



# 1st Letter

North Dakota  
**Public Employees Retirement System**  
 400 E. Broadway, Suite 505 • PO Box 1657  
 Bismarck, North Dakota 58502 - 1657

Sparb Collins  
 Executive Director  
 (701) 328-3900  
 1-800-803-7377

FAX: (701) 328-3920 • EMAIL: [NDPERS-info@nd.gov](mailto:NDPERS-info@nd.gov) • [www.nd.gov/ndpers](http://www.nd.gov/ndpers)

July 23, 2014

Member ID:

## RE: DEFINED CONTRIBUTION RETIREMENT PROGRAM ELECTION SFN 52170

Dear \_\_\_\_\_

As an eligible employee of the State of North Dakota you are automatically enrolled in the Defined Benefit Hybrid Retirement Plan. During the first six (6) months of your employment, you have the option to choose whether you wish to remain in the Defined Benefit Hybrid Retirement Plan or enroll in the Defined Contribution Retirement Plan. Following is a brief description that highlights some of the key differences between the two plans:

- **Defined Benefit Hybrid Retirement Plan.** An account is established on your behalf and contributions are made to the account by you and your employer. Once vested, you are guaranteed a monthly benefit at retirement based on your final average salary, the benefit multiplier, and your years of service credit. You will receive the benefit determined under the plan for life, regardless of the performance of the plan's investments.
- **Defined Contribution Retirement Plan.** An account is established on your behalf and contributions are made to the account by you and your employer. The amount of your benefit will be affected by the investment allocation you select, the length of time you have to invest, your vesting status, and the performance of your investments. At retirement you will determine the income stream and distribution option and will continue to receive distributions from the account until the funds are depleted. TIAA-CREF provides the recordkeeping services and investment options for this plan.

For an outline of the key difference between the two plans, please refer to the enclosed Plan Highlights publication.

You have a six (6) month window from your date of hire or change in status or until December 28, 2014 to make an election. Your election to transfer to the Defined Contribution Retirement Plan is irrevocable.

To assist you with your decision, we have enclosed a personalized, hypothetical pension illustration. This illustration provides you with a comparison of the potential retirement benefits you might receive under each plan based on the following assumptions:

- You will remain employed with the State until you reach Normal Retirement Date (age 65 or the "Rule of 85" for Main, Law Enforcement, and Judges Retirement systems and age 55 for National Guard Retirement System).

- You will participate in the supplemental Section 457 Deferred Compensation Program offered by the State and that you will defer 4% of your monthly salary and, therefore, earn a PEP contribution of 4% of your monthly salary.

Changing any of the assumptions will change the result of the illustration. Also, separating from eligible service prior to your Normal Retirement Date will impact the benefit you can anticipate from either plan.

If you were employed prior to October 1, 2010, this estimated transfer amount may not include all the employer interest that is eligible to actually be transferred. Upon request, NDPERS staff can provide you with alternate illustrations to assist you in making a decision.

Also enclosed are informational brochures on topics such as investment basics, creating a portfolio asset mix, investment fund options, and historical rates of return. Please read these materials and be sure you understand the information and your options before you make your decision. You may access information on the NDPERS website at [www.nd.gov/ndpers](http://www.nd.gov/ndpers) or the TIAA-CREF web site at [www.tiaa-cref.org/ndpers](http://www.tiaa-cref.org/ndpers).

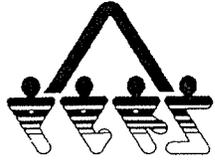
You must complete the enclosed Defined Contribution Retirement Program Election SFN 52170 and return it to NDPERS by December 28, 2014 to make an election whether you wish to transfer to the Defined Contribution Retirement Plan or remain in the Defined Benefit Retirement Plan. Upon NDPERS receipt of your election form, you may not amend your election. If NDPERS does not receive a completed election form from you by this date, you will have elected to remain in the Defined Benefit Retirement Plan.

If you have any questions, please call NDPERS at (701) 328-3900 or (800) 803-7377.

Sincerely,

NDPERS Benefits Division

Enclosures    Defined Contribution Retirement Program Election SFN 52170  
                  Plan Highlights  
                  Hypothetical Pension Illustration  
                  Choosing Your Investments  
                  Investment Performance



**DEFINED CONTRIBUTION RETIREMENT PROGRAM ELECTION**  
 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 SFN 52170 (Rev. 01-2014)

NDPERS • PO Box 1657 • Bismarck • North Dakota 58502-1657  
 (701) 328- 3900 • 1-800-803-7377 • Fax 701-328-3920

**PART A MEMBER INFORMATION**

Name (Last, First, Middle)

NDPERS Member ID

Last Four Digits of Social Security Number

Date of Birth

I have been given the opportunity to elect to remain in the defined benefit retirement program under N.D.C.C. Chapter 54-52 or terminate membership in the defined benefit retirement program and become a participating member in the defined contribution retirement program under N.D.C.C. Chapter 54-52.6. If I elect to transfer to the defined contribution program, I understand my election is irrevocable and permanent. I will be unable to rejoin the defined benefit retirement program even if I later become employed in a position which would be ineligible for the defined contribution program [except if I become a member of the highway patrol, become employed in a position subject to teachers' fund for retirement membership, or become an employee of the board of higher education or state institution under the jurisdiction of the board who is eligible to participate in an alternative retirement program established under subsection 13 of section 15-10-17]. Further, if I elect to transfer to the defined contribution program, I voluntarily waive all of my rights to a pension, annuity, retirement allowance, insurance benefit, disability benefit, dual service or any other benefit under the N.D.C.C. Chapter 54-52 defined benefit retirement program. I have had the opportunity to speak with an attorney and financial planner of my choosing at my expense, and to review N.D.C.C. Chapters 54-52 and 54-52.6 and the information available from NDPERS, and to ask any questions I may have concerning this election.

I further understand that under the N.D.C.C. Chapter 54-52.6 defined contribution retirement program, I will be responsible to direct the investment of any transferred fund balance as well as future retirement contributions. I will be solely responsible for the investment results for my fund balance. NDPERS and its governing board will not be liable for any election or investment decision I make based upon information provided to me pursuant to N.D.C.C. Chapter 54-52.6.

