CYERVIEW OF NRPERS 2011



PERS BOARD

- * SEVEN MEMBERS
 - + CHAIR APPOINTED BY GOVERNOR
 - + THREE ELECTED BY ACTIVE MEMBERS
 - + ONE ELECTED BY RETIRED MEMBERS
 - + STATE HEALTH OFFICER
 - + ONE APPOINTED BY ATTORNEY GENERAL.

PERS BOARD

× Jon Strinden

Chair

× Levi Erdmann

Elected - Actives

× Joan Ehrhardt

Elected - Actives

× Mike Sandal

Elected - Actives

× Howard Sage

Elected - Retirees

× Arvy Smith

Health Officer

× Tom Trenbeath

Attorney General

PRAGRAMS

- × RETIREMENT
- * GROUP INSURANCE
- × FLEX COMP
- × EMPLOYEE ASSISTANCE

RETIREMENT PROGRAMS







RETIREMENT

- DEFINED BENEFIT PLANS 5
 + Main
 + Judges
 + National Guard
 + Law Enforcement
 + Highway Patrol
 + Job Service

 DEFINED CONTRIBUTION PLANS 2
 + 457
 + 401(a)

 RETIREE HEALTH CREDIT

 ADMINISTRATIVE SERVICES
 + PRIOR JUDGES
 + JOB SERVICE RETIREE HEALTH CREDIT

RETIREMENT TERMS

- × Actuarial Valuation arrust evaluation done by the syste
- × Actuarial value of assets No armetred for valuing assets over a five year period with
- × Market value of assets to actual value of enters on a given day
- × Statutory Rate the employer and employee contribution set in the Morth Dates
- × Actuarial Rate the employer contribution for the opcoming year as determined by the actuary based or
- × Margin The difference between the statutory rate and the actuarial rate
 - + 4.12 6.26 = -2.14 + 4.12 3.61 = .51

RETIREMENT EQUATION

x Contributions + Investment = Benefits + Expenses

Economic

Demographic

- + Experience Study
- + Asset Liability Study

KEY ASSUMPTION

***INVESTMENT RETURN**

Average return assumption for 127 public plans is 8%

NPPERS COMPARED TO OTHER STATE RETIDEMENT PLANS Asset class PERS Domestic Equities 40 15 International Equities Domestic Fixed Income 29 International Fixed Real Estate 5 Alternatives Other

NRPERS AND BIO

- × NDPERS
 - + Investment Policies
 - + Asset Allocation
 - × Major asset classes
- × RIO
 - + Hire money managers
 - + Monitor money managers
 - + Refine the asset classes

SIB membership: Lt Governor, Chair

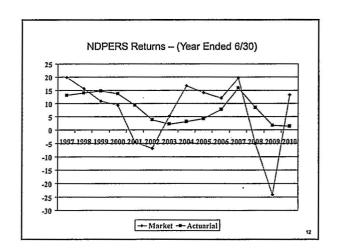
3 PERS Bd members State Treasurer

3 TFFR Bd members

Insurance Commissioner

Land Dept Rep

WSI Representative



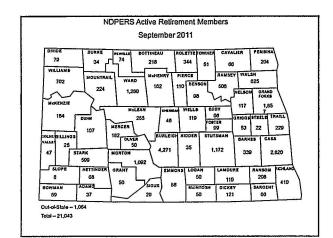
RETIREMENT SYSTEM

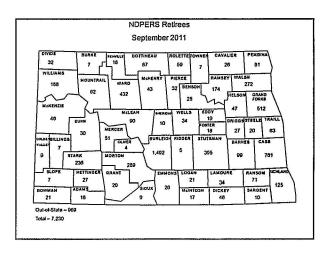
BACKGROUND RATA

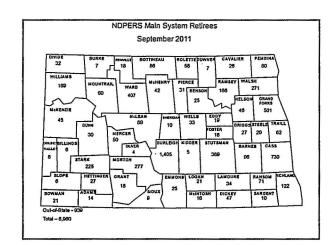
TOTAL CONTRIBUTIONS: \$968,000,000

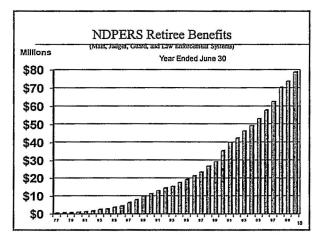
TOTAL PAYMENTS: \$847,000,000

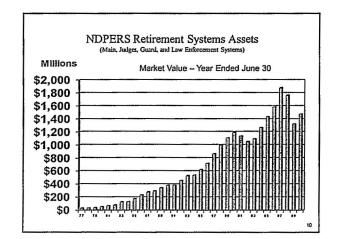
FUND BALANCE: \$1,474,000,000

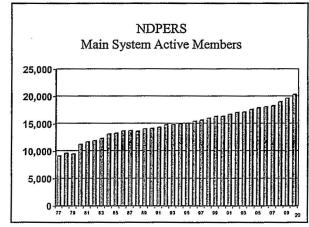


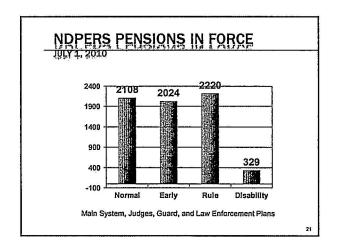


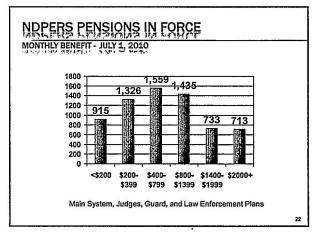












RETIREMENT

Main System



BETIREMENT - MAIN

Public Employees Retirement Plan Chapter 54-52, NDCC

Employer Contribution:

4.12%

Employee Contribution:

4.00%

Total Retirement Contributions:

8.12%

Vesting in Disability Benefit:

180 days

Vesting in Retirement Benefit:

36 months

Normal Retirement:

Age 65 or Rule of 85

RETIREMENT - MAIN SYSTEM

Assets as of 06/30/2010:

Market \$1,433,343,720 Actuarial \$1,576,794,397

Members:

Active 20,372 Retired 6,627 Beneficiaries 727

RETIBEMENT - MAIN

Retirement Formula:

Final Average Salary x 2% x Years of Credited Service

Example:

\$2000 x 2% x 20 = \$800





PERS - HYBRID PLAN

- × PEP Portability Enhancement Provision
- PEP allows the member the option to vest in up to 4.00% of the employer contribution paid into the retirement pool of funds and have this vesting percentage credited to their member account.
- to their member account. For every dollar you put in a Deferred Compensation plan, NDPERS will transfer one dollar from the retirement pool of funds to your member account balance.



