House Bill 1040 Implementation

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NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

AGENDA

Defined Benefit vs. Defined Contribution
HB 1040 Summary & Impact to New Hires
DC 2025 Elections
Programming Requirements
Timeline of Expectations
Link to Employer Resources

Link to HB 1040 Presentations

Differences in Types of Plans

Defined Benefit (DB)	Defined Contribution (DC)
Monthly benefit (pension) is guaranteed for life	Benefit is determined by your investment strategy
Funds are invested on your behalf	You and your provider map your investment strategy
Monthly benefit based on the benefit formula – not how much is in your account	Stream of income is your choice and is subject to your account balance

Employee contributions (member account) - 100% vested on day one!
 	
Employer contributions – Cliff vesting – all or nothing! must have 36 months of service OR turn age 65 while actively employed
 	
Note: most NDPERS Defined Benefit Plans have a vesting period of 36 months – exceptions are Judges and Highway Patrol
	Employee contributions (member account) - 100% vested on day one!
	
	Employer contributions -Gradual Vesting
	    2 years – 50%
	    3 years – 75%
	    4 years – 100%
	
	Note: an employee is 100% vested in employer contributions if turns age 65 while actively employed

HB 1040 Summary & Impact on New Hires

HB 1040 Summary

- Closes Main Defined Benefit Plan
  - Effective January 1, 2025

Impact on New Hires

- PERS Controls Plan Enrollments
- Run Benefit Enrollment Report Prior to Completing Payroll Setup
- Notify PERS of New Hires on First Day of Employment

NDPERS Defined Contribution (DC)2025 Plan – All 'Newly Enrolled'* January 1, 2025 and Beyond

Required:
4.00% Employee
5.26% Employer

Defined Contribution Match

Deferred Compensation Match

Employee Decision Point

Within 1st 30 days of employment:
Up to 3.00% additional Employee Contribution
Employer MUST match up to 3.00%
(Locked in Contributions – No changes allowed)

After 30 days of employment

Defined Contribution Match election must be received at NDPERS within 30 days of hire or invalid.

Employer enrolled in NDPERS 457

Political Subdivision NOT Enrolled in NDPERS 457
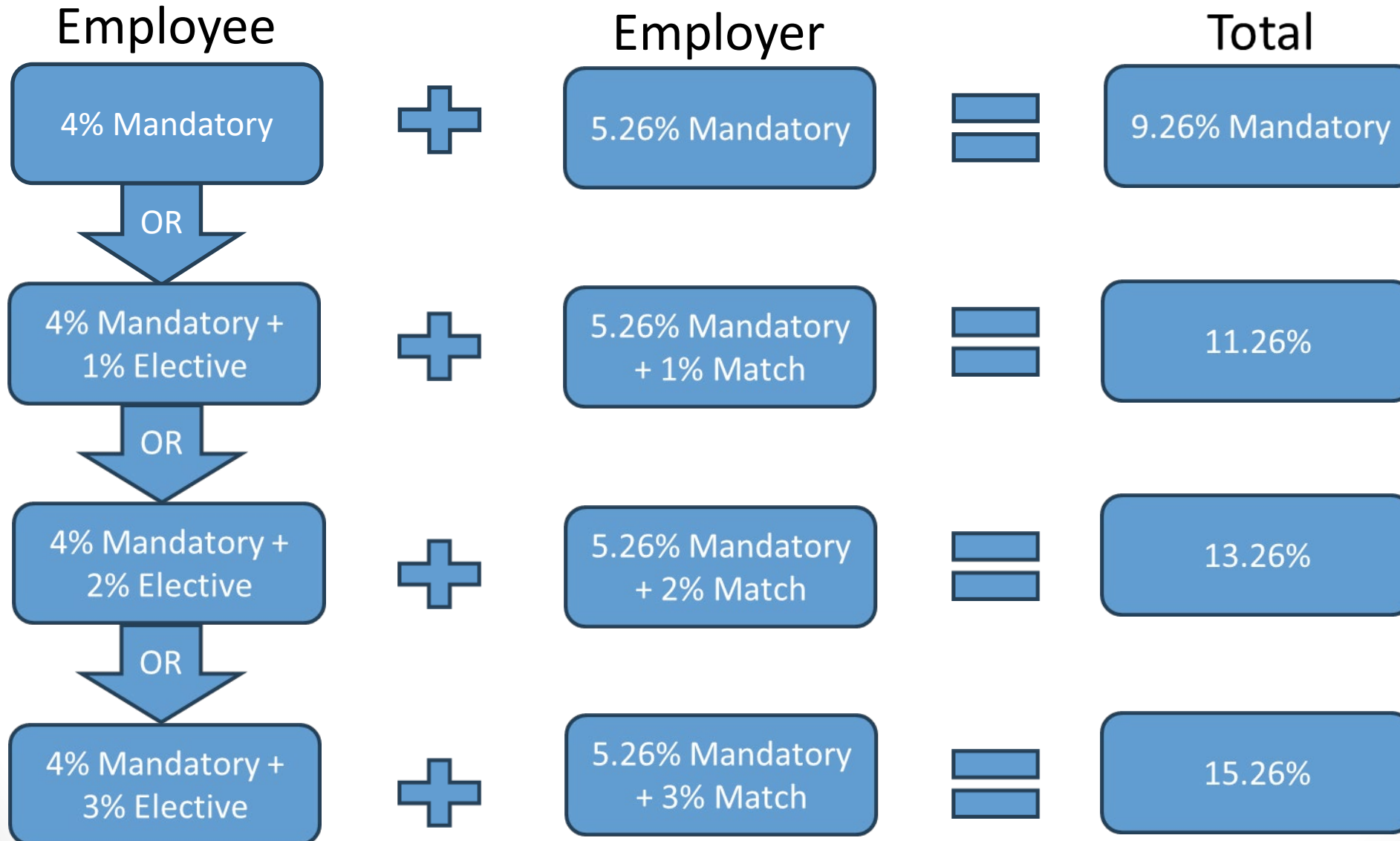(political sub may have their own)

