

Agenda

ND Teachers' Fund for Retirement Board Meeting

Thursday, September 22, 2016
1:00 pm
Peace Garden Room
State Capitol, Bismarck, ND

1. Call to Order and Approval of Agenda - Pres. Gessner (Board Action) 5 min.
2. Approval of Minutes of July 21 and July 22, 2016 Meetings – Pres. Gessner (Board Action) 5 min.
3. Board Education: State Cyber Security, Dan Sipes and Sean Wiese, State ITD (Board Information) 30 min.
4. Annual RIO Technology Report – Rich Nagel (Board Action) 10 min
5. TFFR Member and Employer Online Demo – Rich Nagel, Shelly Schumacher (Board Information) 20 min
6. 2015-16 Re-employed Retiree Report – Shelly Schumacher (Board Info) 10 min.
7. Retiree Substitute Teaching – Fay Kopp, Shelly Schumacher (Board Action) 30 min
8. Annual TFFR Investment Report – Dave Hunter (Board Action) 30 min.
9. Annual RIO Budget and Expense Report – Connie Flanagan (Board Action) 15 min.
10. Legislative Update – Fay Kopp (Board Information) 15 min.
11. Board Policies – Fay Kopp (Board Action) 20 min
12. SIB & TFFR Customer Satisfaction Surveys – Pres. Gessner (Board Action) 10 min.
13. In Memorium Board Resolution – Fay Kopp (Board Action) 5 min.
14. Consent Agenda – Fay Kopp (Board Action) 5 min
QDRO application
*Executive Session possible if Board discusses confidential information under NDCC 15-39.1-30.
15. Other Business
16. Adjournment

Next Board Meeting: October 27, 2016

Any person who requires an auxiliary aid or service should contact the Deputy Executive Director at 701-328-9885 at least three (3) days before the scheduled meeting.

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JULY 21, 2016, BOARD MEETING**

BOARD MEMBERS PRESENT: Mike Gessner, President
Kirsten Baesler, State Superintendent
Mike Burton, Trustee
Toni Gumeringer, Trustee
Rob Lech, Trustee
Mel Olson, Trustee

ABSENT: Kelly Schmidt, State Treasurer

STAFF PRESENT: David Hunter, ED/CIO
Bradley Kasper, RIO Intern
Fay Kopp, Deputy ED/CRO
Terra Miller Bowley, Audit Services Supervisor
Darlene Roppel, Retirement Assistant
Shelly Schumacher, Retirement Program Manager

OTHERS PRESENT: Brent Banister, Cavanaugh Macdonald
Janilyn Murtha, Attorney General's Office
Nancy Peterson, NDU-Retired
Becky Pitkin, ESPB

CALL TO ORDER:

Mr. Mike Gessner, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the board meeting to order at 1:00 p.m. on Thursday, July 21, 2016, in the Peace Garden Room at the State Capitol in Bismarck, ND.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: SUPT. BAESLER, MR. BURTON, MR. GESSNER, MRS. GUMERINGER, MR. LECH, AND MR. OLSON.

TREASURER SCHMIDT WAS ABSENT.

APPROVAL OF AGENDA:

The Board considered the meeting agenda.

MR. LECH MOVED AND MR. OLSON SECONDED TO APPROVE THE AGENDA AS PRESENTED.

AYES: SUPT. BAESLER, MR. BURTON, MR. LECH, MRS. GUMERINGER, MR. OLSON, AND PRESIDENT GESSNER

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

MINUTES:

The board considered the minutes of the TFFR board meeting held April 21, 2016.

MR. LECH MOVED AND MR. BURTON SECONDED TO APPROVE THE MINUTES OF THE TFFR BOARD MEETING HELD APRIL 21, 2016.

AYES: MR. LECH, MR. OLSON, MR. BURTON, SUPT. BAESLER, AND PRESIDENT GESSNER

NAYS: NONE

MRS. GUMERINGER ABSTAINED SINCE SHE WAS NOT AT THAT MEETING.

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

TRUSTEE APPOINTMENT:

President Gessner welcomed Mrs. Antonia (Toni) Gumeringer who was appointed by Governor Dalrymple to complete the unexpired term of Mrs. Kim Franz on the TFFR Board of Trustees through June 30, 2019. She represents active teachers.

ELECTION OF 2016-17 OFFICERS:

President Gessner opened the floor for nominations for President of the TFFR Board.

MR. LECH NOMINATED MR. GESSNER FOR PRESIDENT; SUPT. BAESLER SECONDED THE MOTION.

AYES: SUPT. BAESLER, MRS. GUMERINGER, MR. OLSON, MR. BURTON, MR. LECH AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

MR. OLSON NOMINATED MR. LECH FOR VICE PRESIDENT; MR. BURTON SECONDED THE MOTION.

AYES: MRS. GUMERINGER, MR. BURTON, MR. LECH, SUPT. BAESLER, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

MRS. GUMERINGER MOVED AND MR. OLSON SECONDED TO RETAIN ALL STATE INVESTMENT BOARD (SIB) MEMBERS AND AUDIT COMMITTEE MEMBER: PRESIDENT GESSNER, MR. LECH, AND MR. OLSON TO REPRESENT TFFR ON THE SIB AND PRESIDENT GESSNER ON THE SIB AUDIT COMMITTEE.

AYES: MR. OLSON, MR. LECH, SUPT. BAESLER, MRS. GUMERINGER, MR. BURTON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

MR. OLSON MOVED AND MR. LECH SECONDED TO APPOINT MR. BURTON AS ALTERNATE TO THE SIB.

AYES: MR. BURTON, MRS. GUMERINGER, MR. OLSON, MR. LECH, SUPT. BAESLER, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

ACTUARIAL AUDIT REPORT:

Mrs. Kopp introduced Mr. Brent Banister, Cavanaugh Macdonald Consulting (CavMac), who conducted an actuarial audit of Segal Consulting, the current TFFR actuary. The actuarial audit seeks to verify the actuarial work being performed. CavMac reviewed the reasonableness and accuracy of the actuarial assumptions, actuarial cost methods, valuation results, and funding projections in the July 1, 2015 actuarial valuation report and the recent experience study. CavMac concluded that Segal's work complies with the Actuarial Standards of Practice (ASOP). They generally found the actuarial valuation results to be reasonable and accurate based on the assumptions and methods used; and that Segal's work provides appropriate assessment of the health and funding requirements of the NDFFR. A few issues were noted where there is opportunity for improvement.

Segal has reviewed the audit report and has provided comments. Segal will review their response with the board at the October board meeting.

After questions and discussion,

MR. OLSON MOVED AND MR. BURTON SECONDED TO ACCEPT THE ACTUARIAL AUDIT REPORT PRESENTED BY CAVANAUGH MACDONALD CONSULTING.

AYES: MRS. GUMERINGER, MR. LECH, SUPT. BAESLER, MR. BURTON, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

RETIREE SUBBING:

Mrs. Kopp reviewed challenges school districts are experiencing in hiring both regular and substitute teachers, and the return to covered employment in full and part-time positions by retired teachers and administrators. Some employers have asked TFFR to consider changing its

interpretation of "contracted" in-staff subbing as it pertains to re-employed retirees.

After discussion, the Board suggested reaching out to the professional organizations: North Dakota Council of Educational Leaders (NDCEL), ND United, North Dakota Association of School Business Managers (NDASBM), North Dakota School Board Association (NDSBA) and North Dakota Retired Teachers Association (NDRTA), for their input. Mrs. Kopp will contact these groups to set up a special work group meeting on this topic. Mrs. Kopp informed the Board that TFFR re-employed retiree information is currently being updated for 2015-16, and will be presented at the September board meeting. Staff will attempt to quantify available information to estimate the potential impact on the plan.

The meeting recessed at 2:58 p.m. and reconvened at 3:10 p.m.

QUARTERLY INVESTMENT UPDATE:

Mr. Hunter presented the quarterly TFFR investment update including asset allocation, investment performance and capital markets for the period ending March 31, 2016. The net total fund return as of March 31, 2016 is -0.35%.

QUARTERLY AUDIT SERVICES UPDATE:

Ms. Miller Bowley reported on the audit activities for January 1, 2016 - March 31, 2016. Fifteen employer audits were completed through March 31, 2016. As of June 30, 2016, twenty-two compliance audits were completed. Only 2 audits remain in the third audit cycle. The fourth audit cycle is underway. Ms. Miller Bowley introduced Mr. Bradley Kasper, a college intern working with the audit department this summer.

PENSION BENEFIT COMPARISONS:

Mrs. Kopp presented a comparison of the NDTFFR plan to the 2016 National Education Association (NEA) pension report. Topics covered include: plan administration, investment, retirement eligibility, COLA, contribution rates, benefit formulas, actuarial methods and funding, and retirement board membership. Over the past five years, most states have increased employee contribution rates, reduced benefits, or both. A few states have modified their plan design, moving from a defined benefit plan to a cash balance or defined contribution plan.

ANNUAL TFFR PROGRAM REVIEW:

Mrs. Kopp reviewed the 2015-16 TFFR board accomplishments, 2015-16 Program Monitoring Summary, 2016-17 board education plan, and the TFFR Program Manual. The Program Manual is now available on the Retirement and Investment Office (RIO) website. The board mission, goals, and policies were reviewed.

After discussion of potential policy changes, Mrs. Kopp will draft new policies relating to board communications and board appeals for consideration at the September board meeting.

The board members completed the TFFR Code of Conduct affirmation that is required annually.

MRS. GUMERINGER MOVED AND MR. LECH SECONDED TO APPROVE THE ANNUAL PROGRAM REVIEW.

AYES: SUPT. BAESLER, MR. BURTON, MRS. GUMERINGER, MR. OLSON, MR. LECH, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

ANNUAL TFFR CUSTOMER SATISFACTION REPORTS:

Mrs. Kopp reviewed responses to the Customer Satisfaction Surveys received from NDASBM, NDRTA, NDSBA, ND United, as well as member and employer comment cards and outreach program evaluations.

Mrs. Kopp expressed appreciation to the RIO staff for doing an excellent job working with members and employers which is evidenced in the positive comments and evaluations.

The Board extended their congratulations to the staff for the excellent feedback in the surveys.

The SIB has requested that the TFFR board complete a Customer Satisfaction Survey. Ms. Miller Bowley will email a survey to each TFFR board trustee who will then forward their completed survey to President Gessner. President Gessner will compile the results and bring to the September board meeting for discussion and approval.

MR. LECH MOVED AND MR. BURTON SECONDED TO APPROVE THE ANNUAL CUSTOMER SATISFACTION REPORTS.

AYES: MR. OLSON, MR. BURTON, MR. LECH, MRS. GUMERINGER, SUPT. BAESLER, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

TFFR COMMUNICATION ENHANCEMENTS:

Mrs. Kopp updated the board on communication and technology related enhancements being developed to provide additional information about the TFFR program to members, employers, and the public. The #1 priority is to create member online services, which is expected to be available by the end of the year. The #2 priority is to update the RIO/TFFR website. In addition, webcasts are being created and added to the

website. New business manager training sessions are being scheduled and held in the TFFR office.

TRUSTEE EDUCATION:

Mrs. Kopp reviewed upcoming pension trustee educational opportunities. Mr. Hunter is working with Callan to set up an investment educational session in Bismarck in 2017.

CONSENT AGENDA:

MR. LECH MOVED AND MR. OLSON SECONDED TO APPROVE THE CONSENT AGENDA WHICH CONSISTED OF QDRO # 2016-04.

AYES: MR. BURTON, SUPT. BAESLER, MR. LECH, MRS. GUMERINGER, MR. OLSON, AND PRESIDENT GESSNER.

NAYS: NONE

MOTION CARRIED.

ABSENT: TREASURER SCHMIDT

OTHER BUSINESS:

The next regular board meeting will be held September 22, 2016, in the Peace Garden Room at the State Capitol.

All presentations and reports from this meeting are on file at the RIO.

ADJOURNMENT:

With no further business to come before the Board, President Gessner adjourned the meeting at 4:50 p.m.

Respectfully Submitted:

Mr. Mike Gessner, President
Teachers' Fund for Retirement Board

Darlene Roppel
Reporting Secretary

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JULY 22, 2016 SPECIAL BOARD MEETING**

BOARD MEMBERS PRESENT:

Mike Gessner, President
Mike Burton, Trustee
Toni Gumeringer, Trustee
Rob Lech, Trustee
Mel Olson, Trustee

ABSENT:

Kirsten Baesler, State Superintendent
Kelly Schmidt, State Treasurer

OTHERS:

Fay Kopp
See State Investment Board minutes for attendance list.

A quorum of the TFFR Board attended the State Investment Board (SIB) meeting on July 22, 2016 at 8:30 a.m. at the National Energy Center of Excellence at Bismarck State College in Bismarck, North Dakota. TFFR Board members listened to a presentation on board governance by Jeanna Cullins, Partner - Fiduciary Services Practice at Aon Hewitt Investment Consulting.

No business was conducted.

Respectfully Submitted:

Mr. Michael Gessner, President
Teachers' Fund for Retirement Board

Fay Kopp, Chief Retirement Officer

MEMORANDUM

TO: TFFR Board

FROM: Fay Kopp

DATE: September 15, 2016


SUBJ: TFFR BOARD EDUCATION - State Cyber Security

As you know, all TFFR data is stored on ND state servers and we rely primarily on state controls for security of member information. As we prepare to roll out TFFR Member Online in the near future, we thought it would be helpful for the TFFR Board to hear from State ITD representatives regarding the current state of cyber security in ND.

Dan Sipes, Deputy Chief Information Officer, and Sean Wiese, Chief Information Security Officer, will be at the TFFR Board meeting to provide an overview of the security controls in place regarding the state network and state data center and how those controls help secure TFFR member account information. They will also comment on the work of the Governor's Cyber Security Task Force, the recent ManTech audit report, and last year's security breach which affected WSI and TFFR member records.

**ND TFFR
Board
Meeting**

Thursday, September 22, 2016
Peace Garden Room – State Capitol Building



Agenda

- Cybersecurity – Current State
- Cybersecurity Principles
- ND Cybersecurity Initiatives
- Questions

Cybersecurity Current State

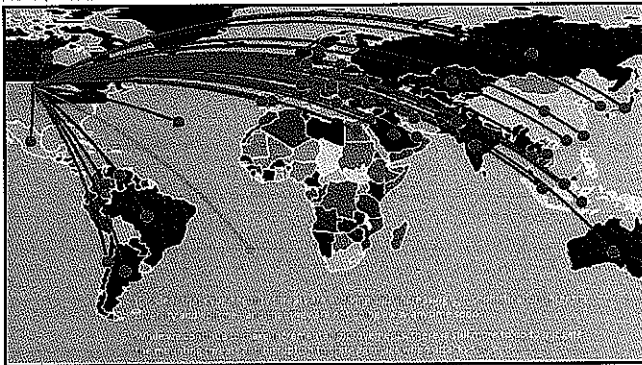
*Cyber threats to U.S. national and economic security are increasing in frequency, scale, sophistication and severity of impact.

Despite ever-improving network defenses, the diverse possibilities available through remote hacking intrusion to insert compromised hardware or software, actions by malicious insiders, and mistakes by systems users will hold nearly all information and communication technology networks and systems at risk for years to come. In short, the cyber threat cannot be eliminated; rather cyber risk must be managed."

James Clapper – Director of National Intelligence
9/10/2015 Report to U.S. House Committee on Intelligence

Recent Cybersecurity Events

- Phishing – attempting to steal identities and credentials
- Ransomware – encrypting your files and holding them for ransom
 - Hollywood Presbyterian Medical Center – February 2016
 - Two state agencies in May and September
 - Two ND businesses in May, Midco e-mail accounts September
- Distributed Denial of Service Attacks – flooding the network
 - ND has seen activity related to Dakota Access Pipeline protests
- Hacktivism
 - Anonymous threatens to “dox” Governor Dalrymple, National Guard soldiers, law enforcement officers and workers involved in the pipeline



Cybersecurity Evolution – How did we get here?

“Life was simple before World War II.
After that we had systems.”
-Admiral Grace Hopper
“Mother of Computing”

Cybersecurity Evolution – How did we get here?

- Evolved from "machines" which are simple to "systems" which are complex.
- Complexity is the worst enemy of good security.
- System interact with each other forming even larger more complex systems – Internet.
- Systems have emergent properties – they do things not anticipated by the users or designers.

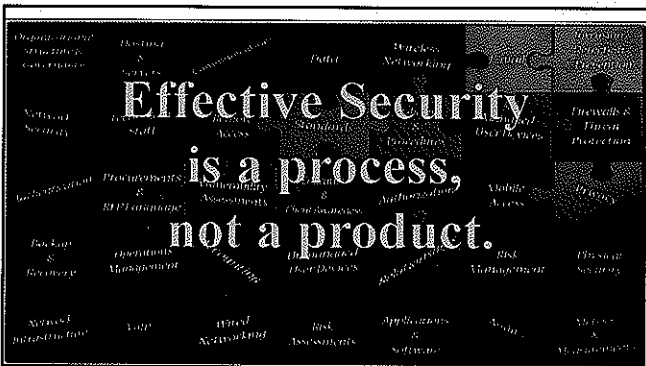
Cybersecurity Evolution – How did we get here?

Unchanged Threats – same goals as physical attacks

- Embezzlement, Theft, Vandalism
- Fraud
- Privacy Violations

Cyberspace changes the nature of attacks – more common, more widespread, harder to track, capture and prosecute.

- Automation – marginal rate of return becomes profitable
- Actions at a Distance – proximity is no longer a requirement
- Technique Propagation – exponential growth of successful attacks



Cybersecurity Principles

Identify – What do I need to protect?

Protect – What controls do I use?

Detect – How do I know I am being attacked?

Respond – What actions do I take?

Recover – How do I return to normal operations?



Effective security encompasses the relationship between all five functions – it is a process, not a product.

Cybersecurity Principles – State of ND

Identify

- Security Frameworks
- Audits/Risk Assessments
- Data Classification

Protect

- Advanced Firewalls and Intrusion Prevention Systems (IPS)
- Proxy Servers
- Virtual Private Networks (VPN) for Remote Access
- Encryption
 - Secure Socket Layer (SSL) tunnels for encrypting data in transit
 - Encryption of data at rest
 - Encrypted E-mail for Secure Communications
- Identity Management Infrastructure for Authentication and Authorization of Users
 - Password Management, Multi-Factor Authentication and Adaptive Authentication
 - Privileged Account Management (PAM)



Cybersecurity Principles – State of ND

Detect

- Vulnerability Scanning
- Intrusion Detection Systems (IDS)
- Security Information Event Management (SIEM)
- Honeypots
- Audit Logs

Respond

- Vulnerability Management
- Security Incident Response Teams and Processes
- Cybersecurity Forensics

Recover

- Contingency Planning
- Secondary Data Centers
- Data Backups
- High Availability Systems



Current ND Cybersecurity Initiatives

- **Governor's Cybersecurity Task Force**
 - Raise executive level awareness
 - Discuss state government cybersecurity governance model
 - Discuss cyber incident response strategies
 - Share best practices / review network defense strategies and tools
 - Recommend new policies for mitigating future cyber-attacks
- **State Cyber Disruption Strategy**
 - Focuses on critical infrastructure and key resources. (ITD/DES)
- **Cybersecurity Awareness Month – October**

Current ND Cybersecurity Initiatives

- **ITD Cybersecurity Framework**
 - Identify Protect Detect Respond Recover
 - Agency Roles and Responsibilities
- **Enterprise Architecture Security Policy and Standards**
 - 15 out of the 46 EA standards address security practices
- **Application Inventory and Risk Categorization**
 - 621 identified applications
 - 349 contain Personally Identifiable Information (PII)
 - 115 contain Protected Health Information (PHI)
 - 283 can be accessed externally
 - 306 reported to be hosted at ITD
 - 151 developed by ITD

Current Cybersecurity Initiatives

- **ITD SOC2 (Service Organization Controls) Audit**
 - Performed by the State Auditor
 - Issued May 6, 2015
 - Presented to LAFRC January 14, 2016
 - Next audit is currently in progress
- **State Auditor Specialized Security Audit**
 - ManTech is the Security Consultant
 - Issued July 27, 2016
 - Presented to Legislative IT Committee August 31, 2016
 - Presented LAFRC October 13, 2016

Current ND Cybersecurity Initiatives

- Application Vulnerability Scans and Ethical Hacking
- Zero Trust Build Out
- Multi-Factor Authentication
- Increased Collaboration with Key Partners
 - MS-ISAC (Multi-State Information Sharing and Analysis Center)
 - FBI - InfraGard
 - NASCIO (National Association of State CIO's)
 - NASTD (National Association of State Telecommunication Directors)
 - Vendors

THANK YOU

Visit us at www.nd.gov/ITD

MEMORANDUM

TO: TFFR Board
FROM: Richard Nagel
DATE: September 22, 2016
SUBJ: Annual Technology Report

1. Staff Changes

After a few recruiting efforts, RIO filled the Data Processing Coordinator III position in February 2016. The position was offered to, and accepted, by Len Wall. Len has over 18 years of experience working in IT and has been a state employee for 10 years. Len has been a great addition to the RIO office and has transitioned quite well into his role.

2. Web Services

RIO has made a lot of progress on both Member and Employer Web Services the past year. The Member Online application is almost complete and we are planning for deployment soon. RIO has been coordinating with the vendor on a regular basis to ensure programming and development needs stay the course with our timeline. We still have some minor tasks to complete and test but it is coming along well. With that said, last year at this time Member Online was about 60% complete and currently we are about 90% complete.

3. IT Security

IT Security has always been a priority for both RIO and ITD, but as you all know, we were part of the ITD cyber-attack that occurred back in May 2015. This cyber-attack only affected our Intranet website and not the Internet website. We had an instructional manual that contained some Personal Identifiable Information (PII) and after further investigation, we found about 950 members that had PII information listed. The PII information listed was either SSN, name, address, date of birth salary, service credit, and/or pension benefit amount. Since the cyber-attack, RIO has removed all references to the PII information from the Intranet. We have also worked with ITD and moved our website materials to different servers. ITD and RIO continue to research and implement ways to better protect all data so this does not happen again. ITD does have some services available that will check for code errors, cross-referencing in code, etc. It is important to note that there was no evidence that any personally identifiable information was moved or duplicated during the cyber-attack. RIO is currently in the beginning stages of researching cyber insurance and has budgeted for it in the next biennium.

4. Records Retention and Purging

IT continues to review, update, and run scripts to delete data from CPAS database in accordance with our records retention schedule.

5. Disaster Recovery

In addition to RIO's disaster recovery plan, we have maintained template images of each PC so we can prepare and restore a PC faster to limit downtime. This will improve efficiency as well when we purchase new PC's and less time will be spent on setting each one up manually.

IT Initiatives Completed in Last Year:

1. Enhanced transparency for the TFFR, SIB, and SIB Audit Board Meeting Materials and other documentation by moving these materials to more accessible locations on our public website.
2. Security
 - a. RIO continues to ensure all data is secure and research additional methods/tools to do so (database, websites and network).
 - b. Network allocation – organized and cleaned up. Used privileges currently in place to store data so others do not have access to make changes.
3. In the final stages of moving Employer Online application to new test environment
4. Updated test bed for RIO's test environment and also created a scrambled version to send to vendor. Reapply all scripts/patches for Member and Employer Online for testing purposes.
5. In the process of cleaning up our website in preparation for website rebuild.

Future IT Initiatives:

1. Utilize SCCM to push updates automatically.
2. Portable Laptops/Docking Stations.
3. Potential upgrades to Member Online application.
4. Upgrade Tamale, Microsoft Office, Adobe DC and other software needs within the office.
5. Design a new template for our current website.

MEMORANDUM

TO: TFFR Board

FROM: Fay Kopp

DATE: September 15, 2016

SUBJ: TFFR Member and Employer Online Demo

We are pleased to announce that we are in the final stages of programming and testing TFFR Member Online, and will soon be able to provide active and retired members with online access to TFFR member account information. This will include member account value, salary and service history, monthly pension benefit details, and annual statements.

As we prepare to launch TFFR Member Online, we wanted to give the TFFR Board a sneak peak of the application. Rich Nagel, IT Supervisor, and Shelly Schumacher, Retirement Program Manager, will provide the Board a brief demonstration of both TFFR Member and Employer Web Services.