**PART B EMPLOYEE ELECTION - Choose one of the following elections**

I have reviewed and understand each of the above provisions, and hereby elect to remain in the defined benefit retirement program this \_\_\_\_\_ day of \_\_\_\_\_ (Month), \_\_\_\_\_ (Year)

I have reviewed and understand each of the above provisions, and hereby elect to terminate my membership in the defined benefit retirement program and transfer to the defined contribution retirement program this \_\_\_\_\_ day of \_\_\_\_\_ (Month), \_\_\_\_\_ (Year).

\_\_\_\_\_  
 Member Signature

\_\_\_\_\_  
 Member Signature

**PART C SPOUSAL CONSENT – If you are married, your spouse MUST complete this section**

I am the spouse of the above-named NDPERS member. I have had the opportunity to speak with an attorney and financial planner of my choosing at my expense, and to review N.D.C.C. chapters 54-52 and 54-52.6 and the information available from NDPERS, and to ask any questions I may have concerning my spouse's election. I have reviewed the above election, and I consent to the election made by my spouse. DATED this \_\_\_\_\_ day of \_\_\_\_\_ (Month), \_\_\_\_\_ (Year)

\_\_\_\_\_  
 Spouse Signature



## INSTRUCTIONS

### **PART A MEMBER INFORMATION:**

- For member identification, please provide all requested information.
- Member should review the eligibility statement.

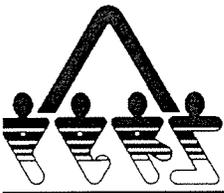
### **PART B EMPLOYEE ELECTION:**

- Member must select which plan they elect to participate in.

### **PART C SPOUSAL CONSENT (If married):**

- Spouse must sign form.

**If the Defined Contribution Retirement Program Election SFN 52170 is not executed properly, member will remain in the Defined Benefit Hybrid Retirement plan contained in N.D.C.C. Chapter 54-52.**



North Dakota  
Public Employees Retirement System  
400 E. Broadway, Suite 505 • PO Box 1657  
Bismarck, North Dakota 58502 - 1657

# Reminder Letter

Sparb Collins  
Executive Director  
(701) 328-3900  
1-800-803-7377

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July 24, 2014

Member ID:

**RE: DEFINED CONTRIBUTION RETIREMENT PROGRAM ELECTION SFN 52170**

Dear

We previously sent you information on March 25, 2014 regarding your eligibility to choose whether you wish to transfer to the Defined Contribution Retirement Plan or remain in the Defined Benefit Retirement Plan. This follow-up letter is to remind you that your election opportunity will expire six (6) months from your date of hire.

To date, we have not received a completed election form. This is the final notice you will receive providing you with this election opportunity. This form must be completed regardless of whether you want to remain in the Defined Benefit Retirement Plan or transfer to the Defined Contribution Retirement Plan. If you have recently sent your election form, please disregard this letter.

You must complete the enclosed Defined Contribution Retirement Program Election SFN 52170 and return it to NDPERS by 5:00 p.m. on August 30, 2014. To make an election whether you wish to transfer to the Defined Contribution Retirement Plan or remain in the Defined Benefit Retirement Plan. If NDPERS does not receive a completed election form from you by this date, you will have irrevocably elected to remain in the Defined Benefit Retirement Plan.

If you did not receive the aforementioned information, or if you have any questions, please call NDPERS at (701) 328-3900 or (800) 803-7377.

Sincerely,

NDPERS Benefits Division



**DEFINED CONTRIBUTION RETIREMENT PROGRAM ELECTION**  
 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 SFN 52170 (Rev. 01-2014)

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<b>PART A MEMBER INFORMATION</b>	
Name (Last, First, Middle)	NDPERS Member ID
Last Four Digits of Social Security Number	Date of Birth
<p>I have been given the opportunity to elect to remain in the defined benefit retirement program under N.D.C.C. Chapter 54-52 or terminate membership in the defined benefit retirement program and become a participating member in the defined contribution retirement program under N.D.C.C. Chapter 54-52.6. If I elect to transfer to the defined contribution program, I understand my election is irrevocable and permanent. I will be unable to rejoin the defined benefit retirement program even if I later become employed in a position which would be ineligible for the defined contribution program [except if I become a member of the highway patrol, become employed in a position subject to teachers' fund for retirement membership, or become an employee of the board of higher education or state institution under the jurisdiction of the board who is eligible to participate in an alternative retirement program established under subsection 13 of section 15-10-17]. Further, if I elect to transfer to the defined contribution program, I voluntarily waive all of my rights to a pension, annuity, retirement allowance, insurance benefit, disability benefit, dual service or any other benefit under the N.D.C.C. Chapter 54-52 defined benefit retirement program. I have had the opportunity to speak with an attorney and financial planner of my choosing at my expense, and to review N.D.C.C. Chapters 54-52 and 54-52.6 and the information available from NDPERS, and to ask any questions I may have concerning this election.</p> <p>I further understand that under the N.D.C.C. Chapter 54-52.6 defined contribution retirement program, I will be responsible to direct the investment of any transferred fund balance as well as future retirement contributions. I will be solely responsible for the investment results for my fund balance. NDPERS and its governing board will not be liable for any election or investment decision I make based upon information provided to me pursuant to N.D.C.C. Chapter 54-52.6.</p>	
<b>PART B EMPLOYEE ELECTION - Choose one of the following elections</b>	
<p>I have reviewed and understand each of the above provisions, and hereby elect to remain in the defined benefit retirement program this _____ day of _____ (Month), _____ (Year)</p> <p>_____</p> <p>Member Signature</p>	<p>I have reviewed and understand each of the above provisions, and hereby elect to terminate my membership in the defined benefit retirement program and transfer to the defined contribution retirement program this _____ day of _____ (Month), _____ (Year).</p> <p>_____</p> <p>Member Signature</p>
<b>PART C SPOUSAL CONSENT – If you are married, your spouse MUST complete this section</b>	
<p>I am the spouse of the above-named NDPERS member. I have had the opportunity to speak with an attorney and financial planner of my choosing at my expense, and to review N.D.C.C. chapters 54-52 and 54-52.6 and the information available from NDPERS, and to ask any questions I may have concerning my spouse's election. I have reviewed the above election, and I consent to the election made by my spouse. DATED this _____ day of _____ (Month), _____ (Year)</p> <p>_____</p> <p>Spouse Signature</p>	



## INSTRUCTIONS

### **PART A MEMBER INFORMATION:**

- For member identification, please provide all requested information.
- Member should review the eligibility statement.

