

Perspectives

FOR RETIRED
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

SUMMER 2004 • VOLUME 13, NUMBER 2

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Jon Strinden

Chairman

Sandi Tabor

Attorney General Appointee

Dr. Terry L. Dwelle

State Health Officer

Members Elected:

Rosey Sand, Howard G. Sage,

David Gunkel, Ron Leingang

Sparb Collins

Executive Director

Kathy M. Allen

Editor

NDPERS Deferred Compensation Plan Record Keeper/Administrator Change

We are pleased to announce that effective August 1, 2004 Fidelity Investments will be the new provider of mutual funds and recordkeeping services for the North Dakota Deferred Compensation Companion Plan. As part of its fiduciary responsibility to you, the PERS Board's policy is to send out a Request for Proposals (RFP) for our provider services every six years. Based on the responses to that RFP and a comprehen-

sive review by the Board and its consultant, Fidelity was selected as the new service provider for this plan for the next six years. With the move to Fidelity, we are also expanding and changing our Companion Plan investment options and services. While PERS is excited to work with Fidelity for the next six years, we do want to express our appreciation and thanks to VALIC for its services as the provider over the last six years.

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Ron Leingang Elected to the Board



Ron Leingang was elected to a five-year term as the retiree representative on the NDPERS Retirement Board. His term is effective July 1, 2004 and ends June 30, 2009. Ron is retired from the Department of Human Services and previously served on the Board as an elected active member. The following is a recap of the election results:

NAME	NUMBER OF VOTES
Ron Leingang	1,237
Invalid Ballots	9
Write-In Ballots	8
Received after Deadline	<u>19</u>
TOTALS	1,273

David Gunkel Re-elected to the Board

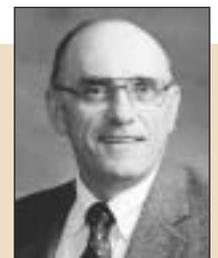


David Gunkel was re-elected to another five-year term on the NDPERS Retirement Board. His term is effective July 1, 2004 and ends June 30, 2009. David is employed by the Supreme Court. The following is a recap of the election results:

NAME	NUMBER OF VOTES
David Gunkel	988
Invalid Ballots	12
Write-In Ballots	10
Received after Deadline	<u>9</u>
TOTALS	1,019

Thank you Weldee!

Weldee Baetsch's term as the elected retiree representative on the NDPERS Board concluded on June 30, 2004. Weldee served on the Board for five years. The PERS staff and board extend their appreciation to Weldee for his contributions and dedication during this term on the Board.



Summary of Primary Legislation Proposals

PUBLIC EMPLOYEES RETIREMENT SYSTEM

System	Sponsor	Description
PERS and Highway Patrol	PERS	Retiree Increase: Retirees would get a single lump payment equal to 50% of their monthly retirement benefit in either January of 2006 or January of 2007 if the market rate of return for the previous year's actuary report is 11.2% or greater. This payment would occur in only one year during the biennium if returns are sufficient.
PERS and Highway Patrol	PERS	3% Increase in Final Average Salary: That all active members of the systems on August 1, 2005 would have their final average salary adjusted by 3% in computing their retirement benefit. The purpose of this proposal is to recognize that many members did not get a general salary increase during the 2003-2005 biennium and, consequently, their retirement benefit did not grow as expected. This change would adjust for the loss of a general salary increase and continue a normal progression in the retirement benefit.
PERS Highway Patrol Judges and Job Service Group Health Plan	PERS	Increase the Retiree Health Benefit and the Retiree Health Contribution: Increase the retiree health benefit from \$4.50 to \$5 and to increase the employer contribution from 1% to 1.45% of payroll. This proposal recognizes that the health credit has not increased since 1991 while the cost of the pre-Medicare and Medicare family premiums has increased. This proposal will allow an immediate increase in the credit and the increased contributions will allow the system to continue to increase the credit in the upcoming years (every 2 to 4 years) if returns average over 9%.
PERS Hybrid & Defined Contribution & Highway Patrol	PERS	Veterans Reemployment: Change the veteran's employment provisions which will allow an employer to pay the employee portion of the retirement contribution for a returning veteran who qualifies pursuant to USERRA. Present law requires the returning veteran to pay the employee portion. The proposal also allows employers to make payment for past service if they so elect.
Defined Contribution Plan	PERS	Temporary Employee Participation: That members who are no longer full-time employees, but rather temporary employees, be allowed to continue participation in the defined contribution plan. Under existing law they would have to join the PERS hybrid plan and they are not able to maintain the continuity of participation in a single retirement plan.
PERS & Highway Patrol	PERS	Change Definition of Final Average Salary: Change the definition of final average salary. This change would make the final average salary computation the average of the high non-consecutive 36 months out of the last 180 months. Present law is the high 36 months out of the last 120 months. This change would be effective in 2009.
PERS Highway Patrol	PERS	Additional Benefit Withdrawal Options: Add the following additional benefit withdrawal options: <ol style="list-style-type: none"> 1. Allow a member to take a partial lump sum benefit at retirement equal to one years retirement benefit. The monthly retirement annuity would be actuarially reduced to recognize this up front payment. 2. Add a 20-year term certain benefit to the plan and eliminate the 5-year term certain option. 3. For the PERS plan level social security option, add a joint survivor benefit option.
OASIS	PERS	Increases primary insurance benefits under the Old Age and Survivor Insurance System fund from \$906.62 to \$933.28 on August 1, 2005 and \$959.94 on August 1, 2006; appropriates \$23,000 from the general fund to PERS to pay Old-Age and Survivor Insurance System benefits to remaining beneficiaries.