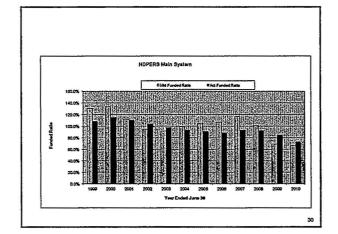
CONTRIBUTION RATE

- x Is below average for public sector plans
- * Effective rate is about 3.80% assuming:
 - + 87% of retiree payments go to ND mailing addresses
 - + Taxes generated are about \$1,000,000

MAINTAIN PURCHASING POWER OF RETIREMENT BENEFITS BY PROVIDING COLA-AD HOC RETIREE ADJUSTMENTS

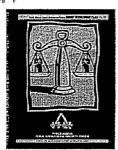
Date	Multiplier	Retiree Adjustment	1980 Retiree with \$500 Benefit
7/77	1.04%	1.04%	\$500
7/83	1.20%	15.38%	\$577
7/85	1.30%	8.33%	\$625
7/87	1.50%	15.38%	\$721
7/89	1.65%	15.76%	\$835
7/91	1.69%	2.42%	\$855
8/93	1.725%	2.00%	\$872
1/94	1.74%	1.00%	\$881
8/97	1.77%	5.00%	\$925
8/99	1.89%	8.00%	\$999
8/01	2.00%	6.00%	\$1,059

In 2006 there was a 13th check equal to half the monthly payment. In 2008 there was a 13th check equal to 1/4 the monthly payment.



RETIREMENT

Judges System



RETIREMENT - JURGES

Public Employees Retirement Plan-Judge's Chapter 54-52, NDCC

Employer Contribution:

14.52%

Employee Contribution:

5.00%

Total Retirement Contributions:

19.52%

Vesting in Disability Benefit:

180 days

Vesting In Retirement Benefit:

60 months

Normal Retirement: Age 65 or Rule of 85

RETIREMENT - JUDGES

Retirement Formula:

First Ten Years:

Final Average Salary x 3.5% x First 10 Years of Credited Service Second Ten Years:

Final Average Salary x 2.80% x Second 10 Years of Credited Service Remaining Years:

Final Average Salary x 1.25% x Remaining Years of Credited Service

Example: \$6861 x 3.50% x 10 = \$2401.35

\$6861 x 2.80% x 10 = \$1921.08 \$6861 x 1.25% x 5 = \$428.80 \$4751.23

RETIREMENT - JUDGES

Assets as of 06/30/2010:

Market - \$26,895,688 Actuarial - \$29,587,439

Members: Active

47

Retired 22

Beneficiaries 8

77

34

| Actuarial Actuarial Actuarial Value of Assets (millions) | Funded Ratio | Funde

North Dakota Public Employees Retirement System

RETIREMENT

NationalGuard andLawEnforcementPlans



RETIREMENT - NATL. GRD.

Public Employees Retirement Plan

National Guard

Chapter 54-52, NDCC

Employer Contribution:

6.50% of covered payroll

Employee Contribution:

4.00% of salary

Total Retirement Contribution:

10.50%

Vesting In Disability Benefit:

180 days

Vesting In Retirement Benefit:

36 months

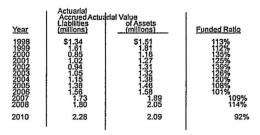
Normal Retirement:

Age 55 with 3 years consecutive service as Firefighter or Security Police Officer

.

NATIONAL GUARR -	
EXXX IX EX+X	
Employer Cost Rate, 2009	3.71%
Investment Loss	
0.76%	
Assumptions 1.85%	
Contribution Gain (0.14)%	
Plan Experience	0.82%
Employer Cost Rate, 2010	7.00%
Statutory Rate, 2008	6.50%
Contribution Margin	(0.50%)

NATIONAL GUARR: EUNRER BATIA



Funded ratio at Market Value is 83%.

LAW ENFORCEMENT PLAN

- × Employee Contribution
 - +4.00%
- * Current Employer Groups
 - +8.31% Employer Contribution
 - Contribution based on Normal Cost and past service credit liability
- × New Employer Groups
 - +6.43%
 - + Contribution based on Normal Cost and no past service credit liability

NEW LAW ENFORCEMENT PLAN

× Number of employer groups:

+With

9

+ Without

1

* Number of members:

+With

187

+ Without

32

, |

ELIGIBILITY

× Peace Officers

 A public servant authorized by law or government agency or branch to enforce the law and to conduct or engage in investigations of violations of the law.

× Correctional Officers

 + A person who has completed a correctional officer course approved/certified by the North Dakota department of corrections and rehabilitation and is employed by a correctional facility as defined in the North Dakota Century Code section 12-44.1.

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NEW LAW ENFORSEMENT PLAN

- ➤ Provides for an earlier normal retirement date – age 55
- × Set up as two systems
 - +With past service
 - +Without past service

LAW ENFORCEMENT WITHOUT PRIOR MAIN SERVICE

<u>Year</u>	Actuarial Accrued <u>Liabilities</u>	Actuarial Value of Assets	Funded Ratio
2004	\$10,430	\$11,388	109%
2005	\$86,899	\$42,018	48%
2006	\$123,034	\$73,167	59%
2007	\$367,263	\$127,450	35%
2008	\$368,306	\$175,317	48%
2010	\$467,150	\$338,824	73%

Funded ratio at Market Value is 64%.

LAW ENFORCEMENT WITH PRIOR MAIN SERVICE

Actuarial Value Year Funded Ratio 2008 2007 2008 2010 \$7.0 \$9.3 \$10.6 \$19.7 45% 43% 72% 66%

Funded ratio at Market Value is 60%.

RETIREMENT



HIGHWAY PATROL RETIREMENT SYSTEM

RETIREMENT - HIGHWAY PATROL

Chapter 39-03.1, NDCC

Employer Contribution:

16.7% of covered payroll

Employee Contribution:

10.3% of salary

Total Retirement Contribution:

27.0%

Vesting In Disability Benefit:

180 days

Vesting in Retirement Benefit:

120 months

Normal Retirement: Age 55 or Rule of 80

Retirement Formula:

BETIBEMENT - HIGHWAY PATROL

First 25 Years:

Final Average Salary x 3.60% x First 25 Years

Remaining Years:

Final Average Salary x 1.75% x Remaining Years

Example: \$3000.92 x 3.60% x 25 = \$2,700.83*

*Not eligible for Social Security Benefits

RETIREMENT - HIGHWAY PATROL

Assets as of 06/30/2010:

Market \$44,838,156 Actuarial \$49,325,610

Members:

Active 139 Retired 87 Beneficiaries 26

HIGHWAY - FUNDED	PATROL BATIO	BETIBEME	NT SYSTEM
Year Ratio	Actuarial Accrued Liabilities (millions)	Actuarial Valu of Assets (millions)	re <u>Funded</u>
1998 1999 2001 2002 2003 2004 2005 2007 94%	28.20 334.01 380.15 442.45 446.3 49.1 51.5	28.1 32.0 35.8 39.5 39.6 40.7 42.8 48.2	97% 99% 105% 102% 97% 93% 90% 88%
2008 93% 2010 80%	54.6 61.8	50.8 49.3	
	At Marke	1 - 72% Funded	50

RETIREMENT

Job Service



BETIBEMENT - JOB SERVICE

Employer Contribution:

0% of covered payroll

Employee Contribution:

7% of salary

Total Retirement Contribution: 7%

5 years

Vesting In Disability Benefit: Vesting in Retirement Benefit:

5 years

Normal Retirement: Age 65

Age 62 with 5 years

Age 60 with 20 years

Age 55 with 30 years

RETIREMENT - JOB SERVICE

Retirement Formula:

First 5 Years:

Final Average Salary x 1.50% x First 25 Years

Next 5 Years:

Final Average Salary x 1.75% x next 5 Years

Remaining Years

Final Average Salary x 2% x Remaining Years

RETIREMENT - JOB SERVICE

Assets as of 06/30/2010:

Market \$77,661,493 Actuarial \$73,458,863

Members:

Active 31 Inactive 4 Retired 211

..