### **PART B EMPLOYEE ELECTION:**

- Member must select which plan they elect to participate in.

### **PART C SPOUSAL CONSENT (If married):**

- Spouse must sign form.

**If the Defined Contribution Retirement Program Election SFN 52170 is not executed properly, member will remain in the Defined Benefit Hybrid Retirement plan contained in N.D.C.C. Chapter 54-52.**



State of North Dakota  
Hypothetical Retirement Benefit Comparison  
for  
Sample

This estimate was prepared with data as of 3/17/2014

The following illustration shows the benefits that you may receive from either the current defined benefit plan or the defined contribution plan. The purpose of this illustration is to help you decide which plan to choose. This information is provided for educational purposes only and should not be considered investment advice, nor should it be the only factor that you consider. Please refer to your plan's documents for additional plan features which may affect your decision.

This illustration assumes that you work for the State of North Dakota up until age 58 & 6 months. It also assumes that you begin receiving payments at age 58 & 6 months.

The illustration is based on personal information that was provided by you and your employer as well as a number of assumptions. Please review your information and the assumptions carefully, as a small change to any of them may cause a large difference in the results.

Please contact the PERS retirement office for an updated illustration.

Participant Information

**Sample**

PERSLink ID		0
Participant ID	xxx-xx-	
Date of Birth		3/27/1982
Gender		Female
Plan		Main Employees Plan (NDPERS)
Current Salary	\$	40,000
Most Recent Hire Date		2/1/2014
Current Years of Service		0.00
Rollover Amount	\$	2,886
Prior DB Plan Contributions with Interest:		
Employer Contributions w/ Interest	\$	1,455
Employee Contributions w/ Interest	\$	1,431

State of North Dakota  
Hypothetical Retirement Benefit Comparison  
for  
Sample

This estimate was prepared with data as of 3/17/2014

Retirement Assumptions

Separation Occurs at	Normal Retirement
Assumed Separation Date	10/1/2040
Age at Plan Separation	58 yrs & 6 mos
Distribution Date	10/1/2040
Age at Plan Distribution	58 yrs & 6 mos
Years of Service at Retirement	26.500

Salary Increase and Rate of Return Assumptions

Assumed Annual Salary Increase 3.50% \*

\* Increases are assumed to occur annually in July

	<u>DB</u>	<u>DC</u>
Mandatory Employee Contribution Rate	7.00%	7.00%
Fixed Employer Contribution Rate	7.12%	7.12%

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

DC Plan Accumulation Rate of Return (prior to retirement)	8.00%
DC Plan Distribution Rate of Return (during retirement)	5.50%

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



State of North Dakota  
Hypothetical Retirement Benefit Comparison  
for  
Sample

This estimate was prepared with data as of 3/17/2014

Tax Implications

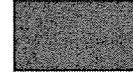
*All benefits are shown prior to any taxes. Applicable Federal Income Tax will be withheld when benefits are paid to you. Tax will not be withheld if benefits are rolled over into a "like" plan or IRA.*

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

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

# North Dakota Public Employees Retirement System

## 401(a) Defined Contribution Plan



### Investment Performance as of 06/30/2014

Before making your investment choices and completing your enrollment form, you should consider the investment objectives, risks, charges and expenses carefully. Please call 877 518-9161 for paper copies of the product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing. To view the prospectuses online, go to [tiaa-cref.org/PRO](http://tiaa-cref.org/PRO) and enter your Plan ID: 405545. You can also view TIAA-CREF's privacy policy, business continuity statement, and frequent trading policy at [tiaa-cref.org/PRO](http://tiaa-cref.org/PRO).

The performance data quoted represents past performance, and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate so that your mutual fund shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance current to the most recent month-end, go to [tiaa-cref.org/planinvestmentoptions](http://tiaa-cref.org/planinvestmentoptions) and enter your Plan ID: 405545 or call 800 TIAA-CREF (800 842-2273). Performance may reflect waivers or reimbursements of certain expenses. Absent these waivers or reimbursement arrangements, performance results would have been lower. Since inception performance shown is cumulative for periods less than one year.

EQUITIES	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses		
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration	
MUTUAL FUND													
AllianzGI NFJ Small Cap Value Fund—Administrative <sup>40, 45</sup>	1881	PVADX	11/01/95	5.80%	6.35%	24.55%	13.76%	19.47%	11.06%	12.50%	1.11%/1.02%	10/31/14	
Benchmark: Russell 2000 Value Index				2.38%	4.20%	22.54%	14.65%	19.88%	8.24%	10.80%			
ASTON/Fairpointe Mid Cap Fund—I <sup>40</sup>	1588	ABMIX	07/06/04	5.27%	10.48%	30.65%	18.95%	25.38%	--	12.08%	0.87%/0.87%	--	
Benchmark: S&P MidCap 400 Index				4.33%	7.50%	25.24%	15.26%	21.67%	--	10.84%			
Brown Capital Management Small Company Fund—Institutional <sup>11, 40</sup>	1525	BCSIX	07/23/92	0.90%	-1.44%	27.08%	15.23%	21.64%	12.50%	12.40%	1.28%/1.28%	--	
Benchmark: Russell 2000 Index				2.05%	3.19%	23.64%	14.57%	20.21%	8.70%	10.25%			
Cohen & Steers Realty Shares <sup>40</sup>	1306	CSRSX	07/02/91	6.94%	17.31%	14.14%	10.30%	22.76%	10.42%	12.32%	0.97%/0.97%	--	
Benchmark: FTSE NAREIT All Equity REITs Index				7.13%	16.25%	13.02%	11.89%	23.65%	9.67%	11.60%			
Columbia Mid Cap Index Fund—A <sup>40, 45</sup>	1236	NTIAX	05/31/00	4.19%	7.23%	24.68%	14.77%	21.13%	10.11%	9.11%	0.67%/0.46%	06/30/15	
Benchmark: S&P MidCap 400 Index				4.33%	7.50%	25.24%	15.26%	21.67%	10.50%	9.59%			
Franklin Growth Fund—Advisor <sup>40, 45</sup>	1586	FCGAX	12/31/96	4.71%	7.18%	26.71%	14.65%	18.49%	8.85%	7.86%	0.68%/0.67%	02/01/15	
Benchmark: S&P 500 Index				5.23%	7.14%	24.61%	16.58%	18.83%	7.78%	7.68%			
Franklin Mutual Global Discovery Fund—Z <sup>40, 141</sup>	1167	MDISX	12/31/92	4.03%	6.32%	20.95%	11.99%	13.12%	10.32%	12.73%	0.98%/0.98%	--	
Benchmark: S&P 500 Index				5.23%	7.14%	24.61%	16.58%	18.83%	7.78%	9.39%			
Hartford Dividend and Growth Fund—R5 <sup>40</sup>	1890	HDGTX	12/22/06	5.15%	8.00%	23.40%	15.54%	17.30%	--	7.30%	0.75%/0.75%	--	
Benchmark: S&P 500 Index				5.23%	7.14%	24.61%	16.58%	18.83%	--	6.75%			



