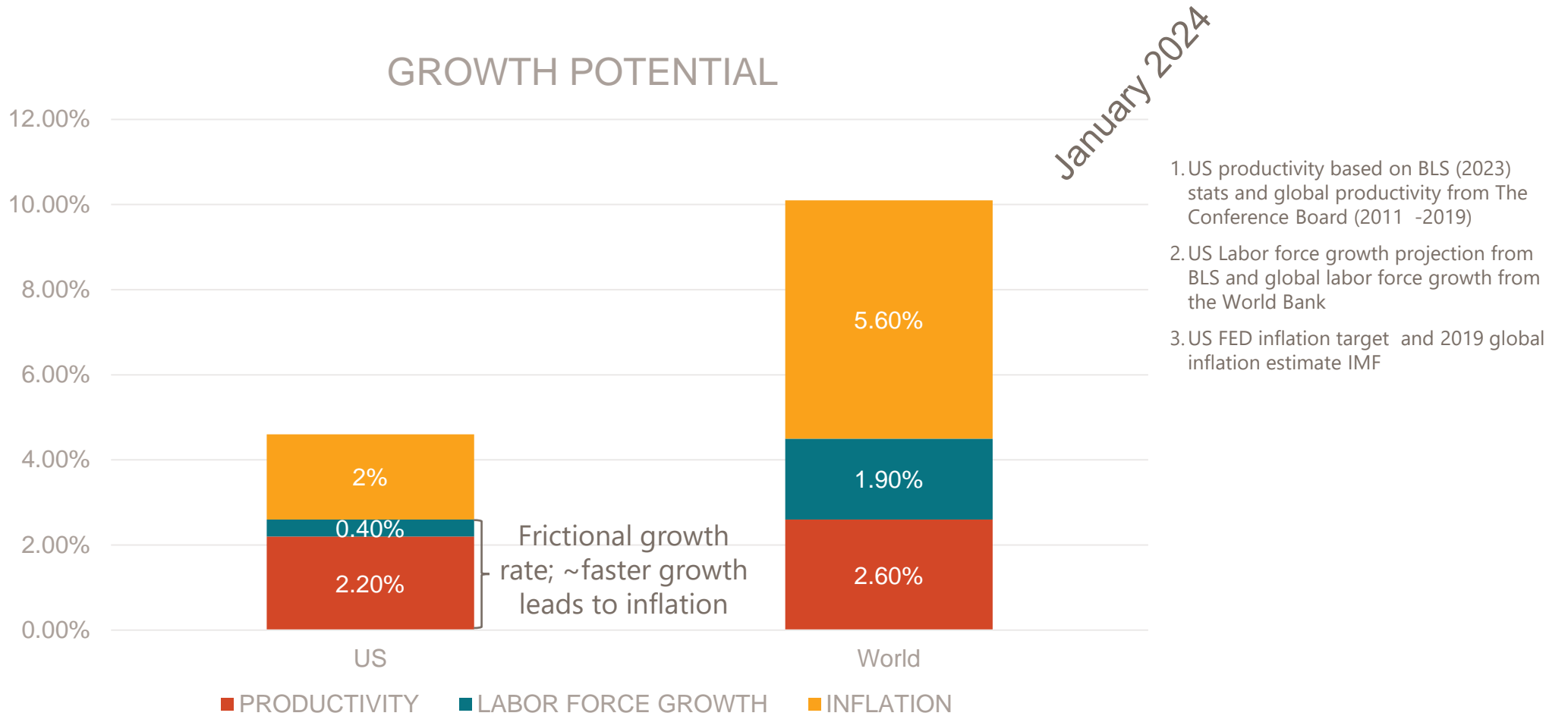
RECESSIONS AS FED LOWERS RATES



1. Fed Fed Fuds Effective Rate

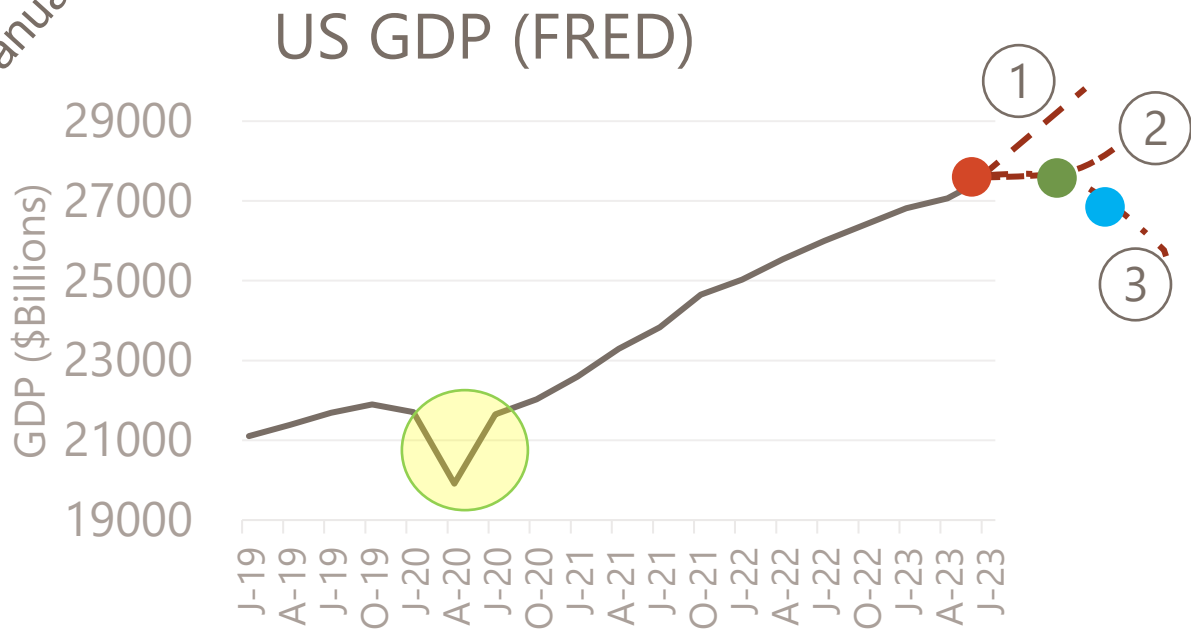
Scott M Anderson, CFA – March 4, 2025

DRIVERS OF GDP GROWTH



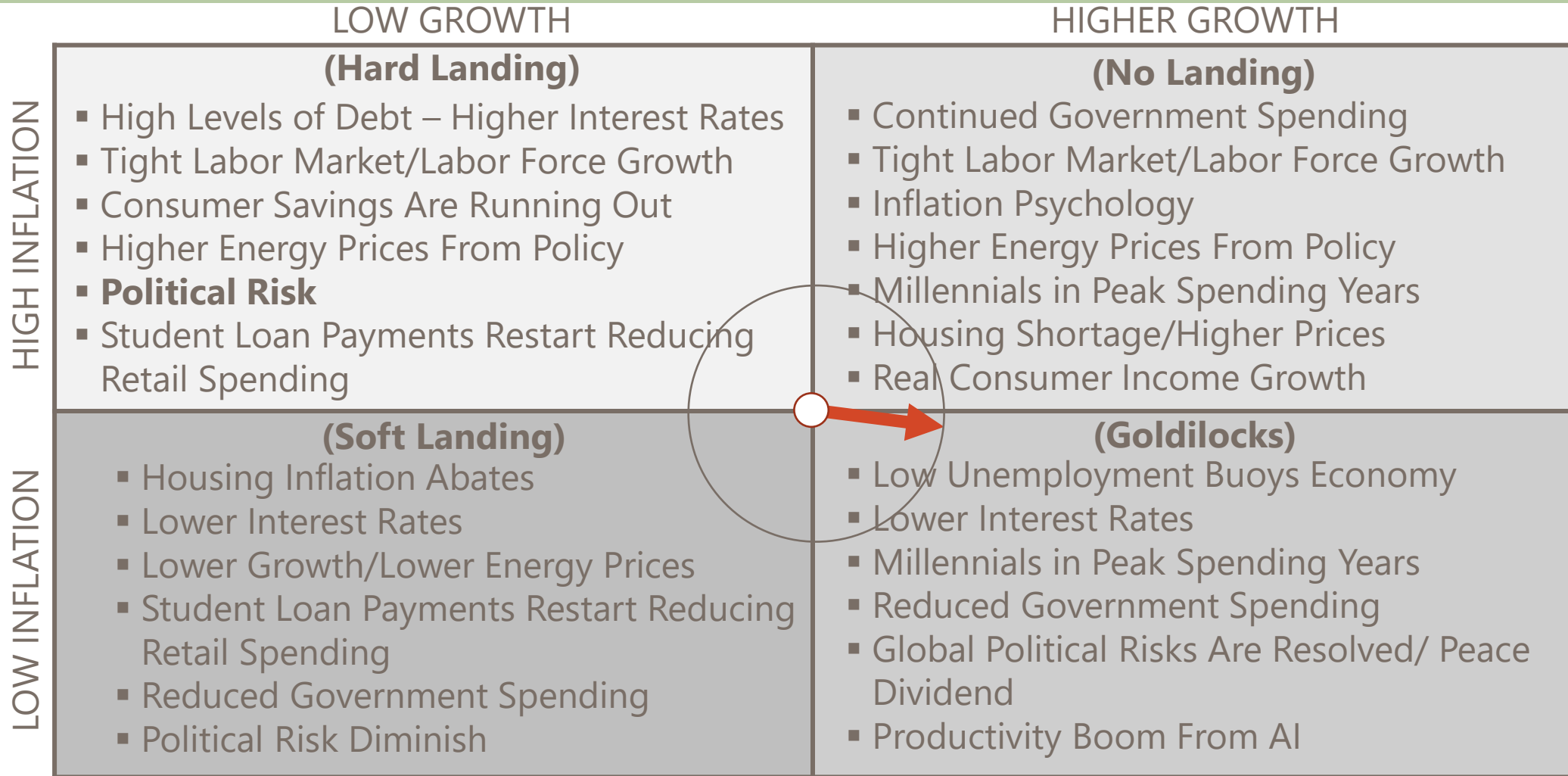
THE GOLDILOCKS NARRATIVE

January 2024



- ① Fed Lowers Early – Too Hot ●
 - GDP growth too fast
 - Tight labor and fast growth cause inflation
 - Moderate equity growth, interest rates rise
- ② Fed lowers Just Right - Goldilocks ●
 - Reach growth capacity and control inflation
 - Moderate equity markets, normal fixed income markets, low defaults
- ③ Fed lowers too Late- Too Cold ●
 - Growth collapses into a recession
 - Equity markets perform poorly, fixed income performs poorly as defaults spike
 - Lower rates eventually potentially spur stagflation

COMPETING NARRATIVES



GOOD NEWS ¹

BLOOMBERG AGG YIELD¹: 4.66%



**BEST GUESS FOR
FUTURE BOND
RETURN!**

1. Fixed income benchmark; yields are the best estimate of future bond returns.

PERFORMANCE

NORTH
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Be Legendary.

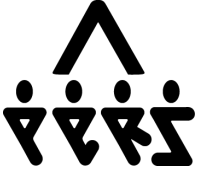
Retirement & Investment

PERS PERFORMANCE²

AS OF November 30, 2024 PERS \$4.6 Billion	Year to Date	1 Year	3 year	5 Year¹	10 Year	Risk (5 Year)
Total Fund Return - Net	9.2%	9.2%	2.6%	7.2%	7.3%	9.9%
Policy Benchmark Return	9.2%	9.2%	2.5%	6.8%	6.9%	10.2%
Total Relative Return¹	0.0%	0.0%	0.1%	0.4%	0.4%	

Small Cap and Real Estate

1. Corridor benchmark applied only in year-to-date numbers
 2. Versus Calculated Performance Returns



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: March 4, 2025

SUBJECT: Retiree Health Insurance Credit (RHIC) Overview

An overview of the NDPERS Retiree Health Insurance Credit (RHIC) program and services will be provided at the meeting. The presentation is attached.

