

**ND TFFR Board Meeting**

**Thursday, July 25, 2024, 1:00 p.m.**

**WSI Board Room (In Person), 1600 E Century Ave, Bismarck ND**

[Click here to join the meeting](#)

**AGENDA**

**I. CALL TO ORDER AND ACCEPTANCE OF AGENDA (*Board Action*)**

- A. Pledge of Allegiance
- B. Conflict of Interest Disclosure
- C. Executive Summary
- D. Board Appointment Update – Ms. Murtha

**II. ACCEPTANCE OF MINUTES (April 25, 2024) (*Board Action*)**

**III. GOVERNANCE (60 minutes)**

- A. Election/Appointment of Officers (*Board Action*) – Mr. Burton, Ms. Murtha
- B. Annual Governance & Policy Review Report (*Board Action*) – Mr. Mickelson, Mr. Roberts
  - 1. Introduction & First Reading – Multiple Policies – TFFR Governance Manual (*Board Action*)
- C. Annual TFFR Program Review (*Board Action*) – Mr. Roberts, Ms. Mudder
  - 1. Code of Conduct Affirmation
- D. Employee Benefits Programs Committee Update (*Information*) – Ms. Murtha
- E. Pioneer Project Update (*Information*) – Mr. Roberts

(Break)

**IV. REPORTS (90 minutes) (*Board Action*)**

- A. Quarterly Investment Report – Mr. Anderson
- B. Quarterly Internal Audit Report – Ms. Seiler
- C. Quarterly Outreach Report – Ms. Mudder
- D. Quarterly TFFR Ends Report – Mr. Roberts
- E. Executive Limitations/Staff Relations – Ms. Murtha

**V. EDUCATION (30 minutes) (*Information*)**

- A. Survey Approaches & Metrics – Ms. Mudder, Ms. Baber (NDIT)

**VI. CONSENT AGENDA – Disability Applications (*Board Action*)**

**VII. OTHER BUSINESS**

- A. Board Reading Materials – Material References Included
- B. Next Meetings:
  - 1. TFFR GPR Committee – Thursday, September 12, 2024, at 3:30 p.m.
  - 2. TFFR Board Meeting - Thursday, September 26, 2024, at 1:00 p.m.

**VIII. ADJOURNMENT**

# EXECUTIVE SUMMARY

## TFFR Regular Meeting

### July 25, 2024 – 1:00pm CT

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- I. **Agenda:** The July Board Meeting will be held in the Conference Room at the WSI Building to accommodate in person attendance, however, a link will also be provided so that Board members and other attendees may join via video conference.
- Attendees are invited to join the Board Vice-President in the Pledge of Allegiance.
  - Conflict of Interest Disclosure: For best practice board members are asked to review the agenda and note any potential conflicts of interest for an item in advance of or at the start of the meeting. Conflicts can be documented using the following form: [Conflict of Interest Disclosure Form 8 17 2022 .pdf \(nd.gov\)](#).
  - New Board member update: Ms. Murtha will provide an update on the status of the new board member appointment for a second active member representative.
- II. **Minutes (Board Action):** The April 25, 2024, Board meeting minutes are included for review and approval.
- III. **GOVERNANCE**
- A. **Election of 2024-2025 Officers (Board Action):** Election of Board President and Vice President, two trustees to represent TFFR on the SIB and an SIB alternate, one Audit committee member, and three Governance & Policy Review Committee members.
- B. **Annual Governance & Policy Review Report (Board Action):** Committee Chair Mickelson and Mr. Roberts will report on committee activities, including making a recommendation for an Introduction and First Reading of changes to the TFFR Governance Manual reviewed and discussed over the prior fiscal year.
- C. **Annual TFFR Program Review (Board Action):** The Board will conduct its annual program review by receiving reports regarding program awards, program monitoring, customer satisfaction; conduct its annual code of conduct policy affirmations and provide guidance to staff regarding program mission, goals, and policy.
- D. **Employee Benefits Programs Committee Update (Information):** Ms. Murtha will provide the Board with an update on the current activities of the EBPC held on June 17, 2024.
- E. **Pioneer Project Update (Information):** Mr. Roberts will provide the Board with an update on the current status of the Pioneer project.
- IV. **Reports (Board Action):** Staff will provide reports on quarterly investment performance, quarterly audit activities, quarterly outreach activities, quarterly TFFR Ends, and executive limitations/staff relations.
- V. **EDUCATION (Information):** Ms. Mudder and Ms. Baber from NDIT will provide education on survey approaches and metrics for the board to consider when discussing strategy for the Retirement Literacy Initiative.
- VI. Confidential materials for item VI. will be sent to Board members via a secure link.

**Adjournment.**

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT  
MINUTES OF THE  
APRIL 25, 2024, BOARD MEETING**

**BOARD MEMBERS PRESENT:** Dr. Rob Lech, President  
Mike Burton, Vice President  
Thomas Beadle, State Treasurer  
Scott Evanoff, Trustee  
Cody Mickelson, Trustee  
Jordan Willgohs, Trustee

**BOARD MEMBER ABSENT:** Kirsten Baesler, State Supt. DPI

**STAFF PRESENT:** Jennifer Ferderer, Investment Admin. Asst.  
Jayme Heick, Retirement Spec.  
Missy Kopp, Exec. Assistant  
Derrick Levey, Admin. Asst.  
Sarah Mudder, Communications/Outreach Dir.  
Jan Murtha, Exec. Director  
Chad Roberts, DED/CRO  
Sara Seiler, Supvr. of Internal Audit  
Rachelle Smith, Retirement Admin.  
Dottie Thorsen, Internal Auditor  
Tami Volkert, Retirement Compliance Spec.  
Denise Weeks, Retirement Program Mgr.

**OTHERS PRESENT:** Dean DePountis, Atty. General's Office  
Paul Wood, GRS  
Dana Woolfrey, GRS  
Members of the Public

**CALL TO ORDER:**

Dr. Lech, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, April 25, 2024. The meeting was held in the WSI Board Room, 1600 E Century Avenue, Bismarck.

**THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM:  
TREASURER BEADLE, MR. BURTON, MR. EVANOFF, DR. LECH, MR. MICKELSON AND  
MR. WILLGOHS.**

**ACCEPTANCE OF AGENDA:**

The Board considered the agenda for the April 25, 2024, meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND  
CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.**

**AYES: TREASURER BEADLE, MR. BURTON, MR. MICKELSON, MR. WILLGOHS, MR.  
EVANOFF, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER  
MOTION CARRIED**

Ms. Murtha introduced the new Temporary Administrative Assistant, Derrick Levey to the Board

**ACCEPTANCE OF MINUTES:**

The Board considered the minutes for the March 21, 2024, TFFR Board meeting.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. WILLGOHS AND CARRIED BY A VOICE VOTE TO ACCEPT THE MARCH 21, 2024, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, MR. EVANOFF, TREASURER BEADLE, MR. BURTON, MR. WILLGOHS, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER  
MOTION CARRIED**

**GOVERNANCE:**

**Plan Management Policy Update:**

Mr. Paul Wood and Ms. Dana Woolfrey, GRS, discussed the updated plan management policy score. A plan management policy provides an advanced warning metric regarding plan sustainability. There are five scoring metrics that are used to arrive at the policy score: current funded ratio, downside funded ratio in 2030, target funded ratio in 2040, improvement in funded ratio over a 10-year period, and the ability to recover from or withstand a market downturn. Mr. Wood reviewed the approach used to arrive at the new policy score, and asset allocation and capital market assumptions used. Based on the July 1, 2023, valuation, the new policy score is nine, up from a score of seven last year. The current score is a result of increased optimism from capital market assumptions which project better outcomes for TFFR. Board discussion followed.

**IT WAS MOVED BY MR. WILLGOHS AND SECONDED BY MR. EVANOFF AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE PLAN MANAGEMENT POLICY UPDATE.**

**AYES: TREASURER BEADLE, MR. WILLGOHS, MR. EVANOFF, MR. BURTON, MR. MICKELSON, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER  
MOTION CARRIED**

**2024-25 Board Calendar and Education Plan:**

Ms. Murtha presented the proposed TFFR Board calendar and education plan for 2024-25.

**IT WAS MOVED BY MR. BURTON AND SECONDED BY MR. WILLGOHS AND CARRIED BY A VOICE VOTE TO APPROVE THE 2024-25 BOARD CALENDAR AND EDUCATION PLAN.**



**AYES; MR. WILLGOHS, MR. BURTON, MR. MICKELSON, MR. EVANOFF, TREASURER  
BEADLE, AND PRES. LECH  
NAYS: NONE  
ABSENT: SUPT. BAESLER  
MOTION CARRIED**

Pioneer Project Update:

Mr. Roberts provided an update on the Pioneer Project. The project continues to be on schedule and slightly under budget. Go live is planned for October but staff believe it is a possibility that may not happen until November because the vendor is behind on the implementation of pay codes and enough time needs to be allowed for the business partners to complete their testing. A summary was provided of tasks that have been completed, are in progress, or have not been started. Board discussion followed.

Employee Benefits Programs Committee (EBPC) Update:

Ms. Murtha provided an update from the April 25, 2024, EBPC meeting. The proposed TFFR legislation was reviewed by the EBPC, and they accepted jurisdiction. The proposed legislation was approved by the TFFR Board at the March 2024, meeting and is required to bring the plan into compliance with the IRS. Board discussion followed.

**REPORTS:**

Annual Pension Plan Comparison Report:

Mr. Roberts presented the annual Public Pension Plan Comparison report comparing TFFR to the FY 2022 Public Fund Survey conducted by the National Association of State Retirement Administrators (NASRA). The survey provides information on key characteristics of most of the nation's largest public retirement systems including actuarial funding levels, membership, cash flow, contribution rates, investment returns, actuarial assumptions, and asset allocation. Board discussion followed.

Quarterly TFFR Ends:

Mr. Roberts provided the TFFR Ends report for the quarter ended March 31, 2024. The administrative rules process was completed during the quarter. An online newsletter was published for active TFFR members. Phase 1 of user acceptance testing was completed. The part-time temporary Administrative Assistant position was filled. Board discussion followed.

Quarterly Outreach Report:

Ms. Mudder provided the outreach report for the quarter ended March 31, 2024. List were provided of media coverage on RIO programs and meetings in which RIO staff participated. Ms. Mudder provided a summary of outreach activities, publications sent through GovDelivery to TFFR members and Business Partners, and the engagement rates for TFFR topics.

Ms. Murtha discussed recent press coverage on the Legacy Fund. Now that RIO has a communications director, we are able to do more outreach and provide responses when inaccurate information is shared about the Legacy Fund. ND shares more information about our investments than most other states. RIO uses statute to guide what information is

confidential or exempt. Some of the information that has been requested could harm the funds if released. Board discussion followed.

Executive Limitations/Staff Relations:

Ms. Murtha provided the Executive Limitations/Staff Relations report. The Investment and Accounting Intern positions were posted. The new board member onboarding session on risk strategy was presented this morning. The remaining sessions on the retirement program, internal audit, and internal investment have been scheduled. Ms. Murtha provided a summary of the ongoing initiatives and upcoming conferences and staff presentations. Board discussion followed.

**IT WAS MOVED BY MR. WILLGOHS AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE ANNUAL PENSION PLAN COMPARISON, QUARTERLY TFFR ENDS, QUARTERLY OUTREACH, AND THE EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.**

**AYES: MR. EVANOFF, MR. MICKELSON, MR. WILLGOHS, TREASURER BEADLE, MR. BURTON, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER**

**MOTION CARRIED**

**CONSENT AGENDA:**

**IT WAS MOVED BY MR. MICKELSON AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE DISABILITY APPLICATION 2024-4D.**

**AYES: MR. BURTON, MR. WILLGOHS, MR. EVANOFF, TREASURER BEADLE, MR. MICKELSON, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER**

**MOTION CARRIED**

**BOARD RESOLUTION:**

ND Teachers' Fund for Retirement Board Resolution  
In Appreciation of  
Jordan Willgohs

WHEREAS, Jordan Willgohs has served as a member of the TFFR Board since 2021; and

WHEREAS, Mr. Willgohs has diligently carried out his duties and responsibilities as a member of the Board and fiduciary of the TFFR Program; and

WHEREAS, Mr. Willgohs has been a valued and dedicated member of the Board in helping maintain the integrity and stability of the TFFR Program.

NOW THEREFORE, BE IT RESOLVED that Jordan Willgohe be duly recognized by the Board for his years of unselfish dedication to the State of North Dakota through his service on the TFFR Board.

DATED this 25th day of April 2024

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BURTON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE RESOLUTION.**

**AYES: MR. MICKELSON, TREASURER BEADLE, MR. BURTON, MR. EVANOFF, AND PRES. LECH**

**NAYS: NONE**

**ABSENT: SUPT. BAESLER**

**MOTION CARRIED**

**ADJOURNMENT:**

With no further business to come before the Board, Pres. Lech adjourned the meeting at 2:44 p.m.

Prepared by,

Missy Kopp, Assistant to the Board

## MEMORANDUM

**TO:** TFFR  
**FROM:** Jan Murtha, Executive Director  
**DATE:** July 18, 2024  
**RE:** Officer Elections and Committee Appointments

Pursuant to Policy Section I. L. of the TFFR Program Manual the TFFR Board must elect officers at the first meeting of each fiscal year. Position terms are for one year. For the 2024-25 fiscal year, the Board will need to select:

- **TFFR Board President**  
(Currently Rob Lech).
- **TFFR Board Vice President**  
(Currently Mike Burton).
- **Two TFFR trustees to represent TFFR on the State Investment Board**  
(Currently Rob Lech and Cody Mickelson).
- **One TFFR trustee from SIB to represent TFFR on SIB Audit Committee – Subject to official appointment by SIB Chair.**  
(Currently Cody Mickelson).

Please note that the SIB Audit Committee charter no longer requires a representative from both PERS and TFFR, rather the updated charter requires at least one pension representative. Therefore, this appointment represents a willingness to serve on behalf of TFFR but is not specifically required.

- **One TFFR trustee to serve as SIB alternate/designee**  
(Currently Mike Burton)
- **Three Board members to serve on the Governance & Policy Review Committee.**  
(Currently Cody Mickelson, Rob Lech, and Mike Burton).

The State Treasurer serves as a member of the State Investment Board pursuant to state law, and therefore is not subject to assignment by the TFFR Board.

**Board Action Requested: Nominations for positions. Motion to approve candidates.**

## MEMORANDUM

**TO:** TFFR Board of Trustees  
**FROM:** Chad R. Roberts, DED/CRO  
**DATE:** July 17, 2024  
**RE:** 1<sup>st</sup> Reading of TFFR Policy Manual revisions as recommended by GPR committee

### Summary

As part of the established work plan for the TFFR GPR Committee adopted during the September 2023 meeting, the committee undertook a full review of the TFFR Policy Manual. The committee reviewed the 2023 manual in parts at the November 2023, February 2024, and May 2024 committee meetings.

The committee finalized its review at the May 2024 meeting and recommended the following policy manual changes to the full TFFR Board for the first reading at the July 2024 meeting.

Pursuant to policy, proposed policy amendments require two readings before the full Board can pass them, but amendments may be proposed at any time. The proposed amendments will be submitted for legal review prior to the second reading and final adoption.

### TFFR Policy Manual sections reviewed at the November 2023 committee meeting

Program Manual Section 1 Sub-section I
Program Manual Section 1 Sub-section J
Program Manual Section 1 Sub-section K
Program Manual Section 1 Sub-section O
Program Manual Section 1 Sub-section P
Program Manual Section 1 Sub-section S
Program Manual Section 2 Sub-section A
Program Manual Section 2 Sub-section B
Program Manual Section 2 Sub-section C

### TFFR Policy Manual sections reviewed at the February 2024 committee meeting

Program Manual Section 1 Sub-section A
Program Manual Section 1 Sub-section B
Program Manual Section 1 Sub-section C
Program Manual Section 1 Sub-section D
Program Manual Section 1 Sub-section E
Program Manual Section 1 Sub-section F
Program Manual Section 1 Sub-section L
Program Manual Section 1 Sub-section T
Program Manual Section 1 Sub-section U
Program Manual Section 2 Sub-section D

### **TFFR Policy Manual sections reviewed at the May 2024 committee meeting**

Program Manual Section 1 Sub-section G
Program Manual Section 1 Sub-section H
Program Manual Section 1 Sub-section M
Program Manual Section 1 Sub-section N
Program Manual Section 1 Sub-section Q
Program Manual Section 1 Sub-section R
Program Manual Section 2 Sub-section E
Program Manual Section 2 Sub-section F
Program Manual Section 2 Sub-section G

### **Recommended revisions to policy reviewed at the May 2023 committee meeting by section**

**Section 1, subsection A:** Formatting and grammatical changes, change ‘employer’ to ‘business partner’

**Section 1, subsection B:** Formatting and grammatical changes

**Section 1, subsection C:** Formatting and grammatical changes

**Section 1, subsection D:** Formatting and grammatical changes

**Section 1, subsection E:** Formatting and grammatical changes, change ‘employer’ to ‘business partner’

**Section 1, subsection G:** Formatting and grammatical changes only.

**Section 1, subsection H:** Formatting and grammatical changes, updated agency address.

**Section 1, subsection J:** Change verbiage from “employer” to “business partner” and punctuation corrections. Renumber subsection 3 to 2 to correct misnumbering.

**Section 1, subsection K:** Change verbiage from “employer” to “business partner”.

**Section 1, subsection M:** Formatting and grammatical changes, eliminated sentence regarding filing with Secretary of State, changed “employer” to “business partner,” eliminated sentence address signing of the minutes

by the Board President, and updated expense form name.

**Section 1, subsection O:** Reformatted citation of the North Dakota Administrative Code to the recommendation of the Communication and Outreach Director based on State guidelines.

**Section 1, subsection Q:** Updated expense form names.

**Section 1, subsection R:** Updated North Dakota Century Code cited and updated conflicts of interest to reflect language in SIB policy manual.

**Section 2, subsection D:** Formatting and grammatical changes; change ‘employer’ to ‘business partner’; removed “database” as the TFFR program maintains files in multiple modes such as the cloud, physical, database, etc.; changed “counseling” to “education”; changed “teachers” to “members” to establish uniformity throughout the document. In-staff subbing contribution and reporting rules updated to comply with changes in statutes.

**Section 2, subsection E:** Changed “employer” to “business partner,” clarified section on Model 3 election specifying that it has been eliminated as an option, clarified that Model 2 partial contributions must be full percentages after July 1, 2025.

**Section 2, subsection F:** Changed “employer” to “business partner,” clarified agreements with mailing companies and third parties must be executed before sharing membership information.

**Section 2, subsection G:** Section eliminated and merged into section F.

**ACTION REQUESTED:** Motion to Approve Introduction and First Reading to the following policies: TFFR Governance Manual Section 1, subsections A, B, C, D, E, G, H, J, K, M, O, Q, R and Section 2, subsections D, E, F, and G.