TFFR RE-EMPLOYED RETIREE REPORT

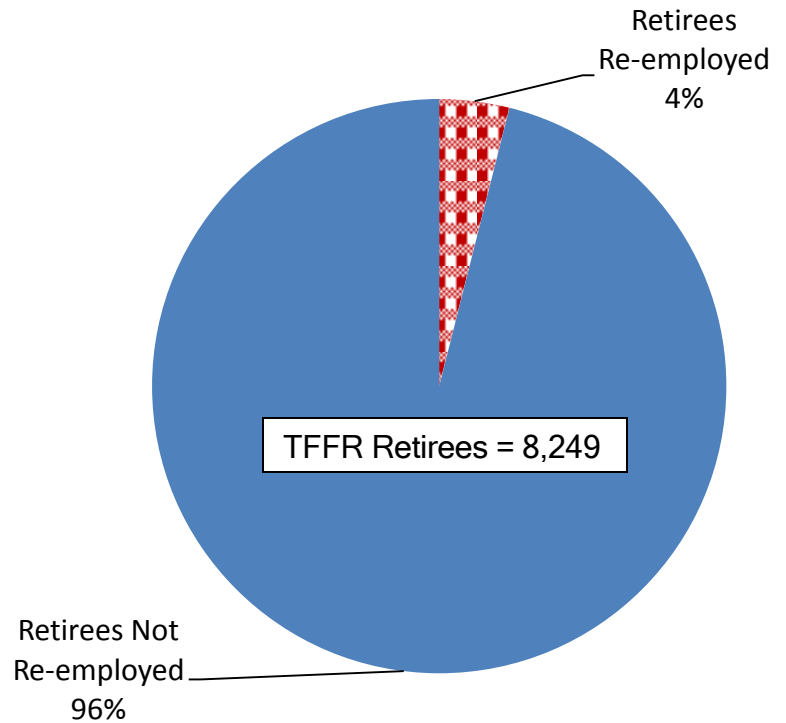
2015-16 (Preliminary As Of 8-31-16)

Total number of Re-employed Retirees: 325

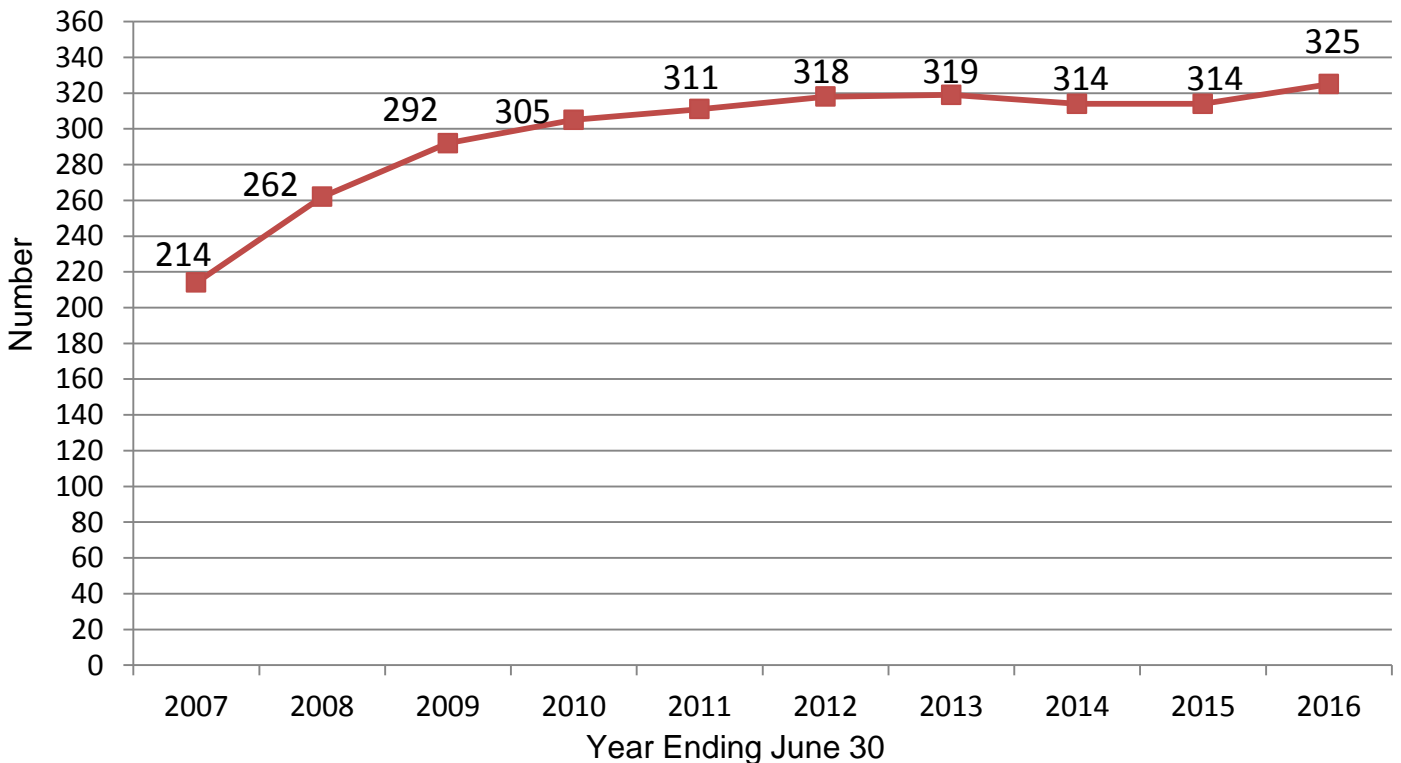
Superintendents	26
Administrators	27
Teachers	<u>272</u>

General Rule	286
Critical Shortage Area	38
Suspend and Recalculate	<u>1</u>

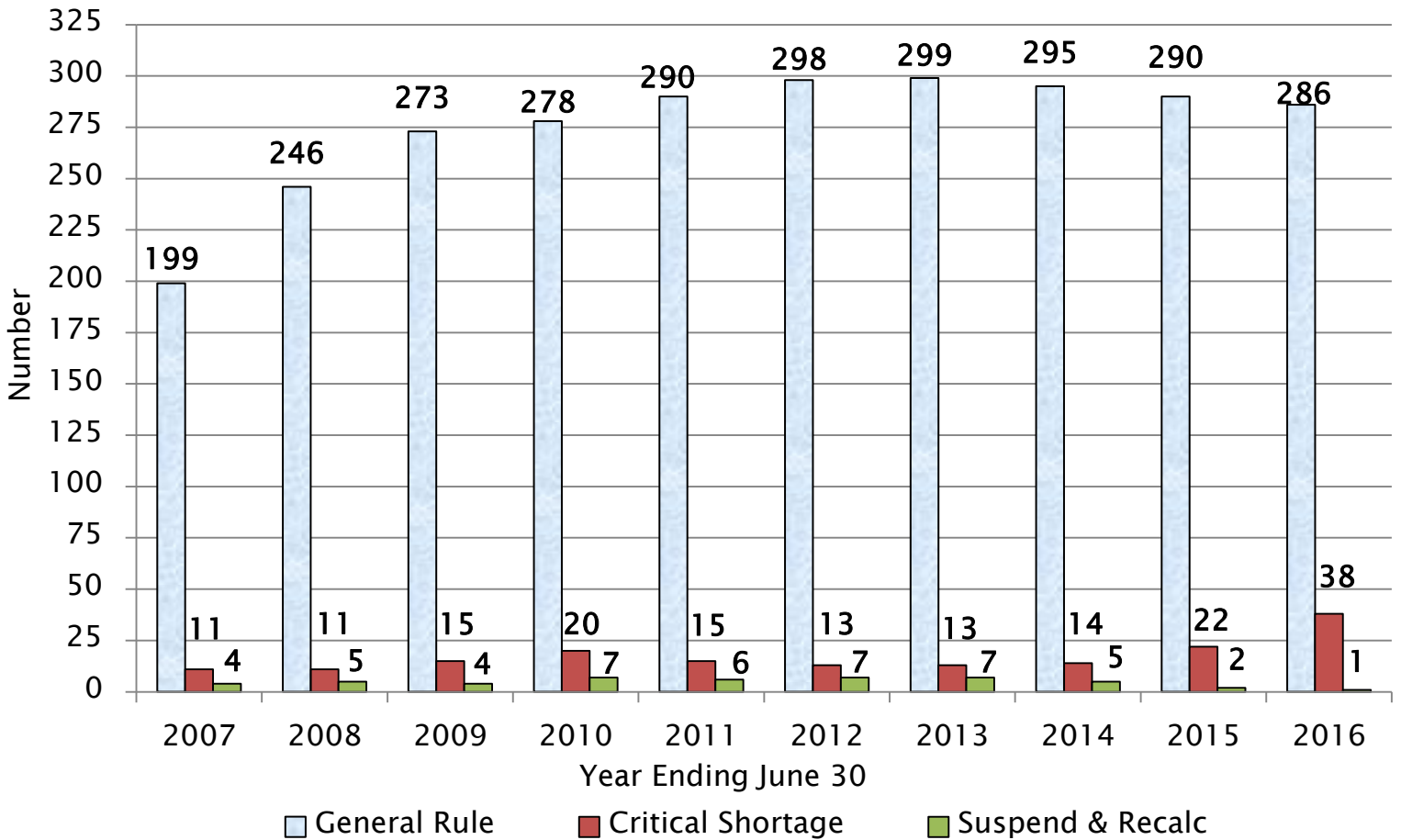
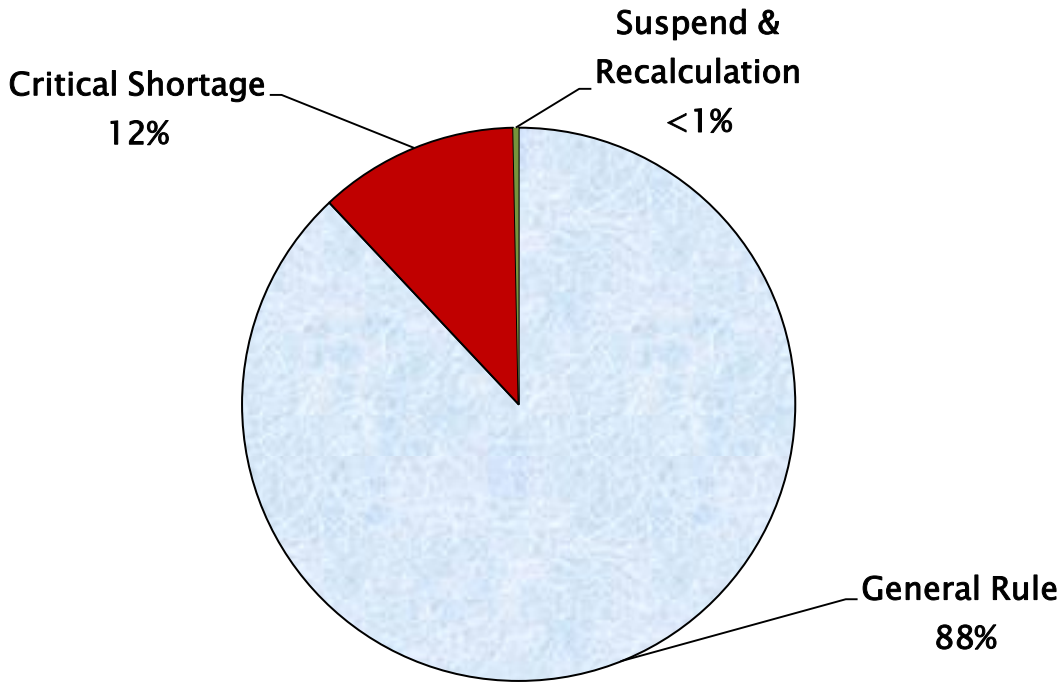
Average Age	63
Average Salary	\$26,000
Total Salaries	\$8,657,000
No. Employers w/retirees	139



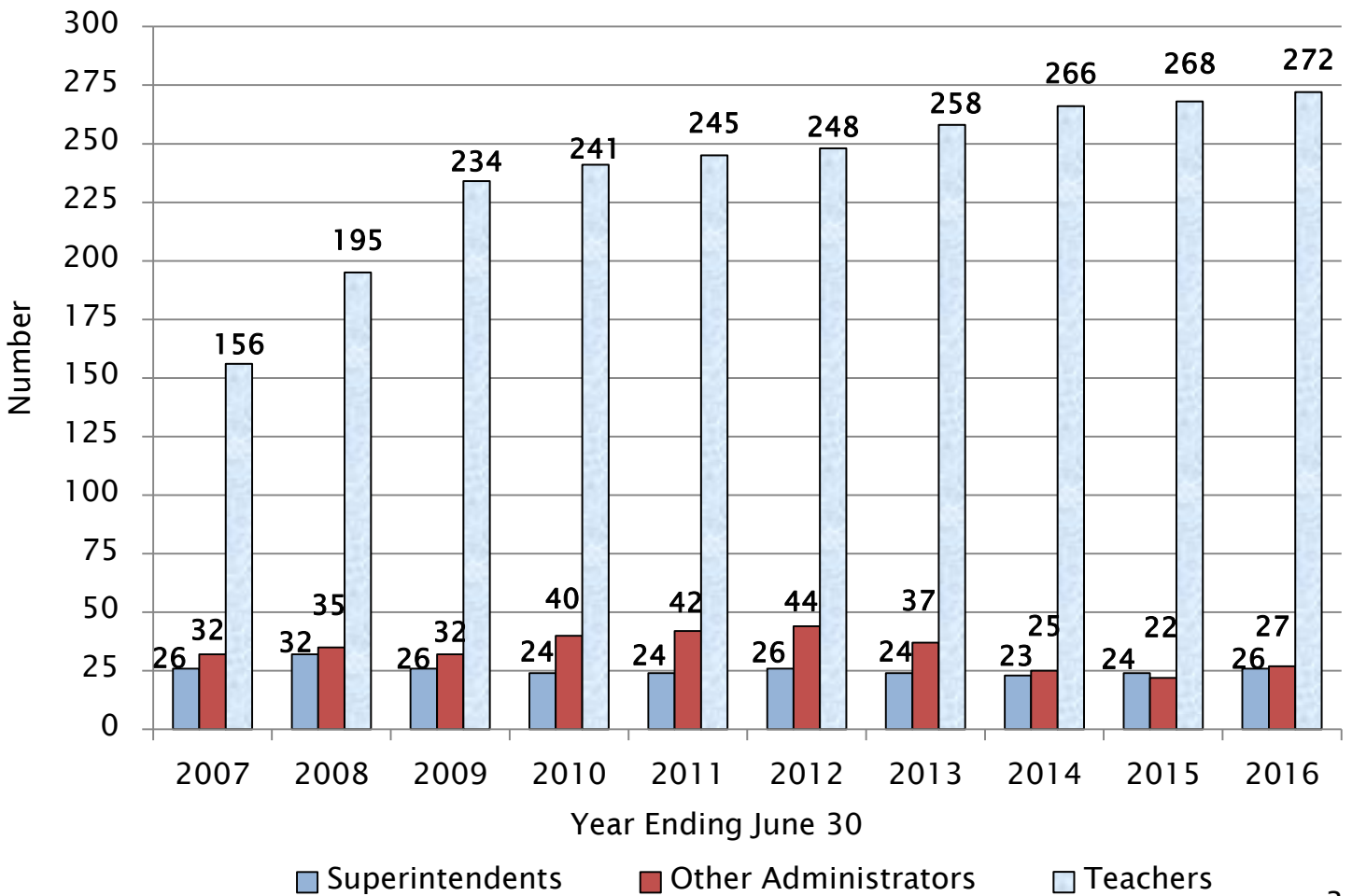
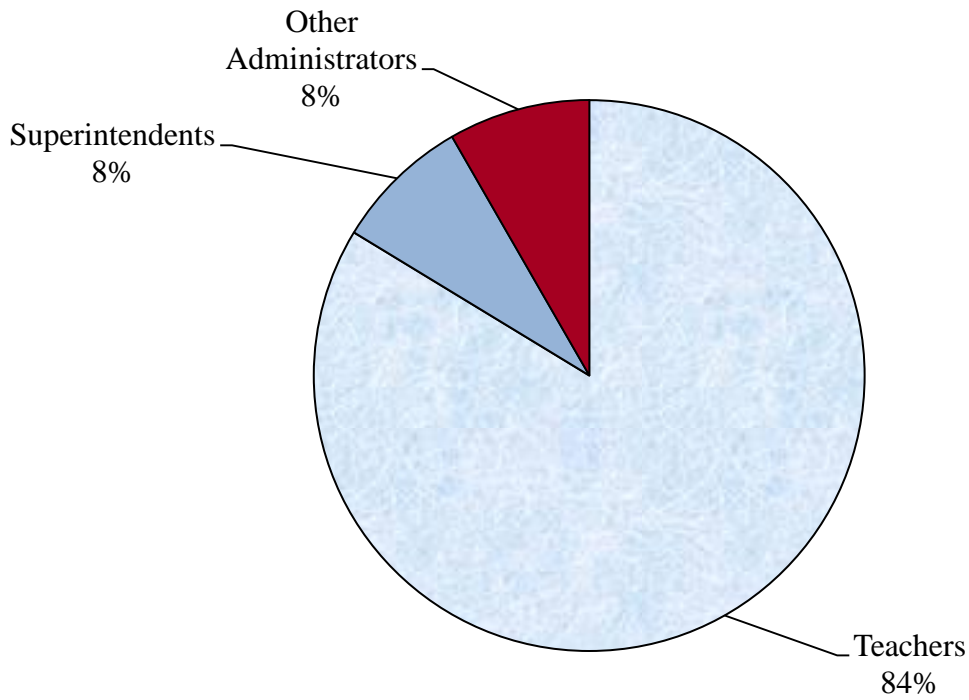
TFFR RE-EMPLOYED RETIREES 10 YRS. ENDING 6-30-16



TFFR RE-EMPLOYED RETIREES BY OPTION 2015-16



TFFR RE-EMPLOYED RETIREES BY JOB TYPE 2015-16

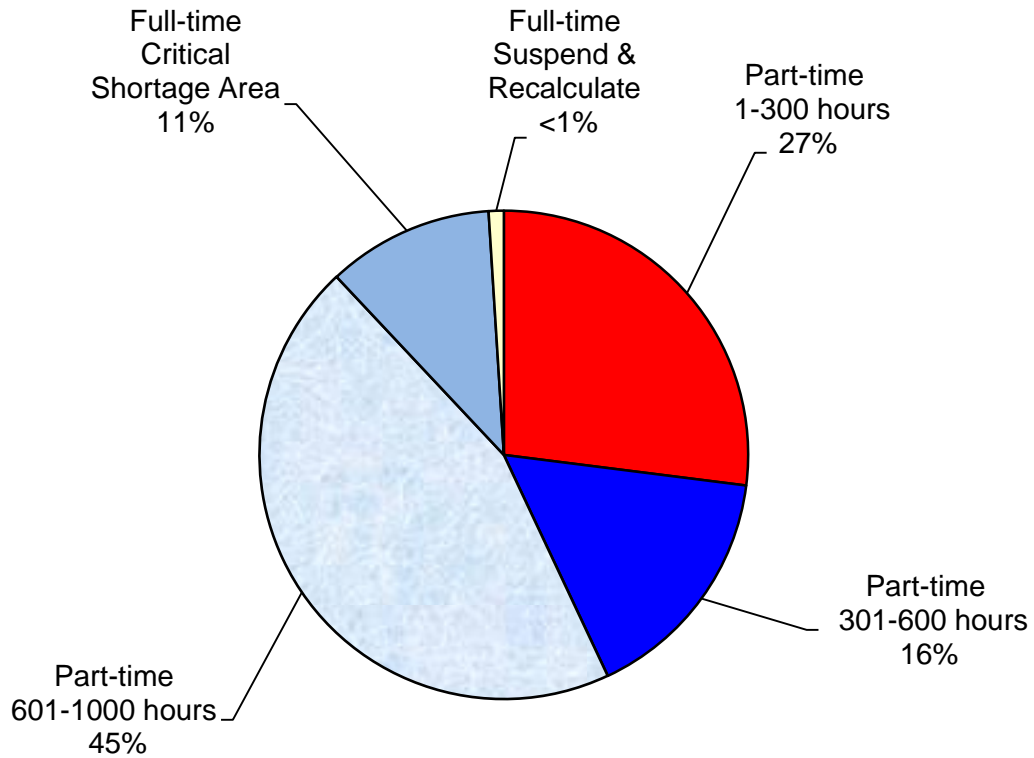


TFFR RE-EMPLOYED RETIREES BY SUBJECT/POSITION 2015-16

<u>Subject or Position</u>	<u>Re-employed Retirees</u>		
	Full Time CSA/SR	Part Time Gen Rule	Total
Art	1	5	6
Business	2	11	13
Counseling	3	10	13
Elementary Ed	7	26	33
English/Reading	3	10	13
Extra-Curricular		21	21
FACS		8	8
Foreign Language	1	4	5
Health/Phy Ed	1	4	5
Library/Media	1	6	7
Math	3	9	12
Mentors, Strategists, Prof. Dev.	1	17	18
Music	2	7	9
Science	3	10	13
Social Studies/History		6	6
Special Ed/Title/LD/Speech	6	45	51
Summer School/Driver's Ed		19	19
Tech Coordination/Tech Ed	1	8	9
Voc Ed/Adult Ed		9	9
Other Teachers	<u>2</u>	<u>4</u>	<u>6</u>
Total Retired Teachers	37	239	276
Superintendent	1	20	21
Principal/Asst Supt	1	10	11
Director/Coordinator	<u> </u>	<u>17</u>	<u>17</u>
Total Retired Administrators	<u>2</u>	<u>47</u>	<u>49</u>
Total Re-Employed Retirees	39	+	286 = 325
(6 teaching in 2 school districts)			

CSA = Critical Shortage Area
SR = Suspend & Recalc

TFFR RE-EMPLOYED RETIREES BY HOURS CONTRACTED 2015-16



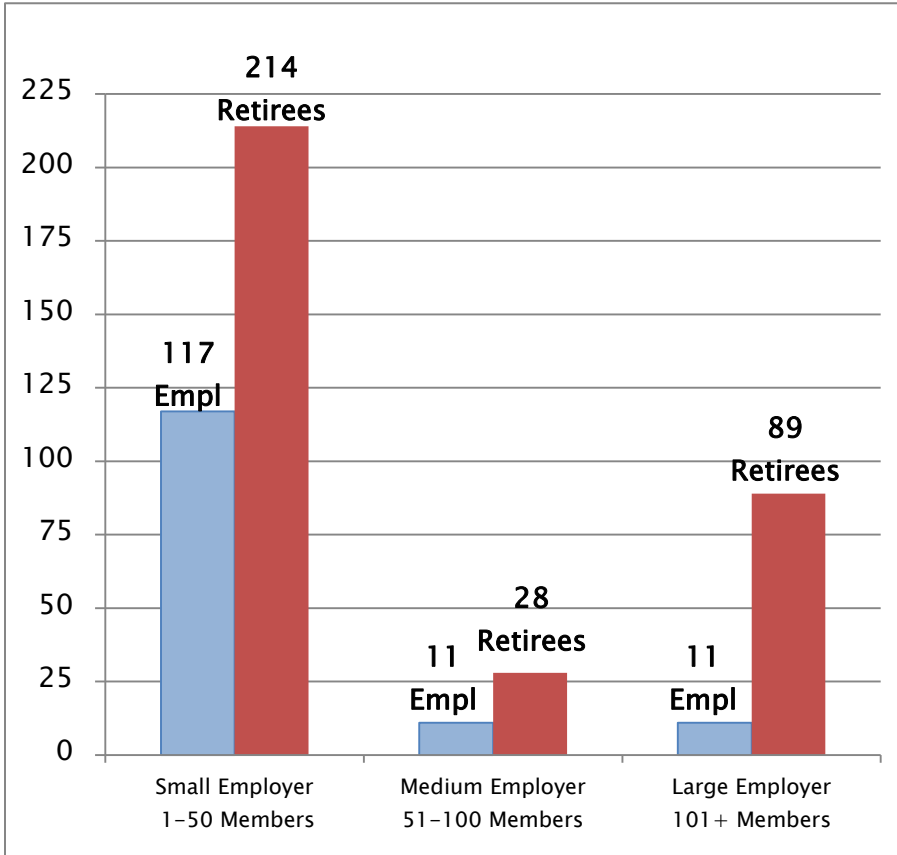
<u>Hours Contracted</u>	<u>Re-employed Retirees</u>	
Part Time – General Rule	Number	Percent
1 – 300 hours	87	27
301 – 600 hours	51	16
601 – 1000 hours	148	45
Full Time		
Critical Shortage Area	38	11
Suspend & Recalculate	<u>1</u>	<u><1</u>
Total Re-employed Retirees	325	100%
(6 teaching in 2 districts)		

TFFR RE-EMPLOYED RETIREES BY EMPLOYER 2015-2016

School Districts	#	School Districts	#	School Districts	#
Alexander		Glenburn	2	Midkota	4
Anamoose	1	Goodrich	3	Midway	2
Apple Creek Elementary		Grafton		Milnor	1
Ashley	1	Grand Forks	21	Minnewauken	2
Bakker Elementary		Grenora		Minot	3
Barnes County North	2	Griggs County Central	2	Minto	1
Beach	2	Halliday	1	Mohall-Lansford-Sherwood	1
Belcourt	3	Hankinson		Montpelier	
Belfield	4	Harvey	1	Mott-Regent	2
Beulah	4	Hatton Eielson	2	Mt. Pleasant	3
Billings County School	2	Hazleton-Moffit		Munich	3
Bismarck	19	Hazen	2	Napoleon	2
Bottineau	5	Hebron	2	Naughton Rural	1
Bowbells		Hettinger	1	Nedrose	1
Bowman	2	Hillsboro		Nesson	1
Burke Central	1	Hope	1	New Elementary	
Carrington	2	Horse Creek Elementary		New England	4
Cavalier	2	Jamestown	1	New Rockford-Sheyenne	1
Center-Stanton		Kenmare		New Salem-Almont	2
Central Cass		Kensal	2	New Town	1
Central Elementary	1	Kidder County School Dist.	1	Newburg United	1
Central Valley	2	Killdeer	1	North Border School	6
Dakota Prairie	2	Kindred		North Sargent	
Devils Lake	1	Kulm	2	North Star-Cando	4
Dickinson		Lakota	1	Northern Cass	
Divide County	1	LaMoure		Northwood	3
Drake	1	Langdon		Oakes	1
Drayton	4	Larimore	2	Oberon Elementary	
Dunseith	1	Leeds		Page	
Earl Elementary		Lewis and Clark	4	Park River	4
Edgeley		Lidgerwood	1	Parshall	2
Edmore	1	Linton		Pingree-Buchanan	1
Eight Mile		Lisbon	2	Powers Lake	4
Elgin/New Leipzig	1	Litchville-Marion		Richardton-Taylor	2
Ellendale		Little Heart Elementary		Richland	
Emerado Elementary	1	Lone Tree Elementary		Rolette	2
Enderlin Area School		Maddock		Roosevelt-Carson	
Fairmount	1	Mandan	5	Rugby	
Fargo	20	Mandaree		Sargent Central	
Fessenden-Bowdon	3	Manning Elementary		Sawyer	1
Finley-Sharon	1	Manvel Elementary	1	Scranton	
Flasher		Maple Valley	3	Selfridge	2
Fordville Lankin	1	Mapleton Elementary		Solen-Canonball	2
Fort Ransom Elementary	1	Marmarth Elementary	1	South Heart	1
Fort Totten	4	Max	2	South Prairie Elementary	1
Fort Yates	2	Mayville-Portland CG	1	St. John's School	6
Gackle-Streeter	1	McClusky	1	St. Thomas	3
Garrison	2	McKenzie County School Dist	1	Stanley	
Glen Ullin		Medina			
		Menoken Elementary			

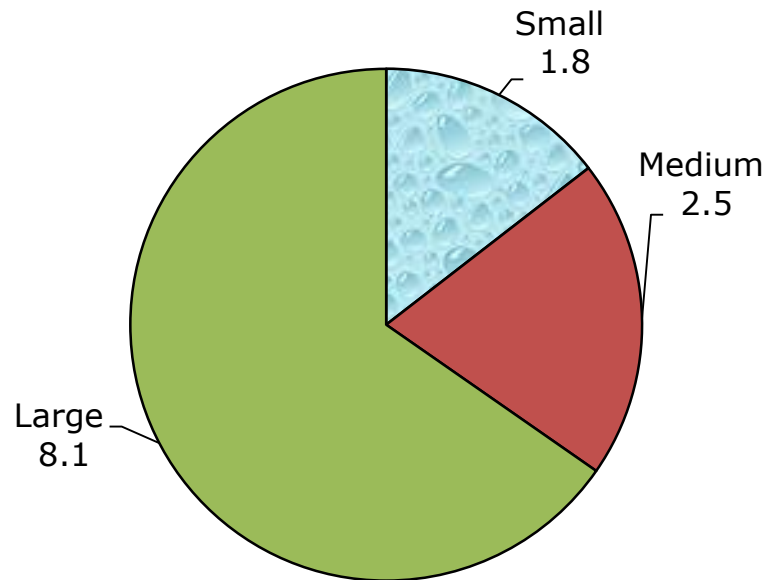
School Districts (cont)	#	Special Education Units		Other	
Starkweather	2	Burleigh County Special Ed	2	Great NW Education Co-op	1
Sterling Elementary	2	East Central Special Ed	2	ND United	
Strasburg	1	GST Educational	2	Rough Rider Ed Services	
Surrey	1	James River Special Ed			
Sweet Briar Elementary		Lake Region Special Ed			
TGU	2	Lonetree Special Ed	1		
Thompson		Northern Plains Special Ed			
Tioga	1	Oliver-Mercer Special Ed			
Turtle Lake-Mercer	4	Peace Garden Special Ed	1		
Twin Buttes Elementary	1	Pembina Special Ed		Total TFFR Participating	
Underwood	1	Rural Cass County Special Ed	1	Employers	214
United		Sheyenne Valley Special Ed			
Valley-Edinburg	3	Souris Valley Special Ed			
Valley City	1	South Central Prairie Sp Ed	1	139 Employers Employing	
Velva	2	South Valley Special Ed		TFFR Retirees (65%)	
Wahpeton	1	Southwest Special Ed			
Warwick	2	Upper Valley Special Ed	3		
Washburn	3	West River Student Services	1	325 TFFR Retirees Employed	
West Fargo	8	Wil-Mac Special Ed	3	(6 retirees working in 2	
Westhope	1			school districts)	
White Shield					
Williston	7				
Wilton		Vocational Centers			
Wing	1	N Central Area Career & Tech			
Wishek		N Valley Career & Tech Ctr			
Wolford	4	Roughrider Area Career/Tech	1		
Wyndmere	1	SE Region Career & Tech Ctr	1		
Yellowstone		Sheyenne Valley Area Voc Ctr			
Zeeland	1				
County Superintendents		State Agencies & Institutions			
Logan County		ND Center for Distance Ed	4		
McKenzie County		ND Dept of Public Instruction			
Morton County	1	ND School for the Blind	2		
Nelson County		ND School for the Deaf	1		
Slope County		ND Youth Correctional Center			
Ward County					

TFFR RE-EMPLOYED RETIREES BY EMPLOYER SIZE 2015-16



Empl Size	All Empl.	Empl w/ Re-empl Retirees	
Small	184	117	64%
Medium	18	11	61%
Large	12	11	92%
Total	214	139	65%

Employer Size	Re-empl Retirees	
Small	214	65%
Medium	28	8%
Large	89	27%
Total	331	100%



325 Retirees employed by 139 employers
(6 retirees working in 2 districts)

Average All = 2.4 retirees/employer

Working After Retirement

After you retire, you may return to TFFR covered employment under employment limitations. The limits apply to TFFR covered employment which includes teaching, supervisory, and administrative services except for extra-curricular duties and professional development. The limits **do not** apply to:

- Teaching in public colleges and universities
- Teaching in private schools
- Employment outside of education
- Employment outside of ND

Non contracted substitute teaching does not apply to the annual hour limit. However, in-staff substitute teaching performed during an existing contracted period will apply to the annual hour limit.