Attachment

Retiree

Health

Insurance

Credit

What is the RHIC Program?

- Established under NDCC 54-52.1-03.2
- Funded by the employer during working years
- Reduces cost of eligible insurance premiums paid during retirement years

Who is eligible for RHIC?

- Public Safety
- Judges
- Highway Patrol
- Job Service
- Main Plan – *only if hired before Jan 1, 2020*
- Defined Contribution – *only if hired before Jan 1, 2020*
- NDPERS members currently receiving an ongoing retirement check at least annually
- Surviving spouses receiving an ongoing retirement benefit or RHIC joint and survivor benefit

Calculation

- NDPERS calculates monthly RHIC benefit for each member upon retirement
- Based upon each year employed and receiving eligible service credit
- Calculation: $\$5.00 \times \text{Years of Service}$
 - Actuarially reduced with early retirement
- Retiree Benefit Amount
 - Annual summary statement
 - Online: Member Self Service (MSS) account

Eligible Premiums

- ANY Health Insurance Premiums (including Medicare Part B & Medicare Supplements Plans)
- ANY Prescription Drug Plans (Medicare Part D)

Effective August 1, 2019

- ANY Dental Premiums
- ANY Vision Premiums
- ANY Long-Term Care Premiums
- Applies to premiums incurred as contract holder or covered dependent

Premiums Not Eligible

- Insurance plans subsidized through the federal health care exchange or tax credit
- Life Insurance
- Supplemental Insurance Plans
 - Accident
 - Disability
 - Cancer
- Pre-tax insurance premiums

ASIFlex

- Specialized in benefit administration for large public sector entities since 1987
- Located in Columbia, Missouri
- Services Provided:
 - RHIC Record-keeping
 - RHIC Claims Review and Payment
 - RHIC Customer Service

How do retirees receive RHIC reimbursement?

