

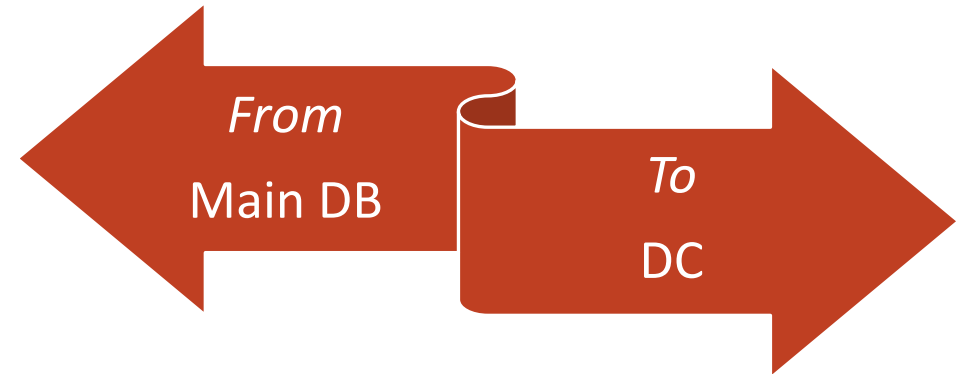
Special Election for Eligible State Employees

JANUARY 1, 2025 – MARCH 31, 2025

HOUSE BILL (HB) 1040

What is the Special Election?

Eligible State employees may elect to transfer from their Main Defined Benefit (DB) tier to the Defined Contribution (DC) tier available when they first enrolled with NDPERS.



General Recap: Differences between Main DB & DC

Main Defined Benefit (DB)	Defined Contribution (DC)
Monthly benefit (pension) is guaranteed for life	Benefit is determined by your investment strategy
Funds are invested on your behalf	You and your provider map your investment strategy
Monthly benefit based on the benefit formula – not how much is in your account	Stream of income is your choice and is subject to your account balance
Employee contributions (member account) 100% vested on day one!	Employee contributions (member account) 100% vested on day one!
Employer contributions: Cliff vesting - <i>all or nothing!</i>	Employer contributions: Gradual Vesting
must have 36 months of service OR turn age 65 while actively employed	2 years – 50% 3 years – 75% 4 years – 100%
Note: most NDPERS Defined Benefit Plans have a vesting period of 36 months – exceptions are BCI, Judges and Highway Patrol	Note: an employee is 100% vested in employer contributions if turns age 65 while actively employed

Eligibility Criteria for Special Election

- ☑ Actively employed with a State governmental unit
- ☑ Currently enrolled in the Main DB Plan before 1/1/2025
Main does not include Public Safety, Judges, National Guard, Bureau of Criminal Investigation (BCI) and Highway Patrol

- ☑ Have no more than 5 years of service on 1/1/2025

5 years includes service credit purchases and other DB plan service under NDCC 54-52 such as Public Safety, Judges, BCI, National Guard. Does not include HP, TIAA or TFFR

Source: [Defined Contribution Plan NDCC 54-52.6](#)

A person wearing a yellow sweater is sitting at a white desk. They are using a silver calculator with their right hand and holding a document with their left hand. The background is a blurred indoor setting.

How are 5 years defined?

The 5 years of service are **cumulative**.

Example:

- Member had 2 years of service more than 5 years ago, switched jobs but left the money intact in their PERS Main
- They returned to an eligible State Employer 2 years ago
- Never purchased service credit
- That is 4 years of service

Eligible for Special Election

How are 5 years defined?

