



Make the Most of Your Financial Future

The North Dakota Public Employees Retirement System 457 Deferred Compensation Companion Plan



Today's Agenda



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



What is the 457 Deferred Compensation Plan?



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

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

The TIAA group of companies does not provide legal or tax advice. Please consult your legal or tax advisor.



What is the 457 Deferred Compensation Plan?



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

PAY YOURSELF FIRST!

You can't miss what you don't see.

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

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



Pre-tax Savings Through Payroll Deduction Means...



If you put in \$100.00 per pay period:

TAX BRACKET	\$100 WILL COST YOU
12%	\$88.00
22%	\$78.00
24%	\$76.00

Don't miss out on the tax savings!



- Employees of the State of North Dakota and employees of participating political subdivisions are eligible to participate in the plan.
- To be eligible, you must be a permanent employee working at least 20 or more hours a week for 20 or more weeks in a calendar year and filling a position that is regularly funded and is not of limited duration.
- Legislators are eligible to participate in the plan.
- Temporary employees and independent contractors are not eligible to participate in the plan.



Contribution Limits



- The minimum contribution is \$25 per month.
- The maximum regular annual contribution limit in 2019 is \$19,000
- You may change your contribution amount at any time or suspend contributions and start again at a later date.



- **Age 50+ Catch-Up**—Participants age 50 or older may contribute the maximum annual limit referenced above plus an additional \$6,000 in 2019 (for a total of \$25,000 in 2019, adjusted for cost-of-living in subsequent years). This election may be made using the NDPERS 457 Deferred Compensation Plan Enrollment/Change form SFN 3803.
- **Special Catch-Up**—Participants within 3 years of normal retirement date may contribute the regular maximum annual limit plus missed contributions from previous years up to \$38,000 in 2019 (adjusted for cost-of-living in subsequent years). You may apply for this option by completing the Catch-Up Worksheet/Certification, SFN 51501 and submitting it to the NDPERS office.



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

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

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



What is the NDPERS Companion Plan?



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

- The board selects and monitors the investments offered under the Companion Plan.
- TIAA is the record-keeper for the Companion Plan and provides both group and individual consulting services to participants at no additional cost.
- The Plan has no annual account fees or sales loads.
- The Companion Plan investment portfolio includes Life Cycle funds, active and passively managed funds, as well as access to a self-directed brokerage account. Funds information is available on our web site at **TIAA.org/ndpers**.
- Has a convenient “Expedited Enrollment” option.



What is the Expedited Enrollment Option?



Makes Saving As Convenient As Possible!

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



What are the advantages of participating in a Deferred Compensation Plan?



- You supplement your retirement savings through tax-deferred contributions into an account in your name.
- You may select the investment provider(s) of your choice from the approved list.
- You are in control of your account and investment allocation.
- You may begin or suspend participation or increase or decrease your contributions at any time.
- You may be eligible for the Saver's Tax Credit



What is the Saver's Credit?



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

Saver Credit Rate	Single Filers	Head of Household	Joint Filers	Tax Credit for 1 st \$2,000 Contribution
50%	0 - \$19,250	0 - \$28,875	0 - \$38,500	\$1,000
20%	\$19,251 - \$20,750	\$28,876 - \$31,125	\$38,501 - \$41,500	\$400
10%	\$20,751 - \$32,000	\$31,126 - \$48,000	\$41,501 - \$64,000	\$200



Deferred lump sum contributions



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



Separation from Employment

- Must be off payroll for 31 days

Approved unforeseeable financial hardship

- Sudden unexpected event beyond control of participant
- Contact NDPERS for application

Deminimus Distribution

- Account is less than \$5,000
- No deferrals for previous 24 months
- No previous distributions



What are the advantages of participating in the Deferred Compensation Plan?



- You may transfer your account to another approved investment provider at any time.
- Upon termination, you have several options available for distribution of your account:
 - Lump sum
 - Periodic payment (annual, quarterly, monthly, etc.)
 - Defer to a later time
 - Rollover to another eligible plan
- Your funds may be used to purchase service in the defined benefit retirement plan.
- You can take advantage of the incentives offered through the Portability Enhancement Provision (PEP)



What is the Portability Enhancement Provision (PEP)?



PEP allows you to vest in a portion of the employer contribution!