- If member has NDPERS insurance premiums
 - NDPERS automatic reimbursement with ASIFlex
 - No action required unless RHIC amount is higher than NDPERS premium expenses
- If member has non-NDPERS insurance premiums
 - RHIC became “portable” **July 1, 2015**
 - Submit a claim to ASIFlex for reimbursement

Claim Submission

1. RHIC Claim Form
2. Provide Documentation
 - Dates of coverage period
 - Type of insurance
 - Premium amount
3. Proof of Payment
 - Pay stub
 - Bank statement
 - Cancelled check
 - Credit card receipt
 - Electronic payment

Claim Processing

- May claim up to available RHIC benefit amount each month
- May submit premium expenses at any frequency throughout the plan year
 - 2020 - aligned with calendar year premium costs
 - Jan 1, 2025 – Dec 31, 2025 Current Plan Year
- Processed daily
- Payment issued 2-3 business days
- Recurring Claims
 - Social Security Annual Statement - Medicare Part B and Prescription Drug (Part D) deductions

Reimbursement Deadline

March 31st

following the close of the plan year
on Dec 31st

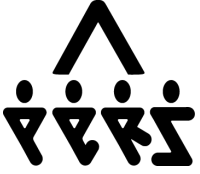


Combining RHIC (August 1, 2007)

- Spouses must both be receiving a NDPERS monthly retirement benefit and may combine their respective RHIC benefit
- Must enroll in one NDPERS family health insurance plan
- Only one RHIC account is setup at ASIFlex
- Surviving spouses receiving retirement benefits may be eligible to use the credit of a deceased spouse



Questions?



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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: March 4, 2025

SUBJECT: 457 Companion Plan & 401(a) Plan 4th Quarter 2024 Report

Attached is the 4th 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 10,724 (10,835 in Q3) participants with \$248.5 million (\$251.0 million in Q3) in assets.

Assets in the 401(a) plan decreased to \$24.2 million (\$24.3 million in Q3) as of December 31, 2024. The number of active participants slightly decreased and is now at 102 (104 in Q3). The Target Date funds have 55.6% of the plan assets.

Assets in the 457 Companion Plan decreased to \$224.3 million (\$226.8 in Q3) as of December 31, 2024. The number of active participants slightly decreased and is now at 10,622 (10,642 in Q3). The Target Date funds have 66.1% of the plan assets.

Benchmarks:

Fund returns for the quarter were mainly negative for the funds in the core lineup. 3 core funds had positive returns for the quarter (19 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 4th Quarter 2024 plan review and field activity report with Empower. Callan gave a market overview and investment performance report. Empower provided information on participant engagement and educational efforts for the members in our plans.

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

Attachment #1

NDPERS Quarterly Investment Report 4th Quarter 10/01/2024 – 12/31/2024



North Dakota Public Employees Retirement System
1600 East Century Ave, Suite 2
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New Investment Structure With In-Plan Annuity Options

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 <i>Empower IFAS VI</i> <i>New York Life Anchor</i>	
	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 Intn'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 Board approved the two annuity options in the November meeting with implementation effective January 1, 2025.

Plan Performance Monitoring

As of December 31, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Asset Allocation Funds					
Nuveen Lifecycle Ret. Inc	(1.47%)	7.66%	1.44%	4.43%	4.67%
LifeCycle Ret Income CB	(1.76%)	7.62%	1.61%	4.74%	5.06%
Callan Tgt Dt Idx 2010	(1.89%)	7.07%	1.21%	4.23%	4.64%
Nuveen Lifecycle 2010 Fund	(1.38%)	7.50%	1.51%	4.46%	4.70%
LifeCycle 2010 CB	(1.74%)	7.46%	1.30%	4.56%	4.67%
Callan Tgt Dt Idx 2010	(1.88%)	7.07%	1.21%	4.23%	4.64%
Nuveen Lifecycle 2015 Fund	(1.47%)	7.80%	1.45%	4.00%	4.03%
LifeCycle 2015 Cust Bnch	(1.78%)	8.00%	1.52%	4.90%	5.30%
CAI Tgt Dt Idx 2015	(1.89%)	7.36%	1.20%	4.48%	4.87%
Nuveen Lifecycle 2020 Fund	(1.50%)	8.33%	1.63%	5.05%	5.23%
LifeCycle 2020 Cust Bnchm	(1.77%)	8.77%	1.76%	5.47%	5.78%
CAI Tgt Dt Idx 2020	(1.90%)	7.66%	1.50%	4.80%	5.25%
Nuveen Lifecycle 2025 Fund	(1.49%)	9.00%	1.88%	5.67%	5.74%
LifeCycle 2025 Cust Bnch	(1.74%)	9.57%	2.09%	6.06%	6.31%
CAI Tgt Dt Idx 2025	(1.89%)	8.74%	1.89%	5.65%	5.90%
Nuveen Lifecycle 2030 Fund	(1.48%)	10.16%	2.31%	6.41%	6.34%
LifeCycle 2030 Cust Bnch	(1.67%)	10.74%	2.58%	6.81%	6.66%
CAI Tgt Dt Idx 2030	(1.83%)	10.13%	2.52%	6.57%	6.66%
Nuveen Lifecycle 2035 Fund	(1.51%)	11.36%	2.88%	7.22%	6.98%
LifeCycle 2035 Cust Bnch	(1.58%)	12.07%	3.24%	7.65%	7.65%
CAI Tgt Dt Idx 2035	(1.73%)	11.65%	3.24%	7.53%	7.44%
Nuveen Lifecycle 2040 Fund	(1.40%)	12.76%	3.61%	8.17%	7.60%
LifeCycle 2040 Cust Bnch	(1.42%)	13.78%	4.10%	8.67%	8.47%
CAI Tgt Dt Idx 2040	(1.65%)	13.05%	3.88%	8.31%	8.06%
Nuveen Lifecycle 2045 Fund	(1.34%)	13.80%	3.98%	8.86%	8.23%
LifeCycle 2045 Cust Bnch	(1.27%)	14.94%	4.52%	9.42%	9.07%
CAI Tgt Dt Idx 2045	(1.61%)	14.04%	4.33%	8.86%	8.46%
Nuveen Lifecycle 2050 Fund	(1.34%)	14.27%	4.14%	9.00%	8.40%
LifeCycle 2050 Cust Bnch	(1.10%)	15.40%	4.70%	9.67%	9.26%
CAI Tgt Dt Idx 2050	(1.58%)	14.65%	4.61%	9.14%	8.66%
Nuveen Lifecycle 2055 Fund	(1.20%)	14.46%	4.23%	9.19%	8.48%
LifeCycle 2055 Cust Bnch	(1.17%)	15.70%	4.79%	9.79%	9.36%
CAI Tgt Dt Idx 2055	(1.57%)	14.93%	4.73%	9.26%	8.76%
Nuveen Lifecycle 2060 Fund	(1.31%)	14.56%	4.26%	9.31%	8.57%
LifeCycle 2060 Cust Bnch	(1.14%)	15.91%	4.89%	9.82%	9.47%
Callan Tgt Dt Idx 2060	(1.57%)	15.04%	4.78%	9.32%	8.83%
Nuveen Lifecycle 2065 Fund	(1.30%)	14.71%	4.42%	-	-
LifeCycle 2065Custom Ben	(1.12%)	16.11%	4.98%	-	-
Callan Tgt Dt Idx 2065	(1.57%)	15.07%	4.80%	9.33%	8.83%