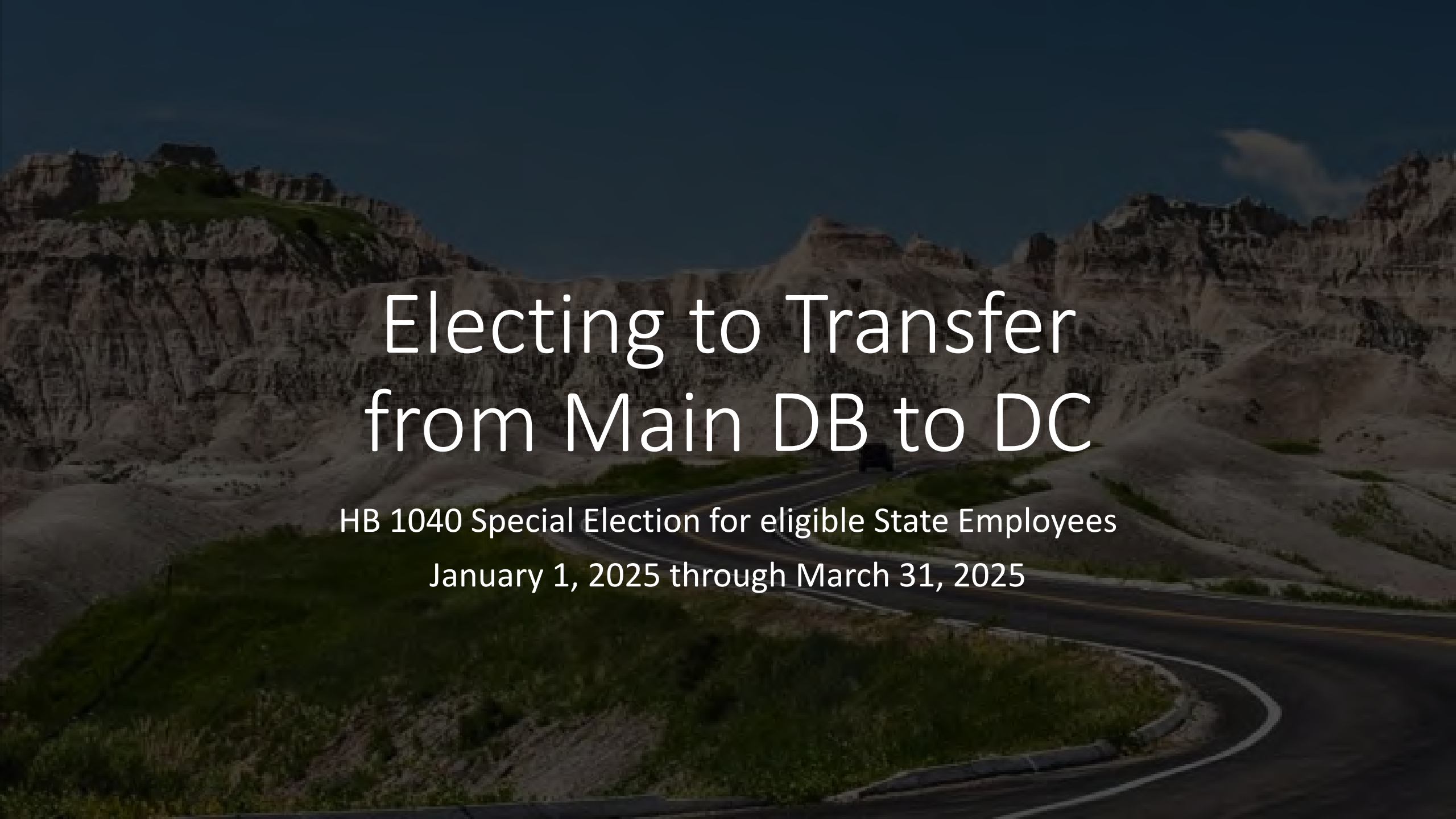
The 5 years of service are **cumulative**.

Example:

- Member had 2 years of service more than 5 years ago, switched jobs and took their money out of the plan when leaving
- They returned to an eligible State Employer 2 years ago
- Purchased 60 months of service credit
- That's 7 years of service

NOT Eligible for Special Election





Electing to Transfer from Main DB to DC

HB 1040 Special Election for eligible State Employees

January 1, 2025 through March 31, 2025



Election Window Details


- January 1, 2025 through March 31, 2025.
- Eligibility Criteria applies: **Employees of State governmental units** with no more than 5 years of service.
- Choice to transfer from their existing Main Plan Tier (1, 2, 3) to the equivalent DC Tier (1 or 2).