To help you determine which return to work option best suits your needs, you should consider the following questions:

- How long have I been retired?
- How long do I plan to work?
- Do I plan to work full or part time?

Please also keep in mind that under both federal and state law, a teacher must terminate employment in order to be eligible to retire and receive retirement benefits. Therefore, at the time of retirement, there can be no written pre-existing agreement indicating re-employment after retirement. After the applicable waiting period (if any), should you decide to return to work, both you and your employer must complete a "TFFR Retired Member Employment Notification" form within 30 days of your employment. This form must be completed each year you return to teach.

Failure to notify TFFR that you have returned to TFFR covered employment will result in the loss of annuity benefits.

Because of the impact returning to work could have on your TFFR retirement benefits, we strongly encourage you to contact our office to discuss all of your options.

GENERAL RULE – ANNUAL HOUR LIMIT

After 30 days from your retirement date, you may return to TFFR covered employment for a maximum number of hours in a fiscal year (July 1 - June 30). You will continue to receive retirement benefits and employer and employee contributions will be paid on all retirement salary paid to the retiree including in-staff subbing, extra curricular and professional development pay based on the employer payment model. The additional employee contributions will be included in the retiree's account value but the monthly benefit will not be affected. The annual hour limit is based on the length of employment.

- 9-month contract = 700 hours
- 10-month contract = 800 hours
- 11-month contract = 900 hours
- 12-month contract = 1,000 hours

Example: Jane retires July 1, 2016, and begins TFFR retirement benefits. On August 1, she signs a 9-month contract with a ND school district to work 600 hours which allows her 100 hours for in-staff subbing. With the exception of extra-curricular duty and professional development, all compensated hours count toward the 700-hour limit. Jane and her employer submit a TFFR Retired Member Employment Notification form. Jane receives salary and employer and employee contributions are paid to TFFR on the teaching salary as well as any in-staff subbing, extra curricular or professional development pay. Jane continues to receive her retirement benefit while teaching part time. The additional employee contributions are added to the retiree's account balance but the monthly benefit is not affected.

Exception A – Critical Shortage Area

You may return to TFFR covered employment in an approved critical shortage area and exceed the annual hour limitation without losing your retirement benefits. If you retired on or prior to January 1, 2001, no waiting period is required.

RETIREE RETURN TO WORK OPTIONS AT A GLANCE

Retiree Return to Work Limitation	Waiting Period Required (Break in Service)	Length of Employment	TFFR Benefit Continued	TFFR Employee & Employer Contributions Paid	TFFR Benefit Amount Recalculated
General Rule – Annual hour limit	30 days from TFFR retirement date	Unlimited	Yes	Yes	No
Exception A: Critical shortage areas determined by ESPB Over annual hour limit	One Year- if your retirement date is after 1/1/2001 None- if your retirement date is on or before 1/1/2001	Dependent upon annual approval and verification of critical shortage area	Yes	Yes	No
Exception B: Benefit suspension and recalculation Over annual hour limit	30 days from TFFR retirement date	Unlimited	No Benefit suspended after annual hour limit is reached	Yes	Yes Recalculation based on the number of additional years of service

However, if your retirement date is after January 1, 2001, a one-year waiting period is required. You may perform non-contracted substitute teaching during the one-year waiting period. Critical shortage areas will be determined each year by the Education Standards and Practices Board (ESPB). Each year, you must re-apply for this exception. Like the General Rule, you will continue to receive retirement benefits, employer and employee contributions will be paid on all retirement salary based on the employer payment model. The additional employee contributions will be included in the retiree's account value but the monthly benefit will not be affected.

Example: John retires July 1, 2015 and begins TFFR retirement benefits. He does substitute teaching in 2015-16, then returns as a full time teacher on July 1, 2016, in an approved critical shortage area. John and his employer submit a TFFR Retired Member Employment Notification form. John receives salary and employer and employee contributions are paid to TFFR on all retirement salary. John continues to receive his retirement benefit while working full time in a critical shortage area. The additional employee contributions are added to the retiree's account value but the monthly benefit is not affected.

EXCEPTION B – BENEFIT SUSPENSION AND RECALCULATION

After 30 days from your retirement date, you may return to TFFR covered employment and exceed the annual hour limitation. Under this option, employer and employee contributions will be paid on all retirement salary before and after the benefit suspension based on the employer's payment model. Your TFFR benefits will be suspended the first of the month following the month you reach the annual hour limit. Upon re-retirement, your benefits may be recalculated. If you re-retire with:

- Less than 2 years of additional earned service credit – you will receive the discontinued benefit plus benefit increases granted during the benefit suspension and a refund of employee contributions paid after the

benefit suspension plus interest. The employee contributions paid prior to the benefit suspension will be added to the retiree's account value.

- 2-5 years – you will receive the greater of the discontinued annuity, plus additional years at the current multiplier, plus benefit increases granted during the suspension, OR all the years recalculated at the current multiplier, less an actuarial offset for the amount of benefits already paid. All employee contributions will be added to the retiree's account value.
- 5 or more years – you will receive the greater of the calculation above or the retirement benefit recalculated using all the years at the current multiplier with no actuarial offset. All employee contributions will be added to the retiree's account value.

This brochure is a summary of NDCC 15-39.1-19.1 and is not intended to provide total information concerning employment after retirement. More detailed information may be obtained by contacting:

ND RETIREMENT AND INVESTMENT OFFICE

1930 Burnt Boat Drive
P.O. Box 7100
Bismarck, ND 58507-7100

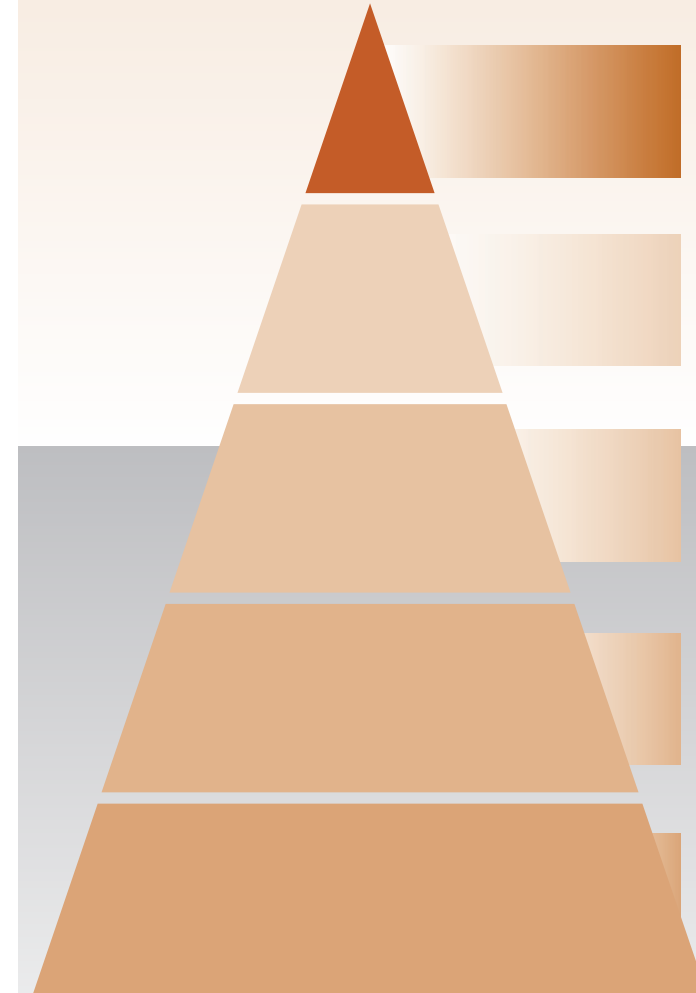
Phone: 1-701-328-9885
Toll free: 1-800-952-2970
www.nd.gov/rio

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Effective 4/2016

North Dakota Teachers' Fund For Retirement

WORKING AFTER RETIREMENT



MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: September 15, 2016
SUBJ: Retiree Substitute Teaching

TFFR BOARD REVIEW

At the July 23, 2016 TFFR Board meeting, the Board discussed retiree substitute teaching concerns brought to our attention by a few employers this summer. (See July 14, 2016 Memo to Board.) The concerns that are being expressed relate to TFFR's interpretation of contracted in-staff subbing, particularly as it pertains to re-employed retirees. To summarize TFFR's current practice:

If an active teacher or retiree has a contract (or written agreement) with the school district for full or part time work, TFFR uses the calendar dates indicated on the contract to determine the teacher's contract period. If subbing occurs during that time frame, it is considered to be in-staff subbing so retirement contributions are required to be paid on the substitute teaching pay and the hours are counted toward the annual hour limit for re-employed retirees (700 – 1000 hours depending upon length of contract). If the active teacher or retiree does not have a contract (or written agreement) with the school district, then no retirement contributions are required to be paid on substitute teaching pay, and the hours are not counted toward the annual hour limit for re-employed retirees.

Some employers are requesting that TFFR consider revising its current interpretation by considering the retiree's work schedule (for example number of days and/or working hours instead of calendar dates) when determining the contract period for in-staff subbing. This would allow contracted retirees to do additional subbing. More of the subbing would then be considered non-contracted, and the employer and retiree would not have to pay retirement contributions on that portion of the subbing salary.

STAKEHOLDER GROUP MEETING

As part of its review of the issue, the TFFR Board requested feedback from stakeholder groups regarding the impact of TFFR's current practice on in-staff subbing by contracted retirees. TFFR staff met with stakeholder group representatives from NDASBM, NDCEL, NDRTA, ND United and ND United-Retired, NDDPI, and NDESPB on Wednesday, September 7, 2016. NDSBA was not able to attend the meeting, so I am attempting to contact them separately to discuss.

At the September 7 meeting with the stakeholder groups, TFFR staff reviewed information included in the following attachments:

- 1) July 14, 2016 Memo to TFFR Board
- 2) 2015-16 Re-employed Retiree Report (agenda # 6)
- 3) Summary of Audit Services Data
- 4) Potential Cost Impact

We generally discussed the following questions:

- 1) Is retiree in-staff substitute teaching a big issue? Have you heard concerns from retirees and employers about TFFR rules relating to retiree subbing?
- 2) If so, is this primarily a small, rural school issue or is it a concern for schools of all sizes?
- 3) Is TFFR's current practice relating to in-staff subbing restricting school districts' ability to hire retirees as contracted teachers? (i.e. Do retirees prefer the flexibility of subbing with no TFFR restrictions or contribution payments, so do not want contracted employment?)
- 4) Is TFFR's current practice relating to in-staff subbing restricting school districts' ability to hire contracted retirees as substitute teachers? (i.e. Are contracted retirees at their maximum hours limit so unable to do additional in-staff substitute teaching?)
- 5) Does TFFR's current practice relating to retiree in-staff subbing have a material financial impact on school districts? (i.e. Retirement contributions must be paid on in-staff subbing done by contracted retirees.)

Stakeholder group representatives generally agreed that TFFR's interpretation of the contract period for retiree in-staff subbing does not appear to be a big issue at this time. Until TFFR brought this topic up for discussion, most had not heard from their members of specific concerns. Stakeholder groups noted that most concerns they have heard relate to the difficulty of finding both contracted and substitute teachers. They also mentioned concerns with the annual hour limit which restricts the total number of hours a retiree may return to covered employment to a maximum of 700-

1000 hours, as well as the requirement to pay member and employer contributions on re-employed retiree's salary which does not increase the retiree's monthly benefit.

Although it hasn't been brought to them as a problem, most generally agreed that TFFR's interpretation of the contract period for retiree in-staff subbing would probably impact small, rural schools more than larger schools, particularly small schools which employ many retirees in contracted positions and also need those same retirees to substitute teach. However, finding substitute teachers is an issue for both small and large schools.

It didn't appear as though TFFR's current interpretation is probably restricting school districts' ability to hire retirees as contracted teachers, although there might be a minor impact on a school district's ability to use the contracted retirees as substitute teachers because they are limited on the number of hours the retiree can work. For those retirees who only want the flexibility of subbing, they wouldn't accept a contracted position anyway. For retirees who are open to accepting a contracted position, they are likely to do so without considering the impact that in-staff subbing would have on their contracted position. The substitute teaching is secondary in that case. For coaching, extracurricular duties, and professional development performed by retirees, the hours are not counted toward the annual hour limit, although retirement contributions are paid on the salary earned. Having these hours excluded from the hours limit may allow contracted retirees more hours to substitute teach.

From an employer's perspective, if the retiree is already contracted and working for the school district, the retiree is more likely to agree to do some subbing since they are already at the school. In these cases the requirement to count the in-staff subbing hours might impact whether retirees are able to perform the subbing duties or not since they may already be at or near their maximum annual hours limit. It was also pointed out that it is very difficult for business managers to track all retiree sub hours until after it has happened, so retirees also need to track their hours to ensure they do not exceed the annual hour limit. From a retiree's perspective, it is difficult for a contracted retiree to say no to the school when they are asked to sub, unless they know it will affect their annual hour limit. If the retiree is not tracking their hours or is not aware that the contracted subbing will affect their annual hour limit, they may inadvertently exceed the limit and jeopardize their pension benefit.

As far as whether the contract period for retiree in-staff subbing has a material financial impact on schools, most generally agreed that it is not a material amount UNLESS it is a small school and the school employs many retirees in contracted positions and those retirees are willing to substitute teach a lot. While it might not impact any individual retiree or school much, there is a collective financial impact on TFFR, although it is probably quite small. However, because the stakeholder groups all supported the contribution and benefit changes in the 2011 legislative package, most agreed that it would be best to allow those changes to remain in place, and not to change them again since it could be to the detriment of TFFR.

STAKEHOLDER GROUP FEEDBACK

- 1) Stakeholder group representatives seem to recognize the complexity and technical nature of the contracted retiree in-staff subbing issue.
- 2) Most believe the goal should be to get an adequate number of active teachers in the classrooms so retirees aren't filling contracted positions, but are filling primarily substitute teaching positions. If that were the case, then there would be no retiree annual hours limit concerns or required contributions since retirees would not hold contracted positions. It was also pointed out that this is a long term goal, and finding subs today is a more immediate need.
- 3) Stakeholder groups do not believe any changes should be made that might negatively impact the plan, particularly since 2011 funding improvement changes were made to collectively improve plan funding levels.
- 4) Estimated cost impact of retiree in-staff subbing is relatively minor for most school districts and retirees. TFFR plan should continue requiring retiree and employer contributions on retiree earnings (both regular contracted hours and in-staff subbing) as agreed to in 2011.
- 5) **IF** there is a way to make a minor change to allow retirees to do more subbing but continue paying retirement contributions, stakeholder groups are not opposed to doing so, but are not in favor of making changes that would require legislation at this time.
 - Generally open to allowing retirees to perform unlimited substitute teaching while under contract as long as retirement contributions continue to be paid (similar to current law with extracurricular duties and professional development hours). This option would require legislation.
 - Generally open to allowing flexibility for employers to specifically state the retiree's work schedule on the teaching contract, then anything outside of the contracted work schedule is non-contracted employment and not reportable to TFFR. For those employers who do not specifically state the retiree's exact work schedule on the teaching contract, then the contract period for determining in-staff subbing would be the calendar dates indicated on the contract as TFFR currently requires. It was noted that this option still does not treat all retiree subbing the same way since how specific the contract is written determines whether or not the subbing is reportable. This option is administratively complex, may require legal interpretation, and will reduce contributions paid into the plan. This option would require a board policy.
 - Generally OK with not making any changes to retiree in-staff subbing requirements at this time.

- 6) There didn't appear to be a strong desire to change current practice since it is not causing a big problem in most districts or for most retirees. The Board may want to wait to address it legislatively if and when it does become a bigger concern.
- 7) Stakeholder groups appreciated the opportunity to discuss the issue with TFFR staff.

TFFR BOARD OPTIONS

As outlined in the July 14, 2016 memo to the Board, staff identified the following options for Board consideration.

- 1) **Continue current practice – Develop board policy to clarify current practice.** For both active members and re-employed retirees, TFFR uses the calendar dates indicated on the teacher's contract to determine the length of the teachers' contract period for in-staff subbing.
- 2) **Modify current practice – Develop new board policy to describe future practice.** For re-employed retirees only OR for both active members and re-employed retirees, TFFR will use the teacher's work schedule (for example specific days and/or working hours instead of calendar dates) to determine the length of the teacher's contract period for in-staff subbing. This would allow re-employed retirees to do additional subbing beyond the annual hour limit. Re-employed retirees and school district will not be required to pay retirement contributions on the subbing salary earned during those "non-contract hours."
- 3) **Modify current practice – Draft legislative bill to change retiree re-employment provisions in state law.** Allow contracted in-staff subbing to not count toward retiree annual hour limit, although payment of retirement contributions would be required (like extracurricular duties and professional development hours in current law.)
- 4) **Request additional information.**
- 5) **Other**

Please plan to discuss this topic in more detail at the September meeting.

Attachments

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: July 14, 2016
SUBJ: TFFR Retiree Substitute Teaching

The challenges school districts are experiencing in hiring both regular teachers and substitute teachers in recent years has put added pressure on retired teachers and administrators to return to covered employment in both full and part time capacities. Recently, some employers are questioning TFFR's current interpretation of "contracted" in-staff subbing, particularly when it pertains to re-employed retirees, and would like TFFR to consider changing its practice.

Attached is background material on TFFR retiree re-employment provisions and information about retiree substitute teaching concerns raised by some school districts. I have also included comments from Jan Murtha, TFFR legal counsel, related to her review of the issue, whether or not changes could be made to the current practice, and if so, what would need to be done. Finally, I have provided staff's review of the issue, options for Board consideration, and factors to consider. Please review this information for discussion at the meeting.

BOARD ACTION REQUESTED: BOARD MOTION OR DIRECTIVE FOR STAFF TO (1) DRAFT BOARD POLICY TO REFLECT CURRENT PRACTICE; (2) DRAFT BOARD POLICY TO REFLECT CHANGED PRACTICE; (3) DRAFT LEGISLATIVE BILL TO CHANGE PROVISIONS; OR (4) OTHER BOARD DIRECTIVE.

TFFR RETIREE SUBSTITUTE TEACHING

Here is background material on TFFR retiree re-employment provisions followed by additional information about retiree substitute teaching concerns raised by some school districts.

Retiree Re-employment Provisions Background Information

Current law (NDCC 15-39.1-19.1) allows public school teachers and administrators, after a minimum 30-day break in service, to return to TFFR covered employment after retirement and continue receiving their TFFR benefits under certain employment limitations.

The maximum annual hour limit under the General Rule is based on the length of the re-employed retiree's contract: 9 month or less contract = 700 hours; 10 month contract = 800 hours; 11 month contract = 900 hours; 12 month contract = 1,000 hours. If the re-employed retiree stays under the annual hour limit, they continue receiving their monthly TFFR pension benefit. If the re-employed retiree exceeds the annual hour limit, their monthly TFFR benefit is suspended and they are then treated like an active employee with their benefit possibly recalculated upon subsequent retirement if they meet certain other conditions outlined in state law. For some re-employed retirees, having their benefit suspended may also have IRS tax reporting implications.

Employment as a non-contracted substitute teacher does not apply to the annual hour limit. Professional development and extracurricular duties do not apply to the annual hour limit.

Under the Critical Shortage Area exemption, retirees can return to TFFR covered employment in an approved critical shortage area and exceed the annual hour limitation (work full time) and continue receiving their monthly TFFR pension benefit. A one-year waiting period is required. Critical shortage areas are determined each year by the Education Standards and Practices Board (ESPB). For the current school year, ESPB has designated all areas as critical shortage areas.

Initially, employer contributions were paid by the employer on the eligible salary earned by retirees who returned to covered employment under the General Rule annual hour limit and the Critical Shortage Area exemption. The payment of member contributions was not required. The 2011 Legislative Assembly subsequently passed HB1134 which required the payment of member contributions on the eligible salary earned by re-employed retirees effective 07/01/2012. The re-employed retiree's pension benefit does not increase as a result of the additional contributions being paid (unless their benefit was suspended because they exceeded the annual hour limit and did not qualify for the Critical Shortage Area exemption). The member contributions are included in the retiree's guaranteed account value.

Here is an example to help clarify the General Rule, which is the method under which most retirees return to covered employment:

Example: John Jones is age 58, has 30 years of TFFR service, and receives an average annual salary of \$50,000 as an active teacher. John is eligible for retirement, so he resigns from his full time teaching position and retires from the school district. (Note: There must be complete cessation of employment in order to begin collecting TFFR benefits.) John's TFFR benefit would be calculated as follows: \$50,000 final average salary X 30 years X 2.0% multiplier = \$30,000 annual TFFR benefit. After John resigns from his position, retires and begins receiving benefits, a 30 day break in service is required before he may return to covered employment on a limited basis while still receiving his annual benefit from TFFR. John decides to return to covered employment as a re-employed retiree under the General Rule annual hour limit. As a 9-month teacher, John is allowed to work up to 700 hours (part time), earn salary and benefits from the school district, and receive his annual benefit from TFFR. Working part time, John will earn \$25,000 for teaching duties from the school district plus \$30,000 in annual benefit payments from TFFR for a total of \$55,000. Under current law, employer and retiree contributions are required to be paid. Retiree contributions would total \$2,938. ($25,000 \times 11.75\% = \$2,938$) and would be added to John's guaranteed account value. Employer contributions would total \$3,187 ($25,000 \times 12.75\% = \$3,187$). John's retirement benefit does not increase as a result of returning to teach, however it is important to note that John can continue receiving his annual benefit from TFFR while earning a salary for part time teaching duties.

See [Working After Retirement Brochure](#)

See [NDCC 15-39.1-19.1 and 15-39.1-19.2](#)

See [NDAC 82-05-06-01](#)

Retiree Re-employment Statistics

During the 2014-2015 school year (FY 2015) there were 314 re-employed retirees working for 135 employers with an average age of 63 and an average salary of \$25,600.

- Of the 314 re-employed retirees, 290 (92%) worked part time under the General Rule annual hour limit, 22 (7%) worked full time under the Critical Shortage Area exemption, and 2 (1%) worked full time under the Benefit Suspension and Recalculation option.
- Of the 314 re-employed retirees, 268 (85%) were teachers, 22 (7%) were principals or other administrators, and 24 (8%) were superintendents.

Re-employed retirees earned approximately \$8,000,000 in eligible salary in 2014-2015. Total retiree (\$8 m x 11.75% = \$940,000) and employer (\$8 m x 12.75% = \$1,020,000) contributions received by the plan were approximately \$1,960,000.

Preliminary figures for the 2015-16 show about 325 re-employed retirees returned to covered employment during the past school year.

See Attachment 1 – TFFR Reemployed Retiree Statistics

Substitute Teaching Reporting Requirements

In general, substitute teachers are not reportable to TFFR since they are not contracted teachers. The only time a substitute teacher, including a re-employed retiree who substitute teaches, is reportable is if:

- The teacher is contracted to perform substitute teaching duties only.

Example: A teacher is contracted as a long term substitute teacher to fill in for a regularly contracted teacher who is on maternity leave.