# TEACHERS' FUND FOR RETIREMENT BOARD PROGRAM MANUAL



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NORTH  
**Dakota**

Teachers' Fund For Retirement

~~Board Program Manual~~

# **ND-TEACHERS' FUND FOR RETIREMENT (NDTFFR) -BOARD PROGRAM MANUAL**

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# ~~ND~~TEACHERS' FUND FOR RETIREMENT ~~(NDTFFR)~~ BOARD PROGRAM MANUAL

## SECTION I: TFFR GOVERNANCE POLICIES

### A. Introduction and Purpose

The ~~ND~~North Dakota Teachers' Fund for Retirement (TFFR) Board of Trustees is dedicated to ethically serving the members and stakeholders of the TFFR pension plan and ensuring that the plan is effectively managed. The Board is committed to excellence in Board governance. An effective governance structure is essential to fulfilling fiduciary duties and Board responsibilities in accordance with the highest standards of professional responsibility, accountability, and transparency.

The Board developed and adopted this TFFR Board Program Manual to establish the framework within which the Board intends to set governance and oversight policy.

The purpose of the ~~is m~~Manual is to:

1. Provide orientation material and exhibits for new TFFR trustees and executive staff as to the roles, responsibilities, policies, procedures, and activities in the governance and oversight of the TFFR plan.
2. Serve as an ongoing reference manual for current trustees and staff.
3. Describe the roles and responsibilities of the Board of Trustees as a Board, ~~i~~individual Trustees, Committees, Staff, and Service Providers.
4. Describe the relationship between the TFFR Board, the State Investment Board (SIB), and the ~~Retirement and Investment Office (RIO)~~Retirement and Investment Office (RIO) as it relates to the administration of the TFFR plan.
5. Establish a Board meeting protocol that outlines the manner in which the Board will conduct itself to enable the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with state and federal law.
6. Facilitate the organized, efficient, and cohesive functioning of the Board.
7. Facilitate effective communication among the Trustees, staff, plan members, ~~employer~~business partners, and other external parties.
8. Define responsibility and accountability for hiring and monitoring outside service providers.
9. Document the method by which the Board will conduct a Board self- assessment.

10. Document Board governance and program policies, administrative rules, and state statutes governing the plan.

The TFFR Board Program Manual is an evolving set of documents that reflect the Board's current governance practices. The ~~Manual~~manual will be reviewed by the Board on an annual basis. Board trustees, the Executive Director, Deputy Executive Director-Chief Retirement Officer, and/or legal counsel may recommend modifications for Board consideration and approval.

The contents of the TFFR Board Program Manual are intended to be consistent with state and federal laws, rules, and regulations. If there is any conflict between the provisions included in this ~~Manual~~manual and state or federal law, the law prevails.

## B. TFFR Program Overview

### 1. History

The ~~ND Teachers' Fund for Retirement (ND TFFR)~~, ~~(formerly the ND-North Dakota Teachers' Insurance and Retirement Fund or NDTIRF.)~~ was created by the ~~ND-State~~ Legislature in 1913. The defined benefit plan provides lifetime retirement, ~~disability~~disability, and survivor benefits for ~~ND-North Dakota~~ public school educators.

Membership participation, benefits provided, contribution requirements, and plan provisions are described in State Law and the TFFR Member Handbook.

### 2. Legal Framework

~~ND Century Code (NDCC) § Chapter-15-39.1~~ contains the legal authority and statutory language governing the TFFR plan, and is supplemented by ~~ND-Administrative Code AC § Title 82-~~ TFFR is a qualified (tax exempt) defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code (IRC).

## C. TFFR Mission, Vision, and Values

### 1. Our Mission

To administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

### 2. Our Vision

To be a trusted leader in the administration of a financially sound retirement program for North Dakota educators by providing exceptional customer service, professional plan management, and organizational effectiveness by adhering to the principles of good governance, transparency, and accountability.

### 3. Our Core Values

- a. Customer Satisfaction and Commitment to Excellence which are demonstrated by our trustworthiness, accountability, and respectfulness.

- ~~a.~~
- ~~b.~~ Strong Governance and Operational Effectiveness through our strategic leadership, fiduciary responsibility, ethical practices, and transparency.
- ~~b.~~

## **D. TFFR Board Authority, Composition, Appointment, Terms**

### **1. Board Authority**

TFFR is governed by a ~~7-member TFFR~~ Board of Trustees who are charged with oversight, policy making, and administration of the TFFR retirement program as provided under [NDCC § 15-39.1-05](#). The trustees are fiduciaries, and as such have the highest standard of law placed on them.

### **2. Board Composition**

- a. The Board is composed of seven trustees consisting of:
  - 1) Two elected state officials:
    - State Treasurer (ex officio)
    - State Superintendent of Public Instruction (ex officio)
  - 2) Five members appointed by the Governor:
    - Two board members who are actively employed as elementary or secondary teachers in full-time positions not classified as school administrators. The appointment is made from a list of three nominees submitted to the Governor by ND United (NDU).
    - One board member who is actively employed as a full-time school administrator. The appointment is made from a list of three nominees submitted to the Governor by the ND Council of Educational Leaders (NDCEL).
    - Two board members who are retired members of the Fund. The appointment is made from a list of three nominees submitted to the Governor by the NDRTA.

### **3. Board Trustee Desired Attributes**

Board trustees should possess or develop the following desired attributes in order to become an effective board trustee.

- a. Unwaveringly ethical.
- b. Perpetually inquisitive.
- c. Knowledgeable about the membership.
- d. Ability to understand complex actuarial, financial, and investment concepts.
- e. Committed to strong board governance practices.



- f. Diligent and willing to spend time to learn best pension practices.
- g. Professional, respectful, and courteous demeanor.
- h. Proactive and responsive approach to member needs.
- i. Committed and engaged.
- j. Active listening and communication skills.
- k. Critical thinking skills.
- l. Ability to make fair and timely decisions.
- m. Open and accountable to stakeholders.

#### **4. Board Appointment Process**

When a TFFR Board trustee term expires or vacancy occurs, the Executive Director will notify the Governor's Office and the applicable stakeholder group (i.e., ~~NDUND-United~~, ~~ND-Council-of-Educational-Leaders~~ NDCEL, or ~~NDNDRTA-Retired Teachers Association~~) of the vacancy. Board trustee desired attributes and board responsibilities will be provided to the Governor's Office and applicable stakeholder group to assist them in making board nominee or trustee selection.

NDU, NDCEL, or NDRTA will submit a list of three Board nominees to the Governor's Office, as required by state law. Board nominees must complete the "Application for Boards and Commissions" from the Governor's Office in order to be considered for TFFR Board appointment. This application contains information about the nominee's background, education, experience, financial disclosures, and references.

After reviewing the Board nominee applications, the Governor will make the trustee appointment, and will notify the selected nominee and the Executive Director. The Governor's Office will send the newly appointed trustee a Certificate of Appointment which provides formal documentation of appointment to the TFFR Board. The Governor's office will also send an Oath of Office and Statement of Intent which must be signed by the trustee and returned to the Governor's Office. These documents confirm the trustee's appointment is official. Trustees can then carry out their official duties as a Board member and can be paid for authorized expenses.

#### **5. Trustee Terms, Resignations and Vacancies**

The State Treasurer is an ex-officio member of the Board and serves on the Board throughout the term of the State Treasurer's elected position. A lawful Deputy of the State Treasurer (pursuant to NDCC 44-03-01) may act with the full authority of the State Treasurer, and may vote when serving as the State Treasurer's official designee on the Board.

The State Superintendent of Public Instruction is an ex-officio member of the Board and serves on the Board throughout the term of the State Superintendent's elected position. The State Superintendent may designate an individual to attend and participate in Board meetings,

however the designee may not vote since the designee does not have the lawful authority to vote on behalf of the State Superintendent.

Each of the five Governor-appointed trustees are appointed for a term of five years. The terms of office are staggered with the five appointed trustee positions beginning July 1 and expiring on June 30 of each successive year. There is no limit to the number of terms a trustee may serve on the Board. Trustees may remain on the Board until they are reappointed or until their successors are appointed.

Appointed active trustees who terminate employment may not continue to serve on the Board as active teacher representatives. Appointed active and retired trustees may resign from the Board by providing written notice to the Governor and the TFFR Board.

Appointed trustee position vacancies which occur before the expiration of a term will be filled by the Governor, and the new appointee will complete the term for which the original trustee was selected.

## **E. TFFR Board - Duties and Responsibilities**

### **1. Fiduciary Duties**

TFFR trustees are fiduciaries, and as such, have the highest standard of law placed upon them. Trustees are expected to discharge their duties with the utmost honesty and integrity and to act solely in the interest of the members, retirees, and beneficiaries for the exclusive purpose of providing benefits and paying reasonable expenses of administering the TFFR program.

Fiduciary duties include the following:

- a. Duty of loyalty. The obligation to act for the exclusive benefit of the plan participants and beneficiaries. Regardless of how trustees are selected, trustees must put the interests of all plan participants and beneficiaries above their own interests or those of any third parties.
- b. Duty of care. The responsibility to administer the plan efficiently and properly. The duty of care includes consideration and monitoring of the financial sustainability of funding practices and the effective administration of plan benefits in compliance with applicable laws.
- c. Duty of prudence. The obligation to act prudently in exercising power or discretion over the interests that are subject of the fiduciary relationship. A trustee should act in a manner consistent with a reasonably prudent person exercising care, skill, and caution.

### **2. Board Responsibilities**

The TFFR Board of Trustees is responsible for oversight, policy making, and administration of the TFFR plan as provided under NDCC 15-39.1-05.2.

Board responsibilities include:

- a. Establish and monitor policies for the administration of the TFFR plan.

- b. Set legislative priorities and positions, submit legislative proposals, and monitor legislation affecting the plan.
- c. Develop and adopt administrative rules and board policies to administer the plan.
- d. Establish and monitor TFFR plan funding policy and progress.
- e. Establish and monitor TFFR investment policies and asset allocation under NDCC 21-10-02.1.
- f. Select and monitor the performance of consultants, advisors, and service providers for the plan.
- g. Select and monitor actuarial consultant(s) to provide actuarial and technical consulting services including annual actuarial valuations and GASB reports, periodic actuarial experience studies, independent actuarial audits, and other special projects and studies; develop and monitor actuarial funding policy, assumptions, methods, and factors; analyze proposed legislative changes; and advise the Board on actuarial, technical, and administrative issues.
- h. Select and monitor medical consultant to conduct disability reviews.
- i. Select and monitor investment consultant to perform asset allocation and liability studies.
- j. Monitor and pay plan benefits, consulting fees, administrative and investment expenditures.
- k. Administer the plan so as to maintain the plan's qualified status under Internal Revenue Code requirements.
- l. Review and approve applications for disability retirement, Qualified Domestic Relations Orders (QDROs), and other special benefit payments.
- m. Review and decide board appeals.
- n. Determine appropriate levels of service and monitor outreach programs provided to members and ~~employer~~business partners.
- o. Monitor RIO budget, expenditures, financial reporting system, and financial audit.
- p. Monitor RIO information technology systems, projects, and security.
- q. Select TFFR representatives to serve on SIB and monitor investment program activities and fund performance.
- r. Select TFFR representative to serve on SIB Audit Committee and monitor audit program activities.
- s. Inform the ~~State Investment Board (SIB)~~, which is the administrative board of the ~~Retirement and Investment Office (RIO)~~, of the TFFR program needs, policies, and services expected to be provided through RIO.

- t. Participate with the RIO Executive Director in the hiring of the ~~TFFR~~ Chief Retirement Officer – ~~RIO~~ Deputy Executive Director.

## **F. TFFR Board Trustees and Officers – Duties and Responsibilities**

### **1. TFFR Trustee**

Trustees must be willing and able to devote the necessary time to fulfill their duties on the Board. This commitment includes the responsibility to:

- a. Act as a member of a seven-member Board of Trustees to provide leadership, oversee plan administration, and set the strategic direction for the TFFR program.
- b. Prepare for and attend Board and Committee meetings.
- c. Be an informed and active member of the Board, fully participating in the decisions and actions of the Board and its Committees by making independent assessments and reasonable judgments.
- d. Acquire and maintain the knowledge and skills necessary to perform trustee duties.
- e. Follow Board policies and procedures, applicable state and federal laws and rules.
- f. Be accurate when communicating with other trustees, members, beneficiaries, interested parties, the public, and RIO staff.
- g. Act collegially with the other trustees and staff in the conduct of TFFR business.
- h. Bring to the attention of the Board matters of concern that affect the TFFR plan.
- i. Seek the advice of the Executive Director, legal advisor, and other trustees when necessary to fulfill their fiduciary duties.
- j. Comply with the Board's Code of Conduct and Ethics.
- k. Adhere to state law regarding confidentiality of member records and benefits.
- l. Adhere to state law regarding Open Meetings and Open Records.
- m. Evaluate trustee's individual performance and the Board's performance as a whole.

### **2. TFFR Board President**

The Board President's principal role is to lead the Board in the conduct of Board business by managing the affairs of the Board and ensuring the integrity of the Board's process. The Board President must be willing and able to devote the time necessary to fulfill these special responsibilities. This commitment includes the responsibility to:

- a. Convene and preside over all Board meetings in a collegial, fair, and efficient manner following Board policies, procedures, and applicable state laws and rules.

- b. Review and approve the agenda for regular and special Board meetings.
- c. Ensure proper and timely flow of adequate information to the Board.
- d. Solicit input from trustees regarding matters before the Board.
- e. Ensure adequate time is provided for effective study and discussion of business.
- f. Make Committee assignments.
- g. Execute documents and other legal instruments on behalf of TFFR as required by state law, authorized by the Board, or determined in conjunction with the Chief Retirement Officer.
- h. Represent the Board to outside parties and organizations.
- i. Lead the Board's self-assessment and self-development processes.
- j. Perform all other duties identified by the Board.

### **3. TFFR Board Vice President**

The Vice President will perform the duties of the President in the absence of the President.

### **4. TFFR Representatives to SIB**

The TFFR Board selects two trustees to represent TFFR on the SIB. The TFFR Board also selects one trustee as an alternate to serve on the SIB in the absence of either designated representative. TFFR representatives to the SIB must be from the following categories: active or retired members. A third trustee from either category will be appointed to serve as the alternate to the SIB.

The TFFR representatives to the SIB have the same authority and responsibilities as do other SIB trustees as provided in NDCC 21-10 and outlined in the SIB Governance Manual.

### **5. Alternate TFFR Representative to SIB**

The TFFR Board selects one alternate TFFR representative to serve on the SIB.

The Alternate TFFR representative to the SIB will perform the duties of the regular TFFR representative on the SIB in the absence of that trustee.

### **6. TFFR Representative to SIB Audit Committee**

The TFFR Board selects one TFFR representative on the SIB to serve on the SIB Audit Committee, subject to official appointment by SIB Chair.

The TFFR representative on the SIB Audit Committee has the same authority and responsibilities as do other trustees on the SIB Audit Committee which are outlined in the SIB Audit Committee Charter.

## G. State Investment Board

The ~~ND State Investment Board (SIB)~~ is responsible for oversight, policy making, and administration of the SIB investment program as provided under NDCC § 21-10. As such, TFFR assets, as well as other state pension, insurance, and other state funds, are invested by the SIB.

The SIB is composed of thirteen trustees consisting of:

- a. Lt. Governor of the State of ~~ND~~North Dakota.
- b. State Treasurer.
- c. Director of Office of Management and Budget.
- d. Director of Workforce Safety & Insurance.
- e. Commissioner of University and School Lands.
- f. Two TFFR trustees.
- g. Two PERS trustees.
- h. Two members, each of whom by experience is familiar with institutional investments, appointed by the governor. One initial appointee shall serve a term of three ~~–~~years, one initial appointee shall serve a term of five years, and all subsequent appointees shall serve five-year terms.
- i. Two members, one from the senate and one from the house of representatives, or the member's designee, who serve on the legacy and budget stabilization fund advisory board, as selected by that board.

Investment of TFFR assets is based on the asset allocation and investment policy statement approved by the TFFR Board and accepted by the SIB. Funds are invested following the “prudent investor rule” and must be invested exclusively for the benefit of TFFR members.

The SIB is also the governing body of ~~the ND Retirement and Investment Office (RIO)~~.

## Retirement and Investment Office

~~The ND Retirement and Investment Office (RIO)~~ coordinates the activities of the TFFR retirement program and SIB investment program as provided under NDCC 54-52.5. The governing body of RIO is the SIB, although the TFFR Board and SIB each maintain their legal identities and authority under state law.

RIO is responsible for developing the agency budget, providing the staff, and allocating necessary resources to administer both the TFFR and SIB programs, subject to budget approval by the Legislature. The TFFR Board and SIB provide input to RIO Executive Management to ensure retirement and investment program needs, policies, and services are considered.

RIO Executive Director is the administrator of RIO and is responsible for oversight and administration of all RIO programs and operations. RIO Deputy Executive Director – Chief Retirement Officer assists in the administration of RIO and the TFFR retirement program.

RIO is an administrative agency of the State of North Dakota and operates from an office located at 16003442 East Century Avenue, Suite 3 in Bismarck, North Dakota.

## I. Delegation to Staff and Organizational Structure

The TFFR Board delegates administration of the TFFR program to the RIO Executive Director. Daily operations of the program are delegated to the RIO Deputy Executive Director - TFFR Chief Retirement Officer, subject to approval by the RIO Executive Director.

The RIO Deputy Executive Director – TFFR Chief Retirement Officer reports directly to the RIO Executive Director.

## J. Staff - Duties and Responsibilities

### **1. Deputy Executive Director – Chief Retirement Officer**

The RIO Deputy Executive Director – Chief Retirement Officer is hired by the RIO Executive Director, serves in an unclassified position, and is paid such salary as the Executive Director determines. The Board delegates responsibility for administering the TFFR program to the RIO Executive Director, some or all of those duties may be delegated to the RIO Deputy Executive Director – Chief Retirement Officer by the RIO Executive Director. The Board will participate with the Executive Director in the hiring of the Deputy Executive Director-Chief Retirement Officer.

Duties and responsibilities include:

- a. Assist the Executive Director in planning, supervising, and directing overall RIO programs in accordance with the SIB governance policies and state laws and rules, and represent the Executive Director in his/her absence.
- b. Assist the Executive Director in administering the TFFR retirement program in accordance with governing statutes, rules, and TFFR Board policies and perform related work as assigned by the TFFR Board, including interpretation of the state and federal law which governs the retirement program.
- c. Assist the Executive Director in developing annual and long-range plans for the retirement program.
- d. Assist the Executive Director in the development of administrative rules, policies, and procedures necessary to administer the program.
- e. In the absence of or at the direction of the Executive Director, represent the TFFR Board on retirement program issues.
- f. Assist the Executive Director in the direction of TFFR legislative agenda and process.
- g. Maintain effective relationships with TFFR members, beneficiaries, employerbusiness partners, state officials, legislators and legislative committees, member and employerbusiness partner- stakeholder groups, the media, and the public at large.

- h. Work with actuarial consultant, medical consultant, legal counsel, auditor, investment consultant, and other service providers in administering the plan, and in coordination with the Executive Director to keep staff and Board members apprised of consultant services and recommendations.
- i. Assist the Executive Director in the formulation of RIO's budget, including staffing needs, program costs, operating costs, information technology requirements, and resources to assure that retirement program obligations are met.
- j. Assist the Executive Director in the development and preparation of Board and Committee meeting agendas and materials, meeting minutes, required notices, procedures, and applicable rules and regulations of the fund, and attend all Board and Committee meetings.
- k. In coordination with the Executive Director, advise the Board on significant issues, problems or developments pertaining to the plan, and provide recommended courses of action as appropriate regarding Board policy or action.
- l. Maintain the data, records, and files of TFFR members, beneficiaries, and ~~employer~~business partners including membership data, salary, service, contributions, and benefit payments.
- m. Ensure the accurate and timely collection of member and ~~employer~~business partner contributions, maintenance of member accounts, processing of account claims, and payment of pension, disability, ~~death~~death, and refund benefits as allowed under state and federal law.
- n. In the absence of the Executive Director the Deputy Executive Director-Chief Retirement Officer will be responsible for the administration of the TFFR program. In the absence of both the Executive Director and the Deputy Executive Director – Chief Retirement Officer, the TFFR Board may recommend to the SIB that another RIO staff member serve as Interim Deputy Executive Director- Chief Retirement Officer.