- Must be an active member in the NDPERS Defined Benefit Pension plan.
- Requires participation in an eligible 457 Deferred Compensation Plan.
- Employer contributions are added to your member account balance in the defined benefit retirement plan according to the vesting schedule.
- Results in accelerated accrual of member's account balance in the defined benefit plan.



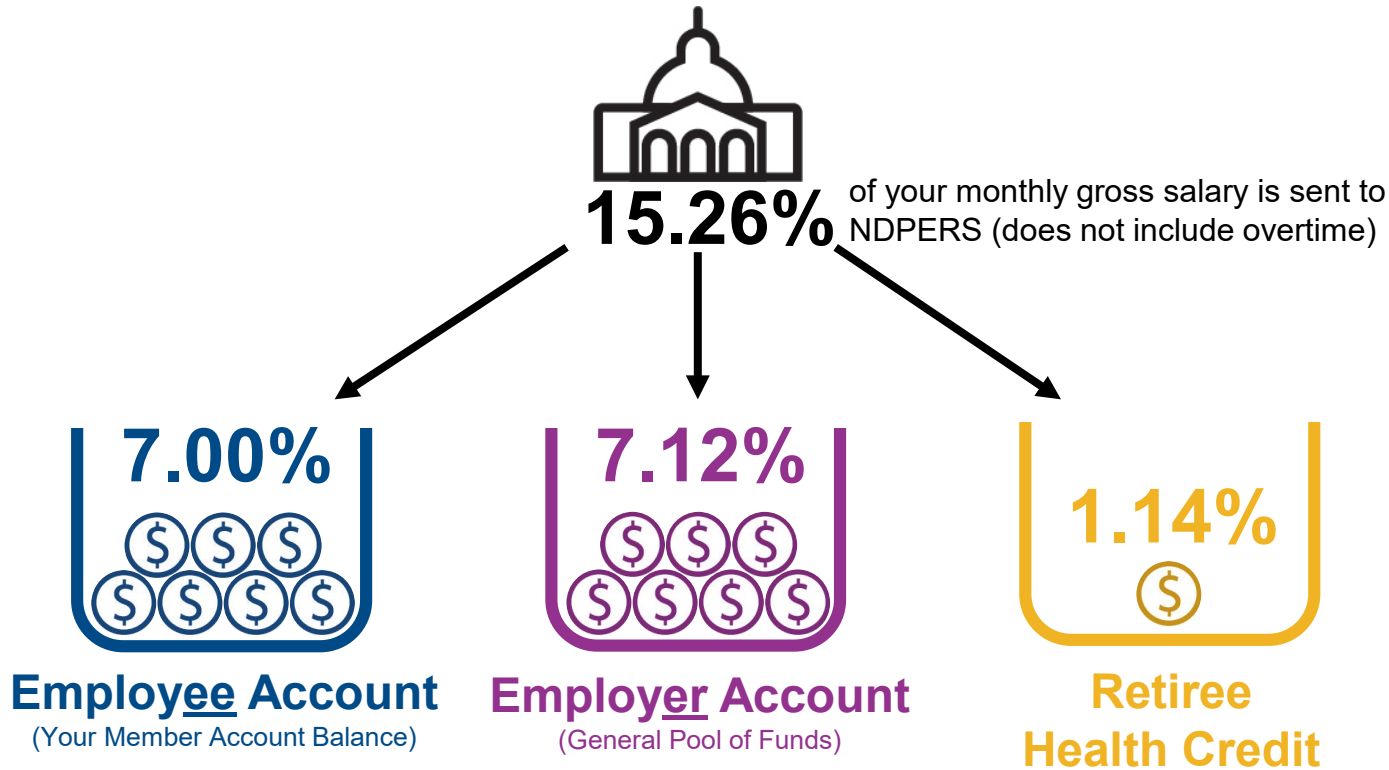
Employer contribution vesting schedule with PEP