Callan

NDPERS Quarterly Review

Plan Performance Monitoring

As of December 31, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Large Cap U.S. Equity					
Vanguard Institutional Index	2.40%	24.97%	8.90%	14.49%	13.80%
S&P 500 Index	2.41%	25.02%	8.94%	14.53%	13.83%
Small/Mid Cap U.S. Equity					
JPMorgan SMID Cap Equity R6	(1.37%)	10.99%	0.77%	6.93%	6.62%
Russell 2500 Index	0.62%	12.00%	2.39%	8.77%	8.33%
Non-U.S. Equity					
MFS International Diversification R6	(7.58%)	6.52%	0.38%	4.70%	5.07%
MSCI ACWI xUS (Net)	(7.60%)	5.53%	0.82%	4.10%	3.53%
Vanguard Total Int'l Stock Adm	(7.42%)	5.14%	0.67%	4.28%	3.61%
FTSE GI All Cap ex US Idx	(7.49%)	5.53%	0.83%	4.42%	3.71%
Fixed Income					
Vanguard Total Bond Index Adm	(3.04%)	1.24%	(2.42%)	(0.32%)	0.97%
Blmbg Aggregate Fit Adj	(2.99%)	1.33%	(2.39%)	(0.27%)	1.01%
Baird Core Plus Bond Instl	(2.67%)	2.54%	(1.52%)	0.56%	1.72%
Blmbg Universal	(2.73%)	2.04%	(1.95%)	0.06%	1.28%
Capital Preservation					
Galliard Stable Value C	0.77%	2.98%	2.51%	2.28%	2.23%
3-month Treasury Bill	1.17%	5.25%	3.89%	2.46%	2.35%
Vanguard Treasury MM Inv	1.17%	5.24%	3.92%	2.43%	2.30%
3-month Treasury Bill	1.17%	5.25%	3.89%	2.46%	2.35%
Sector Funds					
Cohen & Steers Realty Shares	(8.31%)	6.50%	(3.44%)	4.51%	6.83%
FTSE NAREIT All Eq Index	(8.15%)	4.92%	(4.28%)	3.29%	5.47%

Callan

NDPERS Quarterly Review

Active Manager Monitoring Summary

As of December 31, 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 SMD Cap Equity	No	No	No	No	No						Noteworthy
International Equity											
MFS Intl Diversification	No	No	Yes	No	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

- JPM SMID Cap Equity strategy has experienced notable asset decline resulting from the loss of a sub-advisory relationship. Assets in the strategy declined from \$1.3 billion on June 30, 2024 to \$520 million at year-end.
- On January 9, 2025, Baird Advisors announced that Director of Research Jay Schwister was appointed Co-CIO and will serve alongside Warren Pierson.

Executive summary

As of 12/31/2024



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

Executive summary

As of 12/31/2024



Overview

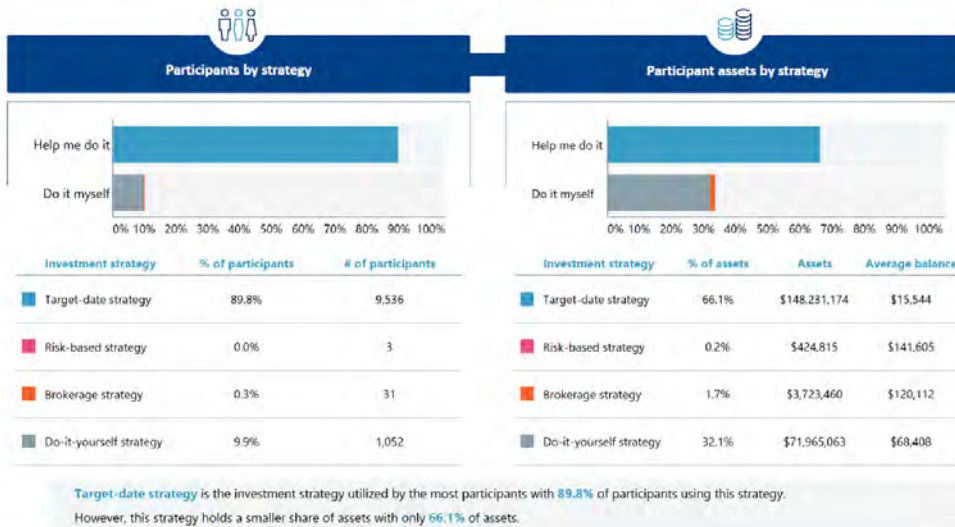
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100456-01 The North Dakota Public Employees Retirement System Defined Contribution 401(a) Plan

Investment strategy utilization

As of 12/31/2024



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.

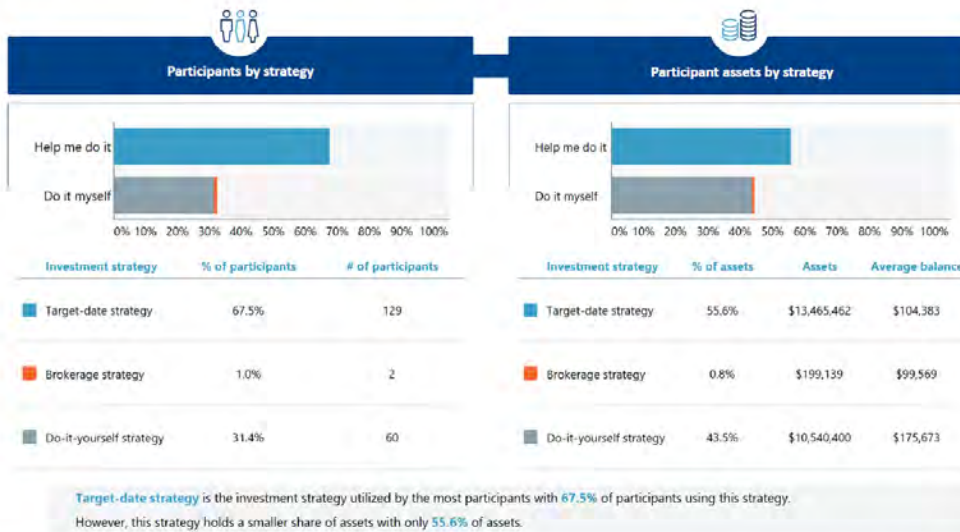
For the full list of investment strategies and their definitions, please refer to the glossary.