Employee Can Elect to Contribute up to 3.00%
Employer MUST match up to 3.00%
(Options to change at any time)

Political Subdivision can join NDPERS 457 at any time

Political Subdivision can remain in own plan – all employee optional

Political Subdivision can work with own vendor and determine if they wish to match employee contributions or not

6

DC 2025 Elections

Employee		Employer		Total
4% Mandatory	+	5.26% Mandatory	=	9.26% Mandatory
OR				
4% Mandatory + 1% Elective	+	5.26% Mandatory + 1% Match	=	11.26%
OR				
4% Mandatory + 2% Elective	+	5.26% Mandatory + 2% Match	=	13.26%
OR				
4% Mandatory + 3% Elective	+	5.26% Mandatory + 3% Match	=	15.26%

John Doe – Initial Reporting Month

Employee

4% Mandatory

+

Employer

5.26% Mandatory

=

Total

9.26% Mandatory

John Doe – Prospective Reporting Months

Employee

4% Mandatory
+
1% Elective

+

Employer

5.26% Mandatory
+
1% Match

=

Total

11.26%

John Doe – 457 Added - $5,000 Wage

Defined Contribution 2025 Plan

Employee		Employer		Total
4% Mandatory + 1% Elective	+	5.26% Mandatory + 1% Match	=	11.26%
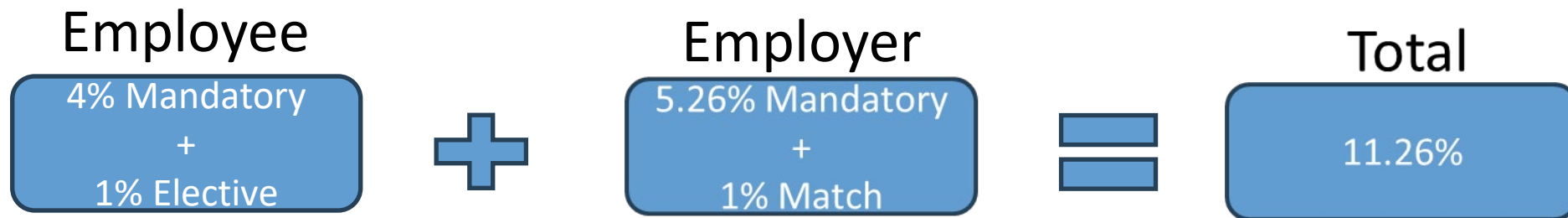
NDPERS 457 Deferred Compensation Plan