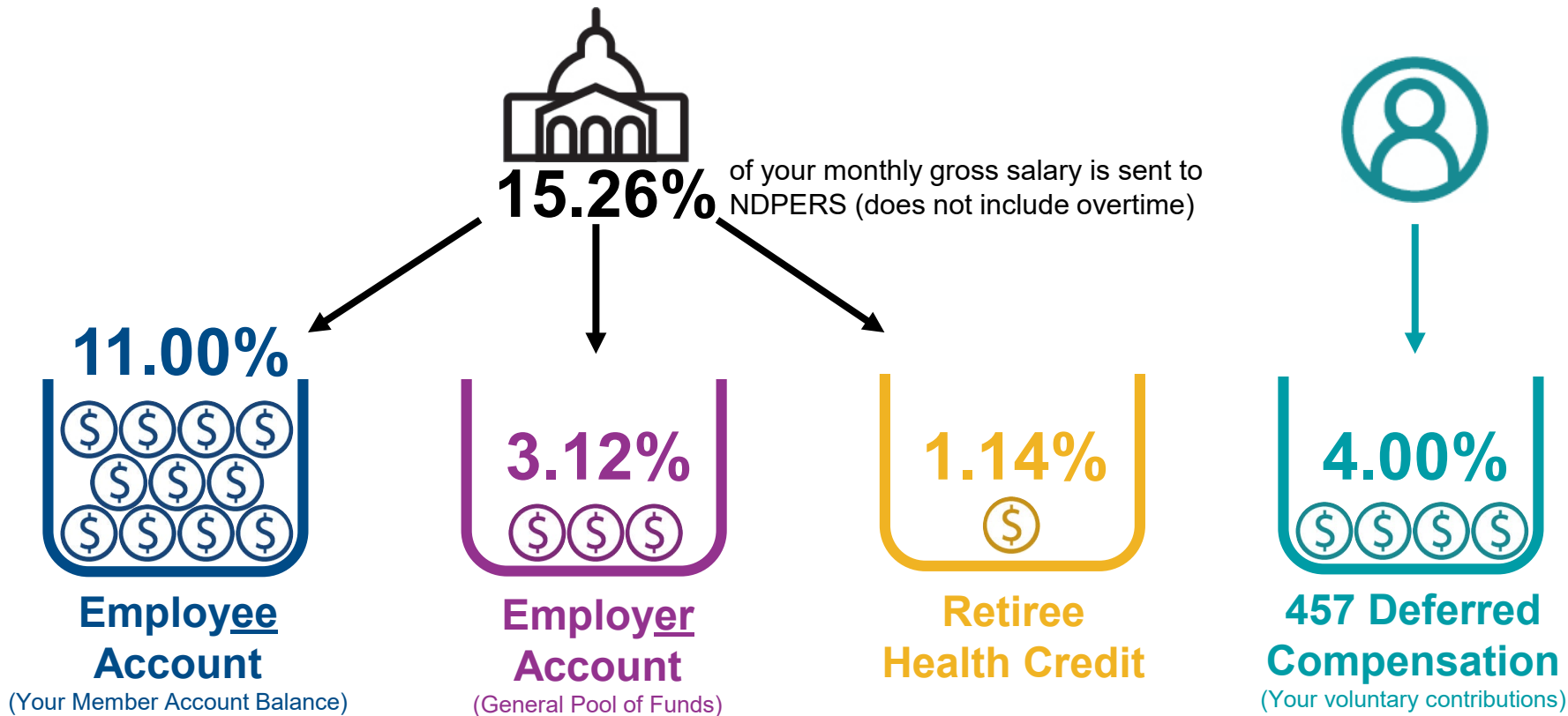
Service Credit	Minimum	Maximum
0-12 Months	\$25	1%
13-24 Months	\$25	2%
25-36 Months	\$25	3%
37+ Months	\$25	4%



Contribution allocation without PEP



Contribution allocation example with PEP



How do I get started?