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

Investment strategy utilization

As of 12/31/2024



Overview

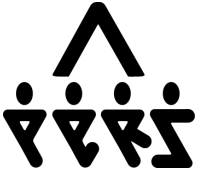
The investment strategy utilization is based on all participants that have a balance greater than \$0. Each participant is assigned a single investment strategy to provide insights on how investment options, features, and services are being utilized.

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



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

Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: March 4, 2025

SUBJECT: Sanford Health Plan (SHP) Renewal Repricing

As is the practice following a renewal, NDPERS has requested SHP to review the renewal increase provided last fall to determine if the recent claims experience is favorable and warrants a lower renewal increase. This review is done prior to the start of the new biennium.

Please find the attached information from SHP that indicates that claims experience still warrants the premium increase offered through the renewal and does not warrant a lower premium for the upcoming 2025-2027 biennium.

This item is informational and does not require Board action. Staff from NDPERS and SHP will be at the Board meeting should you have questions.

Sanford Health Plan
PO Box 91110
Sioux Falls, SD 57109-1110
Toll-Free: (800) 752-5863
TTY: 711
Fax: (605) 328-6811
sanfordhealthplan.com

Attachment
SANFORD
HEALTH PLAN

February 13, 2025

Rebecca Fricke
Executive Director
North Dakota Public Employees Retirement System
PO Box 1657
Bismarck, ND 58502-1657

Re: February Re-evaluation of the 2025-2027 Biennium Rates

Rebecca,

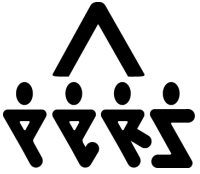
The NDPERS renewal increase has been reviewed using incurred claims paid through December 31, 2024. As is standard practice, NDPERS is re-evaluated each February prior to the biennium renewal to assess whether favorable claims experience warrants a lower renewal increase. With the February re-evaluation, Sanford confirms the emerging claim experience still supports the original rate increase calculations and does not warrant a lower rate increase. Let me know if you have any questions.

Sincerely,



Gregory Pence, FSA, MAAA
Sanford Health Plan
PO Box 91110
Sioux Falls, SD 57109-1110
415-601-8550
Gregory.Pence@Sanfordhealth.org

Cc: Kim Haug, Matt Meng, Brian Maude



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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: March 4, 2025

SUBJECT: Sanford Health Plan (SHP) Updates

Sanford Health Plan has provided two updates for the Board related to the NDPERS health insurance plan.

The first update is regarding a change being made by SHP on a high-cost medication, Stelara. As provided in Attachment 1, SHP is moving Stelara to the non-preferred tier on the formulary starting 4/1/2025. Stelara is a high-cost biologic medication that was the costliest medication prescribed to NDPERS members in 2024. A biosimilar medication is now available that will have the same clinical effect and reduce pharmacy expenses. Attachment 2 is a copy of the letter sent to the 52 members that had a prescription filled for Stelara within the past 6 months.

The second update is regarding a new campaign being offered through +Oscar. You may recall that +Oscar is a member engagement tool that the Board approved SHP utilizing for outreach to NDPERS members. SHP has provided Attachment 3 to provide details regarding the new campaign that will be offered, using Zerigo Health, for member engagement for those with certain skin conditions.

Representatives from SHP will be available to answer questions you have on either update.

This item is informational and does not require any action by the Board.

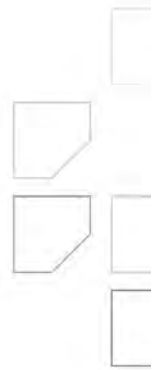
Memo

To: Rebecca Fricke

From: Kim Haug

Date: 2/4/2025

Re: Formulary change for Stelara



Sanford Health plan continues efforts to contain the cost of pharmacy services without impacting patient experience. On April 1, 2025 Sanford Health Plan will be adding a **Brand Penalty** to a high-cost biologic medication, Stelara, due to the availability of less expensive Biosimilar medications used to treat the same conditions. Stelara was the costliest medication prescribed to NDPERS members in 2024. This formulary change will incent the use of a Biosimilar medication to help reduce pharmacy expenses for NDPERS.

Brand Penalty - Medication may be subject to penalty because there is a generic alternative or biosimilar equivalent that is available. Penalties do not apply to your deductible or maximum out of pocket

On January 30, 2025 the attached letter was mailed to **52** NDPERS members that have filled Stelara in the past 6 months.

Attachment 2

February 4, 2025

«Member_First_Name» «Member_Last_Name»
« Member_Address_1» « Member_Address_2»
«Member_City», «Member_State» «Member_ZIP»

Dear «Member_First_Name»,

Sanford Health Plan's covered drug list (formulary) is changing April 1, 2025. The drug below will be changing to Non-preferred brand with penalty as of that date. This means the medication will still be covered but will have a penalty* associated with it. If you no longer take this drug, please disregard this letter.

We encourage you to discuss this change with your doctor if you have any questions or concerns. The preferred drug (Wezlana) is the same as Stelara, producing the same clinical outcomes with no additional side effects.

Current Non-Preferred Drug	Preferred Drug Option(s)
«Column BD»	«Column BE»

If you or your doctor feel you should not stop taking the current drug or change to the new preferred drug option, please have your doctor complete and submit a request for prior authorization through our provider portal.

We apologize for any inconvenience this change may have caused. If you have questions about this change, your prescription drug benefits, or would like a free copy of your formulary, please call us toll-free at (855) 305-5062 [TTY:711]. You can also contact us through your secure member portal at sanfordhealthplan.com/memberlogin.

Sincerely,

Pharmacy Management Dept
Sanford Health Plan

Enc: HP-0251 Appeal Rights COM-IND-PERS
HP-1186 Non-discrimination

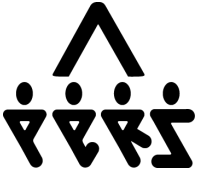
*The penalty is the difference in cost between the non-preferred drug and the preferred alternative as defined in your plan documents. Penalties **are not** applied to deductible or maximum out of pocket

Memo

To: Rebecca Fricke
From: Kim Haug
Date: Feb 4, 2025
Re: Comms on Zerigo Health opportunity

In March 2024, NDPERS approved Sanford Health Plan (SHP) utilizing a member engagement tool called +OSCAR. Since then, SHP has been communicating with NDPERS members through +OSCAR via direct mail, email, and/or SMS for various campaigns to improve the member experience. We are excited to share an exciting new campaign that SHP will be offering via +OSCAR to NDPERS members with certain skin conditions that are not attributed to Sanford Health. SHP is aware of the challenges seeking care from dermatologists so has contracted with a vendor called Zerigo Health. The new campaign through +OSCAR will notify eligible members of the services available through Zerigo Health.