## **2. Executive Director**

The Executive Director (ED) is hired by the SIB, serves in an unclassified position at the SIB's pleasure, and is paid such salary as the SIB determines.

Duties and Responsibilities include:

- a. Administer the investment and retirement programs of RIO, oversee planning, supervising, and directing overall RIO programs in accordance with SIB and TFFR governance policies, federal and state laws, and rules, and perform related work as assigned by the SIB and TFFR Board.
- b. Responsible for the developing the annual, ~~biennial~~biennial, and strategic long-range plans for RIO and both the SIB and TFFR Board.
- c. Develop administrative rules, ~~policies~~policies, and procedures necessary to administer the retirement and investments programs and seek committee and board approval for changes when appropriate.



- d. Direct the preparation and execution of the RIO budget and legislative agenda for the agency and both the SIB and TFFR boards.
- e. Represent RIO, promote RIO programs, and has the authority and responsibility to carry out the day-to-day administrative duties for RIO including developing and approving policies relating to the effective operation of the Office.
- f. Develop and prepare or direct the preparation of agendas and materials, meeting minutes, required notices, procedures, and applicable rules and regulations for the retirement and investment programs and attend all meetings of the SIB and TFFR Board and corresponding committees.
- g. Hire staff as necessary to carry out the responsibilities of RIO. Provides leadership, coaching and feedback to assigned staff, recommending measures to improve performance and increase efficiency.
- h. The TFFR Board will participate with the Executive Director in the hiring of the Deputy Executive Director-Chief Retirement Officer and participate in any surveys conducted by the SIB – Executive Review and Compensation Committee for executive team members.
- i. Maintain effective relationships with clients, members, beneficiaries, employerbusiness partners, state officials, legislators and legislative committees, member and employerbusiness-partner stakeholder groups, the media, and the public at large relevant to both the retirement and investment programs.
- j. Advise the SIB and TFFR Board on significant issues, problems or developments pertaining to the plan, and provide recommended courses of action as appropriate regarding Board policy or action.

## K. Service Providers – Duties and Responsibilities

### 1. Actuary

The TFFR Board is responsible for selecting and monitoring the actuarial consultant for the plan.

Duties and responsibilities include:

- a. Provide actuarial and technical consulting services for the plan.
- b. Prepare annual actuarial valuation and GASB reports, periodic actuarial experience studies, and other special projects and reports.
- c. Develop and monitor actuarial funding policy, assumptions, methods, factors, etc.
- d. Analyze proposed legislative changes.
- e. Advise the Board on actuarial, technical, and administrative issues.

The Board utilizes a request for proposal (RFP) process to periodically select and approve the plan's consulting actuary. It is the Board's intent to issue RFP's every 6 to 10 years, however the timing may be adjusted at the Board's discretion.

The Board monitors actuarial costs and services and may extend the actuarial consulting service contract for 2-year terms, as approved by the TFFR Board.

The Board also hires an independent actuary to periodically perform an actuarial audit of the plan's consulting actuary. The Board utilizes an RFP process to select and approve the plan's actuarial auditor.

## **2. Medical Consultant**

The TFFR Board is responsible for selecting and monitoring a medical consultant for the plan to conduct disability reviews, disability re-certifications, and perform other medical reviews as necessary.

The Board monitors medical consulting costs and services and may extend the medical consulting contract for 2-year terms, as approved by the TFFR Board. The Board may delegate this responsibility to the Executive Director.

## **3. Legal Counsel**

The ~~ND~~North Dakota Attorney General's Office (AGO) provides legal services to the TFFR Board and staff. The AGO assigns an assistant attorney general to advise the Board on legal issues related to plan administration.

Duties and Responsibilities include:

- a. Represent the Board and staff in all legal matters.
- b. Draft proposed legislation, administrative rules, and other legal documents.
- c. Review and advise on retirement program issues.
- d. Research and interpret state statutes and federal regulations.
- e. Review Board policies, procedural issues, contracts, and other legal documents.
- f. Respond to legal questions from staff, members, ~~employer~~businesss partners, and other individuals.
- g. Advise and educate the Board and staff on legal matters that relate to the administration of the retirement system including Board appeals, fiduciary duties, ethics, open records and meetings, potential litigation, and other legal issues.
- h. Work with staff from the AGO in representing the retirement plan in administrative hearings, litigation, and other matters involving the AGO.
- i. Work with outside legal counsel on application of Internal Revenue Code technical requirements and plan qualification issues.

## **4. Auditor (External financial)**

The ~~ND~~North Dakota State Auditor's Office selects the external financial auditor for RIO, with input from the SIB Audit Committee.

Duties and Responsibilities include:

- a. Perform annual audit of RIO's financial statements.
- b. Perform annual audit of TFFR's GASB 68 schedules.
- c. Provide report on internal controls and compliance.
- d. Provide required written communications.

Results of the annual financial audit are reported directly to SIB Audit Committee and communicated to the TFFR Board in conjunction with annual audit services report.

## **5. Investment Consultant, Managers, and Advisors**

The SIB is responsible for investment of TFFR trust fund assets, and selects the investment consultant, managers, custodian, and advisors for the SIB program.

The governing body of each fund invested by the SIB is required to use RIO staff and consultants in developing asset allocation and investment policies. The TFFR Board has contracted with the SIB investment consultants to perform asset allocation and liability modeling studies in the past.

## **L. Election of TFFR Board Officers and SIB trustee positions**

### **1. Board Officers**

The TFFR Board will elect the following Board officers each year. Any trustee may serve as a TFFR Board officer.

- Board President
- Board Vice President

The TFFR Board will select the following representatives to the SIB each year. Any trustee may serve as a TFFR representative to the SIB, except the State Treasurer is required to be an ex officio member of both the TFFR Board and SIB so may not be selected as a TFFR representative to the SIB.

- Two TFFR representatives to SIB
- One TFFR alternate representative to SIB
- One TFFR representative to SIB Audit Committee (from SIB)
- Three Board members to serve on the TFFR Governance & Policy Review Committee.

### **2. Election Procedure**

The TFFR Board will elect the Board officers, TFFR representatives to the SIB, and members of any committees, at the first regular Board meeting immediately following July 1 of each year. There must be a quorum of four board members in attendance to elect officers.

Four affirmative votes are required to elect.

### **3. Term**

Board officers and TFFR representatives to SIB will hold office for one year, or until their successors are elected.

There is no limit to the number of years a trustee may hold office.

#### 4. Vacancies

A Board officer or TFFR representative to the SIB may resign from their position by providing written notice to the Board and Chief Retirement Officer.

Board officer or TFFR representative to the SIB vacancies that occur before the expiration of a term will be filled by the Board at the next regular meeting of the Board following the vacancy.

### M. Board and Committee Meetings

#### 1. Open Meetings

All Board and Committee meetings are open to the public in accordance with [NDNorth Dakota](#) Open Meetings laws pursuant to NDCC 44-04-17.1.

Meetings include any gathering of a quorum of the members of the Board (four members constitute a quorum for TFFR Board) regarding public business, and includes committees, subcommittees, informal gatherings or work sessions, and discussions where a quorum of members are participating by phone or any other electronic communication (either at the same time or in a series of individual contacts).

Emails or text messages between Board members regarding public business may constitute a meeting and violate open meeting laws even if done on personal devices under circumstances and within the parameters established by the [NDNorth Dakota](#) Office of Attorney General.

Training seminars and purely social gatherings attended by a quorum of the Board or Committee are not meetings, however, as soon as the members discuss any public business, it becomes a meeting.

#### 2. Rules of Order

All Board and Committee meeting will be conducted in accordance with Robert's Rules of Order Newly Revised, except as superseded by state law and Board governance policies.

#### 3. Meeting Schedule

The Board will hold meetings as often as necessary for the transaction of business but will conduct a minimum of six Board meetings each year.

The Board will approve an annual Board meeting schedule identifying the time, date, and location of regular Board meetings. Board meetings will generally be scheduled for the Thursday afternoon preceding SIB meetings beginning in July of each year unless a different day is determined. (Note: SIB meetings are generally scheduled for the 4th Friday of each month.) The Board or Board President may modify this schedule, if needed. ~~This schedule must be filed annually with the Secretary of State's office.~~

The Board President, or any two members of the Board, may call for special or emergency Board meetings.

At the July Board meeting each year, the Board will elect officers, review governance and program policies, and develop the annual board agenda and education plan.

The Board may hold an annual Board retreat, either on-site or off-site, to focus on board development, strategic planning, legislative planning, developments in public pension administration, and other topics as determined by the Board. A Board Retreat must also be noticed as a meeting of the Board.

#### 4. Meeting Notice

Public notice of all Board and Committee meetings is made in accordance with state law pursuant to NDCC 44-04-20.

Meeting notices are posted on the Secretary of State website, RIO public website, RIO office, and the meeting location.

#### 5. Meeting Agendas

An annual schedule of agenda topics, reports, and education items for each regular board meeting will be developed by the Executive Director and approved by the Board. The annual schedule will also include review of the Board Governance Manual over several meetings.

Board meeting agendas will be prepared by the Executive Director and approved by the Board President using the annual schedule as a basis for topics to be included on each regular meeting agenda. Additional topics may be added by the Executive Director, Chief Retirement Officer, Board President, and Board trustees subject to approval by the Board President.

The meeting agenda should contain enough detail so trustees, members, interested parties, and the general public can understand the nature of each agenda item.

Any individual or organization who desires to appear on the agenda of a Board or Committee meeting must notify the Executive Director in writing at least ten working days prior to the meeting date. The request must include the reason or topic to be discussed with the Board. Subject to approval by the Board President, the individual will be placed on a Board meeting agenda.

Regular Board meeting agendas may be added to or altered at the time of the meeting. For special or emergency meetings, only the specific topics included in the meeting notice may be discussed.

The meeting agenda will identify if the item requires Board action, information only, consent agenda, or executive session. The agenda will also note the estimated amount of time expected for each topic.

- a. **Action** items on the agenda contain information that require Board discussion and vote (annual reports, policy changes, benefit determinations, legislative positions, etc.)
- b. **Information** only items contain information that it is important for the Board to know, but do not require Board action or a Board vote (project updates, status reports, education, etc.)

- c. **Consent agenda** items will primarily consist of approval of disability applications, QDROs, employer/business partner reviews, or other routine administrative matters that require Board action as recommended by staff, but which typically do not require Board discussion. Trustees may request any item to be removed from the Consent agenda to allow for Board discussion and action.
- d. If an **Executive session** is required or anticipated, the Executive session must be listed as an agenda item (i.e., confidential member information, attorney consultation, etc.)

## 6. Meeting Materials

The Executive Director will coordinate the preparation of Board meeting materials and develop an Executive Summary.

Meeting materials will generally be sent to trustees 5-7 days before the meeting, unless otherwise indicated.

Materials will be posted on the public RIO website, except for Executive Session or confidential items which will be sent via secure email to the trustees only.

## 7. Meeting Attendance and Quorum

Attendance at Board meetings is an essential element of a trustee's fiduciary responsibility. Therefore, Board members are expected to attend all Board and applicable Committee meetings.

Board members may attend meetings in person, by telephone or video conference.

A quorum of four members must be present for the Board to conduct business.

Board members should come to meetings having read the materials prepared and circulated by staff and/or consultants.

Board members should be inquisitive, and should appropriately question staff, advisors, and fellow trustees as circumstances require.

Board members should conduct themselves with integrity and dignity, always maintaining the highest ethical conduct.

Board members should make every effort to engage in collegial deliberations and to maintain an atmosphere in which trustees can speak freely and explore ideas before becoming committed to positions.

## 8. Voting

Voting on matters before the Board will be by roll call vote, except for procedural matters.

Board members have a duty to vote unless there is an applicable statute that would require or permit abstention.

Each Board member is entitled to one vote. Proxy voting is not allowed.

Four members constitutes a quorum.

Four votes are required for resolution or action by the Board.

Board minutes will show the recorded vote of each Board member.

## **9. Public Access and Comment**

All Board and Committee meetings are open to the public and all persons who wish to attend may do so in accordance with ~~ND~~[North Dakota](#) Open Meeting laws, NDCC 44-04-17.1.

Public participation or comments during Board meetings may be allowed and limited to reasonable time limits at the discretion of the Board President as follows:

- a. By written request to appear on a Board meeting agenda.
- b. By written request to speak on a specific Board meeting agenda topic.
- c. By written request to speak on any TFFR related topic which is not on a regular Board meeting agenda.
- d. By submitting a letter or written document for distribution to the Board.

*See TFFR Board Public Participation Guidelines (Exhibit 2).*

## **10. Executive Sessions**

The Board or Committee may conduct business in Executive Session only as permitted by state law, NDCC 44-04-19.2. Executive sessions shall be presided over by the Board President or Committee Chair.

Only the portions of a public meeting that are specifically confidential or exempt from the Open Meetings law may be closed to the public and held in Executive Session. The remainder of the meeting must be open to the public.

## **11. Closed Meeting Procedures**

State law specifies the following general procedure for holding an executive session.

- a. Convene meeting in an open session preceded by public notice.
- b. Announce during the open portion of the meeting the topics to be considered during the executive session and the legal authority for holding an executive session on those topics.
- c. Pass a motion to hold an executive session unless motion is unnecessary because a confidential meeting is required to discuss confidential information.
- d. Record the executive session electronically.
- e. Limit the topics considered during the executive session to the announced, authorized topics.
- f. Take final action on the topics considered in the executive session during the open portion of a meeting.
- g. All substantive votes must be recorded by roll call.

## 12. Meeting Minutes and Records

Minutes will be taken at all Board and Committee meetings and presented for approval at the next regular meeting. ~~The Board President or Committee Chair will sign the minutes after Board approval.~~

At a minimum, minutes must include:

- a. The names of the members attending the meeting.
- b. The date and time the meeting was called to order and adjourned.
- c. A list of topics discussed regarding public business.
- d. A description of each motion made at the meeting and whether the motion was seconded.
- e. The results of every vote taken at the meeting; and
- f. The vote of each member on every recorded roll call vote.

Approved meeting minutes will be made available on the RIO-TFFR website, or upon request. Meeting minutes and records of the Board and Committee activities and actions will be maintained as required by state law.

## 13. Meeting Payment and Travel Expense Reimbursement

Board members, excluding ex-officio members, will receive compensation and travel expenses for attending Board and Committee meetings as provided in state law, NDCC 15-39.1-08.

Board members will be paid \$148 for each Board or Committee meeting attended. Board members will be paid the full amount for each meeting attended that lasts for two or more hours. Meetings lasting less than two hours will be paid at one half the amount. Mileage and travel expense reimbursement will be paid as provided in state law.

Board members may not lose regular salary, vacation pay, vacation or any personal leave, or be denied attendance by the state or political subdivision while serving on official business of TFFR.

To receive meeting payment, Board members must complete a ~~travel expense form~~ Board Meeting Payroll & Expenses form SFN62436 and submit it to RIO. ~~See RIO Board Meeting In-State Travel Expense Voucher (Exhibit 3).~~

## N. Committees

### 1. Standing Committees

The TFFR Board may establish permanent standing committees. The TFFR Board has created a permanent standing Governance and Policy Review Committee.

- a. POLICY OF THE TFFR BOARD – Governance & Policy Review Committee  
The Governance & Policy Review Committee is authorized to:
  - Review and recommend policies for the governance manual.
  - Ensure the governance manual reflects best practices and governance.
  - As directed by the board, review specific governance concerns, and make recommendations for improvement.
  - Request RIO staff for specific topic training or education



## 2. Special Committees

The Board may establish special ad hoc committees as needed to carry out duties specified by the Board.

The Board President will appoint the Committee Chair and Committee members for special committees.

Committee Chairs are responsible for organizing the work of the Committee. In fulfilling this function, Committee Chairs:

- a. Schedule Committee meetings as often as necessary.
- b. Consult with the Executive Director or designee in setting the meeting agenda in accordance with the Committee's delegated responsibilities.
- c. Conduct Committee meetings in a collegial, fair, and efficient manner following Board policies, procedures, and applicable state law such as the open meetings law.
- d. Ensure the Committee operates to assist the Board consistent with its delegation.
- e. Provide Committee updates and reports to the Board.

When the Committee's duties are completed, the Committee automatically ceases to exist.

## 3. Audit Committee

The SIB Audit Committee also functions as the Audit Committee for the TFFR Board since the SIB is the governing body of the RIO agency and RIO administers both the TFFR retirement program and SIB investment program.

The TFFR Board selects one TFFR representative on the SIB to serve on the SIB Audit Committee, subject to official appointment by SIB Chair. This representative will act as the TFFR Board's liaison to the SIB Audit Committee.

The TFFR Board's representative on the SIB Audit Committee and/or the Audit Supervisor, will provide Audit Committee updates and monitoring reports to the Board.

## O. Board Appeals

Any member, beneficiary, ~~employer~~business partner, or affected individual may appeal a determination made by the Executive Director or designee 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 Executive Director or designee 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 agency 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 ~~AC § Administrative Code Chapter~~ 82-10 and ND ~~Century Code Chap. §~~ 28-32.

## P. Board Communications

The TFFR Board President and Executive Director; or Deputy Executive Director – Chief Retirement Officer in the absence of or at the direction of the Executive Director; 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, ~~employer/business partners~~, and the public should be referred to the Communications Director or other ~~Retirement and Investment Office~~ RIQ staff to provide more detailed information about the retirement program.

## Q. Trustee Orientation and Education Program

Trustees are responsible for making policy decisions affecting all major aspects of TFFR plan administration. Therefore, trustees should acquire and maintain an appropriate level of knowledge that provides and improves core competencies necessary to govern a large, complex pension fund.

### 1. Board Member Core Competencies

Board members should develop and maintain their knowledge and understanding of the issues involved in the prudent management of the retirement plan. Specific areas include:

- a. Public pension plan governance
- b. Asset allocation and investment management
- c. Actuarial principles and funding policies
- d. Financial reporting, controls, and audits
- e. Benefits administration
- f. Open meeting and open records laws
- g. Fiduciary responsibilities
- h. Ethics and conflicts of interest

### 2. Board Member Education

To permit Board members to develop core competencies, discharge their fiduciary duties, and ensure Board members have a full understanding of the issues facing the TFFR plan, the Board encourages trustee education including:

- a. New trustee orientation
- b. Mentoring program
- c. Educational conferences, workshops, and other training programs
- d. In-house education sessions
- e. Fiduciary education and ethics training

- f. Open meeting and open records training
- g. Webinars, Reports, and Studies

Board members should identify areas in which they might benefit from additional education, and work with the Executive Director to find or develop educational opportunities to best address those needs.

Board members must annually report trustee education received each year. See *TFFR Board Education Report Form* ~~-(Exhibit 4)-~~.