Financial Services

Investment products, insurance and annuity products: are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

## Equities

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
Oppenheimer Developing Markets Fund—Y <sup>40, 45</sup>	1591	ODVYX	09/07/05	7.88%	6.02%	19.75%	5.16%	14.07%	--	12.27%	1.06%/1.05%	--
Benchmark: MSCI Emerging Markets Index				6.60%	6.14%	14.31%	-0.39%	9.24%	--	8.52%		
Parnassus Small Cap Fund <sup>40</sup>	1527	PARSX	04/29/05	5.70%	1.63%	20.99%	9.48%	17.80%	--	10.08%	1.20%/1.20%	--
Benchmark: Russell 2000 Index				2.05%	3.19%	23.64%	14.57%	20.21%	--	9.66%		
Prudential Jennison Mid-Cap Growth Fund—Z <sup>40</sup>	621	PEGZX	12/31/96	2.59%	3.78%	21.52%	13.05%	18.68%	10.98%	10.71%	0.77%/0.77%	--
Benchmark: Russell Midcap Growth Index				4.37%	6.51%	26.04%	14.54%	21.16%	9.83%	8.72%		
RidgeWorth Mid Cap Value Equity Fund—I <sup>40</sup>	1284	SMVTX	11/30/01	6.25%	9.83%	27.99%	15.45%	22.17%	11.95%	10.75%	1.09%/1.09%	--
Benchmark: Russell Midcap Value Index				5.62%	11.14%	27.76%	17.56%	22.97%	10.66%	11.27%		
T. Rowe Price Capital Appreciation Fund—Advisor <sup>40</sup>	395	PACLX	12/31/04	3.93%	6.83%	18.45%	13.25%	15.23%	--	8.31%	1.02%/1.02%	--
Benchmark: S&P 500 Index				5.23%	7.14%	24.61%	16.58%	18.83%	--	7.42%		
T. Rowe Price Equity Income Fund <sup>40</sup>	1660	PRFDX	10/31/85	4.46%	6.13%	20.66%	15.27%	18.06%	7.72%	11.34%	0.67%/0.67%	--
Benchmark: S&P 500 Index				5.23%	7.14%	24.61%	16.58%	18.83%	7.78%	11.04%		
Vanguard 500 Index Fund—Signal <sup>40</sup>	296	VIFSX	09/29/06	5.22%	7.11%	24.55%	16.54%	18.81%	--	7.36%	0.05%/0.05%	--
Benchmark: S&P 500 NR USD				5.07%	6.81%	23.83%	15.82%	18.08%	--	6.67%		
Vanguard Dividend Growth Fund—Investor <sup>40</sup>	1734	VDIGX	05/15/92	2.66%	4.59%	19.39%	15.38%	17.33%	9.16%	8.28%	0.31%/0.31%	--
Benchmark: Russell 1000 Index				5.12%	7.27%	25.35%	16.63%	19.25%	8.19%	9.71%		
Vanguard Total International Stock Index Fund—Signal <sup>16, 40</sup>	1716	VTSGX	11/29/10	5.02%	5.87%	22.44%	5.88%	--	--	8.03%	0.14%/0.14%	--
Benchmark: MSCI AC World Ex USA Index				5.03%	5.56%	21.75%	5.73%	--	--	7.96%		
Wells Fargo Advantage Growth Fund—Administrator <sup>40, 45</sup>	1888	SGRFX	08/30/02	1.95%	-0.20%	22.03%	13.71%	22.45%	11.78%	12.83%	1.02%/0.96%	11/30/14
Benchmark: Russell 3000 Growth Index				4.86%	5.98%	26.75%	16.11%	19.34%	8.27%	9.33%		

## Fixed Income

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
PIMCO Real Return Fund—Administrative <sup>40, 51</sup>	1820	PARRX	04/28/00	4.16%	6.38%	5.27%	3.65%	6.27%	5.43%	6.73%	0.73%/0.70%	--
Benchmark: Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)				3.81%	5.83%	4.44%	3.55%	5.55%	5.25%	6.62%		
PIMCO Total Return Fund—Admin <sup>40</sup>	583	PTRAX	09/08/94	2.31%	3.58%	4.62%	4.06%	6.12%	6.11%	6.95%	0.71%/0.71%	--
Benchmark: Barclays U.S. Aggregate Bond Index				2.04%	3.93%	4.37%	3.66%	4.85%	4.93%	6.12%		
Prudential High Yield Fund—Z <sup>16, 40</sup>	1887	PHYZX	03/01/96	2.44%	5.53%	11.63%	9.15%	13.42%	8.64%	6.98%	0.58%/0.58%	--
Benchmark: Merrill Lynch U.S. High-Yield Master II Index				2.57%	5.64%	11.84%	9.27%	13.94%	8.91%	7.66%		
Templeton Global Bond Fund—Advisor <sup>40, 45</sup>	1255	TGBAX	12/31/96	2.68%	3.46%	7.41%	4.76%	8.42%	9.46%	8.20%	0.64%/0.63%	12/31/14
Benchmark: Citi World Government Bond Index USD				2.27%	5.00%	6.85%	1.57%	3.60%	4.82%	5.16%		



Financial Services

Investment products, insurance and annuity products: are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Current 7-day Yield*		Total Returns		Average Annual Total Returns				Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration	
Vanguard Prime Money Market Fund –Investor <sup>31, 40, 77</sup>	338	VMMXX	06/04/75	0.01%	0.00%	0.00%	0.02%	0.03%	0.05%	1.70%	5.44%	0.17%/0.17%	--
Benchmark: Citi 3-Month Treasury Bill Index				--	0.01%	0.02%	0.04%	0.05%	0.08%	1.54%	--		

\* The current yield more closely reflects the earnings of this investment choice.