[Zerigo Health](#) is a healthcare technology company focused on simplifying and improving access to high-quality, personalized dermatologic care for people living with psoriasis, vitiligo, and eczema. Their platform leverages advanced artificial intelligence and telemedicine tools to connect patients with dermatologists for virtual consultations, skin condition assessments, and treatments. Zerigo's services are designed to increase convenience, reduce costs, and enhance the overall patient experience by offering accessible, virtual care without the need for in-person visits. They aim to address the growing demand for dermatology services while making skincare treatment more efficient and effective. These virtual services will be available to eligible NDPERS members at no additional cost to them.



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Memorandum

TO: NDPERS Board

FROM: Rebecca Fricke

DATE: March 4, 2025

SUBJECT: Legislation Update

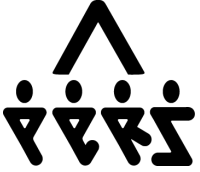
The following provides an update on the various bills we are tracking this Session. All bills can be found at [69th Legislative Assembly - Bills & Resolutions Index | North Dakota Legislative Branch](#).

Bill #	Bill Status	Summary/Description of Bill
HB 1023	Passed House	NDPERS Appropriations/Budget
HB 1031	Passed House	Section 10 cleans up 54-42 reference (same as PERS technical correction cleanup)
HB 1077	Passed House	Clarify definition of Security Officer for National Guard
HB 1112	Passed House	Public Safety – revises definition of firefighter to include state
HB 1113	Passed House	457 Administrative Fees
HB 1114	Passed House	Insulin & Diabetic Supplies (SB 2140 Pilot Program)
HB 1146	Passed House	House Bill 1040 Cleanup (allow political subs not in NDPERS to join DC Plan, lump sum cash infusion permitted in lieu of ADEC if same or higher than ADEC, define state employer/governmental unit for ADEC & special election window/incentive, require both in-plan/out-of-plan annuity options)
HB 1177	Passed House	Public Safety – revises definition of correctional officer (not completed course)
HB 1216	Passed House	Out-of-pocket maximums – Prescription Drugs
HB 1234	Passed House	Transfer of \$135 M from SIIF to PERS Trust
HB 1248	Passed House	Revises process for NDPERS insurance pilot programs/ repeals insurance mandates
HB 1274	Passed House	Public Safety – expands participation to include correctional officers of governmental unit (state correctional officers)

HB 1282	Failed House	Fertility Treatment
HB 1283	Passed House	Coverage for Diagnostic or Supplemental Breast Exams
HB 1284	Failed House	Fertility Preservation Services
HB 1371	Passed House	Amended to a shall consider study to allow retired peace officers with 20 years or more of employment to join non-Medicare retiree plan, and retiree cannot be charged any portion of premium
HB 1419	Passed House	Public Safety – revises correctional officer definition and expands eligibility to include dispatchers and medical services personnel
HB 1452	Failed House	Anti-obesity medication coverage
HB 1471	Passed House	Dental benefit plan method of payment options
HB 1481	Passed House	Dental insurer rate filing requirements
HB 1543	Passed House	Prescription drug pricing study (shall consider)
HB 1602	Passed House	Participating political subdivision withdrawal from DC/Stay in DB
SB 2119	Passed Senate	Disability Benefit Application
SB 2120	Passed Senate	Highway Patrol Cash Infusion
SB 2121	Passed Senate	Technical Corrections (amended)*
SB 2160	Passed Senate	PERS Health – ACA large employer group mandated coverage for state employee and pre-Medicare groups, amended for 1/1/2027 effective date (was 1/1/2026), state funding authority for general and special/federal fund agencies, and use of reserves
SB 2180	Passed Senate	Public comments at public meetings (Board meetings)
SB 2182	Failed Senate	Agency can't submit bills without legislative management/committee approval
SB 2227	Passed Senate	Amended - RTW retiree returning to same employer, appointed non-classified by elected state official, ineligible to participate in retirement, continue retiree payments
SB 2248	Failed Senate	Step Therapy for Metastatic Cancer
SB 2249	Passed Senate	Step Therapy Protocols – amended to shall consider a study of historical insurance mandates
SB 2280	Passed Senate	PERS insurance exempt from bill provisions other than an amendment for a shall consider study of prior authorizations within NDPERS insurance plans (health & dental)
SB 2370	Passed Senate	Insulin & Diabetic Supplies – amended to just apply to PERS active health insurance plans
SB 2375	Passed Senate	Joint negotiations of dental providers with dental insurers
SB 2377	Passed Senate	Preferred provider arrangements and restrictions on dental services

Blue highlights are those bills we are monitoring but not providing testimony for at this time.

Staff will be available to answer any questions you may have on bills.



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Memorandum

TO: NDPERS Board

FROM: Shawna Piatz

DATE: March 4, 2025

SUBJECT: Audit Committee Memo

Attached are the approved minutes from the November 25, 2024 Audit Committee meeting. The minutes may also be viewed on the NDPERS website at www.nd.gov/ndpers.

The next regular audit committee meeting is scheduled virtually and in person for May 12, 2025 at 3:00 pm. This is for your information.

Attachment



**North Dakota
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Attachment

Rebecca Fricke

Executive Director

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MEMORANDUM

TO: Audit Committee
Joe Morrisette
Adam Miller
Senator Dick Dever
Tyler Erickson
Nina Sand
Rebecca Fricke
Derrick Hohbein
Mary Kae Kelsch
Shannon Ennen
Jason Ostroski (UHY)

FROM: Shawna Piatz, Chief Audit Officer

DATE: Monday November 25, 2024

SUBJECT: **November 25, 2024 Audit Committee Meeting**

In Attendance:

Joe Morrisette
Senator Dick Dever
Adam Miller
Tyler Erickson
Nina Sand
Mary Kae Kelsch
Shawna Piatz
Shannon Ennen
Rebecca Fricke
Derrick Hohbein
Jason Ostroski (CPA UHY)

The meeting was called to order at 1:00 p.m. by Mr. Morrisette

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 August 19, 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. A. UHY FY 2024 Audit Report – Jason Ostroski, CPA from UHY, provided information for the NDPERS FY 2024 financial audit. The FY 2024 Preliminary Audit Results, Required Communications and GASB 68 and 75 Schedule Audit Updates were reviewed. NDPERS received an unmodified ‘clean’ opinion that the financial statements are presented fairly, in all material respects, in conformity with US Generally Accepted Accounting Principles (GAAP).