The special election does not allow eligible members to transfer to **DC 2025 Tier 3** launching on January 1, 2025.
- Financial incentive to transfer.
- This opportunity is **not available to employees of political subdivisions** or state employees with more than 5 years of service.

Transfer from Main Tier 1 or 2 to Existing DC Tier 1

Main	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main Tier 1 Prior to Jan 2016	7.00% EE 8.12% ER 1.14% RHIC	36 months	Final Average Salary x Years of Service x Benefit Multiplier
Main 2016 Tier 2 January 2016 to December 2019			

These plans have Retiree Health Insurance Credit (RHIC) upon retirement.



DC	Contribution Rate	Vesting Schedule	Benefit
DC Tier 1 Prior to January 2020	7.00% EE 7.12% ER 1.14% RHIC	Less than 2 years: 0% 2 years: 50% 3 years: 75% 4 years: 100%	Based on your investment strategy

Transfer from Main 2020 Tier 3 to Existing DC 2020 Tier 2

Main	Contribution Rate	Vesting Schedule	Lifetime Benefit
Main 2020 Tier 3 January 2020 to December 2024	7.00% EE 9.26% ER	36 months	Final Average Salary x Years of Service x Benefit Multiplier



DC	Contribution Rate	Vesting Schedule	Benefit
DC 2020 Tier 2 January 2020 to December 2024	7.00% EE 8.26% ER	Less than 2 years = 0% 2 years = 50% 3 years = 75% 4 years = 100%	Based on your investment strategy

These plans are not RHIC eligible.

What amount will transfer?



Special Election transfers on or after January 1, 2025 until March 31, 2025.



Transfer amount based on the actuarial equivalent of the accrued benefit as of 1/1/2025.



NDPERS provided eligible members with customized projections comparing the Main DB and Defined Contribution Plan in late November.

NDPERS is hosting [virtual events](#) and will send a reminder letter in February to eligible employees.

Defined Benefit

This amount assumes 6% interest compounded before retirement (separation date of 1/1/2041). Once the member draws the balance does not earn interest. The balance does not affect how long monthly payments will last in a Defined Benefit Plan

Defined Benefit Monthly Payment never changes and is lifetime

State of North Dakota Hypothetical Retirement Benefit Comparison for Member Name

ID:

This estimate was prepared with data as of DATE

Your Benefits Comparison

Separation Date:	1/1/2041	Separation Age:	65 yrs & 0 mos
	Defined Benefit Plan ²	Defined Contribution Plan	
Lump Sum Distribution ¹	\$ 141,943.33	\$ 357,058.21	
Final Average Salary	\$ 94,055.72	N/A	
Benefit as a % of Final Average Salary	33.40%	N/A	
Vesting	100.00%	100.00%	

Defined Contribution

This amount assumes 6% growth during active employment through the separation date of 1/1/2041 and 4.5% growth after employment ends

Retirement Date:	1/1/2041	Retirement Age:	65 yrs & 0 mos
	Defined Benefit Plan ²	Defined Contribution Plan ³	
Lump Sum Distribution ¹	\$ 141,943.33	\$ 357,058.21	
	Monthly Benefit ^{4,5}	Lifetime Benefit	Monthly Benefit Lifetime Benefit
Years in Retirement			
10	\$ 2,618	\$ 314,107	\$ 3,685 \$ 442,198
15	\$ 2,618	\$ 471,160	\$ 2,715 \$ 488,706
20	\$ 2,618	\$ 628,214	\$ 2,242 \$ 537,978
25	\$ 2,618	\$ 785,267	\$ 1,966 \$ 589,921
30	\$ 2,618	\$ 942,321	\$ 1,790 \$ 644,425
35	\$ 2,618	\$ 1,099,374	\$ 1,670 \$ 701,360
40	\$ 2,618	\$ 1,256,428	\$ 1,585 \$ 760,584
23.7 *	\$ 2,618	\$ 744,433	\$ 2,026 \$ 576,165

You choose the number of years you want to receive. If you outlive the number of payments, you may run out of income. *Example: You can receive \$2,242.00 for 20 years. Then, the benefit ends because the plan balance is depleted.*

Incentive FAQ



EMPLOYMENT: Must be continuously employed by the state and active at the time each installment payment is due.