Actuarial Valuation Date se	Actuarial Value of [] Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (s)	Funded Railo (a)/(b)
07/01/2007	\$75,749,846	\$70,740,512	5(5,009,334)	107.08%
07/01/2008	77,020,934	70,804,863	(6,216,071)	108.78%
07/01/2009	74,472,806	71,105,891	(3,366,915)	104.74%
07/01/2010	73,458,863	70,094,204	(3,364,659)	104.80%

PROJECTED 2011

- x As requested, we have calculated the projected funded percentage of the Job Service Plan as of July 1, 2011. Based on an estimated 16.5% rate of return for the plan year ending June 30, 2011, the Plan's projected funded percentage (actuarial value of assets divided by <u>actuarial</u> <u>present value</u>
- x of projected benefits) as of July 1, 2011 was 102%, compared to 103.5% as of July 1, 2010. On a <u>market</u> value of assets basis, the Plan's projected funded percentage <u>as of July 1, 2011 was 119%, compared to</u> 109.4% as of July 1, 2010.

NRPERS COMPARER TO OTHER STATE RETIREMENT PLANS

Asset class	PERS	Job Service	- [
Domestic Equities	40	35	\neg
International Equities	15	5	
Domestic Fixed Income	29	55	
International Fixed Income	5	5	
Real Estate	5	0	\neg
Alternatives	5	0	
Other	1		\neg

COLA'S

× History:

2003 2.1% 2004 2.7% 2005 4.1% 2006 3.3% 2007 2.3%



2008 approved rate was 5.8%

.__

AGREEMENT WITH ROL

To resolve this issue Job Service and the United States Department of Labor agreed to the following:

- Commencing with the 1999 payment the United States Department of Labor will suspond the unfunded liability payments.
- The unfunded liability payments will be reactivated and resumed by the United States
 Department of Labor at any time when the actuarial valuation indicates the Plan is in
 an under funded status.
- The trigger mechanism for determining when the Plan goes into an underfunded status is when the actuarial value of assets is less than the actuarial present value of benefits. This information will be made available in the annual Plan actuarial valuation report.

FUNDS ASSOCIATED WITH AGREEMENT

* Fifteen years remain on the 30-year amortization schedule with a remaining balance for the unfunded liability of the North Dakota Plan in the amount of \$9.7 million as of July 1998.

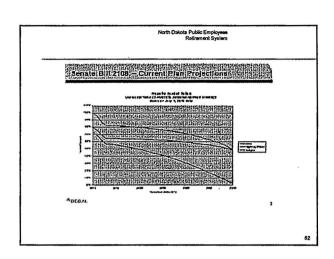


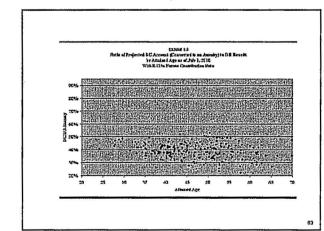
THE CHALLENGE

Defined Contribution Plan Hybrid Plan/Defined Benefit Plans



31

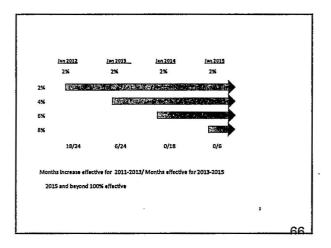


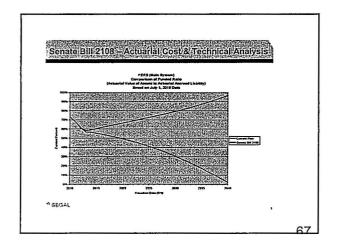


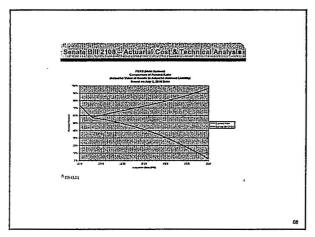
OUR CHALLENGE

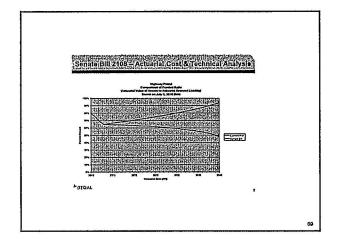
- × To reverse the funding trend
- × To stabilize the funds
- * To improve the funded status