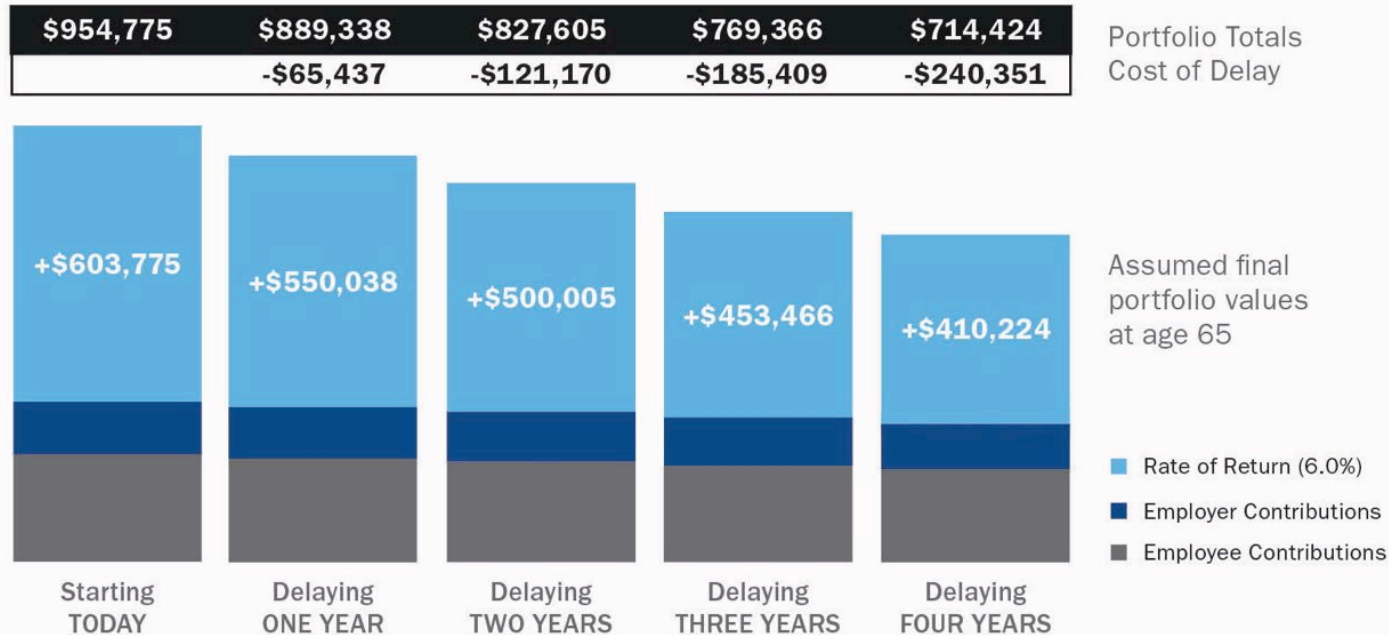


- If enrolled in an eligible deferred compensation plan, PEP is automatic.
- If not enrolled in an eligible deferred compensation, contact an approved Deferred Compensation provider representative to enroll.
- Enrollment forms are available on the NDPERS website at

<https://ndpers.nd.gov/active-members/retirement-plans/457-deferred-compensation/>



The high cost of delaying



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

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

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

Choosing your investment strategy





Option

A

Select a lifecycle fund

A diversified retirement portfolio in a single “fund of funds”

Option

B

Build your own portfolio

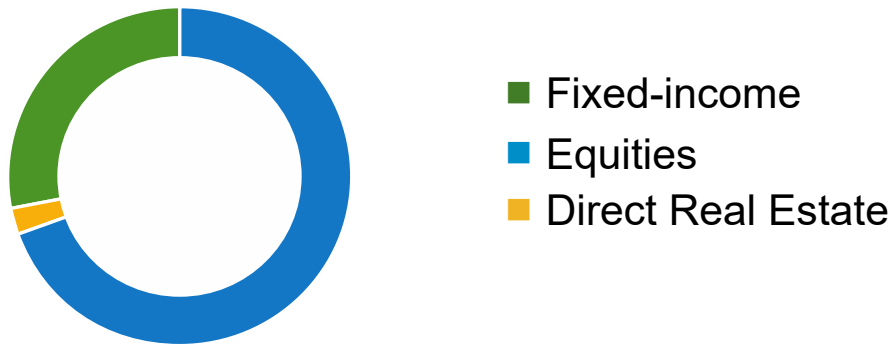
An investment plan that you create based upon your own research and goals