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns				Total Annual Operating Expenses		
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
TIAA-CREF Lifecycle 2010 Fund—Retirement <sup>45, 132</sup>	135	TCLX	10/15/04	2.92%	4.20%	13.43%	8.31%	10.97%	--	6.09%	0.83%/0.65%	09/30/14
Benchmark: Lifecycle 2010 Fund Composite Index				3.37%	5.06%	13.13%	8.37%	10.83%	--	6.28%		
Benchmark: Barclays U.S. Aggregate Bond Index				2.04%	3.93%	4.37%	3.66%	4.85%	--	4.69%		
TIAA-CREF Lifecycle 2015 Fund—Retirement <sup>45, 132</sup>	136	TCLX	10/15/04	3.05%	4.31%	14.66%	8.86%	11.80%	--	6.27%	0.84%/0.66%	09/30/14
Benchmark: Lifecycle 2015 Fund Composite Index				3.53%	5.24%	14.39%	9.01%	11.71%	--	6.47%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	8.76%		
TIAA-CREF Lifecycle 2020 Fund—Retirement <sup>45, 132</sup>	137	TCLX	10/15/04	3.13%	4.36%	16.20%	9.59%	12.73%	--	6.39%	0.85%/0.67%	09/30/14
Benchmark: Lifecycle 2020 Fund Composite Index				3.76%	5.47%	16.05%	9.86%	12.72%	--	6.61%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	8.76%		
TIAA-CREF Lifecycle 2025 Fund—Retirement <sup>45, 132</sup>	138	TCLX	10/15/04	3.33%	4.46%	17.79%	10.34%	13.67%	--	6.52%	0.87%/0.69%	09/30/14
Benchmark: Lifecycle 2025 Fund Composite Index				3.99%	5.71%	17.73%	10.70%	13.72%	--	6.75%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	8.76%		
TIAA-CREF Lifecycle 2030 Fund—Retirement <sup>45, 132</sup>	139	TCLX	10/15/04	3.45%	4.49%	19.33%	10.97%	14.55%	--	6.56%	0.88%/0.70%	09/30/14
Benchmark: Lifecycle 2030 Fund Composite Index				4.22%	5.93%	19.41%	11.51%	14.69%	--	6.87%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	8.76%		
TIAA-CREF Lifecycle 2035 Fund—Retirement <sup>45, 132</sup>	140	TCLX	10/15/04	3.59%	4.45%	20.74%	11.54%	15.31%	--	6.84%	0.90%/0.72%	09/30/14
Benchmark: Lifecycle 2035 Fund Composite Index				4.45%	6.13%	21.05%	12.29%	15.59%	--	7.20%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	8.76%		
TIAA-CREF Lifecycle 2040 Fund—Retirement <sup>45, 132</sup>	141	TCLX	10/15/04	3.73%	4.57%	21.72%	12.04%	15.65%	--	7.22%	0.90%/0.72%	09/30/14
Benchmark: Lifecycle 2040 Fund Composite Index				4.63%	6.29%	22.16%	12.85%	15.96%	--	7.56%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	8.76%		
TIAA-CREF Lifecycle 2045 Fund—Retirement <sup>45, 132</sup>	522	TFRX	11/30/07	3.68%	4.44%	21.52%	12.01%	15.57%	--	4.49%	0.92%/0.72%	09/30/14
Benchmark: Lifecycle 2045 Fund Composite Index				4.63%	6.29%	22.16%	12.85%	15.96%	--	5.41%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	7.10%		
TIAA-CREF Lifecycle 2050 Fund—Retirement <sup>45, 132</sup>	525	TFRX	11/30/07	3.69%	4.46%	21.63%	12.02%	15.61%	--	4.45%	0.94%/0.72%	09/30/14
Benchmark: Lifecycle 2050 Fund Composite Index				4.63%	6.29%	22.16%	12.85%	15.96%	--	5.41%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	19.33%	--	7.10%		
TIAA-CREF Lifecycle 2055 Fund—Retirement <sup>45, 132</sup>	1738	TTRX	04/29/11	3.63%	4.49%	21.53%	12.06%	--	--	10.31%	1.28%/0.72%	09/30/14
Benchmark: Lifecycle 2055 Fund Composite Index				4.63%	6.29%	22.16%	12.85%	--	--	11.12%		
Benchmark: Russell 3000 Index				4.87%	6.94%	25.22%	16.46%	--	--	14.44%		



Financial Services

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## Multi-Asset

MUTUAL FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
TIAA-CREF Lifecycle Retirement Income Fund – Retirement <sup>45, 132</sup>	528	TLIRX	11/30/07	2.68%	4.02%	12.02%	7.69%	9.80%	--	4.96%	0.86%/0.63%	09/30/14
<i>Benchmark: Lifecycle Retirement Income Fund Composite Index</i>				3.20%	4.87%	11.74%	7.63%	9.72%	--	5.33%		
<i>Benchmark: Barclays U.S. Aggregate Bond Index</i>				2.04%	3.93%	4.37%	3.66%	4.85%	--	4.82%		

## Other

COLLECTIVE FUND	Investment Number	Ticker Symbol	Inception Date	Total Returns		Average Annual Total Returns					Total Annual Operating Expenses	
				3-Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross/Net	Fee Waiver Expiration
Wells Fargo Stable Return Fund - J <sup>34, 37, 40, 86</sup>	1389	--	10/01/85	0.16%	0.31%	0.70%	1.06%	1.49%	2.59%	5.00%	1.07%/1.07%	--



Financial Services

Investment products, insurance and annuity products: are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

## A NOTE ABOUT RISK

Equity mutual funds generally carry a higher degree of risk than fixed income funds and accounts. This risk is heightened for funds that invest in small and mid-cap stocks and foreign securities.

Fixed income mutual funds are not guaranteed and are subject to interest rate, inflation and credit risks. Funds that invest in non-investment grade securities (i.e. high-yield) present special risks, including significantly higher interest rate and credit risk.

Mutual funds that invest in real estate securities are subject to various risks, including fluctuation in property values, higher expenses or lower income than expected, and potential environmental problems and liability.