- The teacher is contracted to perform regular teaching duties, and also performs in-staff substitute teaching duties during the contract term. For TFFR purposes, in-staff subbing, while not defined in the century or administrative code is defined in the TFFR employer guide as a licensed contracted teacher, including a re-employed retiree, who performs substitute teaching duties for the contracting district. Employers are instructed to report the substitute teaching pay earned during the contract period only.

Example 1: A full time contracted teacher performs in-staff subbing duties during the teacher's prep period.

Example 2: A part time contracted teacher performs coaching duties under a seven week time certain contract, and also performs in-staff subbing duties during the contracted seven weeks. Subbing done outside of the seven weeks is not reportable.

Example 3: A part time contracted teacher performs regular teaching duties in the morning under a time certain contract, and also performs in-staff subbing duties in the afternoon.

Employer and retiree contributions are required to be paid on salary earned by re-employed retirees who perform in-staff subbing duties while under contract with a TFFR participating employer.

Retirees who perform substitute teaching duties and are not under contract with the TFFR participating employer are not subject to the annual hour limit and employer and retiree contributions are not required to be paid.

See [TFFR Employer Guide, pg. 34](#)

Retiree Substitute Teaching Concerns Raised by Employers

The difficulties school districts are experiencing in hiring both regular teachers and substitute teachers in recent years has put added pressure on retired teachers and administrators to return to covered employment in both full and part time capacity. School districts indicate that it is difficult to hire retirees for three reasons:

- 1) General Rule annual hour limit restricts the number of hours a retiree may return to covered employment to a maximum of 700 – 1000 hours. The number of allowable hours is based on the length of the retiree’s contract. Therefore, most retirees are restricted to 700 hours or about half time employment since most teaching contracts are for the 9-month school year.
- 2) Critical Shortage Area exemption for full time retiree employment requires a one-year waiting period between retirement and re-employment.
- 3) Member and employer contributions are required to be paid on re-employed retiree’s salary which creates added budget pressure, particularly with regards to retiree in-staff subbing.

Some employers are questioning TFFR’s current interpretation of “contracted” in-staff subbing, particularly when it pertains to re-employed retirees. For both active members and re-employed retirees TFFR uses the calendar dates indicated on the teacher’s contract to determine the teacher’s contract period for in-staff subbing. Some employers are requesting that TFFR consider revising its current interpretation by considering the retiree’s work schedule (for example number of days and/or working hours instead of calendar dates) when determining the contract period for in-staff subbing. This would allow retirees to do additional subbing. Due to the fact that the subbing would be considered non-contracted, the employer and retiree would not pay retirement contributions on the subbing salary. Here are a few examples to help describe the issue:

- **Example 1:** *Teacher has a part-time contract to work 8 hours a day for 76 days from August 27 – May (end of school year).*

Current practice: *TFFR would define the contract period to be August 27 – May (end of school year). Any subbing done during this time frame for this employer would be considered in-staff subbing and reported to TFFR. If the teacher is a re-employed retiree, the in-staff subbing hours would be counted toward the retiree return to work annual hour limit (700 hours) and contributions would be paid.*

Requested practice: *Some employers only want to consider the actual 76 days worked to be “contracted” and do not want to report and count hours for subbing done on the other days. For example, the contract could say the teacher will only work Mondays and Wednesdays, or could list the actual 76 days to be worked, so those are the days that would be considered as contracted days. The other days would be considered to be non-contracted so unlimited subbing could be done on those days.*

- **Example 2:** Teacher has a part-time contract for nine months to work mornings from August 27 – May (end of school year).

Current practice: TFFR would define the contract period to be August 27 - May (end of school year). Any subbing done during this time frame for this employer would be considered in-staff subbing and reported to TFFR. If the teacher is a re-employed retiree, the in-staff subbing hours would be counted toward the retiree return to work annual hour limit (700 hours) and contributions would be paid.

Requested practice: Some employers only want to consider the actual mornings worked to be “contracted” and do not want to report and count hours for subbing done in the afternoons. For example, the contract could say the teacher will only work mornings from 8 - 11:30 am, so those are the hours that would be considered as contracted hours. The afternoons would be non-contracted hours, so unlimited subbing could be done in the afternoons.

- **Example 3:** Teacher has a part-time contract to coach from August 27 – November 10 and March 2 – May 30.

Current practice: TFFR would define the contract periods to be August 27 – November 10 and March 2 – May 30. Any subbing done during these time frames for this employer would be considered in-staff subbing and reported to TFFR. If the teacher is a re-employed retiree, the in-staff subbing hours would be counted toward the retiree return to work annual hour limit (700 hours) and contributions would be paid. Any subbing done November 11 – March 1 would not be considered in-staff subbing and would not be reported and subject to retiree return to work hour limits.

Requested practice: While employers generally follow the current guidelines in this example without question, some employers may only want to consider the actual hours spent coaching to be “contracted” and may not want to report and count hours for subbing done during the regular school day. In this case, the regular school day would be considered non-contracted hours, so unlimited subbing could be done.

Legal Review of Retiree Substitute Teaching Issue

Staff asked TFFR's legal counsel, Jan Murtha, to review TFFR's current practice and consider whether changes could be made to the current practice, and if so, what would need to be done.

1) Is TFFR's current practice of determining when "contracted in-staff subbing" occurs reasonable and supported by state statutes and administrative rules?

Jan indicated that TFFR's current practice appears to be reasonable. ND Century Code discusses retiree reemployment in terms of a contract period comprised of months and hours (15-39.1-19.1); however the example teacher contracts which have been provided for the purpose of this discussion set up the contract term based on months or days, without any reference to hours. It is reasonable, therefore, for TFFR to take the position that any "worked hours" accumulated during the total number of days or months within the identified contract term must be applied toward the annual hour limit. It was also noted, however, that the more specific the "contract term" (ie, designating the specific days and hours of the week worked), the more reasonable an employer argument that subbing by re-employed retirees outside of the contract term should not be considered in-staff subbing.

2) Does TFFR have any latitude in determining when "contracted in-staff subbing" occurs?

- The Board could develop a policy or employer guidance regarding how TFFR intends to interpret the "length of the reemployed retiree's contract" as defined under 15-39.1-19.1. Any policy could still be challenged and reviewed by the Board on appeal by an individual member so no member rights would be impaired by the policy.

***Example:** A board policy could be developed stating that if a part-time contract details the exact hours/times/days worked for the purposes of defining the contract term, then "contracted in-staff subbing" would only occur for re-employed retirees (or policy could apply to both actives and re-employed retirees), when done within the contracted term. Employers could be instructed to be very specific in their contracts with regard to work schedule and add a phrase to the contracts which states that any subbing done by the individual outside of the specific contracted hours or days will not be covered by the terms of the contract, and need not be reported to TFFR.*

- A statutory change would be required to allow in-staff subbing to be excluded from the retiree return to work annual hour limit like professional development and extra-curricular hours (but the earnings still reported to TFFR and contributions paid), since the exclusions for professional development and extra-curricular hours are currently set forth in statute (15-39.1-19.1(1)(b)).

- A statutory change would also be required to allow all subbing (including in-staff subbing) to be excluded from the retiree return to work annual hour limit, since the statute makes a point of excluding employment as a “non-contracted” substitute teacher. If the subbing is reasonably being interpreted as being done under contract (ie within the contract term), the Board does not have the discretion to exclude.

Staff Review of Retiree Substitute Teaching Issue

After review of the re-employed retiree substitute teaching issue, including input from employers, legal counsel, audit, and retirement services staff, we have identified the following options for Board consideration.

- 1) **Continue current practice** – Develop board policy to clarify current practice. For both active members and re-employed retirees TFFR uses the calendar dates indicated on the teacher’s contract to determine the length of the teacher’s contract period for in-staff subbing.

Factors to consider:

- Current practice treats in-staff subbing consistently for both active and retired members which is simpler to communicate to employers and members and simpler for the plan to administer.
- Relatively broad interpretation of “contracted” vs “non- contracted” based on start and end calendar dates or term of contract.
- Restricts the amount of subbing that can be done by re-employed retirees if they are already under contract with the school district.
- Seeks to offset the potential negative public perception of “double dipping” by balancing the opportunity for retired teachers to work part time and collect full pension benefits with school districts need to hire both regular and substitute teachers due to the teacher shortage.
- Ensures contributions will be paid into the TFFR plan on all eligible salary for duties performed by re-employed retirees, including in-staff substitute teaching. If contracted retiree in-staff subbing is:
 - 1% of \$8 million annual salaries (8 mil X 24.5% X 1%) = est. \$20,000
 - 3% of \$8 million annual salaries (8 mil X 24.5% X 3%) = est. \$60,000
 - 5% of \$8 million annual salaries (8 mil X 24.5% X 5%) =est. \$100,000
- Re-employed retirees and school districts must pay contributions on in-staff subbing which causes additional strain on limited funds available to retirees and school districts (budget impact).

- 2) **Modify current practice** – Develop new board policy to clarify future practice. For re-employed retirees only OR for both active members and re-employed retirees, TFFR will use the teacher’s work schedule (for example specific days and/or working hours instead of calendar dates) to determine the length of the teacher’s contract period for in-staff subbing. This would allow re-employed retirees to do additional subbing beyond the annual hour limit. Re-employed retirees and school district will not be required to pay retirement contributions on the subbing salary earned during those “noncontract” hours.

Factors to consider:

- Decide whether to interpret re-employed retiree in-staff subbing different from active in-staff subbing. If in-staff subbing is not treated consistently for active and retired members, it will be more difficult to communicate to employers and members. It will also be more difficult for the plan to administer.
- More narrow interpretation of contracted in-staff substitute teaching which is strictly tied to the work schedule defined in the contract.
- Re-employed retiree substitute teaching would be almost unlimited which would help school districts deal with teacher shortages. Re-employed retirees could be contracted for 700-1000 hours for regular teaching duties and also substitute teach during the remainder of the day/week/school year.
- Potential for increased negative public perception of “double dipping” since re-employed retirees would be able to work full time (contracted teaching plus non contracted subbing) and collect full pension benefits.
- Reduces the amount of contributions which will be paid into the TFFR plan on substitute teaching performed by re-employed retirees. If contracted retiree in-staff subbing is:
 - 1% of \$8 million annual salaries (8 mil X 24.5% X 1%) = est. \$20,000 less
 - 3% of \$8 million annual salaries (8 mil X 24.5% X 3%) = est. \$60,000 less
 - 5% of \$8 million annual salaries (8 mil X 24.5% X 5%) = est. \$100,000 less
- Reduces the amount that must be paid by re-employed retirees and school districts (budget impact).

- 3) **Draft legislative bill** - Change retiree-re-employment provisions in state law. Various retiree re-employment provisions could be changed relating to retiree in-staff subbing, general eligibility requirements, annual hour limits, waiting periods, contribution requirements, etc.

As it relates to re-employed retiree in-staff subbing, a statutory change would be required to allow in-staff subbing to be excluded from the re-employed retiree return to work annual hour limit like professional development and extra-curricular hours (but the earnings still reported to TFFR and contributions paid), since the exclusions for professional development and extra-curricular hours are currently set forth in statute.

A statutory change would also be required to allow all subbing (including in-staff subbing) to be excluded from the re-employed retiree return to work annual hour limit, since the statute makes a point of excluding employment as a “non-contracted” substitute teacher. If the subbing is reasonably being interpreted as being done under contract, the Board does not have the discretion to exclude.

Factors to consider:

- Depending upon the type and magnitude of the change(s), there could be either a positive or negative financial or administrative impact on the TFFR fund and/or school districts. Modifications should be considered carefully and seek to balance the needs of the TFFR fund with the needs of the school districts. Care should be taken to ensure that changes do not incentivize active teachers to retire earlier than they would have in order to take advantage of retiree re-employment provisions.
- April 1, 2016 deadline for filing bill drafts with Legislative Employee Benefits Programs Committee has passed. A request for late submission for interim study would be required.

Next Steps

The TFFR Board will review the issue of retiree substitute teaching at the July 2016 meeting. Unless more information is needed, the Board will be asked to select one of the three options to move forward: 1) continue current practice; 2) change current practice; 3) draft legislative bill.

Based on the Board’s directive, staff will draft a board policy or legislative bill draft for consideration at the September TFFR board meeting.

TFFR RETIREE IN-STAFF SUBSTITUTE TEACHING
Summary of Audit Services Data

9.7.16

TFFR Audit Services undertook a review of all TFFR Compliance Audits completed in recent years to determine if any data existed which would aid TFFR in discussions related to retiree in-staff subbing. The following results are based on a sampling of 75 employers and not a comprehensive review of all TFFR participating employers.

- 1) 75 employer compliance audits were conducted in FY 2014 - FY 2017. This sample comprises 35% of TFFR participating employers (75 out of 214). Audits were reviewed for retiree in-staff subbing implications.
- 2) 22 of 75 employers reviewed (30%) employed retirees as contracted teachers who also performed in-staff substitute teaching.
- 3) Most of the employers who employed retirees as contracted teachers who also performed in-staff substitute teaching were small employers. Of the 22 employers identified:
 - Small employer 1-50 TFFR members 19 86%
 - Medium employer 51-100 TFFR members 2 9%
 - Large employer 101 + TFFR members 1 5%
- 4) Based on payroll data from the 22 employers, employers utilize retirees in the following ways:
 - Contracted teaching 89% of total dollars earned
 - Athletic coaching 5% of total dollars earned
 - **In-staff substitute teaching 3% of total dollars earned**
 - Other 3% of total dollars earned
- 5) Based on payroll data from the 22 employers:
 - 96 retirees were employed from FY 2010 – FY 2015
 - 48 (or 50%) of those retirees were contracted teachers who also performed in-staff substitute teaching
 - Many retirees worked multiple years for the same employer.
- 6) Reimbursement for in-staff substitute teaching is calculated many different ways. The most common method is the use of an hourly rate. For the purposes of this discussion an hourly rate of \$20 was assumed.

	Actual Pay	Est hours (\$20 hr)
• Average Retiree TFFR Eligible Salary:	\$25,807	
• Average Retiree Contracted Teaching Salary:	\$23,068	
• Average Retiree In-staff Substitute Teaching Salary:	\$ 853	approx. 43 hrs.
• Median Retiree In-staff Substitute Teaching Salary	\$ 320	approx. 16 hrs.
• Least Amount Retiree In-Staff Substitute Teaching Salary:	\$ 13	approx. 1 hr.
• Highest Amount Retiree In-staff Substitute Teaching Salary:	\$ 8,095	approx. 405 hrs.

- 7) The breakdown by estimated hours for retiree in-staff subbing is as follows (assuming \$20 hourly rate):
 - 1 – 25 hours \$1 - \$500 29 retirees 67%
 - 26 – 50 hours \$500 - \$999 6 retirees 14%
 - 51 – 75 hours \$1000 - \$1499 3 retirees 7%
 - 76 -100 hours \$1500 - \$1999 0 retirees 0%
 - 100+ hours \$2000 + 5 retirees 12%

**TFFR RETIREE IN-STAFF SUBSTITUTE TEACHING
Potential Cost Impact**

9.7.16

Estimated TFFR Impact: (per year)	% of Re-employed Retirees Who also Perform In-Staff Subbing (est)	
	<u>100% (325)</u>	<u>50% (163)</u>
Total 2015-16 Re-Employed Retiree Salaries	\$8,657,000	\$4,328,500
Retiree In-Staff Subbing Salary (3% of total)	\$259,710	\$129,855
Retiree & Member Contributions required (24.5%)	\$63,630	\$31,815

Estimated Retiree and Employer Impact: (per retiree/per year)	<u>Model 1</u>	<u>Model 2 (all)</u>
Average Re-Employed Retiree Salary per year	\$26,000	\$26,000
Average In-Staff Subbing Salary (3% of salary)	\$780	\$780
Retiree Contributions paid by Retiree (11.75%)	\$91	---
Retiree Contributions paid by Employer (11.75%)	---	\$91
Employer Contributions paid by Employer (12.75%)	\$100	\$100

***Note:** All calculations are estimates and based on assumptions from data found in 2015-16 Re-Employed Retiree Report and/or Audit Services review of sample employer compliance audits. Actual impact on TFFR, retirees, and employers may be different depending upon re-employed retiree's salary, hours, and other factors.

TFFR Investment Update

For the Periods Ended June 30, 2016

September 15, 2016

Note: This document contains unaudited data as of June 30, 2016, which is deemed to be materially accurate, but is subject to change.

Dave Hunter, Executive Director/CIO

Darren Schulz, Deputy Chief Investment Officer

ND Retirement & Investment Office (RIO)

State Investment Board (SIB)

Executive Summary for periods ended June 30, 2016

Investment Performance –

- **For the fiscal year ended June 30, 2016, TFFR generated a net investment return of 0.28% versus a policy benchmark of 0.62%.** Disappointing returns in World Equity (-7.3% actual vs -2.8% index) and Fixed Income (+4.5% actual vs +6.4% index) were partially offset by above benchmark results in U.S. Equity (+1.9% actual vs +0.73% index) and International Equity (-7.9% actual vs -10.4% index). Global Real Assets consistently outperformed the relative benchmark (+7.8% actual vs +6.3% index) and included Real Estate (+11.3% actual vs +10.6% index), Timber (+4.3% actual vs +3.5% index) and Infrastructure (+2.9% actual vs +0.64% index).
- **Asset allocation is the primary driver of returns over the long-term.** TFFR generated a net return of 6.3% for the 5-years ended June 30, 2016, which exceeded the policy benchmark (of 5.7%) by over 0.50%. During the last 5-years, asset allocation and active management generated over \$515 million (92%) and \$45 million₁ (8%) of TFFR's net investment income, respectively.
- **TFFR's investment returns have consistently ranked in the second quartile of the Callan Public Fund Sponsor Database over the last five years.** On an unadjusted basis, TFFR's returns ranked in the 32nd and 37th percentile for the 3- and 5-year periods ended June 30, 2016.

Risk Update –

- Since 2008, TFFR risk (as measured by actual standard deviation divided by the policy benchmark) has declined from over 115% to approximately 105% on a rolling 3- and 5-years basis.

TFFR Investment Ends – June 30, 2016

SIB clients should receive investment returns consistent with their written investment policies and market variables. This “End” is evaluated based on comparison of each client’s (a) actual net rate of return, (b) standard deviation and (c) risk adjusted excess return, to the client’s policy benchmark over 5 years.

	<u>1 Yr Ended 6/30/2016</u>	<u>3 Yrs Ended 6/30/2016</u>	<u>5 Yrs Ended 6/30/2016</u>	<u>Risk 5 Yrs Ended 6/30/2016</u>	<u>Risk Adj Excess Return 5 Yrs Ended 6/30/2016</u>
TFFR					
Total Fund Return - Net	0.28%	6.55%	6.32%	8.2%	0.31%
Policy Benchmark Return	0.62%	5.95%	5.73%	7.9%	
Excess Return	-0.34%	0.60%	0.59%	105%	

Net Return: TFFR’s net investment rate of return for the 5-year period ended June 30, 2016 was **6.32%** versus a policy benchmark of **5.73%** resulting in an **Excess Return of 0.59% (or 59 bps)**.

Risk: TFFR’s standard deviation for the 5-year period ended June 30, 2016 was 8.2% versus a policy benchmark of 7.9% resulting in a **portfolio risk ratio of 105%**. This is within TFFR’s stated risk tolerance which indicates this ratio should **not exceed 115%**.

The Risk-Adjusted Excess Return of TFFR’s portfolio (net of fees and expenses) was **0.31%** for the 5-year period ended June 30, 2016, thereby exceeding the stated policy benchmark.

TFFR Long Term Results are Near Long-Term Assumptions

ND RETIREMENT AND INVESTMENT OFFICE
ND STATE INVESTMENT BOARD
INVESTMENT PERFORMANCE SUMMARY
AS OF JUNE 30, 2016

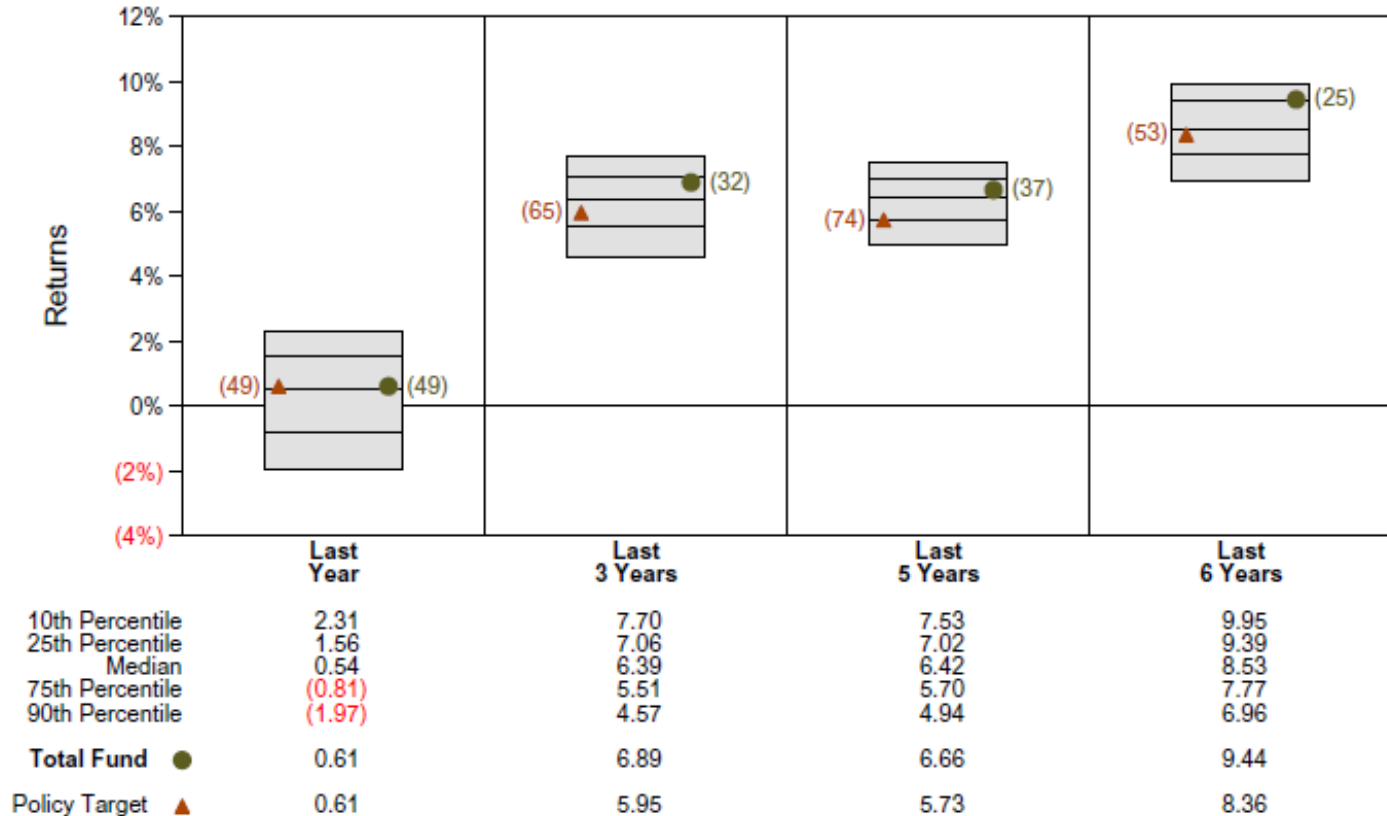
Investment Performance (net of fees)														
Fund Name	Quarter Ended				Fiscal Years ended June 30					Periods ended 6/30/16 (annualized)				
	9/30/15	12/31/15	3/31/16	6/30/16	2016	2015	2014	2013	2012	3 Years	5 Years	10 Years	20 Years	30 Years
TFFR	-4.98%	2.72%	1.31%	1.41%	0.28%	3.52%	16.53%	13.57%	-1.12%	6.55%	6.32%	4.45%	6.48%	7.73%

The TFFR Pension Plan is a Long Term Investor

Net investment returns for the TFFR Pension Plan have approximated 7.73% for the last 30-years which is materially consistent with the plan’s long term actuarial assumption of 7.75%.

TFFR – Above Median Returns with Below Median Risk in Last 3 Years

CAI Public Fund Sponsor Database

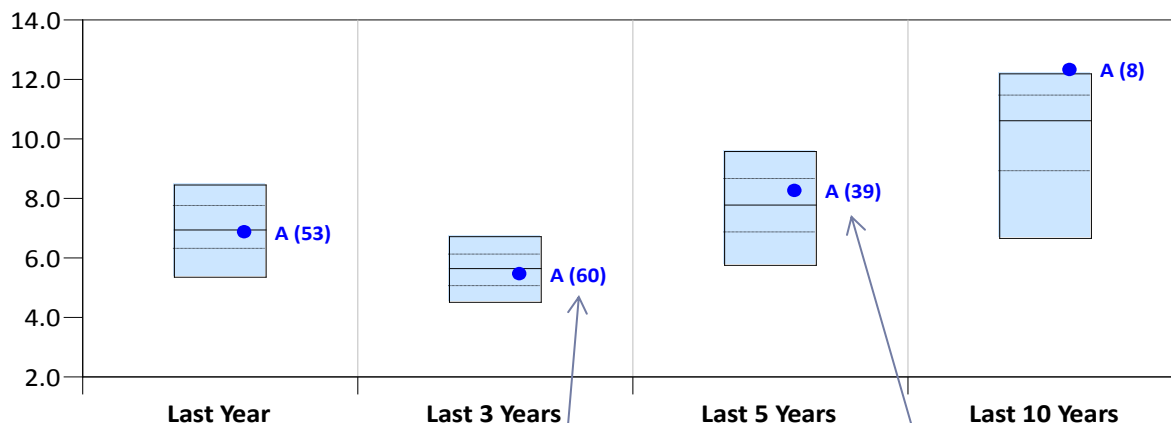


TFFR generated 2nd quartile gross returns over the Last 5 Years. TFFR returns ranked in the 32nd percentile with 60th percentile risk (see next slide) over the Last 3 Years.

TFFR - 2nd Quartile Returns with 3rd Quartile Risk in “Last 3 Years”

Standard Deviation is a commonly used risk metric used to monitor volatility.

Standard Deviation
for Periods Ended June 30, 2016
Group: CAI Public Fund Sponsor Database



	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	8.5	6.7	9.6	12.2
25th Percentile	7.7	6.1	8.6	11.4
Median	6.9	5.6	7.8	10.6
75th Percentile	6.3	5.0	6.8	8.9
90th Percentile	5.4	4.5	5.8	6.7
Member Count	252	237	219	188
Total Fund-TFFR ● A	6.8	5.4	8.2	12.3

Risk, as measured by standard deviation, has declined from the 39th percentile in the “Last 5 Years” to the 60th percentile in the “Last 3 Years”.