UNIFORM GROUP INSURANCE PROGRAM

System	Sponsor	Description
Group Health Plan	PERS	<p>Operational Changes: The following changes are proposed to the health plan statutes:</p> <ol style="list-style-type: none"> 1. To allow PERS to accept and expend funds from other sources in addition to contributions. This change is proposed as a result of the new Medicare Rx law that may provide funds directly to health plans to assist with providing an Rx benefit to its retired members. 2. To allow PERS to negotiate with potential carriers on price and specifications. Present law only allows PERS to negotiate on price. 3. To allow PERS to self-administer the health plan. The purpose of this change is to provide the PERS board additional options that may make the plan more competitive in the market. Additional competition could result in better pricing for the plan. 4. To allow PERS to set up an independent provider network. PERS presently has a provider network but it is not portable. By allowing PERS to have a portable provider network it would create a more competitive environment for providing services to the PERS plan and could reduce premiums.
Group Health Plan	Senator Wardner	That for purposes of a provision allowing retirees who have accepted a retirement allowance from a political subdivision's retirement plan to elect to participate in the uniform group Insurance program without meeting minimum requirements, retirement allowance means a payment or payments to a participant of an employer-sponsored pension or retirement plan who terminated employment by retirement on or after achieving normal retirement age and who was vested in the employer plan at the time of retirement.
Group Health Plan	Senator Mathern	Requires the retirement board to contract with one or more non-domestic pharmacy benefits managers to facilitate the purchase of eligible Canadian prescription drugs by eligible employees and persons receiving retiree health benefits.
Group Health Plan	Senator Mathern	Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the retirement board.

New!

On-Line Services Available

NDPERS is excited to announce that we now have available to our members the ability to access their individual retirement accounts. You may view your retirement account balance, annual statements, and access the tools needed to compute retirement and disability benefits. Prior to accessing NDPERS Online Services, you must have a North Dakota Logon ID. This is to ensure the security and privacy of your NDPERS member information. The North Dakota Logon ID will allow you to access various State of North Dakota



online services and to access information regarding your NDPERS retirement account.

Registration is a ONE-TIME PROCESS. If you have already registered and obtained the North Dakota Logon ID, you do not need to register again. To register for NDPERS Online Services, go to the NDPERS web site and then Register for

Log on ID under Online Services. If you need assistance, please contact NDPERS at ndpers-info@state.nd.us. If you are already registered and wish to access your individual retirement account, go to Log on under Online Services. If you forget your Logon ID or Password, just follow the on-screen instructions.

PLEASE BE ON THE LOOK OUT
In the near future, NDPERS will be mailing out a guide on the NDPERS On-line Services to your home address.

NDPERS Deferred Compensation Plan Record Keeper/Administrator Change *Continued from cover*

Due to our change to Fidelity as the Companion Plan record keeper, plan participants were subjected to a transition period. The transition was a period of time during which plan participants were unable to make any transactions. Information about the transition can be viewed on the NDPERS web site at www.discovernd.com/ndpers and click on "The Companion Plan Transition" or you may view the web cast by clicking on the "Payroll Conference July 22, 2004" broadcast and go to "PERS Companion Plan Transition."

As part of its fiduciary responsibility, the Board also put the following services out for bid:

NDPERS 401(a)

Defined Contribution Plan

The PERS Board sent out a Request for Proposals (RFP) for our defined contribution plan record keeping services. Based on the responses to the RFP and a comprehensive review by the Board and its consultant, Fidelity was selected to continue as the provider for this plan for the next six years.

NDPERS Group Health Insurance Plan

Our current contract with Blue Cross Blue Shield was for a six-year period and expires on June 30, 2005. A Request for Proposals was sent out in mid-May. The deadline for submitting proposals was July 21, 2004. The bids will be evaluated by our consultant, Gallagher Benefit Services and we expect to award

the contract(s) by September 30, 2004.

Retirement & Uniform Group Insurance Plans

Consulting services for the retirement systems managed and administered by PERS and the Uniform Group Insurance Plans were sent out to bid earlier this year. The Segal Company retained the contract for consulting services for the retirement systems, the retiree health credit program, and the FlexComp plan. Gallagher Benefit Services was awarded the contract for the Uniform Group Insurance Programs replacing Deloitte & Touche.

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