More detailed information on risks applicable to a particular investment option can be found in the prospectus or other product literature.

## About the Benchmark

A benchmark provides an investor with a point of reference to evaluate an investment's performance. One common type of benchmark used to compare investment performance is called an index. Indexes are unmanaged portfolios of securities designed to track the performance of a particular segment of the market. For example, a large cap stock fund or account will usually be compared to an index that tracks a portfolio of large-cap stocks. Conversely, a bond fund or account is typically compared to an index that tracks a portfolio of bonds that is comparable to the fund or account's portfolio in terms of credit quality, maturity and liquidity. Each mutual fund or account shown in the chart includes performance information for an index that the advisor determined provides a fair comparison of the fund or account's investment performance. Indexes are for comparison purposes only. You cannot invest directly in any index. Index returns do not reflect a deduction for fees or expenses.

## Morningstar Disclosures

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## Important Information

11 Closed to new investors.

16 The comparative indices used for this investment product have been provided by Morningstar, Inc. and may not match those that appear in other websites or publications.

77 An investment in the fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other U.S. government agency. The fund will attempt to maintain a stable net asset value of \$1.00 per share, but it is possible to lose money by investing in the fund.

31 The 7-day money market yield listed more closely reflects the current earnings of the money market mutual fund(s) than does the total return.

40 Accumulations in funds not managed by TIAA-CREF may be subject to administrative charges. These charges are subject to change. Please review current documents related to your plan.

132 As Target Retirement Date Funds are actively managed, their asset allocations are subject to change and may vary from those indicated. They invest in many underlying funds and are exposed to the risks of different areas of the market. The higher a fund's allocation to stocks, the greater the risk. After the target date has been reached, some of these funds may be merged into a fund with a more stable asset allocation. In addition to the fund level expenses these funds are also subject to the expenses of their underlying investments. Please consult the prospectus for more complete information.

34 The Wells Fargo Stable Return Fund is a collective investment trust fund for which Wells Fargo Bank, N.A. ("Wells Fargo") is the investment advisor and trustee. Galliard Capital Management, Inc., a wholly-owned subsidiary of Wells Fargo, serves as subadvisor to the Fund. The Fund charges an annualized fee for investment and administrative services equivalent to 0.85% of assets invested in the Fund. From this fee, the Fund will pay a fee equivalent to 0.50% of assets invested in the Fund to the Recordkeeper for administrative and recordkeeping services performed by it, or its agents, related to the purchase, sale and holding of fund units. The difference between the Fund's total annual operating expenses (expense ratio) and the investment and administrative services fee described above is attributable to investment contract fees (wrap fees), acquired fund fees, subadvisor investment management expenses, audit, valuation and 5500 fees. Fund returns reflect all income, realized and unrealized capital gains and losses and all annual fund operating expenses. The Fund is not insured by the FDIC, Federal Reserve Bank, nor guaranteed by Wells Fargo or any affiliate, including Galliard Capital Management. Past performance is not an indication of how the investment will perform in the future. For additional details, please visit [http://www.galliard.com/tiaa-cref/SVJ\\_disclosure.pdf](http://www.galliard.com/tiaa-cref/SVJ_disclosure.pdf) or refer to the Fund fact sheet.

37 Data provided by Galliard Capital Management. Neither TIAA-CREF nor its affiliates has independently verified the accuracy or completeness of this information.

45 The net annual expense reflects a contractual reimbursement of various expenses, which will remain in effect until terminated. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Please see the prospectus for details.

51 The net expense ratio reflects total annual fund operating expenses excluding interest expense. If interest expense was included, returns would have been lower. Please see the prospectus for details.

86 The Wells Fargo Stable Return Fund is not insured or guaranteed by any governmental agency. Investments in the fund are subject to the various risks associated with investing in investment contracts, which include default, interest-rate, and liquidity risk. Default risk is the risk that companies or individuals will not be able to make their required payments on debt obligations. Interest rate risk is the risk that interest payments of debt securities may become less competitive during periods of rising interest rates and declining bond prices. Liquidity risk is the risk that illiquid securities may be difficult to sell at their fair market value. Before investing, please see the fund's Disclosure Document for more detailed information about these and other risks.

141 Prior to June 30, 2014, the fund was known as Mutual Global Discovery Fund.

There are inherent risks in investing. More information on investment risks appears at the end of the performance table. Mutual funds are offered through your plan sponsor's retirement plan, which is administered by TIAA-CREF. Funds are offered at that day's net asset value (NAV), and the performance is displayed accordingly. Performance at NAV does not reflect sales charges, which are waived through your pension plan. If included, the sales charges would have reduced the performance as quoted.

**TIAA-CREF Individual & Institutional Services, LLC, and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products.**

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# Plan Highlights

## North Dakota Public Employees Retirement System Pension Plan Comparison as part of a special offering for state employees hired on 10-1-13 through 7-31-17

### IMPORTANT TO NOTE:

Selecting a retirement plan is a one-time irrevocable election made during the first six months of eligible employment.

Compare some of the key features of the plans using the convenient question and answer format.

For more information on the NDPERS Defined Contribution Plan, call TIAA-CREF at **800 842-2252**.

For more information on the Defined Benefit Hybrid Plan, contact PERS at **800 803-7377**.

#### Defined Benefit Hybrid Plan (current plan)

#### Defined Contribution (current plan)

#### Plan definitions:

- ▶ In the NDPERS Defined Benefit Hybrid Plan, an account is established on your behalf and contributions are made to the account by you and your employer. If vested, you are guaranteed a monthly benefit for life at retirement. You will receive the benefit determined under the plan regardless of the performance of the plan's investments.
- ▶ In the NDPERS Defined Contribution Plan, an account is established on your behalf and contributions are made to the account by you and your employer. The amount of your benefit will be determined by your investment allocation, the length of time you are invested, your vesting status, and the performance of your investments. The duration of benefits is dependent on your account balance.