TFFR Activity from June 30, 2015 to June 30, 2016

			<u>TFFR</u>	
Net Investment Position - June 30, 2015			\$2,142	a
Benefit Payments	b	(\$186)		
Contributions	c	\$162		
Net Contributions	(b - c)		(\$24)	d
Investment Earnings	e	\$19		
Investment Expenses	f	(\$11)		
Net Investment Earnings	(e - f)		\$8	g
Administrative Expenses			(\$2)	h
Net Investment Position - June 30, 2016			<u>\$2,124</u>	i
Change in Net Investment Position	(i - a)		<u><u>(\$18)</u></u>	

TFFR's Net Position declined by \$18 million (j) last year as Benefit Payments (b) exceeded Contributions (c) by \$24 million (d), while Net Investment Earnings (g) were only \$8 million (after investment expenses).

TFFR: Investment Manager Fees by Asset Class

ND Teachers' Fund for Retirement Schedule of Investment Expenses

	FY 2016				FY 2015			
	Average Market Value	Fees in \$	Fees as % of Average MV	Contribution to Total Fees	Average Market Value	Fees in \$	Fees as % of Average MV	Contribution to Total Fees
Investment managers' fees:								
Global equity managers	321,572,579	1,230,533	0.38%	0.06%	321,891,600	2,485,008	0.77%	0.12%
Domestic large cap equity managers	358,363,312	903,523	0.25%	0.04%	361,755,481	522,029	0.14%	0.03%
Domestic small cap equity managers	100,948,962	563,542	0.56%	0.03%	101,678,471	460,633	0.45%	0.02%
Developed international equity managers	241,176,848	977,198	0.41%	0.05%	242,786,431	825,671	0.34%	0.04%
Emerging markets equity managers	64,914,247	529,699	0.82%	0.03%	61,770,280	510,947	0.83%	0.03%
Investment grade domestic fixed income managers	257,980,949	1,005,950	0.39%	0.05%	264,435,526	994,837	0.38%	0.05%
Below investment grade fixed income managers	105,033,618	1,078,620	1.03%	0.05%	114,424,543	1,285,910	1.12%	0.06%
Developed international fixed income managers	105,997,529	376,723	0.36%	0.02%	101,497,930	369,873	0.36%	0.02%
Real estate managers	217,214,225	2,053,698	0.95%	0.10%	205,843,933	2,391,856	1.16%	0.12%
Timber managers	73,053,142	(956,302)	-1.31%	-0.05%	84,600,686	318,538	0.38%	0.02%
Infrastructure managers	97,501,541	1,027,901	1.05%	0.05%	89,786,228	1,031,424	1.15%	0.05%
Private equity managers	77,686,695	1,355,652	1.75%	0.07%	89,522,760	1,449,758	1.62%	0.07%
Cash & equivalents managers	19,020,916	23,185	0.12%	0.00%	25,407,621	26,995	0.11%	0.00%
Total investment management fees	2,040,464,564	10,169,922	0.50%		2,065,401,488	12,673,478	0.61%	
Custodian fees		197,310	0.01%	0.01%		210,361	0.01%	0.01%
Investment consultant fees		204,752	0.01%	0.01%		169,068	0.01%	0.01%
Total investment expenses		10,571,984	0.52%			13,052,907	0.63%	
Actual Investment Performance (Net of Fees)			0.28%				3.52%	
Policy Benchmark			0.62%				2.16%	
Outperformance/(Underperformance)			-0.34%				1.36%	

➤ TFFR's fees declined to **52 bps** from **63 bps** in the last year (and 81 bps in fiscal 2013) due to various fee reduction initiatives which have benefitted from strong asset growth in North Dakota. SIB client assets under management have increased by 51% (or \$3.8 billion) in the last two years.

Note: All amounts are deemed to be materially accurate, but are unaudited and subject to change.

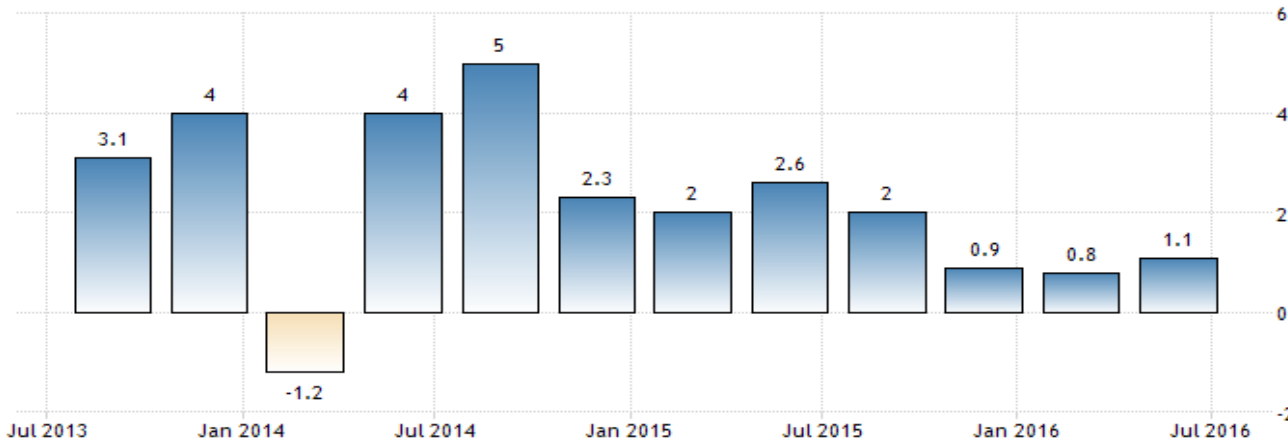
A basis point is equal to one one-hundredth of one percent (or 0.01%) such that 100 basis points is equivalent to 1%.

Economic and Capital Markets Update

As of June 30, 2016

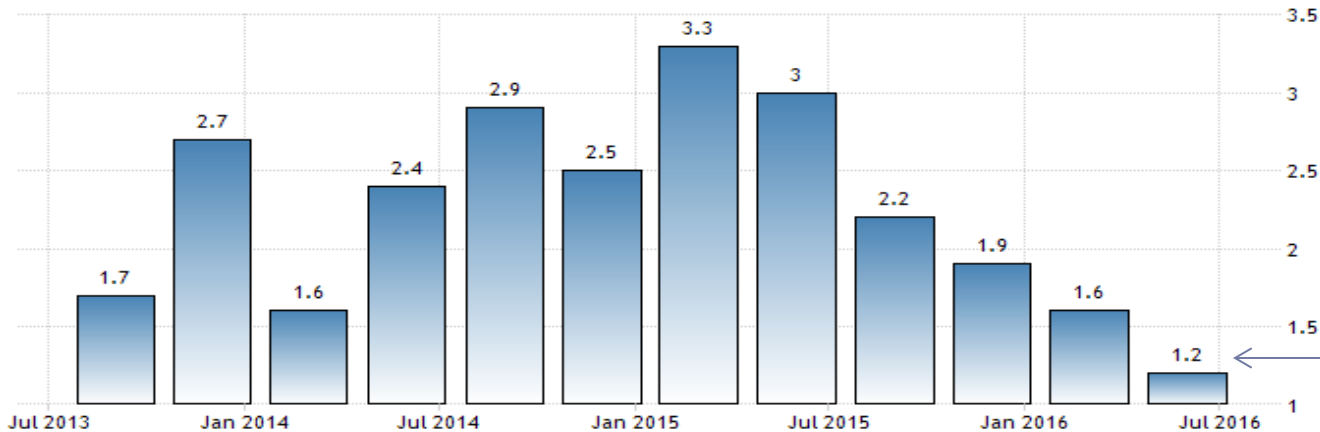
U.S Economy – GDP Growth Rates

US GDP GROWTH RATE



Quarterly GDP Growth Rates (top chart) have not exceeded 3% since the 4Q of 2014 and not exceeded 2% in the last year.

US GDP ANNUAL GROWTH RATE



Annual GDP Growth Rates (bottom chart) have trended down since peaking at 3.3% during the 1st quarter of 2015 and approximate 1.2% as of the 2nd quarter of 2016.

SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

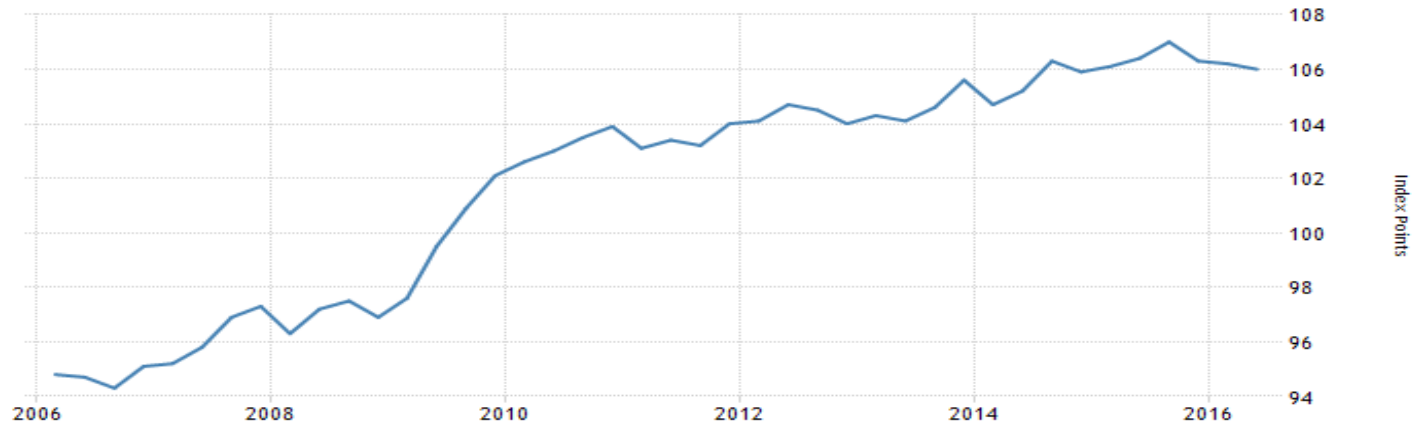
U.S Labor Market – Unemployment Rate and Productivity Index

US UNEMPLOYMENT RATE



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

US NONFARM LABOUR PRODUCTIVITY



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

U.S. labor markets appear to be improving as the “**Unemployment Rate**” is now **below 5%** since peaking at 10% in October of 2009.

The “**Labor Productivity Index**” has trended upward since 2006, but has declined four consecutive quarters (to 106) since hitting an all-time high of 107 in 3Q of 2015.

Index Points

Source: U.S. Dept. of Labor: Bureau of Labor Statistics

U.S Labor Market – Wage Growth and Participation Rates

US WAGES AND SALARIES GROWTH



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

U.S. labor markets appear to be improving as “**Wage Growth**” has been averaging **4%** or higher during the two years.

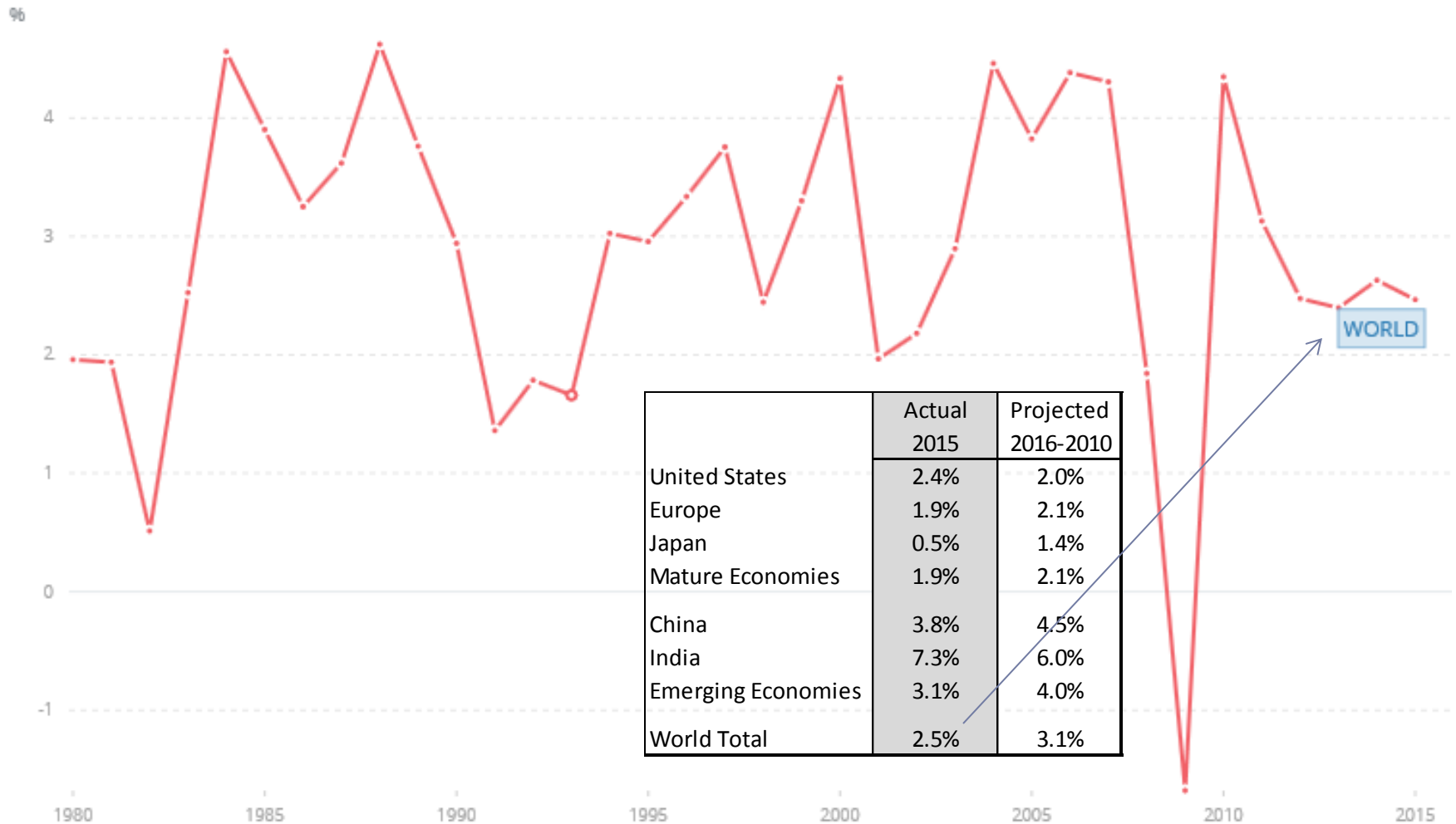
US LABOR FORCE PARTICIPATION RATE



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

The “**Labor Participation Rate**” remains below long-term historical averages, but appears to have leveled out at slightly above **62.5%** over the last year.

“World GDP Growth Rates” have declined to 2.5% from 2012 to 2015, with some “Experts” projecting slightly higher future growth rates.

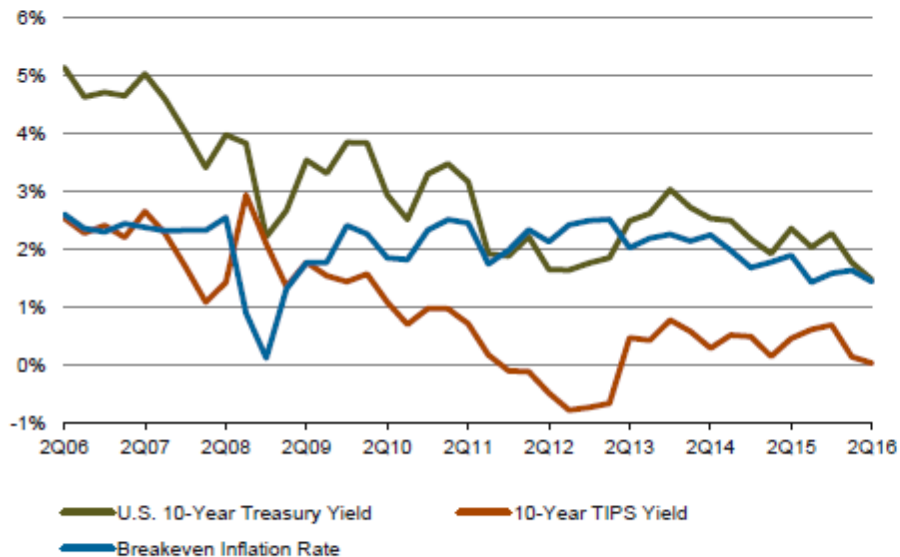


Yield Curve Changes

Key: Long-Term Treasury Rates Fell 0.85% Last Year

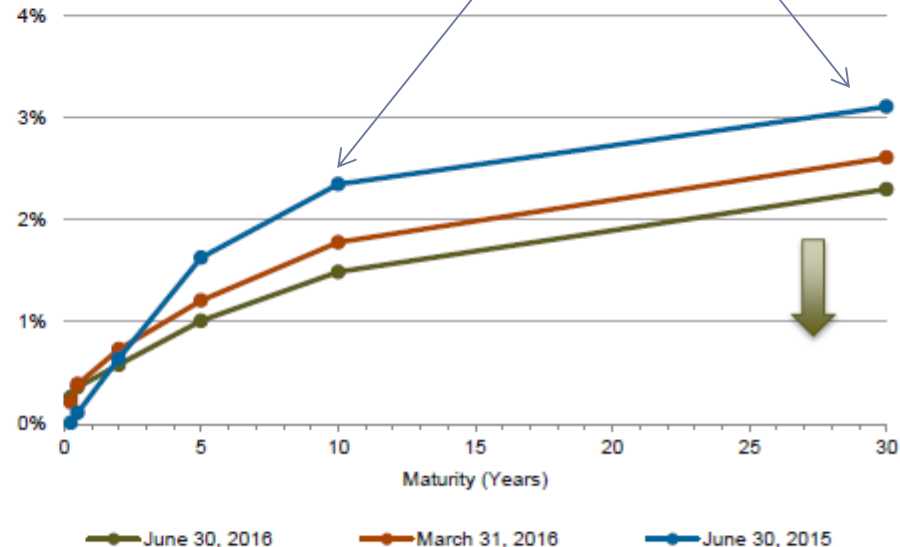
Periods Ending June 30, 2016

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



Source: U.S. Department of the Treasury

- Low rates abroad kept demand for U.S. assets strong. The German 10-year sovereign bond traded at a negative yield for the first time ever.
- The decline in Treasury yields boosted returns across all segments, with longer maturities posting the biggest gains. The 10-year dropped 29 basis points to a low not seen since 2012, finishing June at 1.49%.
- Breakeven inflation ended lower despite a climb in oil prices and healthy core inflation numbers.

Asset Class Performance

Periodic Table of Investment Returns
for Periods Ended June 30, 2016

Best



Worst

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
BLMBRG:Commdty Idx 12.7%	Barclays:Aggregate Index 6.0%	S&P:500 11.7%	S&P:500 12.1%	S&P:500 7.4%
Russell:2000 Index 3.8%	S&P:500 4.0%	Russell:2000 Index 7.1%	Russell:2000 Index 8.4%	Russell:2000 Index 6.2%
S&P:500 2.5%	3 Month T-Bill 0.2%	Barclays:Aggregate Index 4.1%	Barclays:Aggregate Index 3.8%	Barclays:Aggregate Index 5.1%
Barclays:Aggregate Index 2.2%	Russell:2000 Index (6.7%)	MSCI:EAFE 2.1%	MSCI:EAFE 1.7%	MSCI:EM Gross 3.9%
MSCI:EM Gross 0.8%	MSCI:EAFE (10.2%)	3 Month T-Bill 0.1%	3 Month T-Bill 0.1%	MSCI:EAFE 1.6%
3 Month T-Bill 0.1%	MSCI:EM Gross (11.7%)	MSCI:EM Gross (1.2%)	MSCI:EM Gross (3.4%)	3 Month T-Bill 1.0%
MSCI:EAFE (1.5%)	BLMBRG:Commdty Idx (13.5%)	BLMBRG:Commdty Idx (10.6%)	BLMBRG:Commdty Idx (10.9%)	BLMBRG:Commdty Idx (6.5%)

Last Year: U.S. Fixed Income (Barclays Aggregate) returned 6% and the S&P 500 returned 4% last year. In contrast, U.S. Small Cap Equity (Russel 2000) declined 6.7% and International Equity (MSCI EAFE) declined 10.2%. The Bloomberg Commodity Index declined 13.5% during the last fiscal year.

Historical Asset Class Market Returns – June 30, 2016

		Period Ended June 30, 2016			
Asset Class	Benchmark	1-Year	3-Years	5-Years	10-Years
Large Cap US Stocks	Russell 1000	2.93%	11.48%	11.88%	7.51%
Small Cap US Stocks	Russell 2000	-6.73%	7.09%	8.35%	6.20%
Non-US Stocks (Developed)	MSCI EAFE	-10.16%	2.06%	1.68%	1.58%
Non-US Stocks (Emerging)	MSCI Emerging Markets	-12.05%	-1.56%	-3.78%	3.54%
US Bonds	Barclays Aggregate	6.00%	4.06%	3.76%	5.13%
High Yield Bonds	Barclays Corporate High Yield	1.62%	4.18%	5.84%	7.56%
International Debt	Barclays Global Aggregate Ex-US	11.24%	1.85%	0.34%	4.00%
Inflation Protected	Barclays Global Inflation Linked	2.55%	2.74%	2.27%	4.42%
Real Estate	NCREIF	10.64%	11.61%	11.51%	7.40%

Last 5-Years:

- **U.S. Large Cap Equity (up 11.88%)** has been one of the top performing asset classes in the last 5-years, followed by **Real Estate (up 11.51%)** and **U.S. Small Cap Equity (up 8.35%)**.
- During the last 5-years, **U.S. Bonds (up 3.76%)** and **High Yield (up 5.84%)** performed generally in line with long-term expectations (along with **Inflation Protected Debt, up 2.27%**).
- **Emerging Market Equity (down 3.78%)** and **International Equity (up 1.68%)** and **International Debt (up 0.34%)** performed poorly the last 5-years, although **International Debt surpassed most other major indices last year (up 11.24%)**.

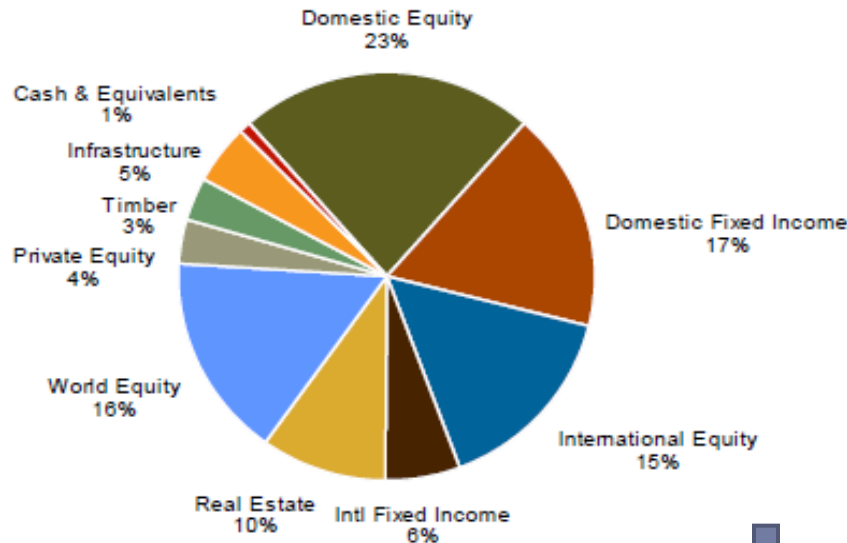


TFFR Investment Review

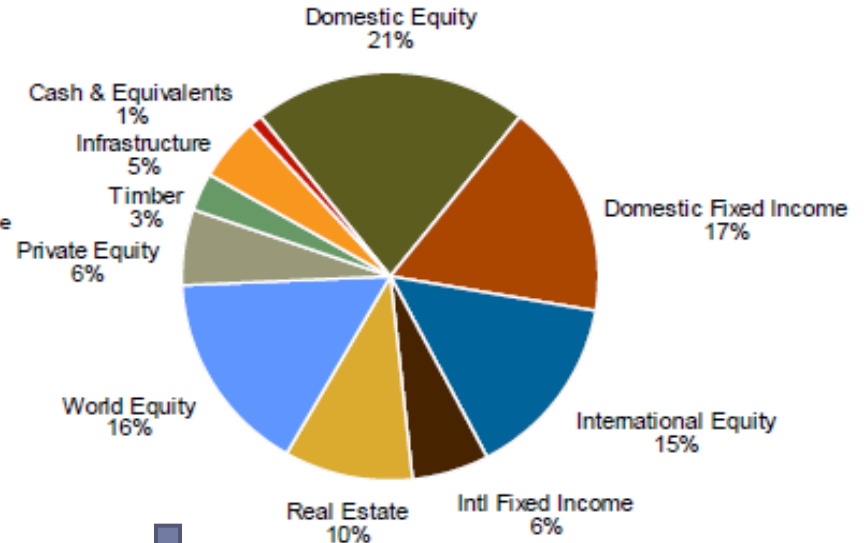
As of June 30, 2016

TFFR Actual Allocations are within 1% to 3% of Target Allocations

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	478,122	23.0%	21.4%	1.6%	32,554
Domestic Fixed Income	361,707	17.4%	17.0%	0.4%	7,751
International Equity	321,177	15.4%	14.6%	0.8%	17,192
Intl Fixed Income	121,443	5.8%	6.0%	(0.2%)	(3,483)
Real Estate	204,184	9.8%	10.0%	(0.2%)	(4,025)
World Equity	335,715	16.1%	16.0%	0.1%	2,580
Private Equity	73,374	3.5%	6.0%	(2.5%)	(51,551)
Timber	70,258	3.4%	3.0%	0.4%	7,796
Infrastructure	97,588	4.7%	5.0%	(0.3%)	(6,517)
Cash & Equivalents	18,522	0.9%	1.0%	(0.1%)	(2,299)
Total	2,082,090	100.0%	100.0%		