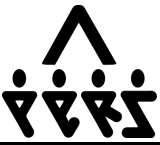
IV. Internal Audit Reports

- B. Quarterly Audit Plan Status Report – Information was provided on the past quarter’s activity August 1, 2024 through October 31, 2024 and progress made on the 2024-2025 Audit Plan. Internal Audit spent 47.98% of their time on audit activities and 18.50% on consulting services. The remaining 33.52% of their time was spent on administrative items.
- C. Sanford 2021 -2023 Interest Calculation Report - Internal Audit completed the audit on the Sanford Health Plan 2021 – 2023 Initial Settlement. The purpose of this audit was to verify the accuracy of the information contained in the Interest Calculation Report (ICR) and the Initial Settlement Statement for the contract period July 1, 2021 through June 30, 2023, which includes a financial runout period through June 30, 2024. A Final Settlement period for the financial runout period ending June 30, 2025 will be completed and audited when it is available. A summary of the results of this audit was provided and reviewed by the Committee.
- D. 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 November 1, 2024, 178 of the 513 new retirees or \$772,654 of the \$1,988,380 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 98.31% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 95.51% resulting in an overall accuracy rate of 93.82% for FY 2025.

As of November 1, 2024, 75 of the 906 or \$2,620,425 of the \$9,328,489 total gross refunds issued for FY 2025 were audited. The fiscal year-to-date internal calculation accuracy rate is 97.33% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 100% resulting in an overall accuracy rate of 97.33% for FY 2025.

- E. 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 decreased over the last quarter, largely due to the increased effort in resolving any outstanding issues.



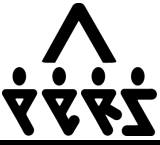
- E. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of October 31, 2024. There were 28 existing recommendations and 12 new recommendations added to this report. The new and outstanding issues were reviewed and discussed.

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 October 31, 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 October 31, 2024.
- C. FAS Review Policy Update – In September, 2020 the Board approved the current FAS Review Policy, which 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 Internal Audit is required. The updates to this policy that were being requested were reviewed and discussed. A motion was made by Mr. Miller to accept and propose to the full Board the attached policy with changes recommended by Mr. Morrisette and discussed by the Committee. This motion was seconded by Senator Dever. This was followed by roll call vote and approved.
- 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 October 31, 2024 was provided and reviewed by the Committee.
- E. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Executive Director for the period August 1, 2024 through October 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. 2025 Meeting Dates - The Audit Committee reviewed and discussed the proposed 2025 Committee Meeting Dates. Adjustments were made to the typical schedule to accommodate the 2025 legislative session and the external audit presentation of the



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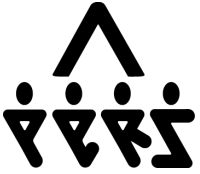
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draft FY 2025 audit report in November 2025. The dates proposed were February 6, 2025, May 12, 2025, August 18, 2025 and November 24, 2025. Mr. Miller moved approval of these dates. The motion was seconded by Mr. Erickson. This was followed and approved by voice vote.

- G. 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 August 1, 2024 through October 31, 2024 was provided to the committee for their review.

The meeting adjourned at 2:18 p.m. by Mr. Morrissette.



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Memorandum

TO: NDPERS Board

FROM: Rebecca

DATE: March 4, 2025

SUBJECT: Contracts under \$10,000

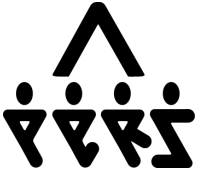
Attached is a document that shows the contracts under \$10,000 that have been signed since the last update. Please let me know if you have any questions on any of these contracts.

This topic is informational only.

Attachment

All Contracts Signed During 2025:

Vendor	Amount	Notes
Empower	\$ -	457 Plan Catch-up Opt Out Forms
Inter Office	\$ 1,176.16	Office Chair
Rolette County Soil Conservation D	\$ -	Joined Deferred Compensation Plan 1/1/25
UHY	\$ -	GASB 68 & 74 Management Rep. Letters
Great Plains Housing Authority	\$ -	Joined Deferred Compensation Plan 7/1/25
Richland School District	\$ -	Joined Deferred Compensation Plan 2/1/25
Ellendale Public School	\$ -	Joined Deferred Compensation Plan 1/1/25
Inter Office	\$ 824.76	Rising Desk
Rolette Public School	\$ -	Joined Deferred Compensation Plan 3/1/25
Inter Office	\$ 1,171.66	Office Chair
Souris Valley Special Education	\$ -	Joined Deferred Compensation Plan 5/1/25



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Memorandum

TO: NDPERS Board

FROM: Aime Miller

DATE: March 4, 2025

SUBJECT: Annual Communication Plan

This is the annual update regarding communication efforts for the current year.

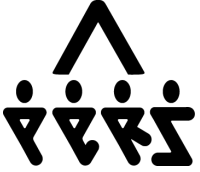
Our recurring efforts include:

- newsletters for employers, employees, and retiree,
- monthly emails promoting Empower's New Hire Webinars and their one-on-one financial counseling opportunities,
- monthly Sanford updates for members and wellness coordinators as well as virtual events on different wellness topics,
- weekly survey through email to members that have reached out to us,

NDPERS also maintain a comprehensive YouTube channel, a website, and numerous guides to inform our members of their benefits.

With the transition to the Defined Contribution 2025 Tier 3 for most new hires, we are also revamping our virtual event offering. Our recurring Financial Essentials and Pre-Retirement Education events will now include sessions for DC members. We are also extending the Pre-Retirement Education to six sessions from noon to 1 pm: two each week starting September 9. The goal of this shift is to generate additional interest and engagement from members that are approaching retirement.

This topic is informational only.



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Memorandum

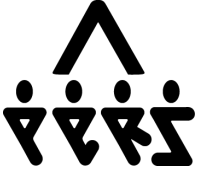
TO: NDPERS Board

FROM: Casey Goodhouse

DATE: March 4, 2025

SUBJECT: National Employee Benefits Day

National Employee Benefits Day is April 6th. Previous Board members have recognized staff on or near this day to show gratitude for the service they do for our state and political subdivisions in administering benefits for our many members. Is this something the Board is interested in continuing? If so, I will plan a recognition on behalf of the Board over lunch on April 10th.



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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: March 4, 2025

SUBJECT: Consultant Fees for the Quarter Ended December 2024

Attached is a quarterly report showing the consulting, investment, and administrative fees paid during the quarter ended December 2024.

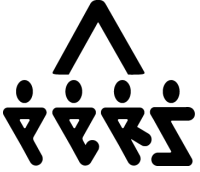
This is informational only.