#### How is my retirement benefit determined?

- ▶ The amount of your benefit is dependent on your years of service, the benefit multiplier, age at which you retire, and your Final Average Salary (FAS), which is the average of your highest salaries for 36 non-consecutive months of the last 180 worked.
- ▶ For the Main, the Law Enforcement and the National Guard plans, the normal retirement benefit is calculated based on a formula that includes your FAS x years of service x the benefit multiplier of 2%.
- ▶ For the Judges Retirement Plan, the normal retirement benefit is calculated based on a formula that includes your FAS x years of service x the benefit multipliers of 3.5% for the first 10 years, 2.8% for the second 10 years and 1.25% for each year after 20 years.
- ▶ Your retirement benefit is subject to the value of your account at retirement and may be limited in duration.
- ▶ The amount and duration of your retirement benefit depends on the contributions and investment earnings you experience based on the performance of your chosen investment options.

#### How much do I contribute to my pension? <sup>1</sup>

- ▶ There is a mandatory pre-tax contribution of 7% of your salary; 4% is picked up by your employer under article 414(h) of the Internal Revenue Code. Of the 7%, 3% will be deducted from your paycheck on a pre-tax basis.<sup>1</sup>
- ▶ For the Judges Retirement System, there is a mandatory contribution of 8% of your salary; 4% is picked up by your employer under 414(h) of the Internal Revenue Code. Of the 8%, 4% will be deducted from your paycheck on a pre-tax basis.<sup>1</sup>
- ▶ There is a mandatory pre-tax contribution of 7% of your salary; 4% is picked up by your employer under article 414(h) of the Internal Revenue Code. Of the 7%, 3% will be deducted from your paycheck on a pre-tax basis.<sup>1</sup>

**Defined Benefit Hybrid Plan (current plan)****Defined Contribution (current plan)***(continued)***How much do I contribute to my pension? <sup>1</sup>**

- ▶ For the Bureau of Criminal Investigation (BCI) Law Enforcement Retirement System, there is a mandatory pre-tax contribution of 6% of your salary; 4% is picked up by your employer under 414(h) of the Internal Revenue Code. Of the 6%, 2% will be deducted from your paycheck on a pre-tax basis.<sup>1</sup>
- ▶ For the National Guard Plan, there is a mandatory pre-tax contribution of 4.5% of your salary; 4% is picked up by your employer under article 414(h) of the Internal Revenue Code. Of the 4.5%, 0.5% will be deducted from your paycheck on a pre-tax basis.<sup>1</sup>

**How much does the State of North Dakota contribute to my Pension Plan? <sup>1</sup>**

- ▶ The employer contribution for the Main Plan is set by the state statute and is currently 7.12% of your salary.<sup>1</sup>
- ▶ The employer contribution for the Judges Plan is set by the state statute and is currently 17.52% of your salary.<sup>1</sup>
- ▶ The employer contribution for the Bureau of Criminal Investigation (BCI) Law Enforcement Retirement Plan is set by the NDPERS Board and is currently 10.31%.
- ▶ The employer contribution for the National Guard Retirement Plan is set by the NDPERS Board and is currently 7% of your salary.

- ▶ The employer contribution is set by state statute and is currently 7.12% of your salary.<sup>1</sup>

**How are my contributions invested?**

- ▶ All contributions are held in a trust and invested pursuant to an asset allocation strategy set by the NDPERS Board.
- ▶ The PERS Board determines investment policies. The PERS Board also develops an asset allocation for the retirement funds that the State Investment Board must approve. The State Investment Board retains and monitors investment managers to implement investment policies and asset allocation.

- ▶ Contributions are allocated to individual accounts and invested pursuant to the employee's chosen asset allocation mix.
- ▶ TIAA-CREF will provide you with the tools you may need to help you make your investment selections.
- ▶ You can change your investment selections at any time, even if you terminate or retire.

**When do I become vested?**

- ▶ After three years of service, you are eligible to receive a lifetime monthly benefit at retirement.
- ▶ You are immediately 100% vested in the employee contributions.

- ▶ The Defined Contribution Plan has a vesting schedule as follows: 50% after two years of service, 75% after three years of service, and 100% after four years of service.
- ▶ You are immediately 100% vested in the employee contributions.

**Are there any loan or withdrawal privileges?**

- ▶ Loans are not available.

- ▶ Loans are not available.

**Defined Benefit Hybrid Plan (current plan)****Defined Contribution (current plan)****When can I take a distribution?**

- ▶ At termination and in lieu of drawing a monthly pension, you may take a lump-sum refund or roll over the member account balance, which consists of the employee contribution and any employer contribution that you are vested in as a result of PEP<sup>2</sup>, and interest (currently 7.5%), as established by the NDPERS Board. An early withdrawal penalty may apply if you take your money out before age 59½ and do not roll over your account to another eligible plan or an IRA.
  - ▶ Your eligible assets are portable whether you retire or change jobs.
  - ▶ You can also take an early retirement benefit with a reduced pension at age 55 with three years of service. National Guard and Law Enforcement employees can take early retirement at age 50 with three years of service.
  - ▶ Normal retirement age is 65, or the Rule of 85, whichever is earlier. You meet the Rule of 85 if the combination of your age and years of service equals or exceeds 85. For National Guard and Law Enforcement employees, the normal retirement age is 55 with three eligible years of service.
  - ▶ Upon being deemed disabled under the plan rules, you are eligible for a monthly disability retirement benefit. Provided you have obtained at least six months of service prior to your disability.
- ▶ At termination you may take a lump-sum refund or rollover of your account, which consists of the employee contribution, any employer contribution that you are vested in and any investment earnings. An early withdrawal penalty may apply if you take your money before age 59½ without directly rolling it into another eligible plan or an IRA.
  - ▶ Your eligible assets are portable whether you retire or change jobs.
  - ▶ If you leave employment due to disability, you are eligible for a distribution of your Defined Contributions Account.

**What is the plan fee?**

- ▶ The plan administrative fee is paid from the trust fund and is not assessed from employee accounts.
- ▶ Employee accounts will be assessed an annual administrative fee of 0.06% of the value of the account. This fee may be changed from year to year.

**What are my distribution options at retirement?**

- ▶ Guaranteed, fixed, monthly income for your life.
  - ▶ Lump-sum refund of your contributions and vested employer contributions (PEP)<sup>2</sup> and interest.
  - ▶ Roll your balance into another eligible plan or IRA.
- ▶ Non-fixed periodic payments.
  - ▶ Purchase a private lifetime annuity.
  - ▶ Lump-sum refund of all or a portion of your account balance.
  - ▶ Roll your balance into another employer's eligible plan or IRA.