TRANSFER: If the state employee transfers to a political subdivision or terminates employment before any incentive installment is to be paid, they will not receive any of the incentive payment.



NOT A CASH INCENTIVE: The incentive payment is paid into the Employer contribution “bucket” in the member’s DC plan account.

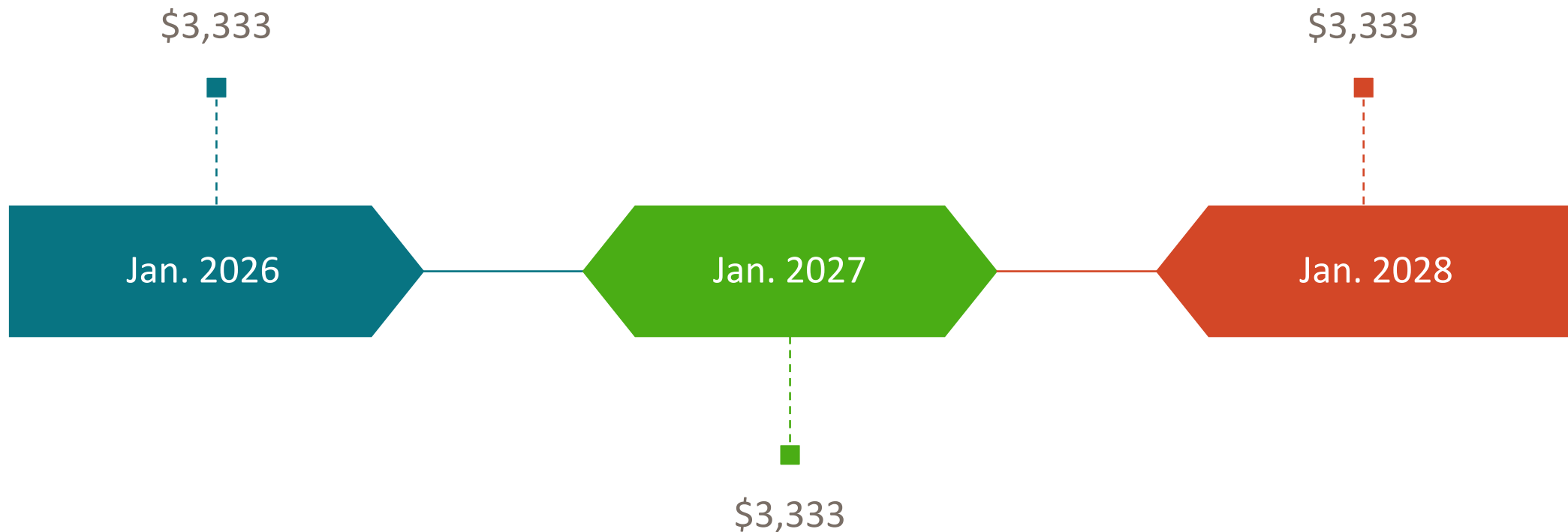


4 YRS: The employer contribution vesting schedule to receive 100% of the employer funds is 4 years of service credit. Main DB service is transferred to the DC Plan for vesting purposes.

Note: an employee is 100% vested in employer contributions if they turn age 65 while actively employed.

Incentive: NOT CASH

Three pre-tax installments totaling \$9,999



Employee must maintain eligibility for the incentive each calendar year through active eligible state employment or incentive will be forfeited. No proration.

To transfer or not?

- **Transfer into the DC:** Members interested in transferring to the DC Plan have a three-month opportunity from January 1, 2025 until March 31, 2025 to make an election by submitting the Defined Contribution Retirement Plan Special Election Form SFN 62523
- **Stay in Main DB:** If NDPERS does not receive a completed election form from you, you will remain in the Main Defined Benefit (DB) Retirement Plan



When and how to submit your application?