Attachment

**North Dakota Public Employees Retirement System
Consulting/Investment/Administrative Fees
For the Quarter ended December 31, 2024**

Attachment

<u>Program/Project</u>	<u>Fee Type</u>	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Fees Paid During The Quarter</u>	<u>Fees Paid Year-To-Date</u>	<u>Last Calendar Year-to-Date</u>	
<u>Actuary/Consulting Fees:</u>								
Insurance Plans:								
Deloitte	Insurance Legislative Analysis	Time Charges	25,988	11,025	13,545	50,558 \$	93,083 \$	32,825
Deloitte	Health & Part D Claims Projections	Time Charges			10,000	10,000 \$	120,000 \$	-
Deloitte	Insurance Consulting	Time Charges			100,000	100,000 \$	115,229 \$	22,751
Buck Consulting	Life/Dental/Vision RFP	Fixed Fee				- \$	35,000 \$	43,332
Deferred Compensation/Defined Contribution:								
RVK	Asset Allocation & Liability Study	Fixed Fee				- \$	- \$	-
Callan & Associates	Investment Consultant Expenses	Fixed Fee	13,208			13,208 \$	52,448 \$	50,922
Callan & Associates	Record Keeper Search	Fixed Fee				- \$	49,440 \$	-
Defined Benefit:								
Gabriel Roeder Smith & Company	Retirement Actuarial Valuation	Fixed Fee	22,000	42,500		64,500 \$	77,000 \$	120,500
Gabriel Roeder Smith & Company	GASB 67/68 (Retirement) Valuation	Fixed Fee		5,000	18,000	23,000 \$	42,000 \$	33,750
Gabriel Roeder Smith & Company	Actuarial Factor Updates for 1040	Fixed Fee				- \$	5,600 \$	900
Gabriel Roeder Smith & Company	Retirement Legislation	Time Charges			6,650	6,650 \$	51,850 \$	91,436
Gabriel Roeder Smith & Company	Retirement Consulting/Actuarial Analysis	Time Charges	6,018	15,093	10,385	31,496 \$	88,086 \$	17,088
Mid Dakota Clinic	Retirement Disability Consultant	Time charges				- \$	- \$	1,800
RHIC:								
Gabriel Roeder Smith & Company	RHIC Actuarial Valuation	Fixed Fee	5,000	7,400		12,400 \$	14,400 \$	14,400
Gabriel Roeder Smith & Company	GASB 74/75 (RHIC) Valuation	Fixed Fee				- \$	6,750 \$	7,000
Gabriel Roeder Smith & Company	RHIC	Time Charges				- \$	- \$	-
<u>Audit Fees:</u>								
Clifton Larson Allen	Annual Audit Fee	Fixed Fee				- \$	24,348 \$	120,391
UHY	Annual Audit Fee	Fixed Fee		40,000	47,300	87,300 \$	103,600 \$	-
<u>Legal Fees:</u>								
ND Attorney General	Legal Fees on All Plans	Time charges	4,927	3,486	4,199	12,611 \$	65,585 \$	53,085
Ice Miller - Federal Tax Consultant	Legal Fees on All Plans	Time charges	6,381	8,595	4,372	19,349 \$	101,125 \$	31,849
<u>Investment Fees:</u>								
SIB - Investment Fees	Retirement (DB)	% Allocation	607,583	622,859	747,628	1,978,070 \$	8,211,808 \$	17,467,145
SIB - Investment Fees	Ret Health Credit	% Allocation	4,510	7,116	142,046	153,672 \$	353,732 \$	1,757,945
SIB - Investment Fees	Insurance	% Allocation	1,563	2,430	9,805	13,798 \$	74,350 \$	217,537
SIB - Investment Fees	Job Service	% Allocation	2,014	3,134	67,599	72,747 \$	215,164 \$	989,271
SIB - Administrative Fees	Retirement (DB)	% Allocation	108,251	111,751	78,417	298,419 \$	1,096,862 \$	909,686
<u>Administrative Fee:</u>								
Sanford Health Plan	Health Plan	Fixed fee	1,275,662	1,275,808	1,276,111	3,827,581 \$	15,243,298 \$	13,701,659



**North Dakota
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Memorandum

TO: NDPERS Board

FROM: Derrick Hohbein

DATE: March 4, 2025

SUBJECT: Performance Bonuses for HB 1040

Executive Management is interested in distributing performance bonuses to the Staff that helped make the transition to a Defined Contribution Plan for new hires a success. We are proposing bonuses to each Staff member ranging from \$250 - \$1,500, depending on the work effort involved with the transition.

Currently, our policy manual contains language in 7.1.4 in regarding the limitations to distribute performance bonuses:

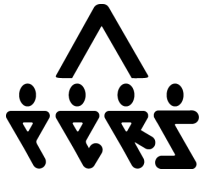
7.1.4 Bonuses during a fiscal year may be paid to not more than 25% of employees employed by NDPERS on July 1 at the beginning of each state fiscal year.

Staff is currently working on updates to our HR policy manual, and this is one provision we will be asking the Board's approval to repeal. NDCC 54-06-30 was amended in 2019, and there is no longer a 25% limitation under either NDCC or administrative rules. Staff did not identify this update the last time we updated our HR policy manual.

Executive Management has identified more than 25% of Staff who we feel should be eligible to receive a performance bonus for their work on the transition. Therefore, we are asking for a Board approved deviation from our policy manual to accommodate these payouts.

Board action requested:

Consider approving a deviation from the HR policy manual to payout performance bonuses relating to the implementation of HB 1040.



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Memorandum

TO: NDPERS Board

FROM: Marcy Aldinger

DATE: March 4, 2025

SUBJECT: Deferred Compensation Hardship Case #906

The participant is requesting a withdrawal from the State of ND 457 deferred compensation Plan in the amount of \$18,792.89 to assist in meeting financial obligations for water damage to the basement. The basement flooded causing catastrophic damage. Upon assessment, flooding came from cold joints of foundation and through cracks in floor which is not covered by insurance. The cost of the repairs through the repair company, Innovative Basement Authority, is \$24,207.79. The participant obtained financing through the credit agency (Greensky) used by the repair company (Innovative Basement Authority) and pays \$300.00 per month on that obligation. The participant also paid for supplies out of pocket in the amount of \$ 5,000.00 and has exhausted all savings. In addition, participant's spouse has recently lost their job and they are down to one income.

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). The participant provided the homeowner's insurance policy (Attachment #1). Statements substantiating income and expenses have been provided (Attachment #2). Statements and receipts for the repair work and supplies have been provided (Attachment #3). The participant's total deferred compensation account balance as of February 3, 2025 was \$17,643.82. The participant has suspended contributions to the deferred compensation account.

According to IRC 457 guidelines, the amount requested must be less than or equal to the financial need. According to the IRC section 457 regulations, financial hardship is defined as an unforeseeable emergency resulting from a sudden and unexpected illness or accident occurring to the participant or one of the participant's dependents, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the participant's control. A reference guide is included in the materials (Attachment #4).

Below you will find the relevant North Dakota authority.

N.D.A.C. § 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.A.C. § 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 State of North Dakota 457 deferred compensation Plan account.