### **3. New Trustee Orientation**

Each new Board member should attend a new trustee orientation session(s) as soon as possible after appointed to the Board or elected to office. The orientation sessions will be developed by the Executive Director, and will include, at minimum, review of the following topics and materials:

- a. Introduction to RIO staff
- b. Tour of RIO office
- c. Board Governance Manual
- d. Board duties and responsibilities
- e. History and overview of the plan
- f. Overview of TFFR-SIB-RIO organizational structure
- g. Laws, rules, and board policies governing the plan
- h. Benefit structure, administration, outreach services
- i. Fiduciary responsibilities, conflict of interests, and ethics
- j. Open meetings and open records
- k. Board meeting schedule and protocol
- l. Board meeting minutes and materials
- m. Actuarial valuation report, assumptions, methods, and funding policy
- n. Actuarial experience report
- o. Actuarial audit report
- p. Annual financial report
- q. Investment program, investment policy statement, asset allocation, and performance
- r. RIO website – TFFR and SIB sections
- s. Legislative issues
- t. List of educational conferences and training sessions
- u. Other relevant information or materials deemed appropriate

### **4. Mentoring Program**

The Board President will assign each new trustee an experienced Board mentor to assist the new trustee in becoming familiar with Board responsibilities. The Board mentor should have at least two years of experience on the Board.

The Board mentor should contact the new Board member periodically outside of regularly scheduled Board meetings for consultation or discussion related to Board member duties and responsibilities. The new Board member should contact the Board mentor as often as necessary.

Appointment of a Board mentor does not constitute appointment of a committee and does not implicate open meeting notice requirements.

## **5. Educational Conferences, Workshops, and other Training Programs**

The Executive Director or designee will maintain a list of educational conferences, workshops, and other training programs appropriate for Board members to attend. The list will be provided at least annually to Board members. Board members may attend such conferences or others deemed to be appropriate by the Executive Director.

Subject to budget availability, Board members may attend at least one out of state educational conference each year. New trustees, or trustees with investment or other specialized Board responsibilities, may attend additional educational training sessions to help develop core competencies and become proficient in performing their duties.

The Executive Director will review conference agendas and materials to ensure they are geared toward trustee education, and subject to budget availability, will approve Board travel requests. Board travel outside of the continental United States must be approved by the Board President and Executive Director.

Any Board member who attends a conference, workshop, or other training program will present an oral report to the Board.

The Executive Director will inform the Board of educational conferences, workshops, or other training programs attended by trustees on an annual basis.

## **6. In-House Education Sessions**

Based on the education needs identified by Board members, the Executive Director will arrange for staff or outside service providers to conduct educational sessions at regularly scheduled Board meetings. Topics may include pension board governance, actuarial and funding issues, investments, retirement operations and benefits, workforce demographics and shortages, and other topics determined by the Board.

## **7. Fiduciary Education and Ethics Training**

At least every two years, a fiduciary education and ethics training session will be conducted at a regularly scheduled Board meeting. The session will review and update trustees regarding fiduciary issues and ethical conduct affecting their service on the Board.

## **8. Open Meetings and Open Records Training**

At least every two years, an open meetings and open records training session will be conducted at a regularly scheduled Board meeting. The session will review and update trustees regarding open meetings and open records requirements affecting their service on the Board.

## **9. Webinars, Reports, and Studies**

Board members are encouraged to subscribe to mailing lists and review websites for information about public pension plan conferences, webinars, reports, and studies from pension and investment organizations. Examples include:

- a. National Council on Teacher Retirement (NCTR)
- b. National Institute on Retirement Security (NIRS)
- c. National Education Association-Retired (NEA-R)
- d. National Retired Teachers Association (NRTA-AARP)
- e. International Foundation for Employee Benefit Plans (IFEBP)
- f. Center for State and Local Government Excellence (SLGE)
- g. Center for Retirement Research at Boston College (CRR)
- h. Callan Investment Institute (Callan)
- i. Council of Institutional Investors (CII)

The Chief Retirement Officer will also provide links to recent published reports and studies with Board meeting materials.

## 10. Reimbursement of Education Expenses

Trustees must request approval for travel to educational conferences or other educational programs. Trustees should notify the Chief Retirement Officer of their interest in attending an educational conference or other program. RIO will complete the travel authorization form which must be signed by the trustee and approved by the Executive Director. See ~~ND~~North Dakota *Authorization for Out of State Travel* ~~(Exhibit 5)~~.

RIO will make all travel arrangements and pay conference registration fees, unless otherwise agreed to by the Chief Retirement Officer and trustee.

Payment of travel-related expenses for trustee education will be in accordance with state of ~~ND~~North Dakota travel policies. Trustees will be reimbursed for travel related expenses including lodging, meals, transportation, etc. In order to receive reimbursement, a trustee must complete an expense form and attach receipts as required. See *RIO Travel Authorization Form*~~*RIO Conference Expense Voucher—Board Members*~~ ~~(Exhibit 6)~~.

## ~~R. Code of Conduct, Ethics, and Conflicts of Interest—~~Board Members' Code of Conduct

~~The following will be the Code of Ethical Responsibility for the~~Following is the Code of Conduct, Ethics, and Conflicts of Interest policy for the TFFR Board of Trustees:

~~1.~~ Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety but also the appearance of impropriety.

~~—~~ Board members ~~shall~~ should perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and regulations and to refrain from any form of dishonest or unethical conduct. Board members should be unswayed by partisan interest, public sentiment, or fear of criticism.

~~2.~~  
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members must not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members must refrain from financial and business dealings that tend to reflect adversely on their duties. If a conflict of interest unavoidably arises, the board member shall immediately disclose the conflict to

the board. A board member must abstain in those situations where the board member is faced with taking some official action regarding property or a contract in which the board member has a personal interest. Conflicts of interest to be avoided include but are not limited to: receiving consideration for advice over which the board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the board, and participation in any transaction involving for which the board member has acquired information unavailable to the general public, through participation on the board. -

1. "Conflict of Interest means a situation in which a board member has a conflict of interest as that term is defined in North Dakota statute and rules promulgated by the North Dakota Ethics Commission under N.D.A.C. Chapter 115-04-01.

~~4.—The board should not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.~~

~~5.2. Board members shall abide by NDCC 21-10-09, which reads: "No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor."~~

~~6.3.~~ Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.

~~7. Political contributions are regulated under NDCC 16.1-08.1-03 and are not restricted under this policy.~~

4. All activities and transactions performed on behalf of public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.

~~8.—Prohibited transactions are those involving self-dealing. Self dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are adverse to the plan; or receiving personal consideration in connection with any planned transaction. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are averse to the plan; or receiving personal consideration in connection with any planned transaction.~~

9.5. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Bboard.

~~10.6.~~ Board members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise. See *TFFR Code of Conduct Annual Affirmation (Exhibit 7)*6

~~11.7.~~ RIO Deputy Executive Director- Chief Retirement Officer is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

~~12.8.~~ RIO Executive Director is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

## **S. Strategic Planning**

The Board and RIO Executive Director will work collaboratively to develop a long-term strategic plan which may:

1. Identify and prioritize TFFR program issues and initiatives.
2. Assess the strengths, weaknesses, opportunities, and threats for TFFR.
3. Focus resources on high value activities.
4. Develop strategies to address priorities.
5. Monitor the progress and implementation of the strategic plan.
6. Work with RIO to ensure adequate resources are in place to support the successful execution of the plan.

## **T. Board Policy Approval Process**

Board governance and program policies may be adopted or amended from time to time based on the following process.

New policies or policy amendments may be proposed by RIO staff or a Board member. The Executive Director shall maintain an internal agency process for the development and presentation of staff recommendations. All new policies or amendments must be submitted to the Board's legal counsel at the Attorney General's office for review prior to Board approval.

Upon request of RIO staff or a Board member, a new policy or amendment shall be placed on the Board's agenda for action as follows:

1. Introduction and first reading. A brief explanation or summary of the new policy or amendment shall be presented to the Board. Upon approval of introduction and first reading, the policy shall be placed on the agenda of the next scheduled meeting of the Board for second reading and adoption. When appropriate, the policy shall be distributed to interested parties.
2. Second reading and adoption. Interested parties and the public shall be allowed an opportunity to comment on the policy or amendment before final action by the Board. The policy shall take effect immediately following second reading and adoption by the Board unless a different effective date is stated.
3. Amendments. Amendments may be proposed at any time before final adoption of the policy. Upon determination by the Board that adoption of an amendment constitutes a substantive change that significantly changes the meaning or effect of the policy, the Board shall continue consideration of second reading and adoption to the next meeting to permit further review and comment.

4. Emergency measures. Upon determination that an emergency or other circumstances calling for expeditious action exists; the Board may waive the requirement of a second reading and immediately approve the new policy or amendment following introduction and first reading.

Board policies will be reviewed at least annually, or more often as needed.

## U. Board Self-Assessment

On an annual basis, the Board will engage in a self-assessment process to evaluate the trustee's individual performance and the Board's overall performance. The Board President is responsible for overseeing implementation of this assessment, with assistance of the Executive Director and Supervisor of Audit Services.

Individual Trustee and Overall Board Assessments may contain topics including:

1. Board and staff roles.
2. Board and Committee structure.
3. Board meetings.
4. Policy making and reviews.
5. Financial management practices.
6. Pension plan administration practices.

*See TFFR Board Self- Assessment (Exhibit 8 Process and Survey to Be Developed).*

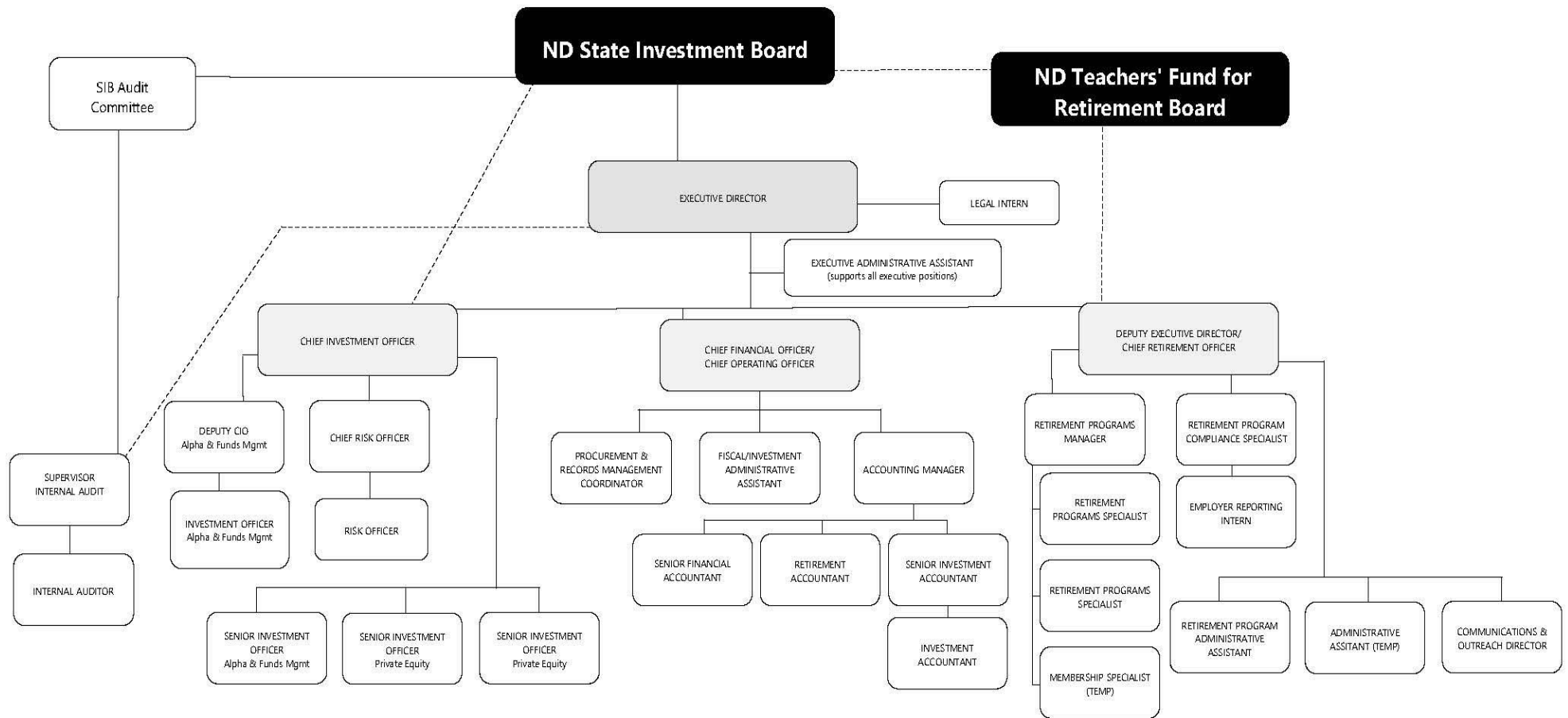
**Board Governance Policies Approved** \_\_\_\_\_  
**Date**



## Board Governance Section Exhibits

### 1. RIO Organizational Chart

## RETIREMENT AND INVESTMENT OFFICE ORGANIZATIONAL CHART



## 2. TFFR Board Public Participation Guidelines



Teachers' Fund For Retirement  
RETIREMENT & INVESTMENT

### TFFR Board Meeting

### Public Participation Guidelines

All TFFR Board and Committee meetings are open to the public and all persons who wish to attend may do so in accordance with ~~ND~~[North Dakota](#) Open Meetings laws, NDCC 44-04-17.1.

The Board is responsible for oversight, policy making, and administration of the TFFR plan. The Board may seek public input to assist in making decisions, but time spent answering routine questions or criticisms must not be taken from Board business. Generally, if an individual has a question or concern about the operation of the TFFR program or a specific member or ~~employer~~[business partner](#) issue, he/she is encouraged to contact the Executive Director or Chief Retirement Officer to get the needed response directly.

Although there is no legal requirement that the public be given an opportunity to speak at TFFR Board meetings, it is the Board's policy that public participation or comments during Board meetings may be allowed and limited to reasonable time limits at the discretion of the Board President. (See TFFR Board and Committee Meetings – Public Access and Comment, Policy M-9.)

**Subject to approval of the Board President, public participation or comments may be provided to the Board as follows:**

- 1) **By written request to appear on a Board meeting agenda.** The request must include the topic to be discussed and must be provided to the Executive Director at least ten working days prior to the meeting date.
- 2) **By written request to speak on a specific Board meeting agenda topic at the meeting.** The request must include the topic to be discussed and must be provided to the Executive Director at least two hours prior to the meeting.
- 3) **By written request to speak on any TFFR related topic which is not on a regular Board meeting agenda under "Other Business."** The request must include the topic to be discussed and must be provided to the Executive Director at least two hours prior to the meeting.
- 4) **By submitting a letter or written document** to the Executive Director for distribution to the Board.

#### **SPEAKER INFORMATION**

- Speaker should stand (if able to do so) and be recognized by the Board President.
- Speaker should state Name and Organization Representing (if applicable).
- Speaker should state agenda number and topic which the speaker will address.
- 5-minute time limit for speaker unless additional time is allowed by Board President.
- No undue interruption, disorderly conduct or remarks made out of order.
- No charges or complaints against staff will be allowed.
- Questions and comments by the Board and Executive Director will be allowed.
- Board or Staff response to the Speaker's remarks will be allowed but is not required.

**TFFR BOARD**  
**PUBLIC PARTICIPATION REQUEST FORM**

Date and Time Submitted \_\_\_\_\_

Name \_\_\_\_\_

Organization Representing (if applicable) \_\_\_\_\_

Contact Information (phone number, email, or mailing address) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Topic or Agenda Item \_\_\_\_\_

~~RIO Board Meeting In-State Travel Expense Voucher~~

**RETIREMENT AND INVESTMENT OFFICE**  
**Board Meeting Travel Expense Voucher**

**MEETING ATTENDED:**

- ☐ TFFR  
☐ SIB  
☐ Audit Committee  
☐ Securities Litigation Committee  
☐ Executive Review & Compensation Committee  
☐ TFFR Governance & Policy Review Committee  
☐ SIB Governance & Policy Review Committee  
☐ SIB Investment Committee

Name (please print)

Date

Date

Date

Date

Date

Date

Date

Date

Time

Office Use

**TRAVEL EXPENSES**

**MEALS (Reimbursed at state rate effective 8/1/15):**

Date \_\_\_\_\_ ☐ Breakfast (1st Qtr - 6am) \$9.00  
☐ Lunch (2nd Qtr - Noon) \$14.00  
☐ Dinner (3rd Qtr - 6pm) \$22.00  
Date \_\_\_\_\_ ☐ Breakfast (1st Qtr - 6am) \$9.00  
☐ Lunch (2nd Qtr - Noon) \$14.00  
☐ Dinner (3rd Qtr - 6pm) \$22.00

Date \_\_\_\_\_ ☐ Breakfast (1st Qtr - 6am) \$9.00  
☐ Lunch (2nd Qtr - Noon) \$14.00  
☐ Dinner (3rd Qtr - 6pm) \$22.00  
Date \_\_\_\_\_ ☐ Breakfast (1st Qtr - 6am) \$9.00  
☐ Lunch (2nd Qtr - Noon) \$14.00  
☐ Dinner (3rd Qtr - 6pm) \$22.00

**MILEAGE (Round trip):**

FROM: \_\_\_\_\_

TO: \_\_\_\_\_

Total Miles: \_\_\_\_\_ @65.5¢/mile Effective 1/1/2023

**LODGING (Attach Receipts - reimbursed at actual cost up to \$88.20/night + tax)**

Effective 10/1/22:

Number of Nights: \_\_\_\_\_

**MISCELLANEOUS (Attach Receipts):**

Telephone Calls \_\_\_\_\_  
Taxi, car rental, etc \_\_\_\_\_  
Other \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

Office Use
521020/521035 Total Meals \$ _____
521030 Total Mileage \$ _____
521015 Total Lodging \$ _____
Total Misc. \$ _____
TOTAL TRAVEL \$ _____

8/22/2023



## INSTRUCTIONS FOR THE TRAVEL EXPENSE VOUCHER

**Be sure to “Tab” from one field to another, rather than using the mouse.**

Month – Enter the month of travel.

Year – Enter the year of travel.

Department Name – Enter the name of your Agency.

Official Position – Enter your job title.

Employee Name – Enter your name.

Employee ID – This number is assigned by payroll.

Business Unit – Your agency's 5-digit number.

Fiscal Month – Enter the fiscal month.

Biennium – Enter the biennium.

Day - Enter the day of the month in which the activity occurred.

Points Covered By Travel – Enter the departure/destination points.

Hour – Enter the departures and arrival time for the actual travel day (example: 7:00 am).

Vehicle Miles – Enter the number of vehicle miles traveled. If you have in state and out of state miles, separate them and list them on separate lines.

Ref – Enter an “I” for in-state travel or an “O” for out-of-state travel. **If this is not entered, the form will not calculate correctly.**

Comm'l Air Trans. – Enter the amount of commercial air transportation.

Ref – Enter an “I” for in-state travel or an “O” for out-of-state travel. **If this is not entered, the form will not calculate correctly.**

Taxi & Other Air Trans. – Enter taxi fares and any other air transportation.

Ref – Enter an “I” for in-state travel or an “O” for out-of-state travel. **If this is not entered, the form will not calculate correctly.**

Misc. Exp – Enter your other expenses that do not belong in any other column. Explain these expenses in the “Purpose of Travel and Explanation of Expenses” section.