- The Defined Contribution Retirement Plan Special Election Form (SFN 62523) 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.

Who can answer my questions?



NDPERS can answer questions about the Main Defined Benefit and Defined Contribution plans.

Empower can answer questions related to investment strategy options available through the Defined Contribution Plan.



Contact your financial advisor to discuss your options and determine which plan is best for you.

Recordkeeper for the
NDPERS Defined
Contribution Plan & 457
Deferred Compensation
Companion Plan

Introducing
Empower



EMPOWER[®]

Who is the 401(a) Provider?

Empower provides the recordkeeping services for the NDPERS Defined Contribution Plan.

If you elect to transfer to the Defined Contribution plan, Empower can:

- Help you plan for the retirement you imagine.
- Give you a better view of your retirement picture.
- Help you reach your financial goals.
- Offer ongoing support and guidance.



Investment Options: Core funds

MFS Intl Diversification R6

Vanguard Total Intl Stock Index I

Cohen & Steers Realty Shares

JPMorgan SMID Cap Equity R6

Vanguard Institutional Index I

Baird Core Plus Bond Inst

Vanguard Total Bond Market Index Adm

Galliard Stable Return Fund C

Vanguard Treasury Money Market Inv

Empower SDB Sweep Program

Empower SDB Securities

*Empower Investments Fixed Account Series

*New York Life Insurance Company Anchor Account

Investing involves risk, including possible loss of principal.

**Annuity Investment Options*

Investment Options: Target date funds

Investing involves risk, including possible loss of principal.

Nuveen Lifecycle Retirement Income R6

Nuveen Lifecycle 2040 R6

Nuveen Lifecycle 2010 R6

Nuveen Lifecycle 2045 R6

Nuveen Lifecycle 2015 R6

Nuveen Lifecycle 2050 R6

Nuveen Lifecycle 2020 R6

Nuveen Lifecycle 2055 R6

Nuveen Lifecycle 2025 R6

Nuveen Lifecycle 2060 R6

Nuveen Lifecycle 2030 R6

Nuveen Lifecycle 2065 R6

Nuveen Lifecycle 2035 R6

How target date investment options work

These investment options provide a diversified mix of investments from different asset classes or investment categories that align with an expected retirement date.

- Professionally managed
- Provide diversification through a single fund
- Adjust over time to become more conservative

The date in the name of the investment option is the assumed date of retirement. The asset allocation becomes more conservative as the fund nears the target retirement date; however, the principal value of the fund is never guaranteed.

Asset allocation investment options and models are subject to the risks of their underlying investments.