Option A: Selecting a lifecycle fund



A lifecycle Fund example



2030 Fund

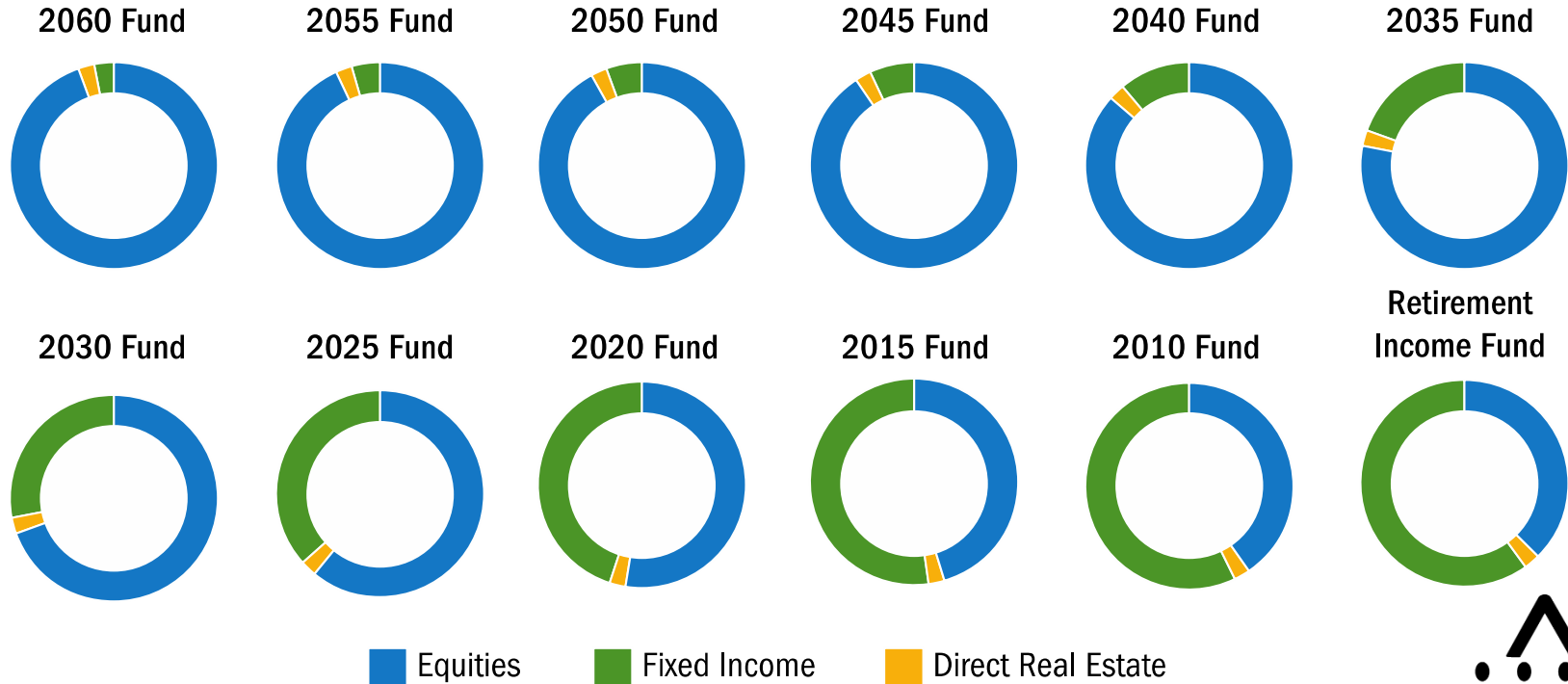
A Lifecycle fund is a “fund of funds,” primarily invested in shares of other mutual funds. The fund’s investments are adjusted from more aggressive to more conservative over time as the target retirement date approaches. The principal value of a Lifecycle fund isn’t guaranteed at any time and will fluctuate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

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

Option A: Selecting a lifecycle fund



Pick the fund closest to your anticipated retirement date



Option B: Building your own portfolio



You can:

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

Keep in mind that there are risks associated with investing in securities including possible loss of principal.



Retirement plan investment advice and education



You can get personalized retirement plan advice and education from a TIAA financial consultant.

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



- Are you saving enough?
- How should you invest?
- How do you meet your retirement income needs?



Retirement plan investment advice and education



One-to-one advice sessions



Scheduling options you can
take advantage of:



TIAA.org/schedulenow



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



Prefer an online advice tool?

TIAA Retirement Advisor



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

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

IMPORTANT: The projections or other information generated by the retirement advisor tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.



Q&A



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