

1. Issue: The NDUS Defined Contribution Retirement Plan, 401(a), restricts terminated employees from withdraw or rollover of funds for balances over \$20,000. In recent months, the system office has received an increased number of inquiries from former employees requesting an exemption. Requests were reviewed and discussed by the SBHE sub-committee, Budget and Finance, the committee responsible for making recommendations to NDUS retirement plans.

2. Proposed motion: Recommend [removal withdraw or rollover restrictions](#) for terminated employees participating in the NDUS Defined Contribution Retirement Plan 401(a).

3. Background: The NDUS Defined Contribution 401(a) Retirement Plan intends to provide eligible employees the opportunity to generate long-term accumulation of retirement savings through employer and employee contributions to individual participant accounts and the earnings thereon. The plan’s purpose is to provide a vehicle to accumulate and grow assets to fund retirement needs on an individual basis for eligible employees. The SBHE retains authority and must approve changes to the plan including the plan document, plan design, contributions, eligibility and investment menu. Currently the 401(a) plan document includes specific guidelines restricting terminated employees from withdraw or rollover of retirement funds to \$20,000 or less. In October 2016, the SBHE increased that limit from \$10,000 to \$20,000. Since then the system office received requests from several former employees to withdraw or rollover retirement funds from their 401(a) retirement account, thus requesting an exception to the rule. Requests were forwarded to the SBHE Budget and Finance Committee (BFC) and discussed on June 20 and August 15, 2017. BFC requested additional information from the plan vendor, TIAA:

SBHE Committee Requested Information	TIAA Response
Number of terminated employees with retirement balances over \$20,000	As of July 31, 2017 there are 3,247 participants in the NDUS 401(a) plan who are terminated with a balance greater than \$20,000
Total dollar amount of all terminated employee retirement balances over \$20,000	As of July 31, 2017 the total balance of all terminated employees with balances greater than \$20,000 is \$350,544,479.36
Negative impacts, if any, removing terminated balances will have on current cost to administer the plan.	At this time there would be no negative impact to the current share class i.e. cost to administer the plan if terminated balances were lost.

After much discussion, the BFC determined restrictions on withdrawal or rollover for terminated employees should be lifted.

4. Financial implications: none at this time.

5. Academic implications: none

6. Legal/policy issues: The plan document would require updating and legal review. If motion is approved, plan participants will be notified of the change.

7. Review Process:

Reviewed by SBHE Budget and Finance Committee on June 20, 2017 and August 15, 2017

Reviewed by Retirement Plan Oversight Committee, August 9, 2017 (*email notification, request for feedback*)

Reviewed by HRC on August 17, 2017 (*email notification, request for feedback*)

Reviewed by Administrative Affairs on September 5, 2017

Reviewed by HRC on September 13, 2017

Reviewed by Cabinet on September 13, 2017

TBR by SBHE on September 28, 2017

8. Enclosures: [link to NDUS Plan Document](#)

9. Contact person: Tammy Dolan, CFO, 701.328.4116 or Jane Grinde, Retirement Plan Oversight Coordinator, 701.328.4217, David Howard, TIAA Senior Relationship Manager for NDUS Retirement Plan, 303.607.2256

10. Chancellor's Recommendation: Approved