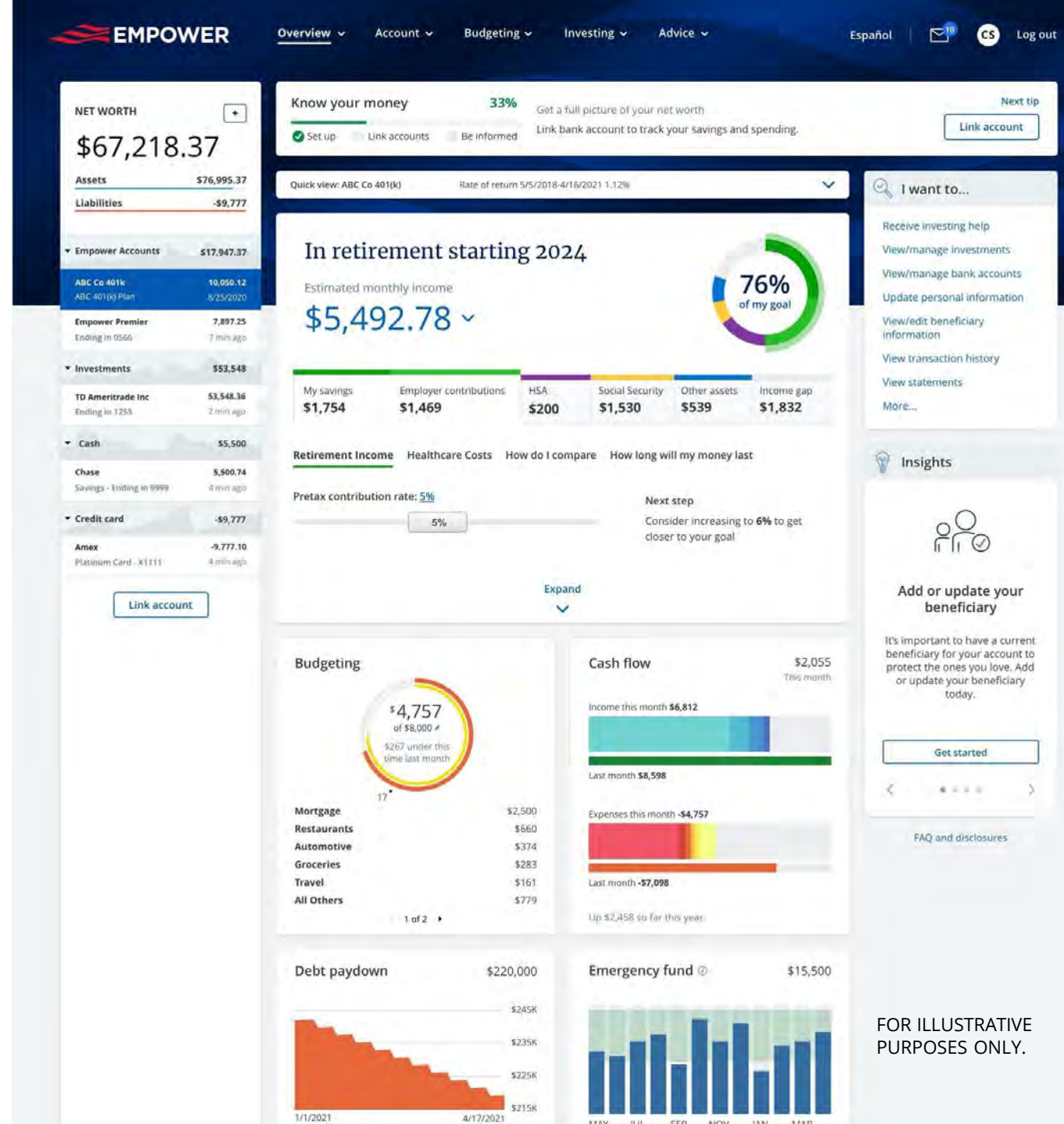
**Information
accessible through
the Empower site**



A complete view in one place

- Log in to EmpowerMyRetirement.com
- Link other accounts for a real-time view of your financial life.
- Focus on your monthly retirement income.
- See and understand your net worth.
- Access free tools and resources that can help you budget, save, and plan for retirement.

Gain financial confidence using your personalized dashboard



FOR ILLUSTRATIVE PURPOSES ONLY.

Empower is here to help

EmpowerMyRetirement.com	Care Center 1-800-338-4015	Workplace Planning & Advice 877-534-4569
<ul style="list-style-type: none">- Update email address- Change investment allocation- Access to the financial dashboard	<ul style="list-style-type: none">- Website assistance- Distribution options- Personal assistance retirement planning- Questions <p>Weekdays: 7:00 a.m. to 8:00 p.m. CT Saturdays: 8:00 a.m. to 4:30 p.m. CT Automated system available 24/7. Password required. TTY: 1-800-766-4952</p>	<ul style="list-style-type: none">- For investment advice and savings advice

What's next for those that transfer?



NDPERS will mail you a confirmation letter with a new beneficiary designation form you must complete



Your NDPERS Member Self Service (MSS) will be updated to reflect your enrollment in the Defined Contribution Plan



Empower will send you a series of emails starting 5 business days after NDPERS approves your transfer



Empower may also mail you more information

Questions?