$200 election (4% of pay)	+	$100 (2% Match)	=	$300 Reported to NDPERS

Programming Requirements

- **State & Higher Ed**
  - PeopleSoft will be updated with new benefit plans

- **Developers Not Updating File Layouts**
  - GovernSoft
  - Software Innovations

- **Political Subdivision Coordination**
  - Banyan
  - Black Mountain
  - Counties Providing Technology
  - RDA Systems, Inc.
  - Software Unlimited
  - Tyler Technologies/Infinite Visions

HB 1040 Administrative Implementation (2023)

HB 1040 Administrative Implementation		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Job description prepartion for new full time employees					★							
Drafting of talking points for staff who are asked questions					★							
Communication drafting of bills passing and impacting membership					★							
Meeting to clarify the requirements of the transfer window					★							
Clarify the emergency rule making process					★							
Section-by-section analysis for administration						★						
Section-by-section analysis for programming						★						
Recordkeeper RFP drafting	2023						★					
Notification of 1% contribution increase to employers							★					
Legislative council review of section by section analysis							★					
Benefit counselor starts							★					
Clarification on the calculation of the transfer								★				
Recordkeeper RFP published								★				
Clarification on how to treat temporary employees in the new DC plan									★			
Analysis of future political subdivision participation									★			
Defined Contribution Manager starts										★	■	■
Marketing intern recruitment												
1% employer contribution increase launched												
Administrative rule making promulgation						■	■	■	■	■	■	
Biweekly internal administrative implementation meetings						■	■	■	■	■	■	
Education on new plan provision to members					■			■				
Education on new plan provision to employers					■			■				

KEY

★ Deadline

Task Completed
Work Effort
Deadline Missed

12

HB 1040 Administrative Implementation (2024)

HB 1040 Administrative Implementation	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marketing intern recruitment	★	■	■									
1% employer contribution increase launched	★											
Inventory the PERSLink correspondence updates		■	★									
Targeted communications to subs in main but not public safety			■	★								
Targeted communications to subs in main but not deferred comp			■	★								
Recordkeeper transition						★	▓	▓	▓	▓	▓	★
PERSLink correspondence updates					■	★			■	★		
PERSLink correspondence testing						★				★		
Form updates					■	★			■	★		
Plan document updates									■	★		
Plan handbook updates									★			
Special election window education for eligible employees									▓	▓	★	
Administrative rule making promulgation	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	★
Employer training								▓	▓	▓	▓	★
Website updates										▓	▓	★
Revise new hire, transfer, termination guides										▓	▓	★
Staff training								■	▓	▓	▓	★
Biweekly internal administrative implementation meetings	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	★
Communication team biweekly meetings	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	★
Education on new plan provision to members					■	★		■	★	▓	★	★
Education on new plan provision to employers	■		★			■	★		■	★	▓	★

KEY

★ Deadline

Task Completed
Work Effort
Deadline Missed

13

PERSLink & Employer Programming Timeline

		Jul	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HB 1040 Programming Implementation																				
Funding for development effective	2023	★						2024												
HB 1040 section-by-section analysis to determine system enhancements			★																	
Meet with GRS to discuss the incentive, and get programming parameters			★																	
NDPERS updates file layout documentation for employers												★								
NDPERS develops sample file layouts for employers												★								
Biweekly meetings to discuss section-by-section coding																		★		
NDPERS user acceptance testing of enhancements																	★		
State PeopleSoft development																			★	
Higher Ed PeopleSoft development																			★	
Political sub development																			★	
Employer file testing																				★

KEY

★ Deadline

Task Completed
Work Effort
Deadline Missed

Employer Resources
Available through ESS and NDPERS website

- **ESS Training Material**

- **ESS Employer Guide**

- **Summer Employees and Contract Reporting**

- **Payroll Reporting Decision Tree**

- **Clarification of Eligible Retirement Contributions Excluding Overtime Earnings**

- **Update in Written Agreement Definition**

- **Payroll Reporting – Avoid Common Mistakes that can affect your Employees Retirement**

Link to ESS Employer Resources:

Questions?

- ESS

  Message us

- **Email**

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