**Defined Benefit Hybrid Plan (current plan)****Defined Contribution (current plan)****What distribution options are available to my spouse if I die before retirement?**

- ▶ If you are not vested, your spouse will receive a lump-sum refund of your member account value, including all employee contributions and vested employer contributions (PEP)<sup>2</sup> plus interest minus federal income tax withholding.
- ▶ If you are vested, your spouse may select: 50% of your accrued monthly benefit payable for life or lump sum of your account including all employee contributions and vested employer contributions (PEP)<sup>2</sup> plus interest minus federal income tax withholding.
- ▶ If you are at or past normal retirement age, your spouse may elect monthly payments equal to the 100% Joint and Survivor Benefit or lump sum of your account including all employee contributions and vested employer contributions (PEP)<sup>2</sup> plus interest minus federal income tax withholding.

**▶ Your spouse may elect:**

- A lump-sum distribution of the full market value of the vested portion of your account, minus federal income tax withholding. This distribution can be paid in the form of a refund or a direct rollover to an eligible retirement plan or IRA.
- ▶ A periodic payment schedule in compliance with 401(a)(9)(G) of the Internal Revenue Code.

**If at retirement I maintain my account with NDPERS, what additional benefits do I receive as a retiree?**

- ▶ Retiree health credit, health, dental, vision, and life insurance are available to retirees if they meet conditions associated with each type of coverage. Individuals who receive a lump-sum distribution are not eligible for these coverages.

- ▶ Benefits are the same as the Defined Benefit Hybrid Retirement Plan if conditions associated with each type of coverage are met. Retiree health credit eligibility is maintained as long as you are receiving a periodic distribution each year.

**Where can I go for more information on these plan features?**

- ▶ Contact NDPERS at **800 803-7377**.

- ▶ Call NDPERS at **800 803-7377** or TIAA-CREF at **800 842-2252** to speak to a TIAA-CREF Retirement Representative, Monday to Friday from 7 a.m. to 9 p.m. (CT), and Saturday, from 8 a.m. to 5 p.m. (CT).

**What distribution options are available to a non-spouse beneficiary?**

- ▶ If benefits have not commenced, whether or not you are vested, your beneficiary may either receive a lump-sum payment or a direct rollover of your vested account value, including all employee contributions (PEP)<sup>2</sup> plus interest minus federal income tax withholding (i.e., 20% federal, etc.).
- ▶ If benefits have commenced, any payment your beneficiary will receive is subject to the option you select at retirement and whether your account balance has been exhausted through the monthly benefits you received prior to your death.

**▶ Your beneficiary may select:**

- A lump-sum distribution of the full market value of the vested portion of your account, minus federal income tax withholding (i.e., 20% federal, etc.). This distribution can be paid in the form of a refund or a direct rollover to an eligible retirement plan or IRA.

**What disability retirement benefits are available?**

- ▶ After six months of service, a member is eligible for a monthly disability retirement benefit, which is 25% of the member's final average salary for as long as the disability lasts. Benefits are subject to income tax upon distribution.

- ▶ There is no specific provision for a disability benefit. However, a member who leaves employment due to disability is eligible to draw from the account until the funds are gone. Benefits are subject to income taxes upon distribution.

## Compare: Defined Benefit Hybrid Plan vs. Defined Contribution

The following comparison summarizes the advantages and disadvantages of the North Dakota Public Employees Retirement System's Defined Benefit Hybrid Plan Pension Plan and the North Dakota Public Employee's Retirement System's Defined Contribution Pension Plan. The general summary is provided as a tool to assist you in determining which plan may be most appropriate for you.

	Advantages	Disadvantages
<b>Defined Benefit Hybrid Plan</b>	<ul style="list-style-type: none"> <li>▶ Monthly disability payments are available and will continue throughout your period of disability.</li> <li>▶ Investment risk is assumed by the State of North Dakota.</li> <li>▶ Benefits provided are based on your calculated pre-retirement final average salary.</li> <li>▶ Rewards years of service.</li> <li>▶ A predictable guaranteed lifetime monthly benefit.</li> <li>▶ Member account balance is portable.</li> <li>▶ Benefits increase with each year worked.</li> <li>▶ Post-retirement adjustments may be provided periodically by legislation.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Individuals cannot self-direct investments.</li> <li>▶ Benefits are reduced if employee retires early (prior to age 65 or the Rule of 85).</li> <li>▶ Post-retirement adjustments are not automatic.</li> <li>▶ Benefit enhancements are not automatic.</li> <li>▶ Individuals will not vest in the employer contribution unless individual participates in PEP.<sup>2</sup></li> </ul>
<b>Defined Contribution</b>	<ul style="list-style-type: none"> <li>▶ Employee assumes all investment risk — positive performance may result in additional gains.</li> <li>▶ Vested account balance is portable.</li> <li>▶ Employee manages retirement income.</li> <li>▶ Employee has flexibility to adjust allocation.</li> <li>▶ Provides the potential for capital accumulation.</li> <li>▶ Employee controls investment option decisions.</li> <li>▶ Additional contributions are made to the plan for each month worked.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employee assumes all investment risk — poor investment performance may result in loss of principal.</li> <li>▶ Benefits are not related to pre-retirement income (to maintain comparable standard of living).</li> <li>▶ Employee assumes responsibility for managing retirement cash flow and inflation protection.</li> <li>▶ No guarantee of a lifetime monthly retirement income.</li> <li>▶ There is no specific provision for a disability benefit. A member who leaves employment due to disability is eligible to draw from the account until the funds are gone.</li> </ul>

<sup>1</sup> Contributions for all plans are set in statute or by the NDPERS Board. Pursuant to current legislation, when the Defined Benefit Hybrid Plan becomes 100% funded, all contribution rates will return to the rates that were in effect on 7/31/2013.

<sup>2</sup> The Portability Enhancement Provision (PEP) is not available in the Judges Retirement Plan or the Defined Contribution Plan.

*Unless otherwise noted, transaction requests confirmed after the close of the market (normally 3 p.m. (CT)) or on weekends or holidays, will receive the next available closing prices.*

*This document provides only a summary of the main features of the PERS Pension Plans. The plan documents will govern in the event of any discrepancies.*

*The Defined Benefit Hybrid Plan information contained herein has been provided by North Dakota Public Employees Retirement System and is solely the responsibility of North Dakota Public Employees Retirement System.*