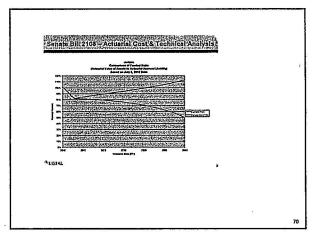
SB 2108

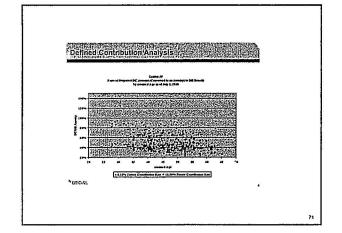


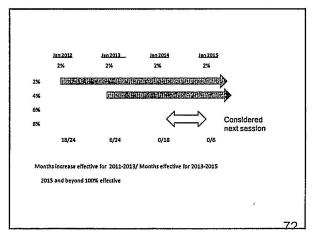


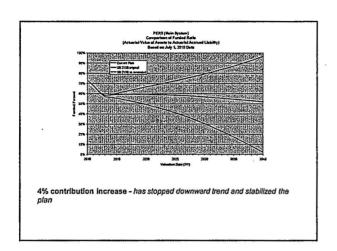


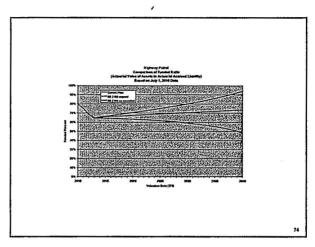


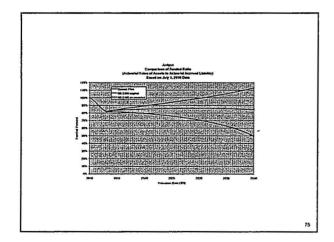


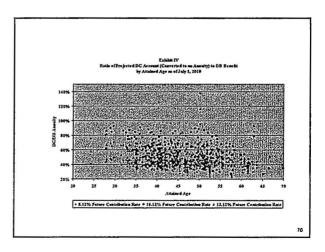




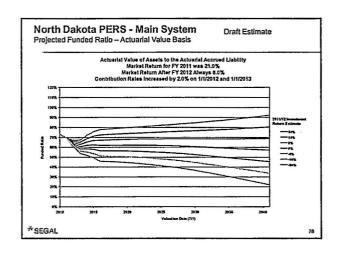


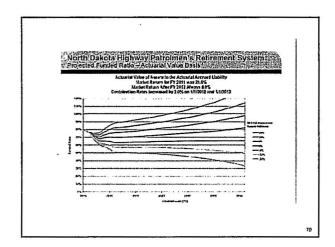


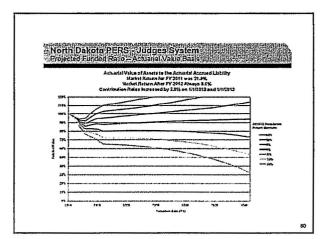




2011 INVESTMENT BETURN







FUTURE ACTIONS NEEDED

- * Put plan on course to 90-100% funded status
 - + Move forward with additional increases in 2014 &15
 - + Look at benefit adjustments instead of contribution increase
 - + Combination of above
- Defined Contribution Plan members (especially older members) will need more help in order to achieve a reasonable funded status at retirement

RETIREMENT

Defined Contribution Plans

457 plan
401(a) plan

R2

DC PLANS



Deferred Comp Plan



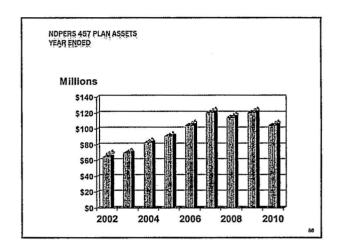
Defined Contribution Plan

Deferred Comp Plan



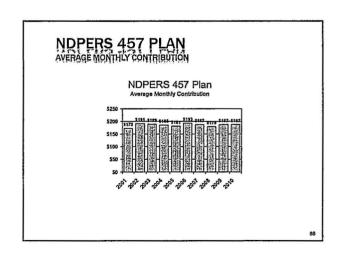
PEFINER CONTRIBUTION PLAN - REFERRED COMP

The deferred compensation plan is a voluntary, supplemental retirement plan which allows a member to make pretax deductions from their salary with the intent to receive the deferred amount at a later date, such as retirement.



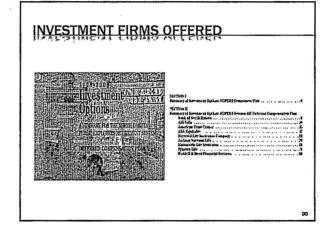
NDPERS PEP/457 PLAN PARTICIPATION

8000
7000
4000
3000
2000
1000
2001
2003
2005
2007
2009



PERINER CONTRIBUTION PLAN - REFERBER COMP.

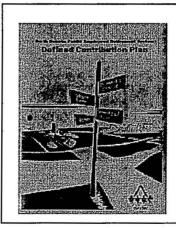
- × 10 ACTIVE PROVIDERS
- × 250 INVESTMENT PRODUCTS
- × 240 AGENTS



89

PERS COMPANION PLAN & RS PLAN PROVIDER





DEFINED CONTRIBUTION PLAN

DC PLAN

226 * Active participants: × Terminated:

× Retired:

17

46

DEFERRED COMP AND DEFINED CONTRIBUTION PLAN - TIAA/CREF

- * Moving from Fidelity to TIAA/CREF on Nov 1
- * Annual recordkeeping fees are going away + \$8/\$30
- * On Site Services are increasing dramatically
- * Assets will be transferred in late Oct and information will be going to members this fall

WHAT TIAA/CREF OFFERED NDPERS

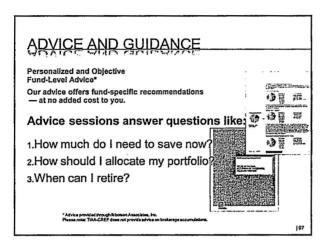
- +A comprehensive investment menu of mutual funds
- +Lower administrative fees
- +Expanded, third-party investment advice from TIAA-CREF and more days of counseling
- +Expanded brokerage services
- +Custom retirement plan website: www.tiaa-cref.org/ndpers When it comes to helping you prepare for retirement, partnering with TIAA-CREF has its advantages. In fact, in a recent survey of 30 companies, TIAA-CREF participants had the highest average retirement account balances.*

YOUR NEW NOPERS RETIREMENT PLANS' INVESTMENT MENU

Asset Class	Fund
Retirement Income	TIAA-CREF Lifecycle Ret Inc
Target Onte	TIAA-CREF Lifecycle 2010
Target Date	TWA-CREF Lifecycle 2016
Target Date	TWA-CREF Lifecycle 2020
Target Date	TIAA-CREF Lifecycle 2026
Target Date	TIAA-CREF Lifecycle 2000
Target Date	TIAA-CREF Lifecycle 2038
Target Date	TIAA-CREF Lifecycle 2040
Target Date	TIMA-CREF Lifecycle 2048
Target Date	TIAA-CREF Lifecycle 2060
Target Date	TIAA-CREF Lifecycle 2058

	ent Options Tier 2 Index Funds)
Auset Class	Fund
Mid-Cap Blend	Columbia Mid Cap Index A
Large Blend	Vanguard 500 Index Signal
Foreign Large Blend	Vanguard Total Intl Stock Index Inv

Accet Clace	Fund
Inflation-Protected Bond	PIMCO Real Return Admin
Intermediate-Term Bond	PIMCO Total Return Admin
Large Growth	Franklin Growth Adv
Moderate Allocation	T. Rowe Price Capital Appreciation Adv
High Yield Bond	Prudential High-Yield Z
Large Growth	Wells Fargo Advantage Growth Adm
Md-Cap Bland	ASTON/Fairpointe Mid Cap I
Large Value	Hartford Dividend & Growth R5
Large Blend	Nuveen Tradewinds Value Opportunities
Mid-Cap Growth	Prudential Jannison Mid Cap Growth Z
Large Velue	T. Rowe Price Equity Income
Mid-Cap Value	RidgeWorth Mid-Cap Value Equity I
Small Growth	Brown Capital Mgmt Small Co Inv
Real Estate	Cohen & Steers Realty Shares
World Stock	Mutual Global Discovery Z
Diversified Emerging Wikts	Oppenheimer Developing Markets Y
Small Blend	Parnassus Small-Cap
Small Value	Allianz NFJ Small Cap Value Admin
World Bond	Templeton Global Bond Adv



SELF-DIRECTED BROKEBAGE SERVICES

- · Easy to set up
- · Access to more than 3,500 mutual funds from hundreds of investment companies
- · Buy, sell and transfer funds either online or through a toll-free number
- · Minimum \$500 Investment.
- The annual Brokerage Account Maintenance Fee will be waived for NDPERS neutringers.
- · Brokerage Services fees for transactions may apply (see below)

Туре	Initial Cost	Short-term Redemption	Short Term Redemption/ Fund Co. Fee
Transaction Fee Funds	\$35 Buy or Self*	NVA	Varies by Fund - Consult Prospectus
Hon-Transaction Fee Funds	\$0 Buy or Sell	150.00	Varies by Fund - Consult Prospectus
Loed Funds	Sales Charge/Varies by Fund - Coras A Prospectus	Dependent on Fund Famey	Varies by Fund - Consult Prospectus

*Ongoing Transaction Fee walved when an Automatic Investment Plan is established.