TFFR – Net Investment Returns – June 30, 2016

	Market Value as of June 30, 2016	Fiscal Year Ended 6/30/2016	3 Years Ended 6/30/2016	5 Years Ended 6/30/2016
TOTAL FUND	2,082,183,640	0.28%	6.55%	6.32%
<i>Benchmark</i>		0.62%	5.96%	5.73%
NET EXCESS RETURN		-0.34%	0.59%	0.59%
GLOBAL EQUITIES	1,208,387,567	-3.93%	6.53%	7.53%
<i>Benchmark</i>	58%	-3.76%	6.05%	7.08%
GLOBAL FIXED INCOME	483,243,200	4.49%	4.15%	3.61%
<i>Benchmark</i>	23%	6.36%	3.68%	2.38%
GLOBAL REAL ASSETS	372,030,580	7.83%	9.30%	7.10%
<i>Benchmark</i>	18%	6.29%	7.87%	6.29%
CASH EQUIVALENTS	18,522,293	0.29%	0.13%	0.12%
<i>Benchmark</i>	1%	0.19%	0.09%	0.09%

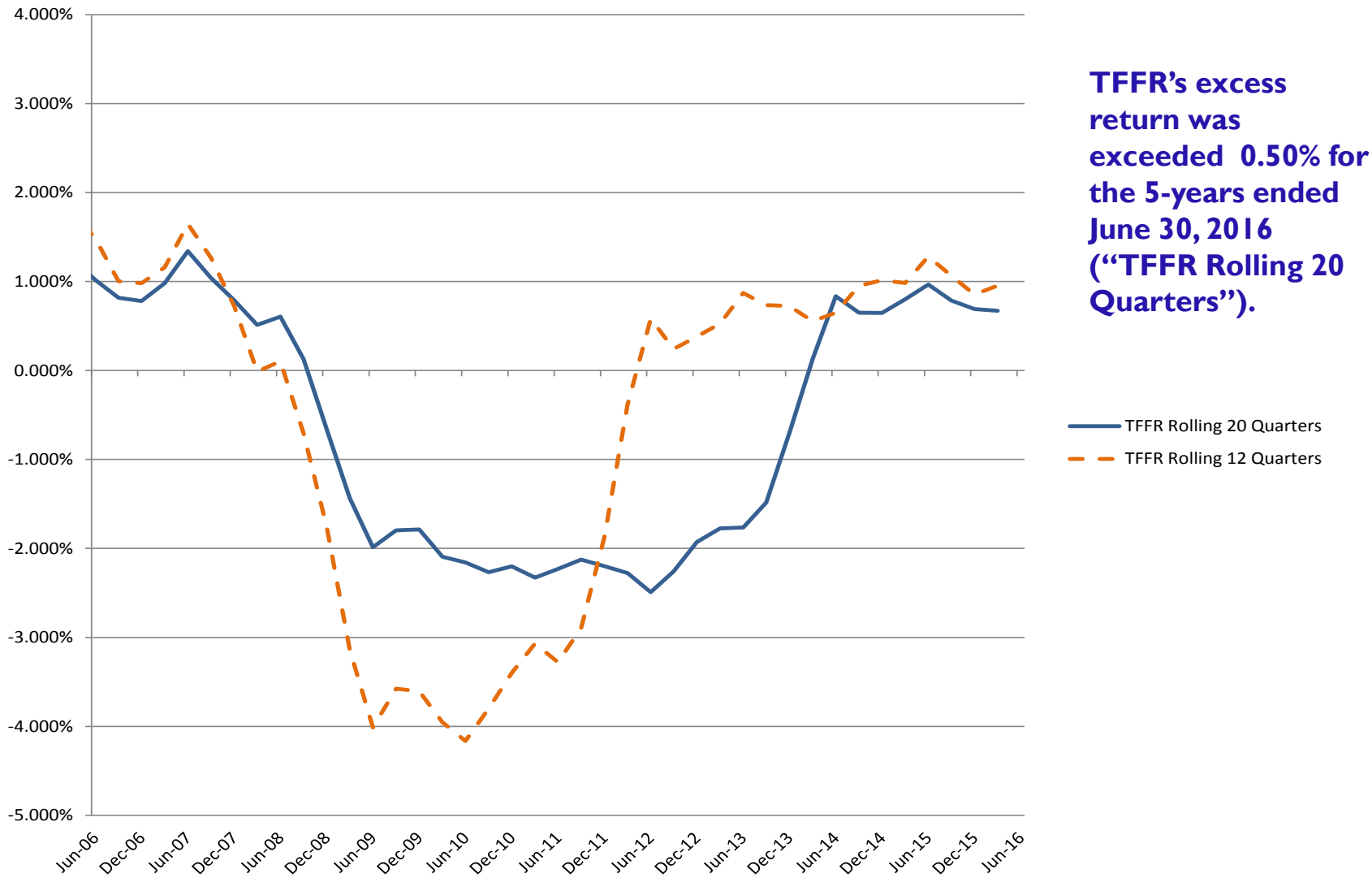
TFFR New Target Asset Allocation:

Global Equity	58%
Fixed Income	23%
Real Assets	18%
Cash Equiv.	1%
Total	100%

For the current fiscal year ended June 30, 2016, TFFR generated a net return of 0.28%, largely due to slowing global growth rates and significant political uncertainty in many markets. As a result, Global Equities, with a 58% allocation, declined by **3.9%** last year. On a positive note, Fixed Income and Real Assets displayed strong gains as both benchmarks increased by 6.3% in the last fiscal year. TFFR Fixed Income (with a 23% allocation) underperformed as the portfolio was positioned for a gradual rise in rates during a period when rates declined, while Real Assets (up **7.83%**) was TFFR's top asset class.

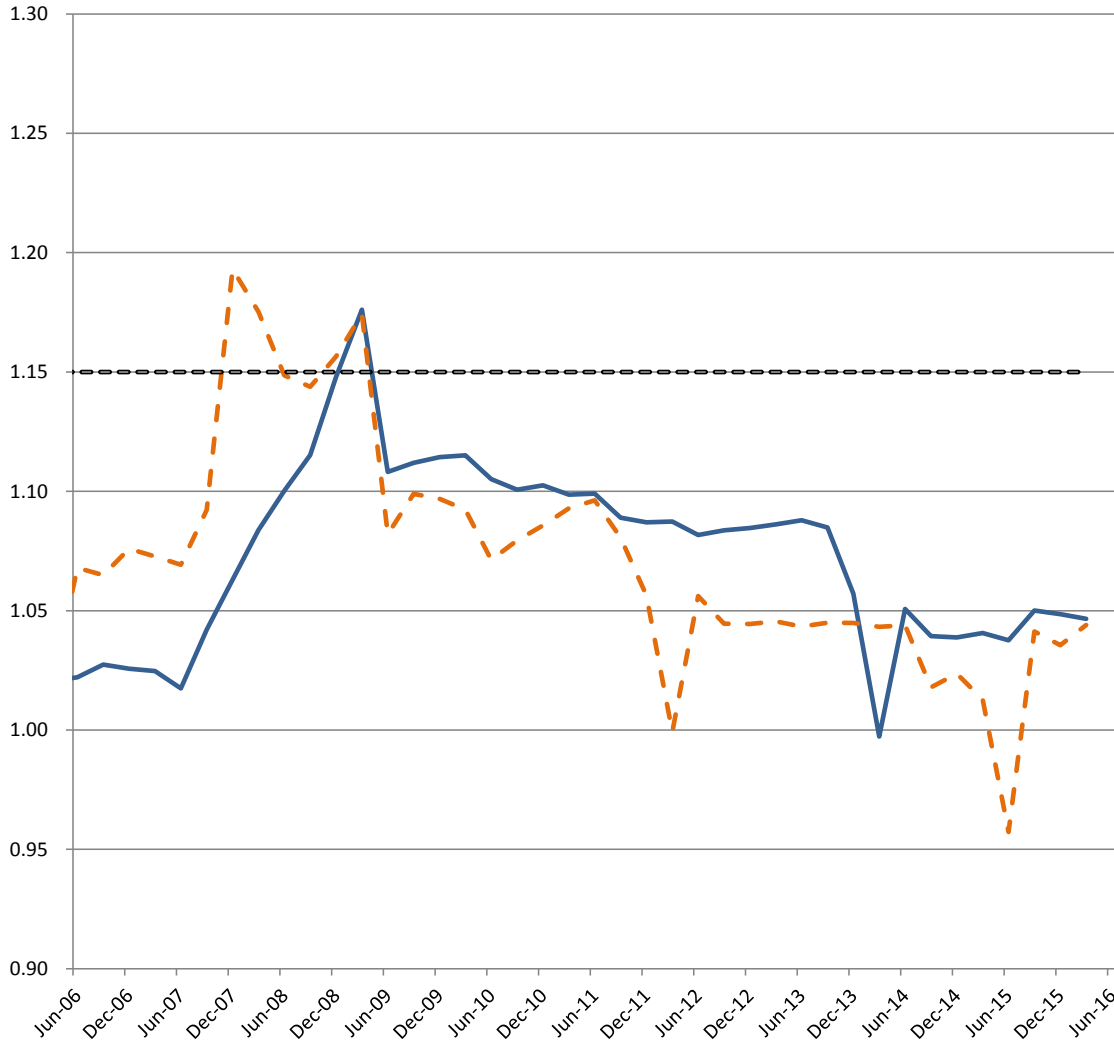
Excess Return Relative to Policy Benchmark

10 Years Ended 6/30/2016



Relative Standard Deviation Relative to Policy Benchmark

10 Years Ended 6/30/2016



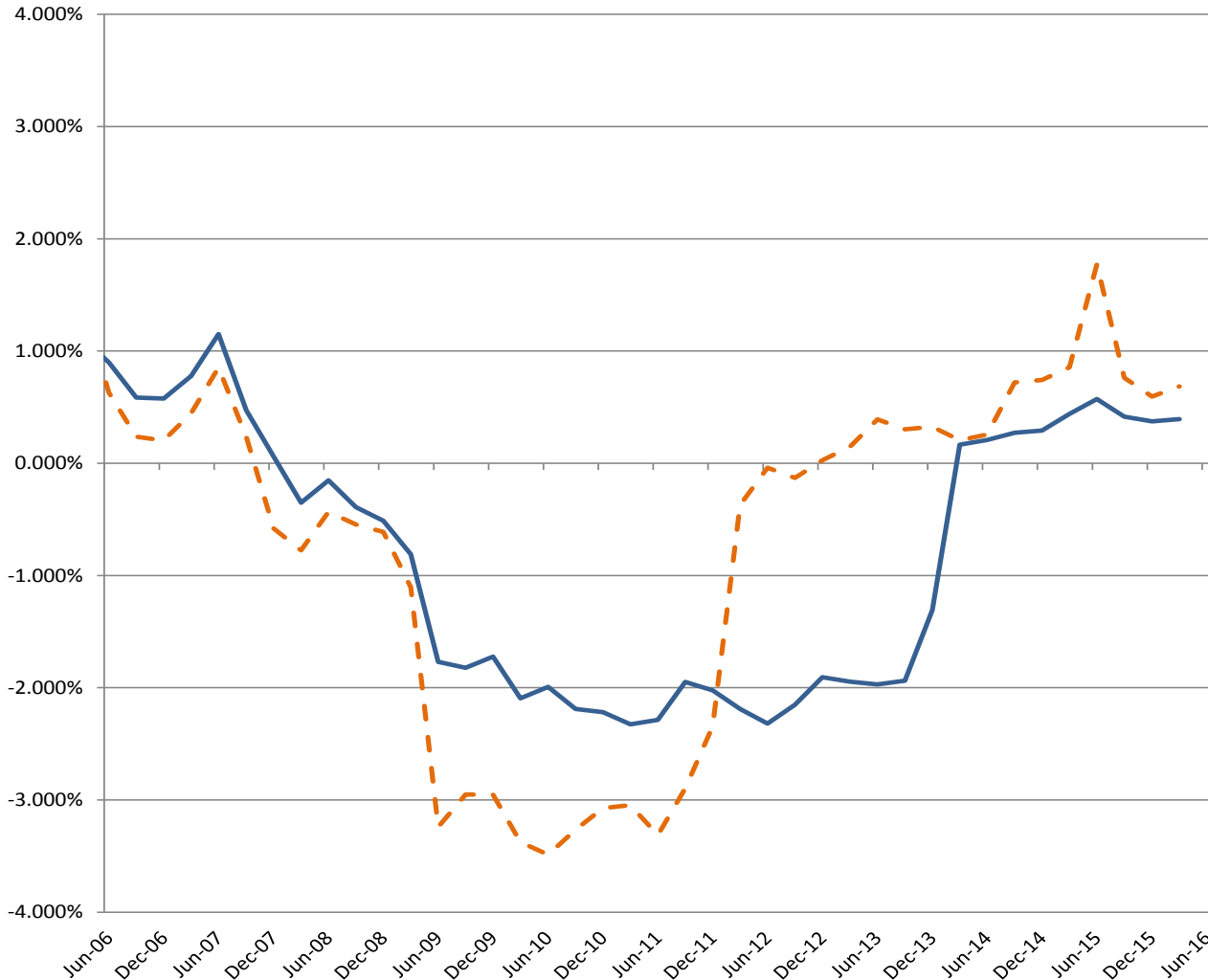
TFFR's standard deviation remains within investment guidelines of 1.15 (or 115% of the policy benchmark over the last 5 years).

— TFFR Rolling 20 Quarters
 - - - TFFR Rolling 12 Quarters
 - - - Reference

TFFR's standard deviation for the 5-years ended June 30, 2016 was 8.2%, which was 105% of the policy benchmark of 7.9%.

Risk Adjusted Excess Return

10 Years Ended 6/30/2016



TFFR's risk adjusted excess return turned positive on a rolling 3-year basis in 2013 (dashed line) and on a rolling 5-year basis (solid line) in 2014.

— TFFR Rolling 20 Quarters
 - - - TFFR Rolling 12 Quarters

Risk Adjusted Excess Return measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.



Appendix of Supporting Materials

For TFFR Investment Update as of June 30, 2016

Global Equity, Fixed Income and Real Asset Valuations

Asset Class Allocation

	June 30, 2016		Net New Inv.	Inv. Return	March 31, 2016	
	Market Value	Weight			Market Value	Weight
GLOBAL EQUITY	\$1,208,387,564	58.04%	\$7,389,596	\$10,165,019	\$1,190,832,950	57.88%
Domestic Equity	\$478,121,552	22.96%	\$(501,473)	\$11,264,785	\$467,358,240	22.72%
Large Cap	370,687,777	17.80%	(415,114)	7,029,723	364,073,168	17.70%
Small Cap	107,433,775	5.16%	(86,359)	4,235,063	103,285,072	5.02%
International Equity	\$321,176,957	15.43%	\$6,299,809	\$(487,611)	\$315,364,760	15.33%
Developed Intl Equity	247,919,083	11.91%	5,394,809	(2,670,853)	245,195,128	11.92%
Emerging Markets	73,257,874	3.52%	905,000	2,183,242	70,169,632	3.41%
World Equity	\$335,714,674	16.12%	\$3,350,510	\$(681,467)	\$333,045,631	16.19%
Private Equity	\$73,374,381	3.52%	\$(1,759,250)	\$69,312	\$75,064,319	3.65%
GLOBAL FIXED INCOME	\$483,149,237	23.21%	\$15,650,156	\$13,675,879	\$453,823,202	22.06%
Fixed Income Comp	\$361,706,587	17.37%	\$2,805,270	\$10,707,745	\$348,193,572	16.92%
Investment Grade Fixed	268,380,865	12.89%	22,952,474	5,712,454	239,715,936	11.65%
Below Inv. Grade Fixed Income	93,325,722	4.48%	(20,147,204)	4,995,290	108,477,636	5.27%
International Fixed Income	\$121,442,651	5.83%	\$12,844,886	\$2,968,134	\$105,629,631	5.13%
GLOBAL REAL ASSETS	\$372,030,580	17.87%	\$(30,413,206)	\$6,472,174	\$395,971,612	19.25%
Real Estate	204,184,309	9.81%	(29,000,906)	6,125,103	227,060,113	11.04%
Timber	70,258,495	3.37%	0	(1,259,280)	71,517,775	3.48%
Infrastructure	97,587,776	4.69%	(1,412,300)	1,606,351	97,393,725	4.73%
Cash & Equivalents	\$18,522,293	0.89%	\$1,730,621	\$24,583	\$16,767,088	0.81%
Securities Lending Income	\$0	0.00%	\$(100,710)	\$100,710	-	-
Total Fund	\$2,082,089,674	100.0%	\$(5,743,543)	\$30,438,365	\$2,057,394,852	100.0%

Actual versus Benchmark Return Comparisons – Equity

Overview:
Global Equity
returns beat
performance
benchmarks
over the last 3-
and 5-year
periods, but
underperformed
in the last year
primarily due to
LSV and Epoch
in World Equity
generating
0.63% of
negative excess
return.

	Returns for Periods Ended June 30, 2016			
	Last Quarter	Last Year	Last 3 Years	Last 5 Years
Global Equity				
Gross	0.85%	(3.62%)	6.86%	-
Net	0.81%	(3.93%)	6.52%	-
Wtd Avg Global Equity Benchmark	1.10%	(3.88%)	5.92%	-
Domestic Equity				
Gross	2.41%	2.02%	11.53%	12.02%
Net	2.39%	1.90%	11.34%	11.79%
Wtd Avg Domestic Equity Benchmark	2.82%	0.73%	10.54%	11.21%
Large Cap Equity				
Gross	1.93%	4.63%	12.77%	12.85%
Net	1.91%	4.52%	12.60%	12.63%
Benchmark(1)	2.54%	2.93%	11.48%	12.09%
Small Cap Equity				
Gross	4.10%	(6.86%)	7.11%	9.27%
Net	4.10%	(7.04%)	6.87%	9.03%
Russell 2000 Index	3.79%	(6.73%)	7.09%	8.35%
International Equity				
Gross	(0.15%)	(7.71%)	3.57%	2.48%
Net	(0.20%)	(7.90%)	3.33%	2.19%
Wtd Avg Intl Equity Benchmark	(1.01%)	(10.39%)	1.45%	0.68%
Developed Intl Equity				
Gross	(1.09%)	(7.68%)	4.12%	3.10%
Net	(1.15%)	(7.92%)	3.86%	2.81%
Benchmark(2)	(1.46%)	(10.16%)	2.06%	1.68%
Emerging Markets				
Gross	3.05%	(9.25%)	0.43%	(0.77%)
Net	3.05%	(9.25%)	0.29%	(1.06%)
Benchmark(3)	0.66%	(12.05%)	(1.56%)	(3.78%)
World Equity				
Gross	(0.20%)	(6.53%)	6.44%	-
Net	(0.29%)	(7.27%)	5.70%	-
MSCI World Index	1.01%	(2.78%)	6.95%	6.63%
Private Equity				
Net	0.12%	(7.20%)	(2.98%)	0.41%

Actual vs Benchmark Returns – Fixed Income and Real Assets

Overview:
Net returns for most fixed income and real asset classes exceed the stated policy benchmark for the 3- and 5-year periods ended June 30, 2015, except Timber and International Fixed Income.

Returns for Periods Ended June 30, 2016

	Last Quarter	Last Year	Last 3 Years	Last 5 Years
Global Fixed Income				
Gross	2.96%	4.75%	4.41%	-
Net	2.89%	4.49%	4.16%	-
Wtd Avg Global Fixed Inc. Benchmark	3.36%	6.36%	3.68%	-
Domestic Fixed Income				
Gross	3.06%	3.82%	5.02%	5.34%
Net	3.01%	3.59%	4.80%	5.25%
Wtd Avg Domestic FI Benchmark	3.24%	4.83%	4.16%	4.27%
Inv. Grade Fixed Income				
Gross	2.25%	5.15%	4.81%	5.15%
Net	2.21%	5.00%	4.69%	5.01%
Barclays Aggregate Index	2.21%	6.00%	4.06%	3.76%
Below Inv. Grade Fixed Income				
Gross	4.94%	0.69%	5.43%	6.70%
Net	4.84%	0.28%	4.98%	6.25%
Barclays HY Corp 2% Issue	5.52%	1.65%	4.20%	5.84%
International Fixed Income				
Gross	2.57%	7.88%	2.02%	2.29%
Net	2.48%	7.50%	1.65%	1.93%
Wtd Avg Intl Fixed Income Benchmark	3.40%	11.24%	1.85%	0.35%
Global Real Assets				
Gross	1.72%	8.37%	9.76%	-
Net	1.57%	7.83%	9.30%	-
Wtd Avg Global Real Assets Benchmark	1.64%	6.29%	7.86%	-
Real Estate				
Gross	3.00%	11.96%	14.82%	13.67%
Net	2.87%	11.34%	14.26%	13.13%
NCREIF Total Index	2.03%	10.64%	11.61%	11.51%
Timber				
Net	(1.76%)	4.34%	3.63%	-
NCREIF Timberland Index	1.09%	3.49%	7.77%	6.72%
Infrastructure				
Gross	1.67%	3.65%	4.74%	-
Net	1.34%	2.88%	4.09%	-
CPI-W	1.33%	0.64%	0.76%	1.12%
Cash & Equivalents - Net	0.12%	0.29%	0.13%	0.11%
3-month Treasury Bill	0.07%	0.19%	0.09%	0.09%
Total Fund				
Gross	1.48%	0.61%	6.89%	6.66%
Net	1.41%	0.28%	6.56%	6.32%
Target*	1.71%	0.61%	5.95%	5.73%

TFFR Investment Performance Report – June 30, 2016

	June-16			Current Fiscal YTD		Prior Year FY15		3 Years Ended 6/30/2016		5 Years Ended 6/30/2016	
	Market Value	Allocation		Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net
		Actual	Policy								
TOTAL FUND	2,082,183,640	100.0%	100.0%	0.61%	0.27%	3.86%	3.52%	6.89%	6.55%	6.66%	6.32%
<i>POLICY TARGET BENCHMARK</i>				<i>0.62%</i>	<i>0.62%</i>	<i>2.16%</i>	<i>2.16%</i>	<i>5.96%</i>	<i>5.96%</i>	<i>5.73%</i>	<i>5.73%</i>
GLOBAL EQUITIES	1,208,387,567	58.0%	58.0%	-3.62%	-3.93%	3.51%	3.17%	6.88%	6.53%	7.81%	7.53%
<i>Benchmark</i>				<i>-3.76%</i>	<i>-3.76%</i>	<i>1.55%</i>	<i>1.55%</i>	<i>6.05%</i>	<i>6.05%</i>	<i>7.08%</i>	<i>7.08%</i>
Epoch (1)	148,147,393	7.1%	7.0%	-5.93%	-6.53%	8.58%	7.85%	6.49%	5.78%	7.57%	6.80%
LSV	187,567,281	9.0%	9.0%	-7.05%	-7.85%	1.94%	1.03%	6.58%	5.84%	N/A	N/A
Total Global Equities	335,714,674	16.1%	16.0%	-6.53%	-7.27%	4.68%	3.84%	6.44%	5.70%	7.14%	6.55%
<i>MSCI World</i>				<i>-2.78%</i>	<i>-2.78%</i>	<i>1.43%</i>	<i>1.43%</i>	<i>6.95%</i>	<i>6.95%</i>	<i>7.72%</i>	<i>7.72%</i>
Domestic - broad	478,121,554	23.0%	21.5%	2.02%	1.90%	8.65%	8.47%	11.55%	11.33%	11.48%	11.29%
<i>Benchmark</i>				<i>0.72%</i>	<i>0.72%</i>	<i>7.26%</i>	<i>7.26%</i>	<i>10.54%</i>	<i>10.54%</i>	<i>10.49%</i>	<i>10.49%</i>
Large Cap Domestic											
LA Capital	140,158,754	6.7%	6.6%	5.17%	4.95%	12.76%	12.52%	14.27%	14.03%	13.62%	13.40%
<i>Russell 1000 Growth</i>				<i>3.02%</i>	<i>3.02%</i>	<i>10.56%</i>	<i>10.56%</i>	<i>13.07%</i>	<i>13.07%</i>	<i>12.35%</i>	<i>12.35%</i>
LA Capital	86,944,265	4.2%	3.3%	6.04%	5.92%	8.26%	8.12%	12.62%	12.48%	13.07%	12.90%
<i>Russell 1000</i>				<i>2.94%</i>	<i>2.94%</i>	<i>7.37%</i>	<i>7.37%</i>	<i>11.48%</i>	<i>11.48%</i>	<i>11.88%</i>	<i>11.88%</i>
Northern Trust	65,256,170	3.1%	3.3%	1.76%	1.76%	6.26%	5.89%	11.10%	10.70%	12.55%	12.16%
Clifton	78,328,590	3.8%	3.3%	4.60%	4.60%	7.43%	7.41%	11.89%	11.88%	12.45%	12.39%
<i>S&P 500</i>				<i>3.99%</i>	<i>3.99%</i>	<i>7.42%</i>	<i>7.42%</i>	<i>11.66%</i>	<i>11.66%</i>	<i>12.10%</i>	<i>12.10%</i>
Total Large Cap Domestic	370,687,779	17.8%	16.6%	4.63%	4.52%	9.48%	9.30%	12.77%	12.60%	12.86%	12.64%
<i>Russell 1000 (2)</i>				<i>2.94%</i>	<i>2.94%</i>	<i>7.37%</i>	<i>7.37%</i>	<i>11.48%</i>	<i>11.48%</i>	<i>12.09%</i>	<i>12.09%</i>
Small Cap Domestic											
Atlanta Capital	49,232,389	2.4%	2.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Callan (5) (6)	-	0.0%	0.0%	N/A	N/A	3.98%	3.98%	N/A	N/A	N/A	N/A
Clifton	58,201,387	2.8%	2.4%	-5.49%	-5.85%	7.58%	7.17%	8.31%	7.84%	9.61%	9.13%
Total Small Cap Domestic	107,433,775	5.2%	4.8%	-6.86%	-7.04%	5.77%	5.57%	7.22%	6.87%	9.40%	8.95%
<i>Russell 2000</i>				<i>-6.73%</i>	<i>-6.73%</i>	<i>6.49%</i>	<i>6.49%</i>	<i>7.09%</i>	<i>7.09%</i>	<i>8.35%</i>	<i>8.35%</i>