Meals In State – Enter the dollar amount of the meals in state.

Meals Out of State – Enter the dollar amount of the meals out-of-state.

Ref – Enter a “T” if your meals are taxable. Meals are taxable if no overnight stay is involved.

Lodging in State – Enter the dollar amount of lodging in state.

Lodging Out of State – Enter the dollar amount of lodging out-of-state.

Purpose of Travel and Explanation of Expenses – Enter the reason for travel and any explanations for your miscellaneous expenses.

The amounts entered in the top section of the form will automatically be totaled and filled in the appropriate fields of the middle section, as long as the correct reference codes were entered and you used the tab key to navigate between fields. The only exceptions are the following two fields:

Vehicle Miles in State – Calculates the total vehicle miles traveled within the state. You will need to enter the current rate. The total will then automatically calculate.

Vehicle Miles out of State – Calculates the total vehicle miles out of state. You will need to enter the current rate. The total will automatically calculate.

Total Expenses – Calculates the total expenses automatically.

Ref. Doc. No. of Advance – Enter the document number if you received a travel advance and the dollar amount.

Net Expenses – Calculates the net expenses automatically.

Print two copies of the Travel Expense Voucher.

Sign one copy, attach all of your receipts, and submit it for approval. Once approved and forwarded to accounting, the bottom fields will be cost-coded and entered. Remember to keep copies of the receipts for yourself as well.

### 4. 3. TFFR Code of Conduct Annual Affirmation



## MEMORANDUM

**TO:** TFFR Board  
**FROM:** Name, Title  
**DATE:** Month ##, YYYY  
**RE:** Annual Affirmation of Code of Conduct Policy

The *TFFR Board Members' Code of Conduct and Ethics Policy*, which is attached to this memorandum, details the Code of Ethical Responsibility for the TFFR Board. Item #11 of this policy indicates that each Board Member is required to reaffirm their understanding of this policy annually and disclose any conflicts of interest. Therefore, please read and sign the statement below to comply with this requirement.

*"I have read and understand TFFR Board Members' Code of Conduct and Ethics Policy. I have disclosed any conflicts of interest as required by this policy."*

Name (printed) \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Detail of any conflicts of interest (if any):



## SECTION II: —TFFR Program Policies

### A. Investment Policy Statement

#### 1. Plan Characteristics and Fund Constraints

The ~~North Dakota Teachers' Fund for Retirement~~ (TFFR) is a successor pension benefit plan to the Teachers' Insurance and Retirement Fund (TIRF). TIRF was established in 1913, 24 years after North Dakota became a state, to provide retirement income to all public school and certain state teachers and administrators in the state of North Dakota. TIRF became TFFR in 1971. The plan is administered by a seven-member Board of Trustees comprised of: two active teachers, two retired teachers and one school administrator appointed by the Governor of North Dakota and two elected officials - the State Treasurer and the State Superintendent of Public Instruction.

The plan is a multi-~~employer~~business partner defined benefit public pension plan that provides retirement, disability, and death benefits in accordance with Chapter 15-39.1 of the North Dakota Century Code (NDCC). Monthly retirement benefits are based on the formula: Number of Years of service X 2.0% X Final Average Salary. Adjustments to the basic formula are made depending on the retirement option selected.

Funding is provided by monthly employee and ~~employer~~business partner contributions scheduled to increase as follows:

	7/1/11	7/1/12	7/1/14
Employee	7.75%	9.75%	11.75%
<del>Employer</del> <u>Business partner</u>	8.75%	10.75%	12.75%

Employee and ~~employer~~business partner contributions will be reduced to 7.75% each when TFFR reaches 100% funded level on an actuarial value basis.

The TFFR Board has an actuarial valuation performed annually and an Experience Study and Asset Liability Study performed every five years. The actuarial assumed rate of return on assets was reduced to 7.25% from 7.75% as of July 1, 2020. Key plan and financial statistics are recorded in the most recent valuation report on file at the North Dakota Retirement and Investment office (RIO).

#### 2. Fund Goals

The Plan benefits are financed through both statutory ~~employer~~business partner and employee contributions and the investment earnings on assets held in the Fund. The TFFR Board recognizes that a sound investment program is essential to meet the pension obligations.

As a result, the Fund goals are to:

- Improve the Plan's funding status to protect and sustain current and future benefits.
- Minimize the employee and ~~employer~~business partner contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the

- Plan's funding status.
- d. Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State/School District's financial performance. These goals affect the Fund's investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places a greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important state/local projects.

### **3. Responsibilities and Discretion of the State Investment Board ~~(SIB)~~**

The TFFR Board is charged by law under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.

Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.

The SIB may delegate investment responsibility to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.

At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.

The SIB will implement changes to this policy as promptly as is prudent.

## **4. Risk Tolerance**

The Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants.

However, funding the pension promise in an economical manner is critical to the State/School Districts ability to continue to provide pension benefits to plan participants. Thus, the Board actively seeks to lower the cost of funding the Plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The Board understands that a prudent investment approach to risk taking can result in periods of under-performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the Board believes that such an approach, prudently implemented, best serves the long-run interests of the State/School District and, therefore, of plan participants.

## **5. Investment Objective**

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- a. The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
- b. The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.
- c. The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

## **6. Policy Asset Mix**

Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the Board approves the appropriate policy asset mix for the Fund.

Asset Class	Policy Target (%)
Public Equity	45%
- Broad U.S. Equity	27%
- Global ex-U.S. Equity	18%
Fixed Income	27%
- Core Fixed Income	18%
- High Yield	8%
- Cash Equivalents	1%
Alternatives	28%
- Real Estate	9%
- Private Infrastructure	9%
- Timber	0%
- Private Equity	10%
Total	100%

An allocation to Global Alternatives of up to 10% is authorized but shall not increase the expected volatility of the portfolio as measured in Section 5; and if utilized, all other targets will be adjusted pro-rata. The Board does not endorse tactical asset allocation; therefore, it is anticipated the portfolio be managed as close to the policy target as is prudent and practicable while minimizing rebalancing costs. Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy.

## 7. Restrictions

- a. While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:
  - 1) Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
  - 2) Derivatives use will be monitored to ensure that undue risks are not taken by the money managers
  - 3) No transaction shall be made which threatens the tax-exempt status of the Fund.
  - 4) All assets will be held in custody by the SIB's master custodian, or such other custodians as are acceptable to the SIB.
  - 5) No unhedged short sales or speculative margin purchases shall be made.
  - 6) Social investing is prohibited unless it meets the Exclusive Benefit Rule, and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- b. For the purpose of this document, Social Investing is defined as "The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."

- 1) Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.
- c. For the purpose of this document economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Also, for the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

- 1) The cost does not exceed the fair market value at the time of investment.
- 2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar task.
- 3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- 4) The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

## **8. Internal Controls**

A system of internal controls must be in place by the SIB to prevent losses of public funds arising from fraud or employee error. Such controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

## **9. Evaluation and Review**

Investment management of the Fund will be evaluated against the Fund's investment objectives. Emphasis will be placed on five-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.

Performance reports will be provided to the TFFR Board periodically, but not less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to:

A list of the advisory services managing investments for the board.

A list of investments at market value, compared to previous reporting period, of each fund managed by each advisory service.

Earnings, percentage earned, and change in market value of each fund's investments.

Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.

All material legal or legislative proceedings affecting the SIB.

Compliance with this investment policy statement.

TFFR Board Adopted: May 25, 1995.

Amended: November 30, 1995; August 21, 1997; July 15, 1999; July 27, 2000; September 18, 2003; July 14, 2005; September 21, 2006; September 20, 2007; October 27, 2011; September 26, 2013; January 21, 2016; September 21, 2017; January 25, 2018; November 19, 2020, April 22, 2021.

Approved by SIB: November 18, 2011, February 26, 2016, September 22, 2017, February 23, 2018, November 20, 2020, May 21, 2021.

~~ND~~North Dakota Teachers' Fund for Retirement  
Investment Board

~~ND~~North Dakota State

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Date

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Date

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Janilyn Murtha  
Executive Director

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Scott Anderson  
Chief Investment Officer

## B. Plan Management Policy Overview

~~The North Dakota Teachers' Fund for Retirement (TFFR)~~ Plan Management Policy is a risk assessment and management tool that monitors the ongoing health of TFFR using the most recent actuarial valuation results and stochastic projections. The objective of the Plan Management Policy is to provide a basis for balancing the Fund's obligations with current assets and expected future contributions in order to maintain its long-term health and viability. The Policy also provides a framework that the Board can follow in establishing metrics for future funding and benefit changes. The Plan Management Policy is based upon metrics and a scoring system that were established at the July 24, 2019, Board meeting. The Plan Management Policy Score will be updated subsequent to each annual actuarial valuation.

### 1. Background

The Plan Management Policy is different from the Funding Policy. The Funding Policy sets parameters for the determination of the actuarially determined contribution (ADC) as of each actuarial valuation date. The Plan Management Policy establishes the parameters for a forward-looking assessment of TFFR.

An ADC is used as a benchmark to compare to the statutory contribution rate. An ADC reflects an asset valuation method (i.e., smoothing method), actuarial cost method (e.g., entry age normal), and amortization method for paying down unfunded liabilities or recognizing surplus assets. A description of the ADC is contained in a separate document ("Actuarial Funding Policy Statement"). In summary, the current TFFR funding policy relies on an ADC that is equal to the sum of (a) the ~~employer~~business partner normal cost rate and (b) the level percentage of pay required to amortize the unfunded actuarial accrued liability over the 30-year closed period that began July 1, 2013

### 2. Risk Assessment and Management

The Plan Management Policy is a risk assessment tool. The risks facing TFFR can be broadly classified into three categories: risks related to economic variables, risks related to demographic events, and risks related to external forces. An overview of the primary risks facing TFFR stakeholders follows.

a. Risks related to economic variables:

- 1) Investment return – the risk that actual returns will be different than expected and more volatile than desired.
- 2) Inflation (price inflation, wage inflation) – the risk that measures of inflation will be inconsistent with other economic measures.

b. Risks related to demographic events:

- 1) Mortality/longevity – the risk that participants will live longer than expected
- 2) Payroll and/or population growth – the risk that aggregate payroll will increase at a rate less than expected. This is relevant since contributions to TFFR are collected as a percentage of member payroll.
- 3) Retirement/disability/termination experience – the risk that members leave active service in a manner than generates actuarial gains or losses relative to the assumptions.

There are even risks related to external forces (e.g., governance risk, regulatory risk, litigation risk, political risk), but these risks are difficult – or impossible – to manage.

The Plan Management Policy is a tool that measures investment return risk since investment return risk has the most significant impact on TFFR's long term financial health.

### 3. Scoring System Metrics

The scoring system metrics that will be monitored on a periodic basis are:

- a. **The current funded ratio:** This is equal to the ratio of the market value of assets to the actuarial accrued liability as of the latest actuarial valuation date. The purpose of this metric is to assess the current funded status of TFFR.
- b. **The downside funded ratio as of July 1, 2030:** Based on stochastic projections, determine the probability that the funded ratio will be less than 65%. The purpose of this metric is to assess the likelihood of the funded ratio not improving over the short term. The lower the likelihood that the funded ratio will not increase, the higher the score.
- c. **The target funded ratio as of July 1, 2040:** Based on stochastic projections, determine whether the funded ratio is projected to increase above certain thresholds over a longer time horizon with 51% or more probability.
- d. **Improvement in the funded ratio over a 10-year period:** Based on stochastic projections, determine the probability that the funded ratio will improve by 5% over the following 10 years.
- e. **Ability to recover/withstand from a market downturn:** Based on stochastic projections, determine the probability that the funded ratio improves by 5% over 10 years following a market downturn. A market downturn is defined as a two-year period with a compound average return of -10% or worse.

### 4. Policy Score

The Policy Score is the sum of the points that have been assigned to each metric and can range from 0 to 14 and correspond to a color ranging from red to green. A higher score indicates better overall health of TFFR. The Policy Score is grouped into the following categories:

Color	Policy Score	Indication
Green	11 to 14	TFFR objectives are being met or likely to be met
Yellow	7 to 10	TFFR objectives may be met over a longer period
Orange	4 to 6	Continue to monitor TFFR
Red	0 to 3	Changes to TFFR should be considered





## 5. Policy Scoring System

Each metric is assigned a score based upon the results of the annual actuarial valuation and resulting analysis as follows:

Metric	Criteria	Score
The current funded ratio	<ul style="list-style-type: none"> <li>Funded ratio of 90% or higher</li> <li>Funded ratio between 80% and 90%</li> <li>Funded ratio between 70% and 80%</li> <li>Funded ratio less than 70%</li> </ul>	<ul style="list-style-type: none"> <li>+3</li> <li>+2</li> <li>+1</li> <li>+0</li> </ul>
The downside funded ratio as of July 1, 2030	<ul style="list-style-type: none"> <li>Under 65% funded ratio with less than 20% probability</li> <li>Under 65% funded ratio with less than 30% probability</li> <li>Under 65% funded ratio with less than 40% probability</li> <li>Under 65% funded ratio with more than 40% probability</li> </ul>	<ul style="list-style-type: none"> <li>+3</li> <li>+2</li> <li>+1</li> <li>+0</li> </ul>
The target funded ratio as of July 1, 2040	<ul style="list-style-type: none"> <li>85% or higher with 51% or more probability</li> <li>Between 80% and 85% with 51% or more probability</li> <li>Between 75% and 80% with 51% or more probability</li> <li>Between 70% and 75% with 51% or more probability</li> <li>Not more than 70% with 51% or more probability</li> </ul>	<ul style="list-style-type: none"> <li>+4</li> <li>+3</li> <li>+2</li> <li>+1</li> <li>+0</li> </ul>
Improvement in the funded ratio over a 10-year period	<ul style="list-style-type: none"> <li>Funded ratio improves by +5% over 10 years with 66% probability</li> <li>Funded ratio improves by +5% over 10 years with 50% probability</li> <li>Funded ratio does not improve by +5% over 10 years with 50% probability</li> </ul>	<ul style="list-style-type: none"> <li>+2</li> <li>+1</li> <li>+0</li> </ul>
Ability to recover from or withstand a market downturn	<ul style="list-style-type: none"> <li>Funded ratio after downturn improves by +5% over 10 years with 50% probability</li> <li>Funded ratio after downturn improves by +5% over 10 years with 33% probability</li> <li>Funded ratio after downturn does not improve by +5% over 10 years with 33% probability</li> </ul>	<ul style="list-style-type: none"> <li>+2</li> <li>+1</li> <li>+0</li> </ul>

For purposes of scoring, probabilities and funded ratios will be rounded to the nearest whole percentage. For example, a probability of 49.6% would be rounded up to 50%.

## 6. Outside Factors

Other factors outside of TFFR could have an effect on the directional trend of future Policy Scores. These factors include, but are not limited to:

- a. Projected economic conditions
- b. Market cycles
- c. North Dakota economy

TFFR Staff and the actuary will discuss the appropriate outside factors and determine whether these factors are expected to potentially improve or worsen the Policy Score.

## 7. Actuarial Assumptions

The actuarial assumptions used will be the same as those used for the annual actuarial valuation. The actuarial assumptions are described in detail in the actuarial valuation report. The funded ratio used in the plan management policy is based upon the market value of assets.

In order to stochastically model investment returns, Capital Market Assumptions are used. Capital Market Assumptions are developed by investment firms and represent expectations for future risk and returns for different asset classes. The Capital Market Assumptions used for the analysis are those published in the most recently available Horizon's Annual Survey of Capital Market Assumptions. If Horizon discontinues the publication of this survey, a suitable replacement or alternative will be used.

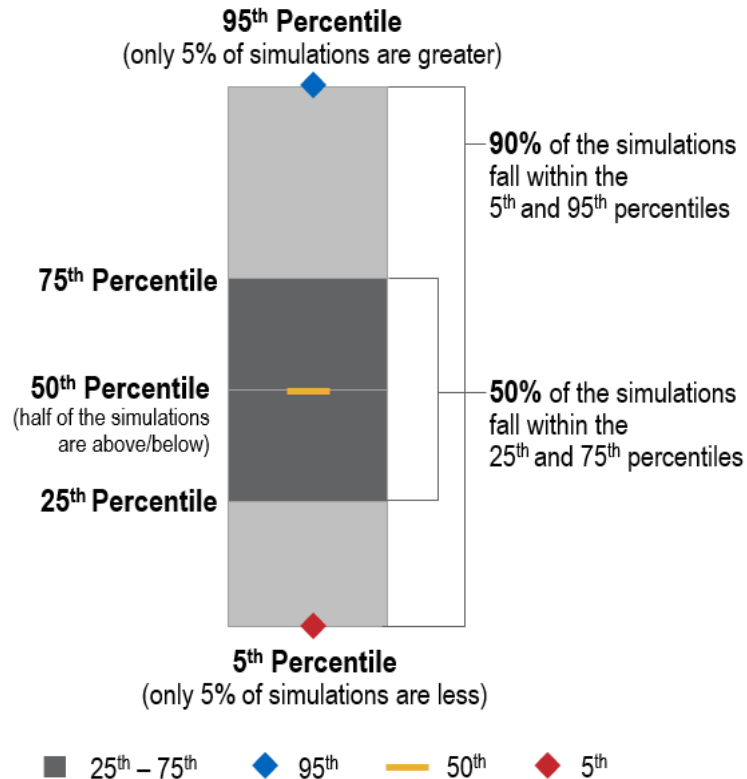
Projected liabilities are based upon an "open group" liability forecast. An open group projection generates projected populations for each future valuation date based on assumptions related to retirement, termination, salary increases, mortality, etc. New entrant records are generated to replace active members that decrement in the model in order to maintain a level active membership in the future. The profile of new entrants is based on recent demographics of new hires, subject to input from TFFR staff and Board.

## 8. Stochastic Modeling

The Capital Market Assumptions are used with TFFR's target asset allocation in order to simulate 5,000 investment portfolio return scenarios, each simulation representing a 20-year period. The simulated investment returns, along with open group liability forecasts, are used to model the projected funded ratio. The results are grouped into percentiles and summarized as a range:

- a. **Best Case:** Better cases would occur only 5% of the time (above the 95<sup>th</sup> percentile in the example below)
- b. **Most Likely:** Better or worse cases (50<sup>th</sup> percentile) are equally likely
- c. **Worst Case:** Worse cases would occur only 5% of the time (below the 5<sup>th</sup> percentile in the example below)

## Sample Funded Ratio



**TFFR Board Adopted:** October 24, 2019

**Amended:** January 23, 2020

### C. Actuarial Funding Policy Statement

#### 1. Introduction

The purpose of this Actuarial Funding Policy is to record the funding objectives and policy set by the Board of Trustees (Board) for ~~the North Dakota Teachers' Fund for Retirement (TFFR)~~. Effective with the July 1, 2013, actuarial valuation, the Board establishes this Actuarial Funding Policy to help ensure the systematic funding of future benefit payments for members of TFFR. The contributions made to TFFR are set by statute. These statutory contributions will be compared to the contributions determined under the funding policy in order to assess the appropriateness of the statutory contributions. Based upon this comparison, the Board will decide what action to take, if any. The ~~employer/business partner~~ contribution determined under the funding policy is called the actuarially determined ~~employer/business partner~~ contribution (ADEC). In addition, this document records certain guidelines established by the Board to assist in administering TFFR in a consistent and efficient manner.