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ACCESSING MY ACCOUNT

Go to www.tiaa-cref.org/ndpers

- Log into your account using your User ID and Password. If you forgot your User ID and/or Password, just follow the instructions to retrieve it.
- From the site, you can:
- -Get information on the new investment choices
- -Make account transfers and changes
- -Access retirement planning tools and calculators
- -Review your last Quarterly Statement.



KEY COMMUNICATION PATES

Date	Communication		
September 6	Announcement Letter		
September 19	Transition Guide Mailing		
September 21	Custom Retirement Website goes Live		
October 1	Welcome Kits Mailed .		
October 3	Webinars Begin		
October 3	Group Meeting Reminder Mailing (10 th – 19 th)		
October 4	Group Meetings Start		
October 5	Individual Financial Counseling Sessions Start		
October 24	Individual Financial Counseling Session Reminder Mailing		
December 1	Final Reminder Mailing (Plan Changes)		
January 3	Quarterly Statement		

NEXT STEPS ON IMPORTANT RATES TO BEMEMBER

On November 1, 2011 your assets in and contributions to the NDPERS 401(a) and 457(b) retirement plans will be automatically redirected to an age-appropriate TIAA-CREF Lifecycle Mutual Fund. If you are satisfied with how your investments will be reallocated, there's no need to take any action other than filling out a beneficiary form if you are in the 457 Companion Plan. To set up an allocation different than the age-appropriate mix that will be effective on November 1, you will need to take action between October 1 and October 31. In the next section, we provide an overview on how to make these

Before October 1
• A new retirement plan account is opened for all participants at TIAA-CREF

NEXT STEPS AND IMPORTANT DATES TO BEMEMBER

Between October 1 - October 31

- ween October 1 October 31

 Review the new investment menu and the reallocation instructions
 (www.tsa-cref.org/ndpers)

 Allocation changes can be made online or by calling TIAA-CREF. Change
 must be made by October 31.

 Set up a one-on-one financial counseling session with an individual

- courselor If you are interested in investing in a different option, Self Directed-Brokerage may be the option for you. The Blackout Period will start October 28, 2011 and end on or before November 15, 2011

RETIREE HEALTH

RETIREE HEALTH CREDIT PROGRAM

RETIREMENT - RETIREE HEALTH CREDIT PROGRAM

Main System Highway Patrol National Guard Judges **Defined Contribution**

BETIBEMENT - BETIBEE HEALTH SBERIT PROGRAM

BENEFIT FORMULA:

\$5.00 for each year of credited service Example: \$5.00 x 25 = \$125.00

CONTRIBUTION

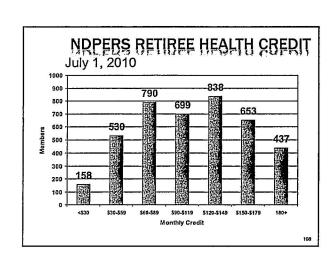
1.14% of payroll

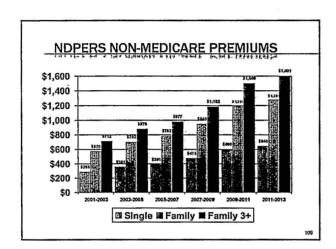
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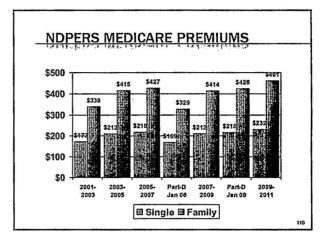
	TELLAID	१८ के कर ३	JEALTH	
ISURANCE CREDI	I-FUND			
	July 1, 2	010	July 1, 2	009
Actuariat accrued liability	\$102,805	439	\$102,191	,552
Actuarial value of assets	\$48,723	475	\$44,829	,007
Unfunded actuarial accrued liability	\$54,081,964		\$57,382,545	
Recor	nmended Con	tribution		
	2010 - 2011 2009 - 2010			
	Amount	% of Payroll	Amount	% of Payroll
Normal cost	\$3,181,820	0.40%	\$3,265,124	0.45%
Expenses	\$97,000	0.01%	\$65,000	0.01%
UAAL payment ^e	\$3,774,395	0.48%	\$3,868,009	0.54%
Actuarial recommended contribution	\$7,053,215	0.89%	\$7,199,033	1.00%
Projected payroll	\$793,633,973		\$719,811,815	
Statutory contribution rate		1.14%		1.14%
Contribution margin/(deficit)	1	0.25%		0.14%

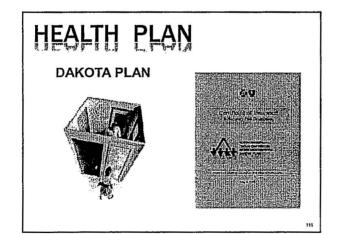
FUNDED RATIO HISTORY - RETIREE HEALTH INSURANCE CREDIT FUND

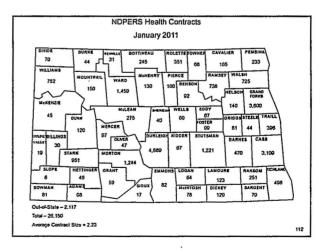
Year	Actuarial Accrued Liability (millions)	Actuarial Value of Assets (millions)	Funded Ratio
2001	\$65.5	\$24.8	38%
2002	69,0	28.4	38%
2003	72,0	27.5	38%
2004	74.6	28.9	39%
2005	78.1	30.9	40%
2008	82.6	34.0	41%
2007	85.3	38.9	45%
2008	87.5	42.5	49%
2009	102.2	44.8	44%
2010	102.8	48.7	47%