TFFR Investment Performance Report – June 30, 2016

	June-16			Current Fiscal YTD		Prior Year FY15		3 Years Ended 6/30/2016		5 Years Ended 6/30/2016	
	Market Value	Allocation		Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net
		Actual	Policy								
International - broad Benchmark	321,176,957	15.4%	14.5%	-7.72%	-7.91%	-2.62%	-2.82%	3.60%	3.34%	5.53%	5.24%
				-10.38%	-10.38%	-4.34%	-4.34%	1.46%	1.46%	3.82%	3.82%
Developed International											
Capital Group (7)	43,828	0.0%	0.0%	N/A	N/A	-1.78%	-2.20%	N/A	N/A	N/A	N/A
MSCI EAFE (3)						-4.22%	-4.22%				
NTGI	119,194,839	5.7%	5.9%	-9.50%	-9.54%	-4.98%	-5.01%	N/A	N/A	N/A	N/A
MSCI World Ex US				-9.84%	-9.84%	-5.28%	-5.28%				
William Blair	57,000,593	2.7%	3.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI ACWI ex-US (Net)											
DFA (5)	33,595,399	1.6%	1.2%	-9.28%	-9.28%	-3.27%	-3.27%	6.24%	6.01%	4.42%	3.99%
Wellington	38,084,425	1.8%	1.2%	1.90%	1.06%	0.53%	-0.31%	9.80%	8.90%	9.09%	8.18%
S&P/Citigroup BMI EPAC < \$2BN				-3.37%	-3.37%	1.14%	1.14%	7.29%	7.29%	4.37%	4.37%
Total Developed International	247,919,083	11.9%	11.8%	-7.68%	-7.92%	-3.10%	-3.34%	4.15%	3.86%	3.11%	2.71%
MSCI EAFE (3)				-10.16%	-10.16%	-4.22%	-4.22%	2.06%	2.06%	1.68%	1.68%
Emerging Markets											
Axiom	54,327,705	2.6%	2.1%	-10.32%	-10.32%	N/A	N/A	N/A	N/A	N/A	N/A
DFA (5)	18,930,169	0.9%	0.7%	-5.64%	-5.64%	-1.73%	-1.73%	2.65%	2.43%	-0.21%	-0.66%
Total Emerging Markets	73,257,874	3.5%	2.8%	-9.25%	-9.25%	-0.86%	-0.88%	0.46%	0.29%	-0.77%	-1.17%
MSCI Emerging Markets				-12.06%	-12.06%	-5.13%	-5.13%	-1.56%	-1.56%	-3.78%	-3.78%

TFFR Investment Performance Report – June 30, 2016

	June-16			Current Fiscal YTD		Prior Year FY15		3 Years Ended 6/30/2016		5 Years Ended 6/30/2016	
	Allocation			Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net
	Market Value	Actual	Policy								
Private Equity											
Brinson 1998 Partnership Fund	57,930	0.0%		4.14%	4.14%	-0.68%	-0.68%	1.77%	1.77%	0.95%	0.95%
Brinson 1999 Partnership Fund	155,638	0.0%		12.03%	12.03%	-17.94%	-17.94%	2.61%	2.61%	2.21%	2.21%
Brinson 2000 Partnership Fund	431,959	0.0%		-1.75%	-1.75%	-10.71%	-10.71%	-1.74%	-1.74%	1.43%	1.43%
Brinson 2001 Partnership Fund	698,326	0.0%		-10.11%	-10.11%	-0.25%	-0.25%	2.31%	2.31%	4.78%	4.78%
Brinson 2002 Partnership Fund	340,042	0.0%		9.43%	9.43%	-19.50%	-19.50%	1.65%	1.65%	4.69%	4.69%
Brinson 2003 Partnership Fund	165,145	0.0%		-2.55%	-2.55%	13.43%	13.43%	13.28%	13.28%	7.77%	7.77%
Total Brinson Partnership Funds	1,849,041	0.1%		-1.98%	-1.98%	-7.11%	-7.11%	1.87%	1.87%	3.69%	3.69%
Brinson 1999 Non-US Partnership Fund	184,730	0.0%		13.44%	13.44%	-13.15%	-13.15%	1.29%	1.29%	5.77%	5.77%
Brinson 2000 Non-US Partnership Fund	326,815	0.0%		-7.68%	-7.68%	-4.91%	-4.91%	-2.64%	-2.64%	-2.51%	-2.51%
Brinson 2001 Non-US Partnership Fund	78,249	0.0%		23.36%	23.36%	16.96%	16.96%	24.09%	24.09%	12.41%	12.41%
Brinson 2002 Non-US Partnership Fund	473,499	0.0%		29.09%	29.09%	-7.15%	-7.15%	8.10%	8.10%	5.92%	5.92%
Brinson 2003 Non-US Partnership Fund	260,213	0.0%		18.08%	18.08%	-2.02%	-2.02%	11.09%	11.09%	9.99%	9.99%
Brinson 2004 Non-US Partnership Fund	185,543	0.0%		-8.26%	-8.26%	-6.29%	-6.29%	5.80%	5.80%	3.35%	3.35%
Total Brinson Non-US Partnership Fund	1,509,049	0.1%		10.65%	10.65%	-4.47%	-4.47%	6.97%	6.97%	5.26%	5.26%
Adams Street 2008 Non-US Partnership Fd	3,439,030	0.2%		11.84%	11.84%	7.59%	7.59%	12.71%	12.71%	9.22%	9.22%
Brinson BVCF IV	1,733,599	0.1%		-1.65%	-1.65%	42.11%	42.11%	18.20%	18.20%	29.22%	29.22%
Adams Street Direct Co-investment Fund	2,566,885	0.1%		8.30%	8.04%	22.50%	22.23%	16.34%	15.92%	13.24%	13.00%
Adams Street 2010 Direct Fund	622,399	0.0%		7.48%	7.48%	4.61%	4.61%	15.27%	15.27%	13.88%	13.88%
Adams Street 2010 Non-US Emerging Mkts	594,312	0.0%		10.50%	10.50%	21.80%	21.80%	11.83%	11.83%	0.77%	0.77%
Adams Street 2010 Non-US Developed Mkts	1,211,400	0.1%		9.63%	9.63%	-2.43%	-2.43%	6.70%	6.70%	7.21%	7.21%
Adams Street 2010 Partnership Fund	2,538,773	0.1%		6.18%	6.18%	18.37%	18.37%	13.70%	13.70%	12.03%	12.03%
Total Adams Street 2010 Funds	4,966,884	0.2%		7.80%	7.80%	10.63%	10.63%	12.22%	12.22%	10.71%	10.71%
Adams Street 2015 Global Fund	696,694	0.0%		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Matlin Patterson Global Opportunities	0	0.0%		12.99%	12.99%	1.12%	1.12%	4.54%	4.54%	1.18%	1.18%
Matlin Patterson Global Opportunities II	748,720	0.0%		7.27%	7.27%	19.60%	19.60%	3.19%	3.19%	-27.34%	-27.34%
Matlin Patterson Global Opportunities III	12,420,383	0.6%		-5.66%	-5.66%	-2.43%	-2.43%	-1.30%	-1.30%	22.01%	22.01%
InvestAmerica (Lewis and Clark Fund)	612,409	0.0%		-51.19%	-51.19%	-32.09%	-32.09%	-35.55%	-35.55%	-19.67%	-19.67%
L&C II	4,426,748	0.2%		1.88%	1.88%	-14.35%	-14.35%	-6.77%	N/A	-5.56%	N/A
Hearthstone MSII	5,891	0.0%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hearthstone MSIII	2,036,028	0.1%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	27.65%	27.65%
Corsair III	6,168,124	0.3%		34.22%	34.22%	-8.84%	-8.84%	7.06%	7.06%	1.57%	1.35%
Corsair III - ND Investors LLC	5,489,856	0.3%		6.41%	6.41%	-5.27%	-5.27%	-0.10%	-0.10%	2.58%	2.53%
Corsair IV	7,876,597	0.4%		-2.38%	-2.38%	29.73%	29.73%	13.58%	13.58%	6.12%	6.00%
Capital International (CIPEF V)	3,600,607	0.2%		-25.52%	-25.52%	-13.33%	-13.33%	-10.61%	-10.61%	-9.35%	-9.35%
Capital International (CIPEF VI)	8,233,850	0.4%		1.06%	1.06%	-21.71%	-21.71%	-9.32%	-9.32%	N/A	N/A
EIG (formerly TCW)	2,148,790	0.1%		-67.59%	-67.59%	-23.62%	-23.62%	-38.29%	-38.29%	-24.04%	-24.04%
Quantum Resources	23,777	0.0%		N/A	N/A	-42.83%	-42.83%	N/A	N/A	N/A	N/A
Quantum Energy Partners	2,821,419	0.1%		-22.63%	-22.63%	-19.31%	-19.31%	-6.45%	-6.45%	4.85%	4.85%
Total Private Equity (5)	73,374,381	3.5%	6.0%	-7.19%	-7.20%	-5.37%	-5.38%	-2.95%	-2.97%	0.50%	0.48%

TFFR Investment Performance Report – June 30, 2016

	June-16			Current Fiscal YTD		Prior Year FY15		3 Years Ended 6/30/2016		5 Years Ended 6/30/2016	
	Market Value	Allocation		Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net
		Actual	Policy								
GLOBAL FIXED INCOME Benchmark	483,243,200	23.2%	23.0%	4.75% 6.36%	4.49% 6.36%	0.56% -2.22%	0.30% -2.22%	4.40% 3.68%	4.15% 3.68%	3.81% 2.38%	3.61% 2.38%
Domestic Fixed Income Benchmark	361,706,587	17.4%	17.0%	3.82% 4.83%	3.59% 4.83%	3.39% 1.21%	3.16% 1.21%	5.01% 4.15%	4.79% 4.15%	4.49% 2.92%	4.32% 2.92%
Investment Grade Fixed Income											
PIMCO (DiSCO II) (5) BC Aggregate	40,746,587	2.0%	2.0%	4.39% 6.00%	4.39% 6.00%	4.32% 1.85%	4.32% 1.85%	6.84% 4.06%	6.84% 4.06%	N/A	N/A
State Street BC Long Treasuries	29,785,322	1.4%	1.3%	19.28% 19.30%	19.23% 19.30%	6.31% 6.32%	6.28% 6.32%	10.44% 10.46%	10.40% 10.46%	N/A	N/A
PIMCO Unconstrained 3m LIBOR	27,401,591	1.3%	1.7%	-0.64% 0.49%	-0.95% 0.49%	1.34% 0.26%	0.93% 0.26%	N/A	N/A	N/A	N/A
Declaration (Total Return) (5) 3m LIBOR	38,457,263	1.8%	1.6%	2.59% 0.49%	2.59% 0.49%	3.63% 0.26%	3.63% 0.26%	4.30% 0.33%	4.30% 0.33%	N/A	N/A
JP Morgan PIMCO BC Mortgage Backed Securities Index	50,603,356 81,386,745	2.4% 3.9%	2.6% 3.9%	4.60% 4.34%	4.32% 4.34%	N/A 2.28%	N/A 2.28%	N/A 3.76%	N/A 3.76%	N/A	N/A
Total Investment Grade Fixed Income BC Aggregate	268,380,865	12.9%	13.0%	5.15% 6.00%	5.01% 6.00%	3.65% 1.85%	3.51% 1.85%	4.81% 4.06%	4.69% 4.06%	5.16% 3.76%	5.02% 3.76%
Below Investment Grade Fixed Income											
Loomis Sayles PIMCO (BRAVO II) (5)	73,301,110 18,570,738	3.5% 0.9%	3.0% 0.9%	-0.25% 7.02%	-0.75% 7.02%	1.33% 10.36%	0.83% 10.36%	4.61% N/A	4.10% N/A	5.77% N/A	5.27% N/A
Goldman Sachs 2006 Fund (5)	433,875	0.0%	0.0%	3.00%	3.00%	25.65%	25.65%	17.57%	17.57%	8.95%	8.95%
Goldman Sachs Fund V (5)	1,020,000	0.0%	0.0%	-5.12%	-5.12%	14.43%	14.43%	6.11%	6.11%	8.41%	8.41%
Total Below Investment Grade Fixed Income BC High Yield 2% Issuer Constrained Index	93,325,722	4.5%	4.0%	0.70% 1.65%	0.29% 1.65%	2.53% -0.39%	2.09% -0.39%	5.43% 4.20%	4.98% 4.20%	6.71% 5.84%	6.27% 5.84%

TFFR Investment Performance Report – June 30, 2016

	June-16			Current Fiscal YTD		Prior Year FY15		3 Years Ended 6/30/2016		5 Years Ended 6/30/2016	
	Market Value	Allocation		Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net
		Actual	Policy								
International Fixed Income Benchmark	121,536,613	5.8%	6.0%	7.88%	7.50%	-9.37%	-9.73%	2.01%	1.65%	1.37%	1.09%
				11.24%	11.24%	-13.19%	-13.19%	1.85%	1.85%	0.41%	0.41%
Developed Investment Grade Int'l FI											
UBS Global (Brinson)	52,008,969	2.5%	3.0%	11.43%	11.07%	-13.46%	-13.82%	1.52%	1.20%	0.03%	-0.28%
BC Global Aggregate ex-US (4)				11.24%	11.24%	-13.19%	-13.19%	1.85%	1.85%	0.28%	0.28%
Brandywine	69,527,644	3.3%	3.0%	5.12%	4.73%	-5.38%	-5.74%	2.66%	2.26%	4.50%	4.09%
BC Global Aggregate (ex-US)				8.87%	8.87%	-7.10%	-7.10%	2.79%	2.79%	1.77%	1.77%
Total Developed Investment Grade Int'l FI	121,536,613	5.8%	6.0%	7.88%	7.50%	-9.37%	-9.73%	2.01%	1.65%	2.29%	1.93%
BC Global Aggregate ex-US				11.24%	11.24%	-13.19%	-13.19%	1.85%	1.85%	0.28%	0.28%
Cash Equivalents											
Northern Trust STIF	18,522,293			0.29%	0.29%	0.06%	0.06%	0.13%	0.13%	0.12%	0.12%
Total Cash Equivalents	18,522,293	0.9%	1.0%	0.29%	0.29%	0.06%	0.06%	0.13%	0.13%	0.12%	0.12%
90 Day T-Bill				0.19%	0.19%	0.02%	0.02%	0.09%	0.09%	0.09%	0.09%

NOTE: Monthly returns and market values are preliminary and subject to change.

New asset class structure began October 1, 2011. Composite returns for new composites not available prior to that date.

Portfolios moved between asset classes will show historical returns in new position.

TFFR Investment Performance Report – June 30, 2016

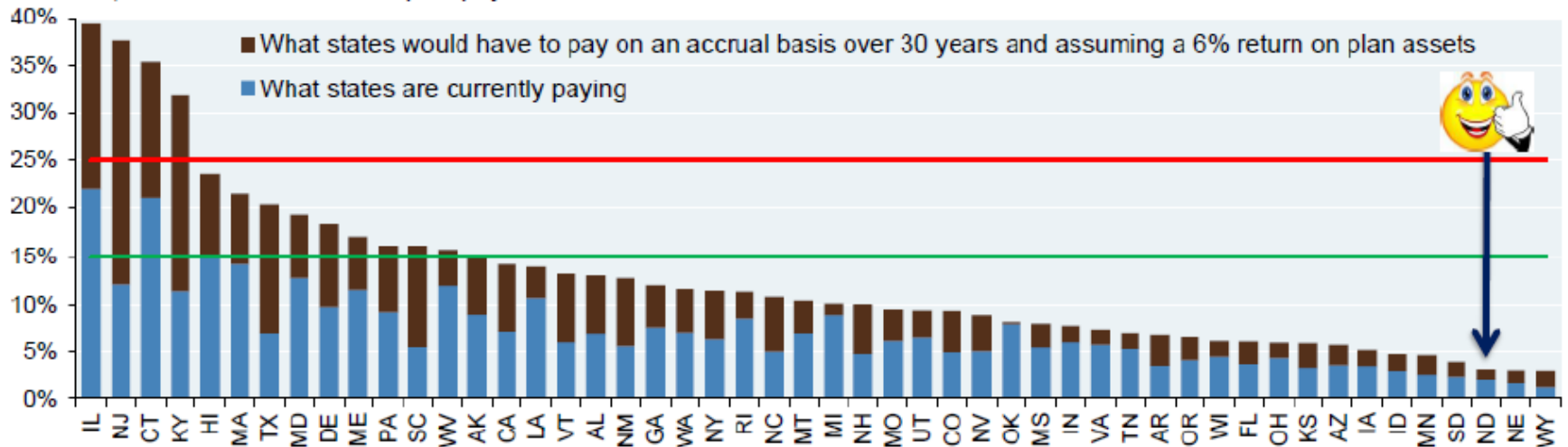
	June-16			Current Fiscal YTD		Prior Year FY15		3 Years Ended 6/30/2016		5 Years Ended 6/30/2016	
	Market Value	Allocation Actual	Policy	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net	Gross ⁽⁵⁾	Net
GLOBAL REAL ASSETS	372,030,580	17.9%	18.0%	8.37%	7.83%	9.51%	9.11%	9.76%	9.30%	7.44%	7.10%
Benchmark				6.29%	6.29%	8.78%	8.78%	7.87%	7.87%	6.29%	6.29%
Global Real Estate											
INVESCO - Core	91,699,570			10.96%	10.59%	16.38%	15.97%	12.72%	12.32%	12.09%	11.65%
INVESCO - Fund II (5)	3,404,279			6.65%	6.65%	6.23%	6.23%	9.06%	9.06%	15.56%	15.56%
INVESCO - Fund III (5)	11,516,349			14.25%	14.25%	18.70%	18.70%	17.06%	17.06%	N/A	N/A
INVESCO - Fund IV (6)	7,938,202			4.66%	4.66%	N/A	N/A	N/A	N/A	N/A	N/A
INVESCO - Asia Real Estate Fund (5)	702,956			121.40%	121.40%	16.19%	16.19%	43.66%	43.66%	23.12%	23.12%
INVESCO - Asia Real Estate Fund III (6)	3,464,080			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	76,514,684			12.25%	10.95%	14.71%	13.64%	14.01%	12.87%	14.00%	12.93%
J.P. Morgan Alternative Property Fund	128,133			2.80%	2.80%	-33.28%	-33.28%	-10.60%	-10.60%	1.01%	0.94%
J.P. Morgan Greater Europe Fund (5)	4,113,113			24.44%	24.44%	16.90%	16.90%	34.32%	34.32%	N/A	N/A
J.P. Morgan Greater China Property Fund (5)	4,702,945			16.24%	16.24%	16.74%	16.74%	32.27%	32.27%	16.18%	16.18%
Total Global Real Estate	204,184,309	9.8%	10.0%	11.96%	11.34%	15.79%	15.25%	14.82%	14.26%	13.68%	13.15%
NCREIF TOTAL INDEX				10.64%	10.64%	12.98%	12.98%	11.60%	11.60%	11.51%	11.51%
Timber											
TIR - Teredo	15,495,338	0.7%		9.29%	9.29%	15.52%	15.52%	10.42%	10.42%	6.70%	6.70%
TIR - Springbank	54,763,157	2.6%		2.97%	2.97%	-1.98%	-1.98%	0.38%	0.38%	-1.38%	-1.38%
Total Timber (5)	70,258,495	3.4%	3.0%	4.34%	4.34%	3.95%	3.95%	3.63%	3.63%	2.28%	2.28%
NCREIF Timberland Index				3.49%	3.49%	10.02%	10.02%	7.77%	7.77%	6.72%	6.72%
Infrastructure											
JP Morgan (Asian) (5)	12,700,196	0.6%		-9.66%	-9.66%	-2.58%	-2.58%	-3.00%	-3.00%	1.61%	1.61%
JP Morgan (IIF)	64,407,164	3.1%		5.11%	3.93%	1.06%	0.23%	5.27%	4.26%	6.17%	5.09%
Grosvenor (formerly Credit Suisse) (5)	18,737,141	0.9%		8.42%	8.42%	5.37%	5.37%	8.85%	8.85%	N/A	N/A
Grosvenor CIS II (6)	1,743,274	0.1%		6.10%	6.10%	N/A	N/A	N/A	N/A	N/A	N/A
Total Infrastructure	97,587,776	4.7%	5.0%	3.66%	2.89%	1.23%	0.72%	4.74%	4.09%	5.24%	4.71%
CPI				0.64%	0.64%	-0.38%	-0.38%	0.76%	0.76%	0.81%	0.81%

How big is the post-retirement bill?

A relative comparison of the 50 states' payment obligations

The state of the states: how much states spend on debt, pensions and retiree healthcare

% of state revenue collections required to pay the sum of interest on bonds, the state's share of unfunded pension and retiree healthcare liabilities, and defined contribution plan payments



Source: J.P. Morgan Asset Management, state/pension plan Comprehensive Annual Financial Reports, Census, Loop Capital Markets. FY 2015.

- Bars that appear above the **red line** indicate a level at which states face critical challenges in meeting an ability to service their debt and post-retirement benefit obligations.
- Bars that appear below the **green line** identify states that one might view not requiring “a disproportionate share of revenues to service their debts.”
- Note that North Dakota’s overall funding obligations are comparatively low (third from the right).

ANNUAL TFFR EXPENDITURE REPORT
SEPTEMBER 22, 2016

CONNIE FLANAGAN
FISCAL AND INVESTMENT OPERATIONS MANAGER

**RETIREMENT AND INVESTMENT OFFICE
EXPENDITURE SUMMARY REPORT
FISCAL YEAR ENDED JUNE 30, 2016**

	TFFR		SIB		Total RIO	
	Expenses	% of Total	Actual Expenses	% of Total	Actual Expenses	% of Total
<u>CONTINUING APPROPRIATIONS</u>						
INVESTMENT EXPENDITURES	\$ 10,571,984	5.3%	\$ 35,064,612	97.0%	\$ 45,636,596	19.5%
MEMBER CLAIMS						
ANNUITY PAYMENTS	180,617,784		-		180,617,784	
REFUND PAYMENTS	5,350,896		-		5,350,896	
TOTAL MEMBER CLAIMS	185,968,680	93.7%	-	0.0%	185,968,680	79.3%
OTHER CONTINUING APPROPRIATIONS	330,184	0.2%	187,578	0.5%	517,762	0.2%
TOTAL CONTINUING APPROPRIATIONS	196,870,848	99.2%	35,252,190	97.6%	232,123,038	99.0%
<u>APPROPRIATED EXPENDITURES</u>						
SALARIES AND BENEFITS	1,055,650	0.5%	1,004,093	2.8%	2,059,743	0.9%
OPERATING EXPENSES	247,978	0.1%	92,243	0.3%	340,221	0.1%
SIB EXPENSES ALLOCATED TO TFFR	217,844		(217,844)		-	
TOTAL APPROPRIATED EXPENDITURES	1,521,472	0.8%	878,492	2.4%	2,399,964	1.0%
TOTAL EXPENDITURES	\$ 198,392,320		\$ 36,130,682		\$ 234,523,002	

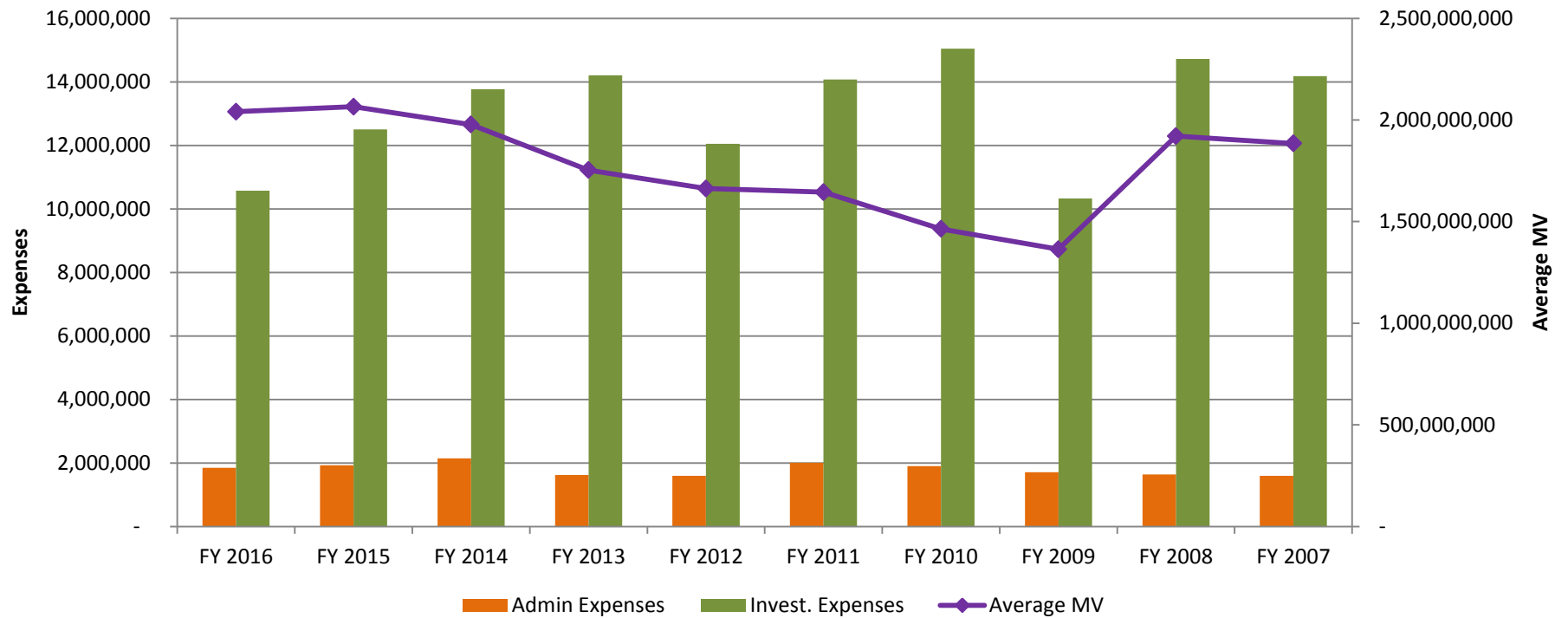
**RETIREMENT AND INVESTMENT OFFICE
2015-2017 BIENNIUM APPROPRIATION STATUS REPORT
AS OF JUNE 30, 2016**

	2015-2017 BUDGET	ADJUSTED APPROPRIATION	BIENNIUM TO DATE ACTUAL	EXPENDITURES		
				BUDGET AVAILABLE	% BUDGET AVAILABLE	% OF BIENNIUM REMAINING
SALARIES AND BENEFITS	\$ 4,340,551.00	\$ 4,342,801.00	\$ 2,059,742.83	\$ 2,283,058.17	52.57%	50.00%
OPERATING EXPENDITURES	990,874.00	990,874.00	340,221.85	650,652.15	65.66%	50.00%
CONTINGENCY	82,000.00	82,000.00	0.00	82,000.00	100.00%	50.00%
TOTAL	<u>\$ 5,413,425.00</u>	<u>\$ 5,415,675.00</u>	<u>\$ 2,399,964.68</u>	<u>3,015,710.32</u>	<u>55.68%</u>	<u>50.00%</u>

