

## 2018 Voluntary Separation Incentive Program (VSIP) Summary of Impact to NDPERS Member Benefits

	<b>Option A – Lump Sum Payment</b>	<b>Option B – 3 Months' on Payroll</b>
<b>Retirement</b> <i>Accepting VSIP will not change your years of service for meeting early or normal retirement.</i>	<ul style="list-style-type: none"> <li>Severance pay is not eligible for retirement contribution purposes.</li> <li>Service credit no longer accrues once terminated.</li> <li>Date of termination is prior to 3-month severance payout.</li> </ul>	<ul style="list-style-type: none"> <li>Contributions will be paid on salary earned during 3 months on payroll.</li> <li>Service credit will accrue for the 3 months on payroll.</li> <li>Date of termination is at the end of 3-month period.</li> </ul>
<b>Deferred Compensation</b>	<ul style="list-style-type: none"> <li>Lump sum severance pay is excluded for deferrals to plan.</li> <li>Deferrals of unused sick leave and annual leave lump sum payments at termination are allowed.</li> <li>Can increase/decrease/suspend contributions prior to termination.</li> </ul>	<ul style="list-style-type: none"> <li>Deferrals can continue to be made during 3 months on payroll.</li> <li>Deferrals of unused sick leave and annual leave lump sum payments at termination are allowed.</li> <li>Can increase/decrease/suspend contributions prior to termination.</li> </ul>
<b>Health Insurance</b>	<ul style="list-style-type: none"> <li>Employer must pay the premium at the active rate for the month following the month of termination.</li> <li>Member will be eligible for COBRA coverage for up to 18 months after employer coverage ends.</li> <li>If member is on COBRA and does not begin drawing a retirement benefit, and either member or spouse becomes eligible for Medicare, they will lose eligibility for COBRA in compliance with Federal regulations.</li> <li>If member elects to receive a NDPERS retirement benefit upon termination and is Medicare eligible, member can join Dakota Retiree Plan, elect COBRA or another plan from the market place.</li> </ul>	<ul style="list-style-type: none"> <li>Will remain on insurance as an active employee for 3 months.</li> <li>Employer must pay the premium at the active rate for the month following the month of termination.</li> <li>Member will be eligible for COBRA coverage for up to 18 months after employer coverage ends.</li> <li>If member is on COBRA and does not begin drawing a retirement benefit, and either member or spouse becomes eligible for Medicare, they will lose eligibility for COBRA in compliance with Federal regulations.</li> <li>If member elects to receive a NDPERS retirement benefit upon termination and is Medicare eligible, member can join Dakota Retiree Plan, elect COBRA or another plan from the market place.</li> </ul>
<b>Life Insurance</b>	<ul style="list-style-type: none"> <li>Employer pays premium month following month of termination.</li> <li>Member can “port” term policy or convert policy to whole life directly with carrier upon termination</li> <li>If receiving NDPERS retirement benefit, can continue current level of term coverage until age 65.</li> </ul>	<ul style="list-style-type: none"> <li>Employer pays basic life premium for 3 months and month following month of termination.</li> <li>Existing supplemental coverage cannot be cancelled during the 3 months.</li> <li>Member can “port” term policy or convert policy to whole life directly with carrier upon termination</li> <li>If receiving NDPERS retirement benefit, can continue current level of term coverage until age 65.</li> </ul>
<b>Dental Insurance</b>	<ul style="list-style-type: none"> <li>If receiving a NDPERS retirement benefit, member can continue participation if already enrolled or elect enrollment in plan effective with first retirement payment.</li> <li>If not receiving a NDPERS retirement benefit, member can continue coverage for 18 months (COBRA).</li> </ul>	<ul style="list-style-type: none"> <li>Existing coverage will continue during 3 months on payroll. Cannot cancel during the 3 months.</li> <li>If receiving a NDPERS retirement benefit, member can continue participation if already enrolled or elect enrollment in plan effective with first retirement payment.</li> <li>If not receiving a NDPERS retirement benefit, member can continue coverage for 18 months (COBRA).</li> </ul>
<b>Vision Insurance</b>	<ul style="list-style-type: none"> <li>If receiving a NDPERS retirement benefit, member can continue participation if already enrolled or elect enrollment in plan effective with first retirement payment.</li> <li>If not receiving a NDPERS retirement benefit, member can continue coverage for 18 months (COBRA).</li> </ul>	<ul style="list-style-type: none"> <li>Existing coverage will continue during 3 months on payroll. Cannot cancel during the 3 months.</li> <li>If receiving a NDPERS retirement benefit, member can continue participation if already enrolled or elect enrollment in plan effective with first retirement payment.</li> <li>If not receiving a NDPERS retirement benefit, member can continue coverage for 18 months (COBRA).</li> </ul>