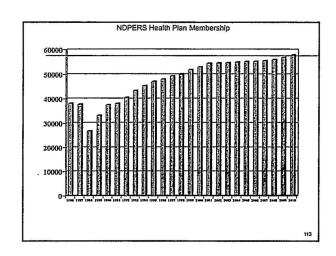


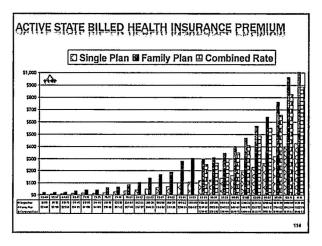


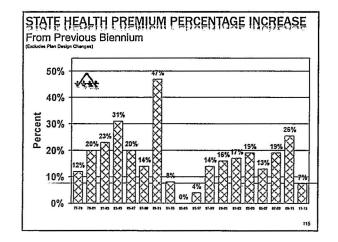












	Total Budget Appropriation	FTE	Health Premium	Health Plan Appropriation	% of Total Appropriations
1991-93	2,771,084,605	8,179	\$254.00	\$49,859,184	1.80%
1993-95	2,935,767,081	8,210	\$254.00	\$50,084,736	1.71%
1995-97	3,107,358,520	8,024	\$255.00	\$51,032,640	1.64%
1997-99	3,347,823,922	8,118	\$301.00	\$58,644,432	1.75%
1999-01	3,767,007,536	8,400	\$349.72	\$70,503,552	1.87%
2001-03	4,325,559,659	8,538	\$409.09	\$83,827,450	1.94%
2003-05	4,587,351,203	8,392	\$488.70	\$98,428,090	2.15%
2005-07	5,185,983,789	8,438	\$553.94	\$112,179,497	2.15%
2007-09	5,843,419,715	8,808	\$658.08	\$139,111,900	2.38%
2009-11	8,052,214,358	8,960	\$825.68	\$177,549,926	2.20%
2011-13*	8,558,123,783	9.011	\$886.62	\$191,743,988	2.24%

NOPERS Active F	lealth insurance	Out-Of-Pocks	•							
	~									
	2001	2902	2003	2004	2005	2006	2007	2008	2009	201
Autoria Carrierra	****	17,763	17,02	11,323	17,540	14.14	14,323	16,794	**	12.0
December 1	12,207,000	\$1,700,777	\$1,907,000	11.74L103	N.104.10	54,844.E25	39,000,043	1 ,541,113	\$4,000,000	116,317,4
-	\$4,421,943	\$7,340,141	***	14314344	\$11,044,000	11314.00	\$11,900,000	\$414,173	\$11,179,000	\$12,704.1
NJ James	30	•	>	\$776,964	20	**	*	\$1,440,224	\$1,791,440	12,040,0
C	16,144J#	SLIMIN.	SAPHAN	\$1,043.00	hwe	D)+UN	PALM	****	141 HL200	HLANA
[Ye	2347,044	2361,166	\$477,000	MARIE	\$444,075	PHI	-	TI JW ATS	SUPPLIES.	11,346.7
-	\$1,540,344	11707300	STREET	nmm.	17 to 14 to 14	\$7312.517	\$3,117,00	HOH MA	DWIN	DEL
1014	\$14,731,800	\$19,000,000	DIMENI	DEMANA	2417414	27,4479	PRIMER	TO J PRAMA	DURIN	HUM
Per Contract	\$050	\$1,138	\$1,230	\$1,482	\$1,404	\$1,514	\$1,545	\$1,084	\$1,800	\$2,1

BASIC HEALTH EQUATION

Units of * Cost - Out of / Number of = Premium service per unit pocket Contracts

·Wellness Programs .ppo ·Disease Mot •Medical Review

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•Deductibles •Coinsurance Copayments Adverse Selection •Minimum premiums

Mix •Employer

·Employee

\$1,000,000(cost) / 168(contracts /12(months) = \$502 per Month

Members

Basic Utilization Equation

NDPERS PAID		% of	9	6 of Charge	es
	% Members	NDPERS Paid	Plan	Member*	Other*
\$0	10.7%	0.0%	0%	11%	89%
\$1 - \$499	41.9%	3.5%	21%	10%	69%
\$500 - \$999	13.6%	4.2%	27%	11%	62%
\$1000 - \$2119	13.9%	8.7%	23%	8%	69%
\$2120±	20.0%	93 6%	4504	504	50%

20% of NDPERS members account for 84% of Health Plan medical expenses. 80% of NDPERS members account for 16% of Health Plan medical expenses.

10% of NDPERS members account for 71% of Health Plan medical expenses. 90% of NDPERS members account for 29% of Health Plan medical expenses.

Contracts

Basic Utilization Equation

		% Of	9	6 of Charge	es
NDPERS PAID	% Contracts	NDPERS Paid	Plan	Contract*	Other**
\$0	3.3%	0.0%	0%	7%	93%
\$1 - \$999	32.7%	2.4%	16%	8%	76%
\$1000 - \$1999	17.0%	4.5%	20%	7%	73%
\$2000 - \$2999	10.6%	4.7%	21%	7%	72%
\$3000 - \$3999	7.2%	4.5%	27%	8%	65%
\$4000 - \$4999	4.6%	3.7%	29%	8%	63%
\$5000+	24.7%	80.2%	48%	5%	47%

* - Includes Deductibles, Coinsurance, and Copayments
** - Includes Fee Schedule, UCR, Discounts, other payers, non-covered, etc.

20% of NDPERS Contracts account for 75% of Health Plan medical expenses. 80% of NDPERS Contracts account for 25% of Health Plan medical expenses.

10% of NDPERS Contracts account for 60% of Health Plan medical expenses. 90% of NDPERS Contracts account for 40% of Health Plan medical expenses.

COST SHARING

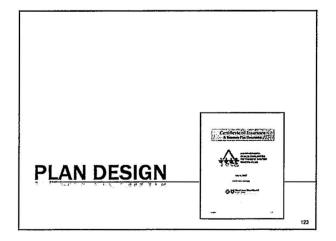
- x Is the dollar amount you are responsible for paying
- × Three features:
 - + Deductible
 - + Coinsurance
 - + Copayment

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DEFINITIONS

- * <u>Deductible</u> specific dollar amount you are responsible to pay for services before your health plan begins to pay.
- <u>Coinsurance</u> the percentage you pay for covered services after the deductible has been met.
- Copayment the amount you pay each time you seek medical care.
- * Total Out of Pocket Maximum is the sum of your annual deductible and coinsurance maximum amounts.

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REDUCTIBLE (NON-PHYSICIAN SERVICES ONLY)

Basic PPO EPO

Individual \$400 \$400 \$200

Family \$1200 \$1200 \$600 (3 or more)

CO-PAYMENT AMOUNTS



Basic PPO EPO

Office Visit

\$30

\$25 \$20

\$50 \$50

(No limit)

Emergency \$50 Room

(No limit)

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HEALTH CARE REFORM

- × New benefit provisions added
 - + Coverage for dependents
 - + Life time max
- × EERP
 - +1.7 Million for 2011
 - + Filing for 2012 (\$800,000 first half)
- × Grandfathered provision

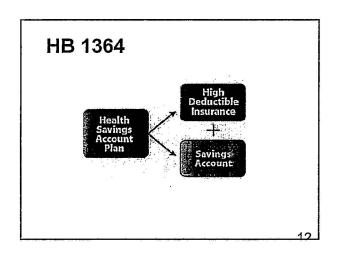
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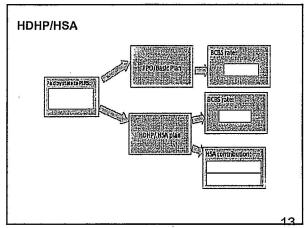
2007-2009 SETTLEMENT

- × Plan lost (\$3.1 Million)
- × Plan will be positive for 2009-2011

LEGISLATION

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HRHP RIFFERENCES *Includes the Basic Plan

× This will be a Comprehensive Deductible and Coinsurance plan.