This Actuarial Funding Policy supersedes any previous Actuarial Funding Policies and may be modified as the Board deems necessary.

## 2. Goals of Actuarial Funding Policy

- a. To achieve long-term full funding of the cost of benefits provided by TFFR;
- b. To seek reasonable and equitable allocation of the cost of benefits over time;
- c. To maintain a policy that is both transparent and accountable to the stakeholders of TFFR, including plan participants, employerbusiness partners, and residents of the State of North Dakota.

## 3. Actuarially Determined EmployerBusiness partner Contribution and Funding Policy Components

TFFR's actuarially determined employerbusiness partner contribution is comprised of the Normal Cost and an amortization of the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amortization of the UAAL are determined by the following three components of this funding policy:

- a. Actuarial Cost Method: the techniques to allocate the cost/liability of retirement benefits to a given period;
- b. Asset Smoothing Method: the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets in a systematic manner.

## 4. Actuarial Cost Method:

The Entry Age Normal method shall be applied to the projected benefits in determining the Normal Cost and the Actuarial Accrued Liability. The Normal Cost shall be determined as a level percentage of pay on an individual basis for each active member.

## 5. Asset Smoothing Method:

The investment gains or losses of each valuation period, as a result of comparing the actual market return to the expected market return, shall be recognized in level amounts over 5 years in calculating the Actuarial Value of Assets. Deferred investment gains or losses cannot exceed 20% of the Market Value of Assets (i.e., the Actuarial Value of Assets cannot be more than 120%, nor less than 80%, of the Market Value of Assets as of any valuation date).

## 6. Amortization Policy:

- a. The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets), as of July 1, 2013, shall be amortized over a "closed" 30-year period. In other words, the UAAL as of July 1, 2014, shall be amortized over 29 years, the UAAL as of July 1, 2015, shall be amortized over 28 years, etc.

- b. Beginning with the July 1, 2024, valuation, the Board shall have the discretion to continue the “closed” amortization period, or instead to amortize the UAAL over another period, not to exceed 20 years.
- c. Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period equal to the amortization period of the UAAL. The Board shall have the discretion to amortize the new UAAL as a result of change in actuarial assumptions or methods over a period of 20 years.
- d. Unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis, the increase in UAAL as a result of any plan amendments will be amortized over a period not to exceed 20 years.
- e. In a situation where the amortization of the UAAL has more than one component, a single equivalent amortization period will be determined by the Actuary.
- f. UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.
- g. If an overfunding exists (i.e., the UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any subsequent UAAL will be amortized over 20 years as the first of a new series of closed period UAAL amortization.

## **7. Actuarial Assumptions Guidelines**

The actuarial assumptions directly affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expenses actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- a. Demographic assumptions – including rates of termination, retirement, disability, mortality, etc.
- b. Economic assumptions – including investment return, salary increase, payroll growth, inflation, etc.

The actuarial assumptions are described in detail in the actuarial valuation report. They represent the Board’s best estimate of anticipated experience under TFFR and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations.

Actuarial experience studies are completed every five years or at the Board’s direction.

## **8.8. Glossary of Funding Policy Terms**

- a. **Present Value of Benefits (PVB) or total cost:** the “value” at a particular point in time of all projected future benefit payments for current plan members. The “future benefit payments” and the “value” of those payments are determined using actuarial assumptions as to future events. Examples of these assumptions are estimates of retirement patterns, salary increases, investment returns, etc. Another way to think of the PVB is that if the plan has assets equal to the PVB and all actuarial assumptions are met, then no future contributions would be needed to provide all future service benefits for all current members, including future service and salary increases for current active members.
- b. **Actuarial Cost Method:** allocates a portion of the total cost (PVB) to each year of service, both past service and future service.
- c. **Normal Cost:** the cost allocated under the Actuarial Cost Method to each year of active member service.
- d. **Entry Age Normal Actuarial Cost Method:** A funding method that calculates the Normal Cost as a level percentage of pay or level dollar amount over the working lifetime of the plan’s members.
- e. **Actuarial Accrued Liability (AAL):** the value at a particular point in time of all past Normal Costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions and participant data had always been in effect, contributions equal to the Normal Cost had been made and all actuarial assumptions came true.
- f. **Market Value of Assets (MVA):** the fair value of assets of the plan as reported in the plan’s audited financial statements.
- g. **Actuarial Value of Assets (AVA):** the market value of assets less the deferred investment gains or losses not yet recognized by the asset smoothing method.
- h. **Unfunded Actuarial Accrued Liability (UAAL):** the portion of the AAL that is not currently covered by the AVA. It is the positive difference between the AAL and the AVA.
- i. **Surplus:** the positive difference, if any, between the AVA and the AAL.
- j. **Actuarial Value Funded Ratio:** the ratio of the AVA to the AAL.
- k. **Market Value Funded Ratio:** the ratio of the MVA to the AAL.
- l. **Actuarial Gains and Losses:** changes in UAAL or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or “actuarial gain” as of the next valuation. These

include contribution gains and losses that result from actual contributions made being greater or less than the level determined under the policy.

m. **Valuation Date:** July 1 of every year.

## **D. Operations**

### **1. Membership Data and Contributions**

A. Ensure the security and accuracy of the members' permanent records and the collection of member and ~~employer~~business partner contributions from every governmental body employing a TFFR member.

B. Accordingly, the administrative means will be to:

1. Retain member and ~~employer~~business partner documents applicable to the retirement program.
2. Safeguard TFFR ~~database~~ files.
3. Protect the confidential information contained in member and ~~employer~~business partner-business partner files.
4. Collect the member and ~~employer~~business partner contributions from the ~~employer~~business partners based on retirement salary earned by the member.
5. Monitor the ~~employer~~business partner reporting process including the timely filing of information, consistency of month-to-month data, and changes in the ~~employer~~business partner payment plan models.
6. Review the individual member data, salary, and service credit for accuracy.
7. Post and validate the data received from the ~~employer~~business partner to the individual member accounts.
8. Provide annual statements to every member.
9. Summarize the member data reported and notify the ~~employer~~business

partners annually of the prior fiscal year information.

10. Perform reviews to monitor whether 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 employerbusiness partners on TFFR.

Transfer member and employerbusiness partner contributions to the investment program in a timely manner.

C. **Monitoring** (Method, Responsibility, Frequency)

1. Internal Report
  - a. Disclosure of compliance to the board from RIO’s internal auditors.
  - 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.

**2. Member Services**

Provide direct services and public information to members of TFFR.

A. 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-education services to members.
4. Make group presentations and distribute information at conferences and conventions throughout the state.
5. Coordinate and conduct 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~~members.
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 materials.
11. Maintain a website and provide online services to provide members with a variety of access methods for TFFR information.

#### B. 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~~members regarding payment and processing of benefit claims.

### **3. Disclosure of Confidential Information for Treatment, Operational, or Payment Purposes**

The TFFR Board of Trustees has determined that confidential information for treatment, operational, or payment purposes under NDCC 15-39.1-30(12) includes:

- A. Information related to enrollment, participation, benefits, contributions, and otherwise necessary for the administration and operation of the program may be shared with participating ~~employer~~employers or TFFR contractors, attorneys, and consultants.

- B. Information relating to the death benefits and beneficiary designations of a member or beneficiary may be shared with any other person if the beneficiary is unknown or unable to be located, only to the extent necessary to accurately identify the appropriate beneficiary or to close an account subsequent to the death of a member or beneficiary.

**TFFR Board adopted:** September 25, 2014

#### **4. Account Claims**

- A. Ensure the payment of benefit claims to members of TFFR.  
Accordingly, the administrative means will be to:
  - 1) Pay retirement benefits based on an estimated final salary for members retiring upon completion of their teaching contract and whose final salary has not been reported to TFFR.
  - 2) Allow retired members receiving an annuity from TFFR to have payroll deductions subtracted from their monthly benefit, pursuant to section II.D.5.
  - 3) Distribute payments for benefit claims (annuities, PLSOs, refunds, and rollovers) once per month.
  - 4) Distribute special payments for benefit claims in the event of unforeseen circumstances (i.e., death, disability, Court Order, staff processing delay, etc.) if approved by the Deputy Executive Director/~~Chief Retirement Officer~~.
  - 5) Produce and make available new account notices and account change notices to retired members and beneficiaries receiving benefits.
- B. Monitoring (Method, Responsibility, Frequency)
  - 1) Internal Report
    - i. Disclosure of compliance to the board through internal audits on compliance with laws, rules, and policies.
  - 2) External Report
    - ii. Disclosure of compliance to the board through annual audit by RIO external auditors.

#### **5. Deductions from Annuity Checks**

- A. It shall be the policy of the TFFR Board of Trustees to allow retirees and beneficiaries receiving annuity payments to have payroll deductions subtracted from their monthly payments.
- B. To initiate, change, or stop a deduction, the retiree must notify the administrative office in writing at least ten working days prior to the date the monthly benefit is issued. All deductions withheld will be forwarded to the appropriate entity within three working days after the first of the month or as required by federal/North Dakota state law. Authorization forms are to be kept on file at the administrative office.

The following deductions are available to retirees and beneficiaries receiving monthly annuity benefits:

- 1) Health, life, and other insurance premiums payable to the NDPERS.
- 2) Annual dues payable to the NDRTA and the ~~NDNDU-United~~ Retired organization.
- 3) Federal and North Dakota income tax withholdings.
- ~~3)~~ 4) Court ordered payments including child support orders, Qualified Domestic Relations Orders (QDRO), IRS tax levies, federal garnishments, and other court ordered payments, subject to approval by the Attorney General's office.
4. Additional deductions may be added upon approval by the board.

## **6. Military Service Credit**

It shall be the policy of the TFFR Board of Trustees that a teacher purchasing military service be credited with a full year of credit if the service was rendered for at least 175 school days or a period of nine months within any fiscal year.

## **7. Payment of Benefits**

It shall be the policy of the TFFR Board of Trustees to distribute payments for benefit claims (annuities, refunds/rollovers) once per month. Distributions will be mailed on the last working day of the previous month payable on the first working day of each month.

In order for a teacher to assure receipt of a benefit payment on the first working day of the month, the required information and forms must be filed with the administrative office at least ten working days prior to the distribution date.

The Deputy Executive Director/Chief Retirement Officer may authorize special payments to pay benefit claims due to unforeseen circumstances that delay the processing of the claim.

Payments to a ~~teacher-member~~ approved for a refund/rollover will include all contributions and interest paid by a teacher for the purchase and repurchase of service credit. This is in addition to the entitled refund of member contributions plus interest. The Executive Director or Deputy Executive Director/Chief Retirement Officer may waive the 120-day waiting period for refunds/rollovers based on necessary documentation.

## **8. Retirement Benefit Payments**

- A. It is the policy of the TFFR Board of Trustees that new retirees will have their initial retirement benefit payment calculated using either estimated or final salary and service credit information:

1) Estimated salary and service credit information

The member's initial retirement benefit is calculated using 90% of the estimated current year salary for final average salary calculation purposes. If the final information reported by the employerbusiness partner is different than the estimated information, the member's monthly retirement benefit will be adjusted retroactive to the member's retirement date. Using estimated information allows a member to begin receiving retirement benefits sooner but results in correction of benefits at a later date retroactive to the member's retirement date.

2) Finalized salary and service credit information

The member's retirement benefit is calculated using finalized current year salary and service credit information. After salary, service credit, and last date of employment are reported by the employerbusiness partner and verified by TFFR, the member's retirement benefit is calculated, and claim is processed. Using finalized information delays a member's first retirement benefit payment, but when payment is made, it is retroactive to the member's retirement date.

- B. Under all circumstances, if any change or error in the records of TFFR or a participating employerbusiness partner or if any calculation results in a member receiving more or less in benefits than the member is entitled to receive, TFFR will correct the error and adjust the benefit (NDCC 15-39.1-31 and 32).

## **9. Voiding Checks**

It shall be the policy of the TFFR Board of Trustees to void any uncashed benefit checks for the payment of retirement, disability, survivor, and refund benefits after six months. Should the payee request payment after six months, the RIO will reissue a check, but without additional interest.

## **10. In-Staff Subbing Contract Period**

It is the policy of the TFFR Board of Trustees that the following guidelines apply for the purpose of determining the contract period for in-staff subbing for active members and re-employed retirees as provided for in NDCC 15-39.1-04 (4) and (12), 15-39.1-19.1, 15-39.1-19.2, and NDAC 82-05-06-01.

- A. In-staff subbing is defined as substitute teaching duties performed by a contracted teacher for the contracting TFFR participating employerbusiness partner.
- B. If the active member or re-employed retiree has a contract or written agreement with the participating employerbusiness partner for full or part time work, TFFR will view the beginning and ending calendar dates indicated on the contract as the contract term to determine the contract period, unless the contract period is otherwise specifically detailed in the active member or re-employed retiree's contract.
- 1) If substitute teaching duties are performed during the contract term, those duties are considered in-staff subbing, and retirement contributions are required to be paid on the substitute teaching pay. The in-staff subbing hours are reported as

- compensated hours for active members and are counted toward the annual hour limit for re-employed retirees (700 – 1000 hours depending upon length of contract).
- 2) If substitute teaching duties are performed before the beginning calendar date or after the ending calendar date of the contract term, those duties are not considered in-staff subbing, and no retirement contributions are required to be paid on the substitute teaching pay. The subbing hours are not reported as compensated hours for active members and are not counted toward the annual hour limit for re-employed retirees.
- C. If the active member does not have a contract or written agreement with the participating ~~employer~~business partner, then no retirement contributions are required to be paid on the substitute teaching pay. The subbing hours are not reported as compensated hours for active members. If a re-employed retiree does not have a contract or written agreement with the participating ~~employer~~business partner then professional development, extracurricular duties and non-contracted substitute teaching duties are not counted toward the annual hour limit and no contributions may be collected for these activities.
- D. This policy does not prohibit the Board from making an eligible salary determination for an individual member pursuant to N.D.A.C. 82-04-02-01.

## **11. Plan Beneficiaries**

TFFR beneficiaries are:

### **A. Plan Members:**

- 1) Active – all persons who are licensed to teach in North Dakota and who are contractually employed in teaching, supervisory, administrative, or extracurricular services:
  - i. Classroom teachers
  - ii. Superintendents, assistant superintendents, county superintendents
  - iii. Business managers
  - iv. Principals and assistant principals
  - v. Special teachers
  - vi. Superintendent of Public Instruction, professional employees of Dept. of Public Instruction and Dept. of Career and Technical Education, unless transferred to North Dakota Public Employees Retirement System (NDPERS)
  - vii. Professional or teaching staff of Center for Distance Education, Youth Correctional Center, School for the Blind and School for the Deaf.
  - viii. Other persons or positions authorized in state statutes
- 2) Annuitants – All persons who are collecting a monthly benefit:
  - i. Retirees
  - ii. Disabilitants
  - iii. Survivors/Beneficiaries
- 3) Inactive members:
  - i. Vested
  - ii. Nonvested

ii.

B. ~~Employer~~Business partners:

- 1) School districts, special education units, vocational centers, County superintendents, Regional Education Associations (REA)
- 2) State institutions and agencies defined in state statutes
- 3) Other TFFR participating ~~employer~~business partners

## **12. Head Start Program Employees**

It shall be the policy of the TFFR Board of Trustees that employees of a Head Start Program who are certified to teach and contracted with a school district or other participating employer/business partner, are members of TFFR if the following conditions are met:

- A. Grantee agency for the Head Start Program is the school district which is governed by the local school board.
- B. Head Start Program employees are on the school district teaching or administrative faculty in positions such as coordinator, director, teacher, or home visitor.
- C. Head Start Program employees are on the school district salary schedule and negotiate for salary and benefits like other school district teaching faculty.

## **13. PERS Retirement Plan Election (DPI and CTE)**

- A. NDCC 15-39.1-09(3) allows new employees of the Department of Public Instruction (DPI), who are eligible for TFFR coverage and hired after January 6, 2001, excluding the State Superintendent of Public Instruction, to elect to become participating members of ~~ND~~North Dakota Public Employees Retirement System (PERS).
- B. NDCC 15-39.1-09(4) allows new employees of the Department of Career and Technical Education (CTE) who are eligible for TFFR coverage and hired after July 1, 2007, to elect to become participating members of PERS.
- C. It is the policy of the TFFR Board of Trustees to allow the PERS retirement plan election by eligible new DPI and CTE employees under the following guidelines:
  - 1) Any new employee who is required to participate in TFFR under NDCC 15-39.1-04(11)(b) and who is entered onto the payroll of DPI after January 6, 2001 (except the Superintendent of Public Instruction), or CTE after July 1, 2007, is eligible to make the election to become a participating member of NDPERS.
  - 2) If eligible, the new employee must complete the "NDPERS/TFFR Membership Election" form within ninety days of hire. Until this election is made, the employee will be enrolled in the NDPERS retirement plan. If no election is made, the employee will be transferred to TFFR.
  - 3) If the new employee is a former DPI employee or is retired from DPI and receiving TFFR benefits, the employee must have a one- year break in service to be eligible to elect participation in PERS. If the new employee is a former CTE employee or is retired from CTE and receiving TFFR benefits, the employee must have a one-year break in service to elect participation in PERS.
  - 4) If the new employee is a TFFR retiree (but not a former DPI or CTE employee), the retiree may elect participation in PERS upon date of hire.

The retiree is not subject to the one-year waiting period and is not subject to the TFFR retiree annual hours limit.

## **E. EmployerBusiness partner Policies**

### **1. EmployerBusiness partner Payment Plan Models**

- A. The TFFR Board has developed models relating to employerbusiness partner payment of member contributions as provided for in NDCC 15-39.1-09 and NDAC 82-04-01. The models are outlined in employerbusiness partner instructions prepared by the fund. Special provisions apply to state agencies and institutions, and employerbusiness partners that have not adopted a model.
- B. EmployerBusiness partners must select the employerbusiness partner payment plan model under which they will pay member contributions on a form provided through the method prescribed by the administrative office. The model selected by the employerbusiness partner can only be changed once each year at the beginning of the fiscal year.
- C. The following employerbusiness partner payment plan models are available to participating employerbusiness partners:
- 1) Model 1: Member contributions are paid by the member through a salary reduction and remitted to TFFR by the employerbusiness partner as tax deferred contributions.
  - 2) Model 2 All: Member contributions are paid by the employerbusiness partner as a salary supplement and remitted to TFFR as tax deferred contributions.
  - 3) Model 2 Partial (%): A fixed percentage (1% minimum and increasing increments of full percentages only effective July 1, 2025) of the member contributions are paid by the employerbusiness partner as a salary supplement and remitted to TFFR as tax deferred contributions. The remaining member contributions are paid by the member and remitted by the employerbusiness partner as tax deferred contributions.
  - ~~3)4) Model 3 Partial (4): Model eliminated effective July 1, 2019.~~
  - ~~4) Model 3 Partial (\$): A fixed dollar amount of the member contributions are paid by the employer as a salary supplement and remitted to TFFR as tax deferred contributions. The remaining member contributions are paid by the member and remitted by the employer as tax deferred contributions. Effective July 1, 2003, employers may no longer select Model 3. Any employers currently paying member contributions under this model may continue as a closed group, but Model 3 will no longer be available to other employers. Effective July 1, 2019, Model 3 will be eliminated, and no employers will be allowed to utilize this model.~~



- 5) Model 4 State Agencies: Four Percent (4%) of the member contributions (or the % of member contributions the State agrees to pay) are paid by the State as a salary supplement and remitted to TFFR as tax deferred contributions. The remaining member contributions are paid by the member and remitted by the employerbusiness partner as tax deferred contributions.
- D. EmployerBusiness partners who do not select one of the above models must report member contributions paid by the member and remitted by the employerbusiness partner as taxed contributions. Payment of member contributions cannot be made on a tax deferred basis unless one of the above approved models is selected in writing.