<b>Long Term Care Insurance</b>	<ul style="list-style-type: none"> <li>• Upon termination, can continue coverage directly with carrier.</li> </ul>	<ul style="list-style-type: none"> <li>• Existing coverage will continue during 3 months on payroll unless member cancels coverage.</li> <li>• Upon termination, can continue coverage directly with carrier.</li> </ul>
<b>FlexComp</b>	<p><b>Medical Spending Account</b> <u>COBRA continuation</u> for plan year remainder.</p> <ul style="list-style-type: none"> <li>• Contributions continue to be paid and may be pre-taxed by notifying employer prior to last paycheck.</li> <li>• File claims for medical expenses incurred beyond termination date.</li> </ul> <p><u>COBRA not elected</u></p> <ul style="list-style-type: none"> <li>• Participation ends last day of month of termination.</li> <li>• File claims for medical expenses incurred up to the end of the month in which termination occurs.</li> </ul> <p><b>Dependent Care Account</b></p> <ul style="list-style-type: none"> <li>• COBRA is not available.</li> <li>• Participation ends last day of month of termination.</li> <li>• File claims for expenses incurred up to the end of the month in which termination occurs.</li> </ul>	<ul style="list-style-type: none"> <li>• Existing participation will continue during 3 months on payroll.</li> </ul> <p><b>Medical Spending Account</b> <u>COBRA continuation</u> for plan year</p> <ul style="list-style-type: none"> <li>• Contributions continue to be paid and may be pre-taxed by notifying employer prior to last paycheck.</li> <li>• File claims for medical expenses incurred beyond termination date.</li> </ul> <p><u>COBRA not elected</u></p> <ul style="list-style-type: none"> <li>• Participation ends last day of month of termination.</li> <li>• File claims for medical expenses incurred up to the end of the month in which termination occurs.</li> </ul> <p><b>Dependent Care Account</b></p> <ul style="list-style-type: none"> <li>• Participation continues during 3 months on payroll.</li> <li>• COBRA is not available.</li> <li>• Participation ends last day of month of termination.</li> <li>• File claims for expenses incurred up to the end of the month in which termination occurs.</li> </ul>
<b>Employee Assistance Program</b>	<ul style="list-style-type: none"> <li>• Coverage provided by employer month following month of termination.</li> </ul>	<ul style="list-style-type: none"> <li>• Existing coverage will continue during 3 months on payroll.</li> <li>• Coverage provided by employer month following month of termination.</li> </ul>
<b>Retiree Health Insurance Credit (RHIC)</b>	<ul style="list-style-type: none"> <li>• Member is eligible for RHIC reimbursement of eligible insurance premiums upon receipt of first retirement benefit.</li> </ul>	<ul style="list-style-type: none"> <li>• Member is eligible for RHIC reimbursement of eligible insurance premiums upon receipt of first retirement benefit.</li> </ul>

### Application for Retirement Benefits - Option A or B

- The termination date for purposes of processing an application must be the last date for which a member receives salary.
- Applications for retirement benefits must be filed with NDPERS at least thirty (30) days before the retirement date or before the commencement of benefits.
- If a lump sum distribution of the member account balance is elected, the refund will be processed within 60 – 90 days.
- If a monthly pension benefit is elected, the retirement benefit will commence on the first day of the month which follows the member's eligibility for the benefit and which is at least thirty (30) days after the date on which the application was filed with NDPERS.

**Examples:**

- Termination date in September and application received in September, first pension check will be paid on November 1<sup>st</sup>.
- If termination date is in September and application is received in October, first pension check will be paid on December 1<sup>st</sup>.
- The member can defer receiving a distribution to a later date.

For more information about NDPERS benefits, please contact:



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