Restricted and/or Confidential

- * There are no Copayments under this plan.
- × Deductible will apply first dollar since there is no copay structure on Prescriptions.
- * Because this is a Comprehensive HDHP a Member can exceed the \$1500 Individual Deductible/Coinsurance.

DEDUCTIBLE **PLAN** INDIVIDUAL **FAMILY** PPO \$ 1500 (\$400) \$ 3,000 (\$1,200) BASIC \$ 1,500(\$400) \$ 3,000 (\$1,500)

Restricted and/or Confidential

COINSURANCE MAXIMUMS

PLAN	INDIVIDUAL	FAMILY
PPO 80/20 %	\$ 1500 (750)	\$ 3,000 (1,500)
BASIC 75/25 %	\$ 2,000 (1,250)	\$ 4,000 (2,500)

estricted end/or Confidential

TOTAL OUT-OF-POCKET MAXIMUM

*Includes deductible and coinsurance only

PLAN	INDIVIDUAL	FAMILY
PPO	\$ 3,000 (1,150)	\$ 6,000 (2,700)
BASIC	\$ 3,500 (1,650)	\$ 7,000 (3,700)

Restricted and/or Confidenti

Wellness Services

× Well Child Care - To members 6th birthday

- + 100% of Allowed Charge
 - × Deductible Amount is waived
- + 7 visits for Members from birth through 12 months
- + 4 visits for Members from 13 months through 35 months
- + 1 visit per Benefit Period for Members 36 months through 72 months

HEALTH SAYINGS ACCOUNT

• El

- Enroll in High Deductible Health Plan
- Enroll in the HSA

Before Deductible Use HSA to pay for out-of-pocket/deductible expenses

Now covered by HDHP
 Save your HSA funds!

After Deductible Met

WHAT IS A HEALTH SAVINGS ACCOUNT?

- * A Health Savings Account allows you to set aside funds to pay for qualified medical expenses for you, your dependents or your spouse.
- * Think of it as a Medical IRA!

QUALIFIED EXPENSES

- Medical
- Dental
- Vision
- Chiropractor
- Prescriptions

• Some Over-the-Counter (OTC)*

May Require a Rx

□ Not all eligible expenses go toward your HDHP deductible
 □ Visit <u>www.discoverybenefits.com</u> for more information
 □ Save your receipts

HSA CONTRIBUTIONS

- × NDPERS Monthly Employer Contribution
- × Participant E-Contribute
- × Send a check to fund your account at any time
- × 2012 Contribution limits:

Coverage	2012	NDPERS 2012 Contribution	
Single	\$3,100	\$658.08	(\$2441.92)
Family	\$6,250	\$1592.88	(\$4657.12)
55+	\$1,000 Extra contribution		

ELIGIBILITY

- · Must be covered by a HDHP to participate
- If you cease participation in HDHP, can no longer contribute to H.S.A, but can spend down balance
- · You are not eligible if:
 - covered by any other insurance
 - you/spouse participate in a traditional FSA
 - receiving Medicare/Tricare benefits

ELIGIBILITY

- · FSA / Grace Period Rules
 - FSA must have a zero balance on 12/31/11 in order to enroll in the H.S.A effective 1/1/12
 - · If the FSA has a remaining balance on 1/1/12, employee is not eligible to enroll in an H.S.A until April 1st, 2012
 - (first of the month following 2 ½ month flexible spending account grace period)

TENTATIVE ROLLOUT SCHEDULE

- NDPERS Announcement on October Site meetings between 10/10 10/28

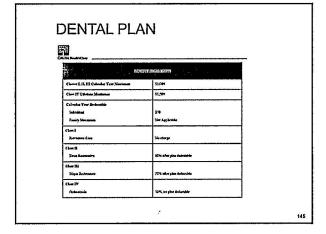
 + Tentative Dates/Times/Locations –
 Fero 10/10 @ 10:00 AM and 2:00 PM
 Dickinson 10/11 @ 3:00 PM
 Wiston 10/11 @ 3:00 PM
 Wiston 10/11 @ 3:00 PM
 Wiston 10/13 @ 0:00 AM
 Maynits 10/13 @ 3:00 PM
 Minot 10/13 @ 0:00 AM
 Bismarck 10/18 @ 1:00 and 4:00 PM
 Jenestown 10/20 @ 0:00 AM
 Valey City 10/20 @ 3:00 PM
 Grant Forts 10/23 @ 8:00 PM
 Grant Forts 10/23 @ 1:00 PM
 Bismarck 10/23 @ 1:00 PM
 Grant Forts 10/23 @ 1:00 PM
 Bismarck 10/27 @ 1:00 PM



Dental Plan

RENTAL PLAN

- x Started in 1997
- × Fully insured with Reliastar
- x Available to state employees and retirees
- × Changed carriers in 2007
- x Now fully insured with Cigna
 - + Current rate expires December 2009
 - + Renewed for 2011 7% increase
 - + Renewed for 2012 3.4% increase



EMP ONLY	3110
EMP+CHLD	447
EMP+SP	1618
EMP+FAM	1454
Plan Count	6629

Single - \$41.14 One + Spouse - \$79.42 One + child(ren) - \$92.18 Family - \$131.28

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Life Insurance Plan GROUP INSURANCE PROGRAMS

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Change to ING

Basic Life

If your employer is participating in the NDPERS Life insurance Program, you will receive basic life insurance coverage in the amount of \$1,500. The premium is \$0.28 a month and is paid by your employer,

TYPES OF COVERAGE

- × Supplemental Life
 - + Pretax first \$50,000
- × Dependent Life
 - +\$2,000/\$5,000
- × Spouse supplemental coverage
- × AD&D coverage
- × Accelerated Life Benefit

AMOUNT	OF	COVERAGE	- JUNE 2010
1444 77 77 77 7 7 7 7 7 7 7 7 7 7 7 7 7	134	771711277	- 45HP F575

Basic	\$27,866,800	
Supplemental	\$950,292,100	
Dependent	\$27,539,000	
Spouse	\$209,490,000	

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NEW CARRIER

- × Return to ING
- x ING from 1998 to 2005
- ➤ Prudential is new carrier effective July 1, 2005 until 2011
 - + Prudential's price was about 10% lower overall.
- * GASB -- OPEB
 - + Retiree rates were .28 cents for basic coverage
 - + Implicit subsidy
 - + Rates updated to eliminate subsidy

CHANGE IN LIFE CARRIERS

- · RFP released earlier this year
- Board selected ING as the new carrier effective July 1, 2011.