## 2. EmployerBusiness partner Reporting Errors

It is the policy of the TFFR Board of Trustees that when an unintentional error in the reporting of retirement contributions by a TFFR participating employerbusiness partner is discovered during an employerbusiness partner audit, the following guidelines will apply:

- a. The employerbusiness partner will be billed for all material shortages due plus interest or refunded for all material overpayments.
- b. Materiality limit to be used in determining if a member's account will be corrected is an aggregate total of \$500 in a fiscal year per individual member per year, unless otherwise approved by the Deputy Executive Director-Chief Retirement Officer.
- c. The interest charged to the employerbusiness partner will be the actuarial investment return assumption.
- d. Failure of the employerbusiness partner 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.
- e. The TFFR board reserves the right to negotiate with a n employerbusiness partner.
- f. The employerbusiness partner must respond in writing to the finding(s) and/or recommendation(s) within 30 days of being notified.

## 3. EmployerBusiness partner Reports

- A. It shall be the policy of the TFFR Board of Trustees to require all participating e m p l o y e r s to file reports and make payment of member and employerbusiness partner contributions on a monthly basis to the RIO. Both payment and report are due by the 15th day of the month following the end of the reporting period.
- B. The administrative office will monitor late TFFR employerbusiness partner reports and payments and establish procedures for minor processing delays. Except for unintentional reporting errors, employerbusiness partners 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 Executive Director or Deputy Executive Director/Chief Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:
  - 1) Death, surgery, or illness of the individual responsible for TFFR reports or their family.

- 2) "Acts of God" that require an ~~employer~~business partner to close school such as blizzards, storms, or floods.
- 3) Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

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

#### 4. Ineligible TFFR Salary

The TFFR Board desires to provide guidance to TFFR ~~employer~~business partners regarding how eligible salary shall be determined for payments made to licensed teachers for performing certain duties.

NDCC 15-39.1-04(10)(h) provides that eligible salary does not include "*other benefits or payments not defined in this section which the board determines to be ineligible teachers' fund for retirement salary.*"

It is the policy of the TFFR Board of Trustees that effective July 1, 2016, additional payments made by a TFFR participating ~~employer~~business partner to a licensed TFFR member for equipment maintenance and repair, jobsite prep and finish work, and similar types of nonteaching duties are not eligible salary for TFFR purposes if the duties are not included on the member's regular teaching contract(s).

This policy does not prohibit the Board from making an eligible salary determination for an individual member pursuant to N.D.A.C. § 82-04-02-01.

### F. Member Communication

#### 1. Disclosure to Membership

It shall be the policy of the TFFR Board of Trustees that member handbooks, member statements, member newsletters, and financial reports be prepared and made available for TFFR members. RIO staff will prepare, and the TFFR Board of Trustees will review for approval at least once a biennium a communications plan that summarizes the content and method for providing member and ~~employer~~business partner education and publications.

#### 2. Information Dissemination

It is the policy of the TFFR Board of Trustees to allow member and ~~employer~~business partner interest groups and other approved third parties to send specific information to the TFFR membership using a "blind mailing" method. The information to be mailed and third-party organization must be approved by the Executive Director in advance. Member and ~~employer~~business partner interest groups include, but are not limited to, ~~North Dakota Council of Educational Leaders~~NDCEL (NDCEL), ~~ND~~North Dakota United (NDU), NDRTA, and North Dakota School Boards Association (NDSBA).

Under the “blind mailing” method, the third party must submit information or materials they wish to send to TFFR members. The third party must sign an agreement that they will not use the mailing to engage in partisan political activities.

If approved, the third party will forward the materials to an independent mailing company approved by TFFR. The mailing company must sign a “no disclosure” agreement with TFFR.

Agreements between TFFR and the mailing companies and third parties must be executed prior to the providing the membership information.

TFFR will then supply membership mailing information to the mailing company. The mailing company will combine the material from the third party with the mailing list and send to TFFR members. The cost of the mailing will be paid by the third party.

**TFFR Board Adopted:** July 15, 1999.

**Amended:** November 15, 2001.

### **3. Outreach Program Facilities**

It shall be the policy of the TFFR Board of Trustees that school district facilities used for TFFR outreach programs must meet ADA requirements. In addition, authorized school district employees must be present to direct guests to the proper meeting room and lock the building at the close of the program. RIO employees who are conducting outreach programs for TFFR members are not allowed to be in school district buildings without the presence of an administrator, teacher, or other authorized school district employee.

RIO staff will not be able to conduct outreach programs at that site if the above conditions are not met.

## Section II: Program Policies Section Exhibits

### 1. Asset Allocation Definitions

#### Overview of Asset Class Definitions

There are three major asset classes:

1. Equity
2. Debt
3. Real Assets (or Other)

*Alternative Investments* are often cited as the fourth major asset class, but can frequently be re-classified into one of the other three categories with some exceptions (i.e. total return strategies using debt and equity).

**Equity investments represent an ownership claim on the residual assets of a company after paying off debt.**

Equities should be segregated into two major sectors, Public and Private, given major differences in liquidity:

1. Public equities are generally highly liquid and *valued on a daily basis* in the financial markets. Examples include common stock (Apple, Coca-Cola or McDonalds), options and futures.
2. Private equities are generally less liquid and often *valued on a less frequent basis* (quarterly).

Public equity markets are often sub-classified by geographic region (U.S., International or Global), market capitalization (Large, Medium or Small), investment style (core, growth or value) and level of economic development (developed or emerging markets). The top U.S. and global equity benchmarks are discussed below.

**Five major U.S. equity benchmarks** include the **S&P 500**, **Russell 1000**, **2000** and **3000**, and **Dow Jones Industrial Average ("Dow")**. The **S&P 500** is based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The **Russell 1000** represents the highest-ranking 1,000 stocks in the Russell 3000 Index, and represents about 90% of the total market capitalization of that index. The Russell 1000 has a weighted average market capitalization of over \$100 billion with a median of approximately \$8 billion. The **Russell 2000 Index** is a small-cap index and represents the bottom 2,000 stocks in the Russell 3000 Index. The Russell 2000 has a weighted average market capitalization of less than \$2 billion with a median of less than \$1 billion. The Russell 2000 is the most common benchmark for funds that identify themselves as "small-cap", while the **S&P 500** index is used primarily for large capitalization stocks. The **Dow** is a price-weighted measure of 30 U.S. blue-chip companies. **The Dow** covers all industries with the exception of transportation and utilities, which are covered by the Dow Jones Transportation Average and Dow Jones Utility Average. While stock selection is not governed by quantitative rules, a stock typically is added to The

Dow only if the company has an excellent reputation, demonstrates sustained growth and is of interest to a large number of investors. Maintaining adequate sector representation within the indices is also a consideration in the selection process.

The MSCI All Country World Index (or “ACWI”) measures the equity market performance of developed and emerging markets and consists of 47 country indexes comprising 23 developed and 24 emerging market country indexes. The ACWI includes approximately 2,500 large and mid-cap equity securities and covers 85% of the global investable market. The **MSCI ACWI Investible Market Index** (or “ACWI IMI”) captures large, mid and small cap securities across 23 developed and 24 emerging market countries with over 8,700 constituents and covering approximately 99% of the global investment opportunity set. The **MSCI EAFE Index (Europe, Australasia, Far East)** measures the equity market performance of the developed market countries, excluding the US & Canada. The **MSCI Emerging Markets Index** measures equity market performance of emerging markets and consists of 24 countries.

Public equity has historically provided **high investment returns with high volatility and high liquidity when compared to Bonds or Real Assets**. Most investment consultants believe that Private Equity can provide an even higher investment return than Public Equity, albeit with significant less liquidity and potentially higher volatility.

**Debt represents a legal obligation between a borrower and a lender for a stated period of time and rate.**

Debt or “Bonds” are classified as fixed or floating depending upon whether the interest rate is derived using a fixed rate (i.e. 5%) or a floating rate (i.e. Prime + 1.00%). Duration risk within fixed income is a major driver of investment risk and return particularly for longer term securities, including U.S. Treasury bonds.

Debt is often sub-classified into investment grade (rated BBB- or better) or non-investment grade (rated less than BBB- or non-rated) or by geographic region (U.S., International, Developed Markets or Emerging Markets). Debt can be issued by governments, agencies or companies and represent general obligations of the issuer or be backed by a specified pool of assets (i.e. mortgage backed securities). Bonds serve to diversify a portfolio by offering **lower volatility** than equities along with a **lower expected return and generally high liquidity**. **Real Assets represent an ownership interest in physical assets** such as real estate, infrastructure (airports, electrical grids, energy pipelines, information technology data centers and systems, shipping ports, toll roads, and water supply and treatment facilities), timberland and certain commodities (gold, oil, wheat). Real assets are expected to provide inflation hedging characteristics in periods of unanticipated inflation and diversify a portfolio consisting of debt and equity.

**Alternative Investments** can include precious metals, art, antiques, and financial assets such as derivatives, commodities, private equity, distressed debt and hedge funds. Real estate, infrastructure and forestry/timber are also often termed alternative. Alternatives are sometimes used as a tool to reduce overall investment risk through diversification and may offer lower correlation with traditional financial investments such as stocks and bonds, although it may be difficult to determine the current market value of the asset, may be illiquid, purchase and sales costs may be high, and there may be limited historical risk and return data, all of which makes analysis complex.

## **2. Asset Class Definitions**

### **Global Equity**

#### Definition

Investment represents an ownership claim on the residual assets of a company after the discharge of all senior claims such as secured and unsecured debt.

### **Public Equity**

Public equity is traded on a national exchange. Includes common stock, preferred stock, convertible to stock, options, warrants, futures and other derivatives on equities or composites of equities, exchange-traded funds and equity-linked notes, units and partnership shares representing ownership interests in an underlying equity investment.

### **Private Equity**

Private equity represents equity or equity linked securities in operating companies that are not publicly traded on a stock exchange.

#### Types of investment strategies

- *Leveraged buyout (LBO)* – Acquisition of a company with the use of financial leverage
- *Growth capital* – Investment in mature companies looking for capital to expand, restructure, enter new markets
- *Venture capital* – Investment in typically less mature companies, for launch, early development, or expansion
- *Mezzanine* – Subordinated debt/preferred equity used to reduce amount of equity capital required to finance LBOs
- *Distressed* – Equity securities of financially stressed companies
- *Secondary* – Investment in existing private equity assets

#### Types of structures

- *Direct investment* – Direct purchase of equity securities of a private company
- *Co-investments* – Investments in equity securities of a private company alongside the manager of a direct fund
- *Direct fund* – Pool of capital formed to make direct investments
- *Fund-of-funds* – Pool of capital formed to make investments in direct funds

#### Strategic Role

- High long-term real returns
- Hedge against active (pre-retirement) liabilities
- Private equity enhances total portfolio return as a tradeoff for illiquidity

#### Characteristics

### **Public Developed Markets**

- Relatively high returns (long-term) as compared to fixed income and real assets
- Relatively high volatility (standard deviation of returns) as compared to fixed income and real assets
- Relatively high liquidity
- Diversification
- Historically, public developed equities exhibit high correlation with private equity and high yield bonds, moderate correlation with investment grade corporate bonds and real assets,

- and negative correlation with sovereign debt.
- Currency adds to volatility but can be hedged, which mutes the diversification benefits

### Public Emerging Markets

- Higher expected returns due to economic growth potential
- Liquidity risk is significant, particularly in frontier markets
- High volatility, particularly in frontier markets
- Historically, public emerging equities exhibit high correlation with high yield bonds, moderate correlation with investment grade corporate bonds and real assets, and negative correlation with sovereign debt.
- FX markets not sufficiently developed to hedge currency risk
- Limited access to markets
- Market information less abundant than for developed markets
- Counterparty risk and settlement delays pronounced in frontier markets

### Private Equity

- Illiquid, long-term time horizon (7-12 year closed-end partnerships)
- Quality of the managers selected is the key determinant of success
- High volatility of returns compensated by higher expected returns
- Historically, public emerging equities exhibit high correlation with high yield bonds, moderate correlation with investment grade corporate bonds and real assets, and negative correlation with sovereign debt.
- Encompasses three stages: fundraising, portfolio construction and investment, exit and return realization

### Risks

#### Public Equity

- *Absolute risk* – Possible magnitude of price decline
- *Liability hedging risk* – Risk that assets will not increase when liabilities increase
- *Regulatory risk* – Changes may adversely affect markets
- *Tax risk* – Changes may adversely affect markets
- *Liquidity risk* – Difficulty trading securities under adverse market conditions
- *Firm specific risk* – Unique risks associated with a specific firm
- *Tracking risk* – Magnitude of performance deterioration from a benchmark
- *Time horizon* – Horizon too short to weather cycles
- *Benchmark risk* – Benchmark not appropriate proxy
- *Market risks* – Price decline
- *Currency risk* – Unanticipated changes in exchange rate between two currencies
- *Counterparty risk* – Counterparty does not live up to its contractual obligations

#### Private Equity

- *Liquidity risk* – Absence of liquidity and appropriate exits could significantly increase time horizon
- *Firm specific risk* – Unique risks associated with a specific firm
- *Leverage risk* – Historical excess use of leverage and current inability to secure financing may adversely affect LBOs
- *Manager selection risk* – Selecting managers that fail to deliver top performance results
- *Diversification risk* – Inability to properly diversify the portfolio by vintage year, industry



- groups, geography
- *Tax risk* – Changes may adversely affect markets
- *Regulatory risk* – Changes may adversely affect markets
- *Strategy risk* – Continuing applicability of investment strategy in context of capital flows
- *Market risks* – Price decline

## Global Fixed Income

### Definition

Investment represents a legal obligation between a borrower and the lender with a maturity in excess of one year. Evidence of indebtedness and securities that evidence an ownership interest in debt obligations that are issued, insured, guaranteed by, or based on the credit of the following: companies, governmental entities or agencies, banks and insurance companies. Includes agency and non-agency mortgage-backed securities, collateralized mortgage obligations, commercial mortgage-backed securities, asset-backed securities, private placements, and options, futures or other derivatives on fixed income securities or components of fixed income.

### Strategic Role

- Diversification within a multi-asset class, total return portfolio
- Hedge against a long duration accrued liability
- Current income
- Non-U.S. provides hedge against unanticipated domestic inflation and diversification to U.S. assets

### Characteristics

- Medium volatility asset class
- Relatively high liquidity
- Broadly diversified by market sector, quality, and maturity
- Historically, developed sovereign debt exhibits low to negative correlation with real assets and negative correlation with equities; investment grade corporate bonds exhibit moderate correlation with equities and low correlation with real assets; high yield exhibits high correlation with equities and moderate correlation with real assets.
- A large currency component exists within international fixed income returns
- Developed markets are extremely liquid. Many issues of less developed markets are also relatively liquid.

### Risks

- *Duration risk* – Price volatility from a change in overall interest rates
- *Convexity risk* – Negative convexity is the risk of price declines being greater than the price increase due to interest rates moving equally up versus down
- *Default or credit risk* – The uncertainty surrounding the borrower's ability to repay its obligations
- *Structure risk* – Risk that arises from the options implicit in bonds (like call ability and sinking funds) or the rules that govern cash flow differ from expectations
- *Sector risk* – Risk of holding sectors that are in different proportions than the benchmark
- *Liquidity risk* – Cost of trading in a security which is reflected in the bid-ask spread or the cost of selling due to cash flow needs
- *Reinvestment risk* – The uncertainty surrounding future yield opportunities to invest funds which come available due to call, maturities, or coupon payments



- *Benchmark risk* – Risk of the benchmark being inappropriate
- *Yield curve risk* – Price changes induced by changes in the slope of the yield curve
- *Currency risk* – The risk of currency movements vs. the dollar for each market. Currency may contribute greatly to return and lower correlation.

## Global Real Assets

### Definition

Investment represents an ownership interest in real return assets that provide inflation hedging characteristics in periods of unanticipated inflation. Includes inflation-linked securities, private or public real estate equity or equity-linked investments, private or public real estate debt, infrastructure, timber, real asset mezzanine debt or equity, non-fixed assets and other opportunistic investments in real assets.

### Strategic Role

- Reduces risk of composite multi-asset portfolios through diversification
- Relatively low correlations to traditional asset classes
- Can serve as a possible inflation hedge during periods of high inflation
- Provides an attractive return relative to fixed income asset class in periods of low to moderate inflation
- Infrastructure provides inflation protection as the revenues of the underlying assets are typically linked to CPI
- Potential for high returns in niche opportunities

### Characteristics

#### Real Estate

- *Risk* – Volatility of private real estate falls between publicly-traded debt and publicly-traded equities
- *Returns* – Nominal returns are expected to fall between equities and fixed income
- *Correlation* – Expected to exhibit low to no correlation with government and investment grade corporate bonds, and moderate correlation with high yield and equities.
- *Illiquidity* – Transactions require a significantly longer period to execute than other asset classes
- *Inefficient Market* – Information affecting real estate asset valuation and market trading is not rapidly, accurately, or efficiently reflected or interpreted in its pricing

#### Infrastructure

- *Long life assets* – Capital intensive assets with 25 to 99 year concessions, match for liability duration
- *Inflation protection* – Revenues typically linked to CPI
- *Monopoly or quasi monopoly* – High barriers to entry due to scale and capital cost
- *Steady and predictable cash flow* – Produce strong and predictable yields
- *Low correlation* – Provides portfolio diversification, low beta; expected to exhibit low to no correlation with fixed income and equities
- *Inelastic demand* – Predictable demand with little volatility, less susceptibility to economic downturns
- *Limited commodity risk* – Not subject to commodity pricing
- *Insensitive to changes in technology* – Low risk of redundancy or technology obsolescence
- Investments are usually illiquid and involve a long (10 to 20 year) holding period

## Timberland

- *Return* – Low correlation with other asset classes, returns stem from four distinct sources: biological growth, timber prices, land values and management strategy
- *Income* – Driven almost entirely by the sale of harvested mature trees
- *Correlation* – Expected to exhibit low to no correlation with government and investment grade corporate bonds, and moderate correlation with high yield and equities.
- *Appreciation* – Driven by increased volume and value on timber and appreciation of underlying land
- Categorized by type of land (e.g. plantation, natural forest), type of tree (e.g., hardwood, softwood), country and region

## Commodities

- *Real assets* – Raw materials that are the physical inputs of production, relatively homogenous in nature, lending itself to be traded via contracts with standardized terms
- *Inflation protection* – Storable commodities (such as energy) directly related to the intensity of economic activity exhibit positive correlation with unexpected inflation
- *Insurance risk premium* – Commodity futures prices tend to be priced at a discount to spot prices in order to induce speculators to bear volatile commodity price risk that inventory holders and producers wish to lay off
- *Positive event risk* – Surprises that occur in the commodities markets tend to be those that unexpectedly reduce the supply of the commodity to the market, resulting in price spikes
- *Negatively correlated with financial assets* – Unlike stocks and bonds, commodities are not as directly impacted by changes in discount rates as they are by the current supply and demand of the underlying commodity, thus they should be expected to have little or even negative correlation with capital assets.