Schedule of Consulting Expenses
For Fiscal Years Ended June 30, 2016 and 2015

	Pension Trust		Investment Trust	
	2016	2015	2016	2015
Actuary fees:				
Segal Company	\$ 144,633	\$ 123,556	\$ -	\$ 722
Auditing/Accounting fees:				
CliftonLarsonAllen LLC	104,507	154,932	27,993	26,568
Eide Bailly, P.C.	-	6,143	-	-
Total Auditing Fees	<u>104,507</u>	<u>161,075</u>	<u>27,993</u>	<u>26,568</u>
Disability consulting fees:				
Sanford Health	300	425	-	-
Legal fees:				
K&L Gates LLP	2,598	2,313	3,401	3,182
Ice Miller LLP	-	23,430	-	-
ND Attorney General	18,264	13,979	21,493	16,601
Total legal fees:	<u>20,862</u>	<u>39,722</u>	<u>24,894</u>	<u>19,783</u>
Total consultant expenses	<u><u>\$ 270,302</u></u>	<u><u>\$ 324,778</u></u>	<u><u>\$ 52,887</u></u>	<u><u>\$ 47,073</u></u>

TFFR Investment and Administrative Expenses



RETIREMENT AND INVESTMENT OFFICE BUDGET REQUEST FOR 2017-2019 BIENNIUM

	2015-2017 Biennium Approved Budget			2017-2019 Biennium Requested Budget - Base **			Change from 2015-17 Approved Budget					
	TFFR	SIB	RIO Total	TFFR	SIB	RIO Total	TFFR	SIB	RIO Total			
SALARIES	1,569,070	1,584,466	3,153,536	1,642,806	1,610,682	3,253,488	73,736	4.7%	26,216	1.7%	99,952	3.2%
SALARIES-MARKET EQUITY	23,489	18,011	41,500	-	-	-	(23,489)	-100.0%	(18,011)	-100.0%	(41,500)	-100.0%
TEMPORARY	4,000	4,000	8,000	22,000	4,000	26,000	18,000	450.0%	-	0.0%	18,000	225.0%
BENEFITS	647,187	490,328	1,137,515	659,982	492,490	1,152,472	12,795	2.0%	2,162	0.4%	14,957	1.3%
TOTAL SALARIES & BENEFITS	2,243,746	2,096,805	4,340,551	2,324,788	2,107,172	4,431,960	81,042	3.6%	10,367	0.5%	91,409	2.1%
IT - DATA PROCESSING	149,551	26,517	176,068	150,402	29,006	179,408	851	0.5%	2,489	9.4%	3,340	1.9%
IT - COMMUNICATIONS	13,800	6,240	20,040	12,600	6,480	19,080	(1,200)	-6.0%	240	3.8%	(960)	-4.8%
TRAVEL	82,223	54,950	137,173	62,152	30,448	92,600	(20,071)	-14.6%	(24,502)	-44.6%	(44,573)	-32.5%
SUPPLIES - IT SOFTWARE	4,136	2,389	6,525	3,080	1,770	4,850	(1,056)	-16.2%	(619)	-25.9%	(1,675)	-25.7%
POSTAGE	89,980	7,040	97,020	91,279	7,040	98,319	1,299	1.3%	-	0.0%	1,299	1.3%
IT CONTRACT SERVICES	177,280	3,722	181,002	156,468	2,826	159,294	(20,812)	-11.5%	(896)	-24.1%	(21,708)	-12.0%
LEASE/RENT - BLDG./LAND	104,273	59,503	163,776	104,036	59,340	163,376	(237)	-0.1%	(163)	-0.3%	(400)	-0.2%
PROFESSIONAL DEV.	34,497	20,963	55,460	30,351	12,169	42,520	(4,146)	-7.5%	(8,794)	-42.0%	(12,940)	-23.3%
OPERATING FEES & SERVICES	20,998	12,399	33,397	28,083	18,973	47,056	7,085	21.2%	6,574	53.0%	13,659	40.9%
REPAIRS	634	366	1,000	476	274	750	(158)	-15.8%	(92)	-25.1%	(250)	-25.0%
PROFESSIONAL SERVICES	17,847	6,623	24,470	23,327	8,383	31,710	5,480	22.4%	1,760	26.6%	7,240	29.6%
INSURANCE	928	535	1,463	853	491	1,344	(75)	-5.1%	(44)	-8.2%	(119)	-8.1%
OFFICE SUPPLIES	4,730	2,730	7,460	3,943	2,267	6,210	(787)	-10.5%	(463)	-17.0%	(1,250)	-16.8%
PRINTING	25,896	3,774	29,670	22,983	4,759	27,742	(2,913)	-9.8%	985	26.1%	(1,928)	-6.5%
PROFESSIONAL SUPPLIES	1,500	1,500	3,000	875	875	1,750	(625)	-20.8%	(625)	-41.7%	(1,250)	-41.7%
MISCELLANEOUS SUPPLIES	3,083	1,777	4,860	2,585	1,485	4,070	(498)	-10.2%	(292)	-16.4%	(790)	-16.3%
IT EQUIPMENT < \$5000	29,105	12,185	41,290	12,700	7,300	20,000	(16,405)	-39.7%	(4,885)	-40.1%	(21,290)	-51.6%
OFFICE EQUIP & FURNITURE < \$5000	4,565	2,635	7,200	-	-	-	(4,565)	-63.4%	(2,635)	-100.0%	(7,200)	-100.0%
TOTAL OPERATING	765,026	225,848	990,874	706,193	193,886	900,079	(58,833)	-7.7%	(31,962)	-14.2%	(90,795)	-9.2%
CAPITAL ASSETS												
IT EQUIPMENT > \$5000				9,000	-	9,000	9,000	100.0%	-	0.0%	9,000	100.0%
TOTAL CAPITAL ASSETS	-	-	-	9,000	-	9,000	9,000	100.00	-	-	9,000	100.00
TOTAL BEFORE CONTINGENCY	3,008,772	2,322,653	5,331,425	3,039,981	2,301,058	5,341,039	31,209	0.6%	(21,595)	-0.9%	9,614	0.2%
CONTINGENCY	41,000	41,000	82,000	40,000	40,000	80,000	(1,000)	-1.2%	(1,000)	-2.4%	(2,000)	-2.4%
TOTAL BUDGET	3,049,772	2,363,653	5,413,425	3,079,981	2,341,058	5,421,039	30,209	1.0%	(22,595)	-1.0%	7,614	0.1%

**** Optional Package Request:** In addition to the Base Budget Request above, we have requested an additional \$75,000 in an Optional Package Request for Cyber Risk Insurance. This insurance would help with the extensive costs of cyber attacks or data breaches of any kind by offering a variety of coverage options such as privacy liability, lawsuits, public relations, forensics, mailing notifications, credit monitoring, call centers and much more. Although still in the research phase at this time, RIO feels the amount requested will assist in achieving the goal of finding an insurance policy that will allow the agency to best protect the State of ND, RIO and RIO customers.

Board Travel Budget Assumptions: Our budget request includes funding for approximately 13 out of state trips for board members (TFFR and SIB). Although this is fewer than in past budget requests, we feel it better reflects what has actually been used historically and should not affect board members' ability to attend valuable training. This means each board member may travel once each biennium with the possibility of a second trip if some do not use them.

In-State Reimbursement Rates: Lodging rate is 90% of Federal GSA rate for ND (\$91 effective October 1, 2016) so rate is \$81.90 plus tax (some higher exceptions in oil counties). Mileage is linked to Federal GSA rate which is currently \$0.54 per mile. In-state meal rates: Breakfast: \$7.00; Lunch: \$10.50; Dinner: \$17.50

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: September 15, 2016
SUBJ: TFFR LEGISLATIVE UPDATE

1) The Legislative Council **Employee Benefits Programs Committee** is a 13-member committee consisting of six senators and seven representatives:

- Senators: Krebsbach (Chairman), Dever, Kilzer, C. Nelson, Oban, Poolman
- Representatives: Kreidt, P. Anderson, Boehning, Dockter, Haak, Laning, Onstad

The Committee has met three times this interim, with plans to meet one more time in October.

- October 27, 2015 - Committee received overview of TFFR benefits program, SIB investment program, and 2015 actuarial valuation report from Segal.
- April 28, 2016 - Committee received SIB investment update, and reviewed bill drafts affecting TFFR and PERS retirement and health programs. No TFFR related bills have been submitted for interim study.
- September 1, 2016- Committee received SIB investment update, and received technical comments on bill drafts affecting TFFR and PERS.
- October 26, 2016 Segal will present 2016 actuarial valuation report for TFFR.

2) The **Interim Education Committee** has recommended a bill draft that removes the statutory requirement for the Governor to appoint two TFFR board members *from a list of three nominees submitted by the NDEA*. It was suggested that the Governor should be allowed to seek recommendations for board appointments from any source deemed appropriate and not be limited to NDEA (ND United).

3) **2017 Legislative Deadlines** is attached.

Attachment

2017 Legislative Deadlines¹

Date	Legislative Day	
December 5-7, 2016 (Monday through Wednesday)		Organizational session ²
December 8 (Thursday)		Deadline for executive agencies and Supreme Court to file bills with the Legislative Council
January 3 (Tuesday)	1 st	Session begins ²
January 9 (Monday)	5 th	No more than five bills may be introduced by each Representative after this date
January 16 (Monday)	10 th	Martin Luther King Day. ³ Deadline for Representatives to introduce bills. No more than three bills may be introduced by each Senator after this date. A Senate bill containing an appropriation clause may not be introduced after this date.
January 23 (Monday)	15 th	Deadline for Senators to introduce bills ¹
January 26 (Thursday)	18 th	Deadline for introducing resolutions except amendments to the Constitution of North Dakota and study resolutions
February 6 (Monday)	25 th	Deadline for rereferrals of bills in house of origin to Appropriations Committees
February 20 (Monday)		George Washington's Birthday ³
February 21 (Tuesday)	36 th	Bills and resolutions except constitutional amendments and study resolutions must be reported out of committee in house of origin. Deadline for introducing amendments to the Constitution of North Dakota and study resolutions.
February 24 (Friday)	39 th	Crossover date for bills ^{1,4}
February 27-28 (Monday and Tuesday)		Recess
March 3 (Friday)	42 nd	Study resolutions and proposed constitutional amendments must be reported out of committee
March 8 (Wednesday)	45 th	Crossover date for resolutions
March 24 (Friday)	57 th	Deadline for rereferrals of bills in second house to Appropriations Committees
April 5 (Wednesday)	65 th	Bills and resolutions must be reported out of committee in second house
April 14 (Friday)		Good Friday ³
April 26 (Wednesday)	80 th	Session limited to 80 legislative days ⁵

¹Based on rules of the 64th Legislative Assembly adopted on December 3, 2014.

²Article IV, Section 7, Constitution of North Dakota. North Dakota Century Code Sections 54-03-02 and 54-03.1-02.

³In 2015 the House and Senate were in session on Martin Luther King Day and George Washington's Birthday. In 2015 the House and Senate were not in session on Good Friday.

⁴In 2015 the House and Senate made crossover on the 38th legislative day, Thursday, February 26, rather than on the 39th legislative day.

⁵Article IV, Section 7, of the Constitution of North Dakota limits regular sessions to 80 natural days during a biennium and defines a "natural day" as a period of 24 consecutive hours. House and Senate Rules 104 provide that a legislative day begins at 7:00 a.m., so each legislative day ends at 7:00 a.m. the following day.

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: September 15, 2016
SUBJ: TFFR BOARD POLICIES

At the July board meeting, the TFFR Board conducted its annual review of TFFR program mission, goals, and policies. As part of that review, a number of policies were identified for additional board discussion and possible changes. Jan Murtha, TFFR legal counsel, has also reviewed, provided minor suggestions, and approved these policies. Draft policy changes are included for your consideration.

BOARD POLICY		RECOMMENDED ACTION
B-2	Goals	Amend
B-6	Membership Data and Contributions	Amend
B-7	Member Services	Amend
C-8	Employer Reporting Errors	Amend
C-9	Employer Reports	Amend
C-21	Board Appeals	New - Approve
C-22	Board Communications	New - Approve

Attachments

Policy Type: TFFR Ends

Policy Title: Goals

Investment and Funding Goals:

1. Improve the Plan's funding status to protect and sustain current and future benefits.
2. Minimize the employee and employer contributions needed to fund the Plan over the long term.
3. Avoid substantial volatility in required contribution rates and fluctuations in the Plan's funding status.
4. Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefits.

Service Goals:

1. Administer accurate, prompt, and efficient pension benefits program.
2. Deliver high quality, friendly service to members and employers.
3. Provide educational outreach programs including pre-retirement seminars retirement education workshops and ~~individual~~ benefits counseling sessions.

TFFR Board Adopted: May 25, 1995.

Amended: August 29, 1996; March 6, 1998; September 23, 1999; January 25, 2001, September 21, 2006, March 15, 2012, 2016.

Policy Type: TFFR Ends

Policy Title: Membership Data and Contributions

Ensure the security and accuracy of the members' permanent records and the collection of member and employer contributions from every governmental body employing a teacher.

Accordingly, the administrative means will be to:

1. Retain member documents applicable to the retirement program.
2. Safeguard TFFR database files.
3. Protect the confidential information contained in member files.
4. Collect the member and employer contributions from the employers based on retirement salary earned by the member.
5. Monitor the employer reporting process including the timely filing of information, consistency of month-to-month data, and changes in the employer payment ~~of member assessments~~ plan models.
6. Review the individual member data, salary, and service credit for accuracy.
7. Post and validate the data received from the employer to the individual accounts.
8. Mail annual statements to every member.
9. Summarize the teacher data reported and notify the employers of the year-to-date information.
10. Ensure that individuals employed as "teachers" in North Dakota school districts, political subdivisions, and state institutions are reported to TFFR in compliance with the North Dakota Century Code (NDCC).
11. Provide publications and reporting instructions to employers on TFFR.
12. Transfer member and employer contributions to the investment program in a timely manner.

Policy Type: TFFR Ends

Policy Title: Membership Data and Contributions

Monitoring (Method, Responsibility, Frequency)

1. Internal Report
 - a. Disclosure of compliance to the board from RIO's internal auditors. The Internal Audit (IA) program is designed to review ~~the districts- participating employers~~ on ~~a five an eight~~-year cycle.
 - b. Compliance for individual accounts is monitored through internal audits of staff compliance with state laws, rules, board policy, and procedures.
2. External Report
 - a. Disclosure of compliance to the board by RIO's external auditors as a part of the annual audit.
 - b. Disclosure of compliance to members through annual statements.

TFFR Board Adopted: May 25, 1995.

Amended: July 18, 2002, September 20, 2007, 2016.

Provide direct services and public information to members of TFFR.

Accordingly, the administrative means will be to:

1. Enroll, update, maintain, and certify all member accounts.
2. Respond to member inquiries on the retirement program.
3. Provide statewide benefits counseling services to members. ~~through one on one sessions.~~
4. Make group presentations and distribute information at conferences and conventions throughout the state.
5. Coordinate and conduct ~~preretirement and financial planning~~ retirement education programs for members on a statewide basis.
6. Certify eligibility for TFFR benefits and purchase of service credit.
7. Calculate and process claims for refund, retirement, disability, survivor, and Qualified Domestic Relations Order (QDRO) benefits, as well as claims for purchasing credit.
8. Permit members to change designated beneficiaries in the event of life occurrences identified in the administrative rules.
9. Close retirement accounts of deceased teachers.
10. Develop and distribute information to the members on the retirement program and related topics through newsletters, annual reports, member handbooks, brochures, and retirement planning ~~guides/workbooks~~ materials.
11. Maintain a website ~~for TFFR information~~ and provide online services to provide members with a greater variety of access methods for TFFR information.

Policy Type: TFFR Ends

Policy Title: Member Services

Monitoring (Method, Responsibility, Frequency)

1. Internal Report
 - a. Disclosure of compliance to the board through internal audits on compliance with laws, rules, and policies.
 - b. Periodic presentations by staff at board meetings.
2. External Report
 - a. Receive annual reports from leadership of groups representing the plan's beneficiaries.
 - b. RIO's annual audit by independent auditor.
 - c. Written and oral communication with board members from teachers regarding payment and processing of benefit claims.

TFFR Board Adopted: May 25, 1995.

Amended: July 27, 2000; July 24, 2003, September 20, 2007, 2016.

Policy Type: TFFR Program

Policy Title: Employer Reporting Errors

It ~~shall be is~~ the policy of the TFFR Board of Trustees that when an unintentional error in the reporting of retirement contributions by a TFFR participating employer is discovered during an employer ~~compliance~~-audit, the following ~~policy shall be in effect~~ guidelines will apply:

- The employer will be billed for all material shortages due plus interest or refunded for all material overpayments.
- Materiality limit to be used in determining if a member's account will be ~~corrected~~ adjusted is an aggregate total of \$300 in salary per individual member per year, unless otherwise determined by the Deputy Executive Director-Chief Retirement Officer.
- The interest charged to the employer ~~will shall~~ be the actuarial investment return assumption ~~for earnings of the trust.~~
- The time period ~~will shall~~ be from the onset of the error or three years prior to the beginning of the current school year.
- Failure of the employer to pay the required shortages or provide required information will constitute "failure to make required reports and payments" and require application of section 15-39.1-23, NDCC.
- The TFFR board reserves the right to negotiate with an employer in special situations.

~~If, as the result of an employer compliance audit, the participating employer is found not to be in compliance with NDCC 15-39.1:~~

- The employer must respond in writing to the audit finding(s) and/or recommendation(s) within 30 days of the report.
- For those employers found not in compliance with NDCC 15-39.1, NDRIIO will conduct a follow-up review of the audit finding(s) and/or recommendation(s) once one year of unaudited salary is available ~~following the date of the report~~ or as determined by the Deputy Executive Director/Chief Retirement Officer.

TFFR Board Adopted: February 22, 1996.

Amended: July 16, 1998; January 24, 2002; April 15, 2004; July 14, 2005; September 20, 2007, September 26, 2013, 2016.

Policy Type: TFFR Program

Policy Title: Employer Reports

It shall be the policy of the TFFR Board of Trustees to require all participating employers to file reports ~~the collection~~ and make payment of member and employer contributions on a monthly basis to the RIO. Both payment and report ~~must be postmarked or sent via the internet~~ are due by the 15th day of the month following the end of the reporting period. ~~Employer reports must be in a format approved by the TFFR board.~~ Effective July 1, 2014, reports must be submitted in one of the following formats: 1) paper reports, 2) internet, unless another method is approved by the Deputy Executive Director/Chief Retirement Officer.

The administrative office will monitor late TFFR employer reports and payments ~~by employers.~~ and establish procedures for minor processing delays. Except for unintentional reporting errors, eEmployers that do not meet the established deadlines for filing required reports shall be assessed a civil penalty as required in NDCC 15-39.1-23 unless the Deputy Executive Director/Chief Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:

- Death, surgery, or illness of the individual responsible for TFFR reports or their family.
- “Acts of God” that require an employer to close school such as blizzards, storms, or floods.
- Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

The request for a waiver must be in writing and signed by the administrator.

In all late situations, member and employer contributions will be collected from the employer at the earliest date possible. Employers cooperating with TFFR to resolve the late filing of a report shall not have their state apportionment money (foundation payments) withheld, but will be assessed interest as required in NDCC 15-39.1-23.

TFFR Board Adopted: August 29, 1996.

Amended: July 16, 1998; November 18, 1999; March 22, 2001; September 20, 2007, September 26, 2013, 2016.



Policy Type: TFFR Program

Policy Title: Board Appeals

It is the policy of the TFFR Board of Trustees to allow any member, beneficiary, employer, or affected individual to appeal a determination made by the Chief Retirement Officer regarding TFFR eligibility, benefits, or other plan provisions with which the individual does not agree.

The affected individual must file a written request for board review within thirty days after notice of the determination of the Chief Retirement Officer has been mailed to the affected individual. If a request for board review is not filed within the thirty-day period, the decision of the Chief Retirement Officer is final. The request for board review must include the decision being appealed, the reason(s) the individual believes the decision should be reversed or modified, and any relevant documentation.

To review the matter, an appeal hearing will be scheduled as part of a regularly scheduled board meeting. A summary of the relevant facts and documentation will be presented. The affected individual and/or designee may attend and speak at the hearing. After review of the facts, documentation, and testimony, the Board will make its decision. The Board's decision will be communicated in writing to the affected individual within 30 days of the decision.

Any individual aggrieved by a decision of the Board may initiate a formal administrative action against the Board in accordance with ND Administrative Code Chapter 82-10 and ND Century Code Chapter 28-32.

TFFR Board Adopted: _____

NEW

Policy Type: TFFR Program

Policy Title: Board Communications

It is the policy of the TFFR Board of Trustees that the Board President and Chief Retirement Officer are authorized to represent the Board on retirement program issues and in announcing board positions and decisions, unless otherwise determined by the Board.

Board members may respond to general inquiries about the TFFR retirement program, however specific questions from members, beneficiaries, employers, and the public should be referred to the Chief Retirement Officer or the Retirement and Investment Office to provide more detailed information about the retirement program.

TFFR Board Adopted: _____

DRAFT

MEMORANDUM

TO: TFFR Board
FROM: Fay Kopp
DATE: September 15, 2016
SUBJ: CUSTOMER SATISFACTION SURVEYS

1) SIB Customer Satisfaction Survey

TFFR Board members completed the survey individually and forwarded to Pres. Gessner to compile. Pres. Gessner will bring the results of the survey to the meeting for discussion of the TFFR Board response to the SIB Customer Satisfaction Survey.

2) TFFR Customer Satisfaction Survey

At the July board meeting, staff shared all responses received at that time to the TFFR Customer Satisfaction Surveys. NDCEL response has since been received, and is being submitted to TFFR Board.

Attachment

Is the TFFR Board, through the RIO staff, providing TFFR members and employers with quality service? Please help the TFFR Board measure their performance and identify areas for improvement by completing this annual survey.

	Excellent	Above Average	Average	Poor	N/A
Staff courtesy and professionalism	X				
Staff responsiveness	X				
Staff accessibility	X				
Staff knowledge of TFFR program	X				
Clarity and effectiveness of information					
Ease of obtaining information or services - phone, website, newsletters, publications	X				
Member outreach services - presentations, conferences, benefits counseling and retirement education	X				
Employer outreach services - presentations, conferences, meetings	X				
Legislative proposals, presentations					X
Overall quality of service	X				

How can the TFFR Board and/or RIO staff improve their service to TFFR members and employers?

Comments __Fay and her staff does an excellent job. Each time we call, she is very responsive and very helpful!

Signature 

Date 8/1/16

Organization NDCEL

THANK YOU for helping us improve service to TFFR members and employers.

**ND Retirement and Investment Office, P.O. Box 7100, Bismarck, ND 58507-7100
 Phone: 701-328-9895 or 800-952-2970 - FAX: 701-328-9897 - Email: fkopp@nd.gov**

MEMORANDUM

TO: TFFR Board

FROM: Fay Kopp

DATE: September 15, 2016

SUBJ: BOARD RESOLUTION

At the request of the National Council on Teacher Retirement (NCTR), I have drafted a resolution in memoriam for Scott Engmann, former Executive Director of NDTFFR/ NDRIO who passed away last year. In addition to being a knowledgeable and dedicated pension administrator from 1981-1999, Scott was very active in NCTR, served on its Executive Committee, and was President.

I had the honor of working with Scott for 11 years, and following his retirement, I was selected to become TFFR Chief Retirement Officer and NDRIO Deputy Executive Director.

Thank you for considering this request to honor Scott Engmann.

Attachment

Resolution in Memoriam Scott R. Engmann

WHEREAS, Mr. Scott Engmann, retired Executive Director of the ND Teachers' Fund for Retirement (NDTFFR) and ND Retirement and Investment Office (NDRIO), passed away on February 18, 2015; and

WHEREAS, Mr. Engmann dedicated a professional career which spanned over 30 years to the state of North Dakota by serving 18 years as NDTFFR/NDRIO Executive Director until his retirement in 1999, as well as other ND administrative and teaching positions; and

WHEREAS, Mr. Engmann served as President, Executive Committee member, active participant and cherished friend of the National Council on Teacher Retirement (NCTR);

WHEREAS, Mr. Engmann was a zealous defender of pension security and earned a reputation as a strong advocate for defined benefit plans, cost efficient pension administration, and high-quality customer service; and

WHEREAS, Mr. Engmann provided steadfast leadership on pension issues, and supported efforts to improve member benefits, prudently invest trust fund assets, and safeguard the financial integrity of the fund; and

WHEREAS, Mr. Engmann distinguished himself as an outstanding pension administrator whose invaluable knowledge, experience, integrity, and compassion served fund members; now, therefore, be it

RESOLVED, that the NDTFFR Board, with a deep sense of loss, fondly remembers Scott Engmann for his tireless efforts to protect and enhance retirement security of teachers and public employees, and be it further

RESOLVED, that the Board extends its sympathy to Scott's daughters, Cassie Kress and Janelle Kisow, and their families; and be it further

RESOLVED, that a copy of this Resolution be presented to Scott Engmann's family, and submitted to the National Council on Teacher Retirement on behalf of the many lives he has so positively touched.

Mike Gessner, President

Robert Lech, Vice President

Toni Gumeringer, Trustee

Kirsten Baesler, State Superintendent

Mike Burton, Trustee

Kelly Schmidt, State Treasurer

Mel Olson, Trustee

READINGS:

1.

[HTTP://WWW.NASRA.ORG/FILES/ISSUE%20BRIEFS/NASRAADC BRIEF.PDF](http://www.nasra.org/files/issue%20briefs/nasraadcbrief.pdf)

2.

[HTTP://WWW.NIRSONLINE.ORG/STORAGE/NIRS/DOCUMENTS/PENSIONOMICS2016/PENSIONOMICS2016 ND.PDF](http://www.nirsonline.org/storage/nirs/documents/pensionomics2016/pensionomics2016_nd.pdf)

3.

[HTTP://WWW.NIRSONLINE.ORG/STORAGE/NIRS/DOCUMENTS/PENSIONOMICS%202016/PENSIONOMICS 2016 INFOGRAPHICS.PDF](http://www.nirsonline.org/storage/nirs/documents/pensionomics%202016/pensionomics_2016_infographics.pdf)

4.

[HTTP://WWW.NIRSONLINE.ORG/STORAGE/NIRS/DOCUMENTS/PENSIONOMICS%202016/PENSIONOMICS2016 FINAL.PDF](http://www.nirsonline.org/storage/nirs/documents/pensionomics%202016/pensionomics2016_final.pdf)