CONSIDERATIONS

- Basic Life for active employees increased from \$1,300 to \$3,500 – 269%
- · Reduced employee and spouse rates
- · Travel Assistance Benefits to include:
 - · Pre-trip Information
 - · Emergency Personal Service (non-medical)
 - · Medical Assistance Services
 - · Emergency Transportation Services
- · Funeral Planning & Concierge Services

PRE-TRIP INFORMATION

- · Visa, passport, and immunization requirements.
- · Foreign exchange rates.
- · Embassy/consular referral.
- · Travel/tourist advisories.
- · Temperature & weather conditions.
- · Cultural information.

EMERGENCY PERSONAL SERVICE (NON-MEDICAL)

- · Urgent message relay.
- · Interpretation/translation services.
- · Emergency travel arrangements.
- · Recovery of lost or stolen luggage or personal possessions.
- · Legal Assistance and/or bail bond.

MEDICAL ASSISTANCE SERVICES

- · Medical referrals.
- · Medical case monitoring.
- · Rx assistance.
- · Payment of emergency medical services up to \$10,000

EMERGENCY TRANSPORTATION SERVICES

- · Visit of family member or friend.
- · Return of traveling companion.
- · Return of dependent children.
- · Return of vehicle.
- · Return of mortal remains.
- · For any of these services contact:

ING Travel Assistance:

U.S. Toll Free:

800.859.2821

Worldwide Collect: 202.296.8355
Email: ops@europassistance-usa.com

Web: www.europassistance-usa.com

FUNERAL PLANNING & CONCIERGE SERVICES

- Provided through Everest at no cost to employees, their spouse, and children under age 25 and includes:
 - Unlimited use of online planning tools to include reports comparing local funeral home prices nationwide.
 - · Round-the-clock toll-free access to Everest advisors.
 - Concierge services for personal assistance to include:
 - · Planning a funeral/memorial service.
 - · Negotiating prices with funeral homes.
- · For any of these services:
 - Go to Everest Enrollment site at www.everestfuneral.com/ing or contact an Everest Advisor at 1.877.456.5050

LONG TERM CARE
GROUP INSURANCE PROGRAMS

LONG TERM CARE INSURANCE



LONG TERM CARE PLAN

I FUTL A OF CART

BENEFIT DURATION Lifetime Maximum*

3 years, \$106,000 5 years, \$180,600 "Bank of dollars depletes as you receive henefits.

Additional Plan Features:
Pald-up Features
Protection for non-payment of premium.
• Coverage must be in force for 5 years.

Inflation Protection Protects benefit from Inflation • Increase equal to 5% of original benefit.

...

VISION PLAN GROUP INSURANCE PROGRAMS

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YISION PLAN

- × Started in 1997
- × Fully insured with Ameritas
- × Available to state employees and retirees
- Went to bid in 2010 changed carriers to Superior

VISION RATES

The following monthly premiums apply January 1, 2011 through December 31, 2011:

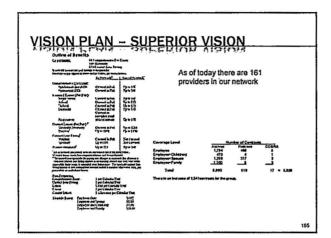
 Level of Coverage
 Active & Reliree Premium

 Individual Only
 \$ 4.92

 Individual & Spouse
 \$ 9.84

 Individual & Child(ren)
 \$ 8.96

 Family
 \$13.88



EMPLOYEE ASSISTANCE PROGRAM

EMPLOYEE ASSISTANCE PROGRAM

The EAP is designed to provide special assistance in guidance and counseling and to determine appropriate diagnosis and/or course of treatment to employees and their eligible dependents in cases of alcoholism, drug abuse and personal problems. This assistance is rendered for a specified number of visits and the EAP is responsible for recommending further referrals to clinical or supportive organizations and medical professionals if necessary. They also conduct educational seminars and provide informational brochures.

EMPLOYEE ASSISTANCE PROGRAM

CURRENT EAP PROVIDERS

St. Alexius Village Family Services Deer Oaks

AGENCY BASED SELECTION PROCESS

- × PERS bids the services
- ⋆ PERS certifies those meeting the minimum requirements
- * Agencies select vendors from list



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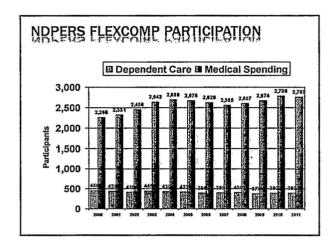
FLEX COMP PROGRAM

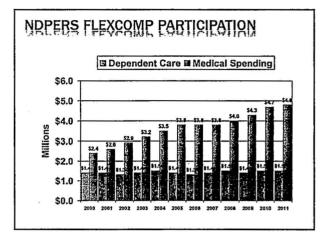
The FlexComp Plan is administered in accordance with Internal Revenue Code Section 125. It is a voluntary benefit program that allows you to set aside a portion of your salary before state and federal taxes are deducted and have it credited to accounts from which you may draw Tax Free reimbursements to pay for eligible out-of-pocket medical and dependent care expenses. You may also have certain eligible payroll deducted insurance premiums deducted on a pre-tax basis. The Plan Year begins on January 1 and ends on December 31.

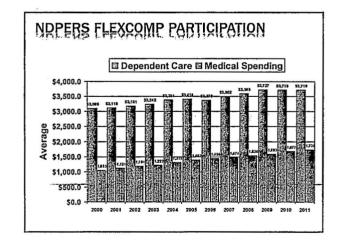
FLEX COMP PROGRAM

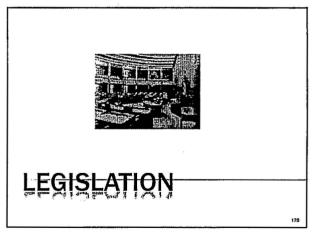
- * THREE TYPES OF ACCOUNTS
 - +MEDICAL
 - +DEPENDENT CARE
 - +PREMIUM CONVERSION

+Use it or lose it









LEGISLATION SB 2109

SB 2109

- × PERS Administrative Bill
 - + Updates IRS compliance provisions
 - + Modified the PERS election eligibility
 - + Spouse eligibility for health plan
 - + Process for benefit election for deceased members

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Legislation SB 2110

As proposed, this bill would amend the North Dikota Ceininy Code relating to the uniform group insurance program as follows:

Allow another Jower cost criverage option for retired employees not eligible for Medicare.

Allow the board to receive separate bids for prescription drug coverage

Allow the board to coincides self insurance of the health insurance benefits as well as part or all of the prescription drug reverage.

Eligblishes a larger range of commignency reserve funds and a function to meet the reserve requirement.

SB 2110

OTHER PERS EFFORTS

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ADMINISTRATIVE CHANGES

PERSLink

- Continued refinement of system
- Member Self Service
 - Member Statements
 - •Employee Portal
 - Next annual enrollment