## Risks

### Real Estate

- *Property type risks* – Negative changes in demand/supply conditions by property type (e.g., office, industrial, retail, lodging, mixed-use, multi-family)
- *Location risks* – Local market condition relative to the adverse changes surrounding a property, or in discovery of hazardous underlying conditions, such as toxic waste
- *Tenant credit risks* – Failure by a tenant to pay what is contractually owed
- *Physical/functional obsolescence* – Negative influences on buildings due to technological changes, outdated layout and design features, and physical depreciation
- *Interest rate risk* – Higher rates can negatively impact both sales strategies and leveraged properties at refinancing
- *Reinvestment risk* – In a declining rental rate market, cash flow received may not be reinvested at the same level
- *Business cycle risk* – As economies slow down, there may be less demand for space
- *Inflationary risk* – Rent levels may not always keep up with rising operating expense levels
- *Illiquidity* – Inability to effectively liquidate a property into cash
- *Natural disaster risk* – Weather, floods, earthquake
- Regulatory concerns are critical, especially in emerging markets
- Capital and managerial intensive

## Infrastructure

- *Leverage* – Deals with leverage between 40% and 80% can transform low risk assets into risky investments. Changes in the credit environment alter refinancing risk.
- *Market inefficiencies* – Competitive auctions lead to overpaying. There is a limited history and track record in the U.S. infrastructure space.
- *Political and headline risk* – Public acceptance and understanding of infrastructure needs to expand. In addition, the political landscape in every state and municipality differs.
- *Regulatory risk* – Regulated assets are subject to government changes
- *Construction and development* – Project overruns and delays should be shared with construction partners. Volume/demand risk for new developments can vary.
- *Labor issues* – Greenfield projects could generate new jobs while the privatization of brownfield assets could eliminate skilled labor members
- *Asset control* – Stipulations via concession agreements limit some management control (pricing, growth, decision approvals, etc.). Asset control needs to be appropriately priced.
- *Firm specific risk* – Unique risks are associated with specific firm

## Timberland

- *Liquidity risk* – Liquidity is thin, marketplace characterized by few buyers and sellers, transactions are complicated and can take many months to execute
- *Valuation risk* – Annual appraisal process can lead to disparities between carrying value and realized sales prices during downturns
- *Physical risk* – Subject to losses from natural and human-caused events such as fire, insect and vermin infestations, disease, inclement weather, and theft
- *Political and regulatory risk* – Environmental regulations can restrain or prohibit timberland management activities
- *Leverage* – Can amplify volatility and potentially lead to an inability to refinance properties or lead to a distressed sale, requires a minimum level of generated income
- *Location risks* – Real estate dispositions may also be impacted by weakness in local residential real estate markets

## Commodities

- *Price risk* – Commodities with difficult or non-existent storage situations (heating oil, live cattle, live hogs, copper) coupled with a long-lead time between the production decision and the actual production of the commodity can lead to very volatile spot prices
- *Negative futures roll* – When the future contract's price is at a premium to the spot price, the cost to roll contracts forward is negative: an investor continuously locks in losses from the futures contracts converging to a lower spot price
- *Regulatory risk* – Concerns about the role played by investors in commodity markets could lead to new regulations impacting available investment opportunities, ultimately affecting investors' "license to invest".
- *Leverage* – A commodity futures program that is not fully collateralized (for every desired \$1 in commodity futures exposure, an investor sets aside \$1 in cash) can amplify volatility and potentially lead to greater losses
- *Implementation* – Because futures contracts are levered, cash management for the collateral is an important consideration due to the value

## Global Alternatives

### Definition

Investment has a distinct return/risk factor profile as compared to other specified broad asset class groupings. Examples: Low market exposure/absolute return strategies such as market neutral, and other niche strategies with low asset class beta such as insurance-linked investments, volatility, intellectual property, healthcare royalty, shipping, litigation finance and fine art.

### Strategic Role

- More robust diversification achieved through the introduction of non-traditional return driver/risk factors
- Low or negative correlations to other asset classes
- Return profile less dependent on economic growth and interest rates
- Potential for attractive risk-adjusted returns

### Characteristics

- *Returns* – Exhibits lower correlations to broader equity and credit markets in periods of market distress
- *Illiquidity* – Transactions may require a longer period to execute than other asset classes
- *Inefficient Market* – Information affecting asset valuation and market trading may not be accurately or efficiently reflected or interpreted in its pricing

### Risks

- *Market risk* – Cost of carry on being long volatility
- *Natural disaster risk* – Weather, floods, earthquake affect natural catastrophe-based insurance-linked products
- *Due diligence* – Complicated to evaluate and monitor
- *Illiquidity* – Transactions may require a longer period to execute than other asset classes
- *Implementation* – Complexity of implementation may be an impediment

## MEMORANDUM

**TO: TFFR Board of Trustees**  
**FROM: Chad R. Roberts, DED/CRO**  
**DATE: July 17, 2024**  
**RE: Annual TFFR Program Review**

The TFFR Board administers the retirement program and, in fulfillment of its fiduciary responsibilities, will periodically review the Board's mission, goals, policies, and by-laws, which are included in the Program Manual.

Board responsibilities include:

1. Establish and monitor policies for the administration of the TFFR program.
2. Establish and monitor investment policy, goals, objectives, and asset allocation.
3. Hire and monitor actuarial and medical consultants; establish and monitor actuarial assumptions and methods; and ensure periodic actuarial valuations, experience studies, asset liability modeling studies, and actuarial audits are conducted.
4. Pay benefits and consultant fees.
5. Submit legislation and monitor the statutory responsibilities of the TFFR program.
6. Determine appropriate levels of service to members and employers.
7. Communicate and monitor TFFR program expectations to the SIB expected to be provided through RIO.
8. Promulgate administrative rules as needed.

As part of your annual TFFR Program Review this year, the following reports are included for your review:

- TFFR Board Awards
- TFFR Program Monitoring Summary
- TFFR Customer Satisfaction Reports
- Code of Conduct Policy Affirmations

**Board members must also complete the TFFR Board Code of Conduct form. Please return to RIO no later than August 16, 2024.** You may print and sign the one included here and return it via fax, email, or mail; a digital copy will also be emailed separately for your completion and convenience.

**Board Action Requested: Accept the 2024 fiscal-year end Annual Program Review.**



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2023***

Presented to

***North Dakota Teachers' Fund for Retirement***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'.

Alan H. Winkle  
Program Administrator

# TFFR PROGRAM MONITORING SUMMARY

## FY2024

<i>Month</i>	<i>Ends Policy</i>	<i>Responsible Entity</i>	<i>Action Required</i>	<i>Target Date</i>	<i>Actual Date</i>
<b>July 2023</b>	Mission	TFFR Board	Annual Review	07/2023	07/20/2023
	Goals	TFFR Board	Annual Review	07/2023	07/20/2023
	Retirement Services	Interest Groups	Annual Report	07/2023	07/20/2023
	Retirement Services	TFFR Board	Annual Review	07/2023	07/20/2023
	Account Claims	TFFR Board	Annual Review	07/2023	07/20/2023
<b>August 2023</b>	Program Policies	TFFR GPR Com.	Annual Review	Ongoing	08/10/2023
<b>September 2023</b>	Membership Data	Internal Audit	Annual Report	09/2023	09/21/2023
	Investments	CIO	Annual Report	09/2023	09/21/2023
	Retirement Services	Internal Audit	Annual Report	09/2023	09/21/2023
	Account Claims	Internal Audit	Annual Report	09/2023	09/21/2023
	Trust Fund Valuation	Internal Audit	Annual Report	09/2023	09/21/2023
<b>November 2023</b>	Membership Data	External Auditor	External Auditor	11/2023	11/16/2023
	Retirement Services	External Auditor	External Auditor	11/2023	11/16/2023
	Account Claims	External Auditor	External Auditor	11/2023	11/16/2023
	Trust Fund Valuation	External Auditor	External Auditor	11/2023	11/16/2023
	Investments	TFFR Board/SIB	Asset Allocation Review	11/2023	11/16/2023
	Trust Fund Valuation	Actuary	Annual Valuation	11/2023	11/16/2023
	Program Policies	TFFR GPR Com.	Annual Review	Ongoing	11/07/2023
	Membership Data	TFFR Board	Annual Review	01/2024	01/25/2024
<b>January 2024</b>	Trust Fund Valuation	Actuary	GASB 68	01/2024	01/25/2024
<b>February 2024</b>	Program Policies	TFFR GPR Com.	Annual Review	Ongoing	02/08/2024
<b>March 2024</b>	Membership Data	TFFR Board	Annual Review	03/2024	03/21/2024
<b>May 2024</b>	Program Policies	TFFR GPR Com.	Annual Review	Ongoing	05/01/2024

\*Ongoing staff presentations addressing Membership Data, Retirement Services and Account Claims

MEMORANDUM

TO: Teachers’ Fund for Retirement Board of Trustees  
FROM: Sarah Mudder, communications and outreach director  
DATE: July 25, 2024  
RE: 2024 TFFR Stakeholder Survey

The Retirement and Investment Office conducted a survey of Teachers’ Fund for Retirement Stakeholders in June.

Evaluation forms sent: 6 stakeholder groups  
Responses received: 5 individuals (5 groups)

Attached are the 2024 survey results. A summary of the 2024 survey ratings and the prior year are provided below.

2024 Summary of Client Satisfaction Survey Ratings

	Excellent	Above Average	Average	Poor	N/A
Totals	24	5	0	0	1
Weight	4	3	2	1	0
Percent	86%	13%	0%	0%	1%
Average	3.7 on 4 pt scale				

2023 Summary of Client Satisfaction Survey Ratings

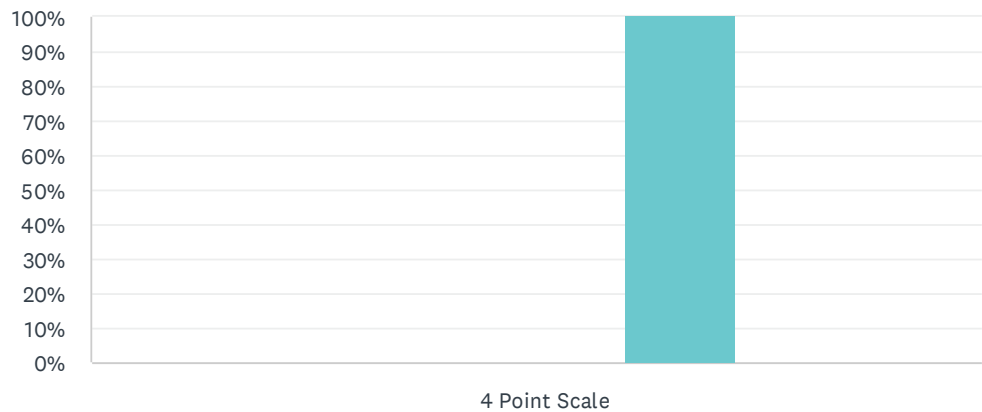
	Excellent	Above Average	Average	Poor	N/A
Totals	30	4	0	0	2
Weight	4	3	2	1	0
Percent	83%	11%	0%	0%	6%
Average	3.67 on a 4 pt scale				

BOARD ACTION REQUESTED: Board Acceptance



Q1 Overall, how satisfied are you with RIO’s administration of the TFFR program?

Answered: 5    Skipped: 0

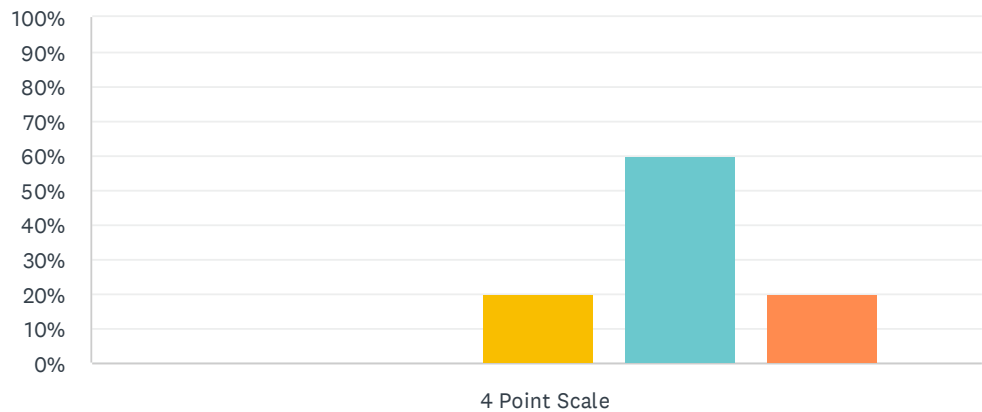


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	0.00% 0	100.00% 5	0.00% 0	5	4.00

Q2 How would you rate TFFR member outreach – education and communications?

Answered: 5    Skipped: 0

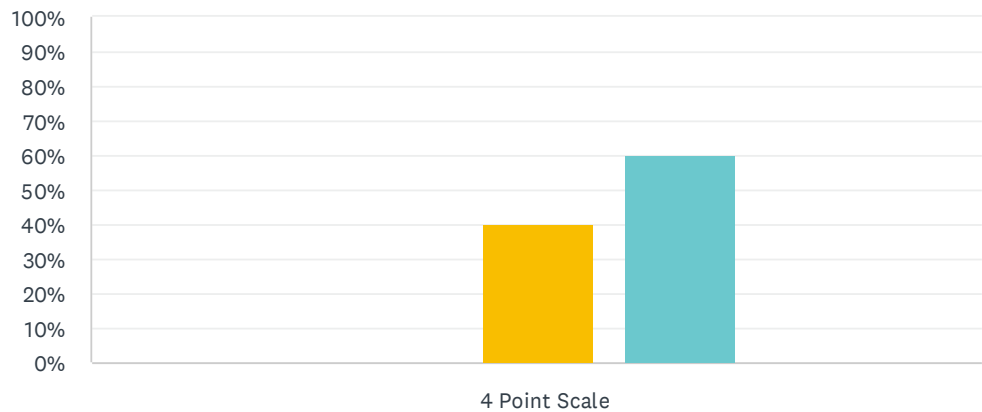


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	20.00% 1	60.00% 3	20.00% 1	5	3.75

Q3 How would you rate TFFR employer outreach – education and communications?

Answered: 5    Skipped: 0

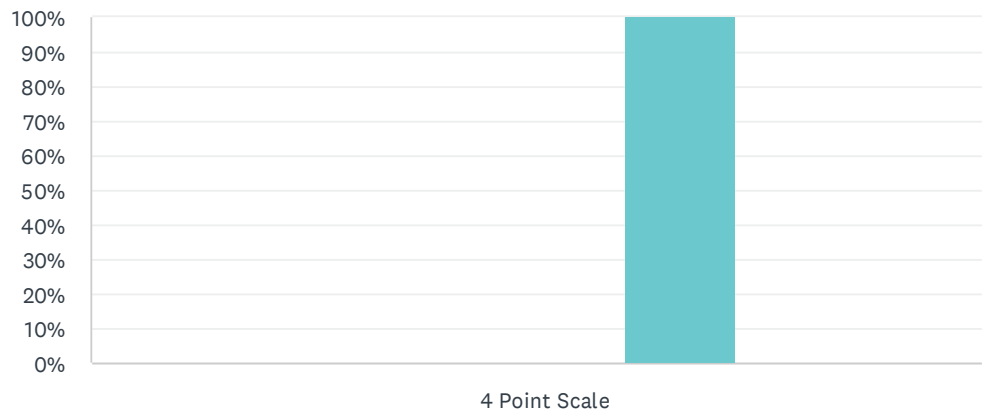


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	40.00% 2	60.00% 3	0.00% 0	5	3.60

Q4 How would you rate staff knowledge of the pension program?

Answered: 5    Skipped: 0

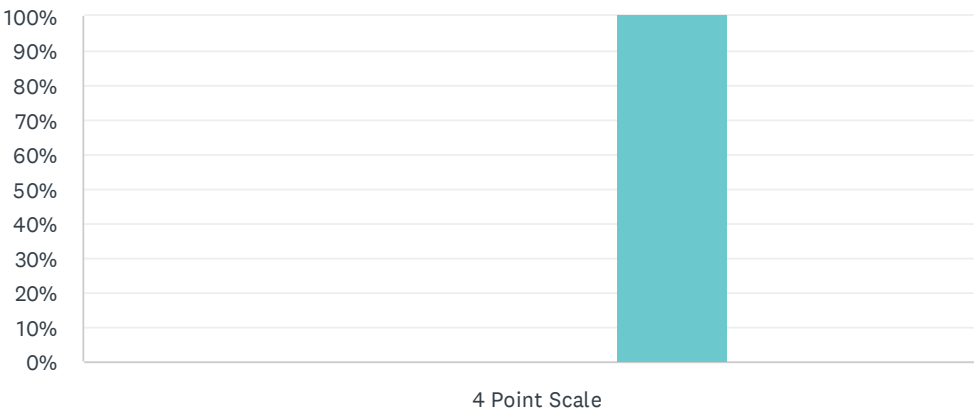


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	0.00% 0	100.00% 5	0.00% 0	5	4.00

Q5 How responsive is RIO’s staff to your questions or concerns?

Answered: 5    Skipped: 0

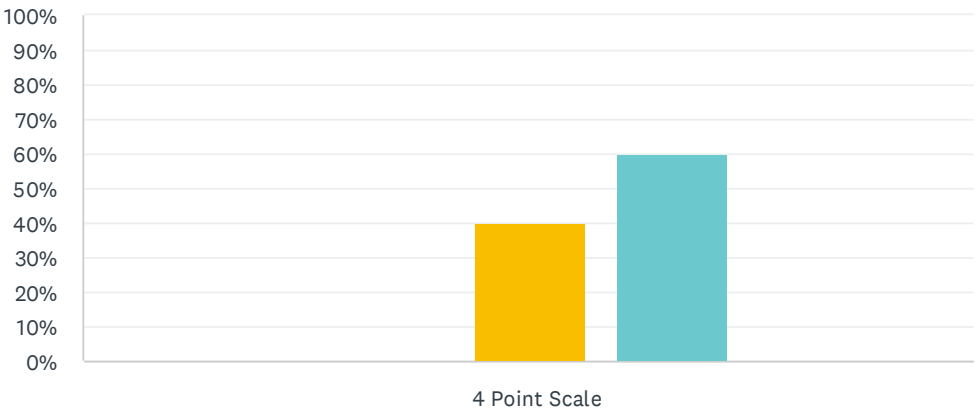


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	0.00% 0	100.00% 5	0.00% 0	5	4.00

Q6 How would you rate TFFR legislative proposals and presentations?

Answered: 5    Skipped: 0



Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	40.00% 2	60.00% 3	0.00% 0	5	4.20

## Q7 Do you have any specific suggestions for how RIO can better serve you?

Answered: 3   Skipped: 2

#	RESPONSES	DATE
1	Keep up the excellent leadership and excellent customer service.	7/15/2024 2:51 PM
2	More outreach to teachers and administrators is always good!	6/25/2024 2:40 PM
3	Establish a COLA	6/13/2024 3:07 PM

MEMORANDUM

TO: Teachers’ Fund for Retirement Board of Trustees

FROM: Sarah Mudder, communications and outreach director

DATE: July 25, 2024

RE: 2024 TFFR Stakeholder Survey

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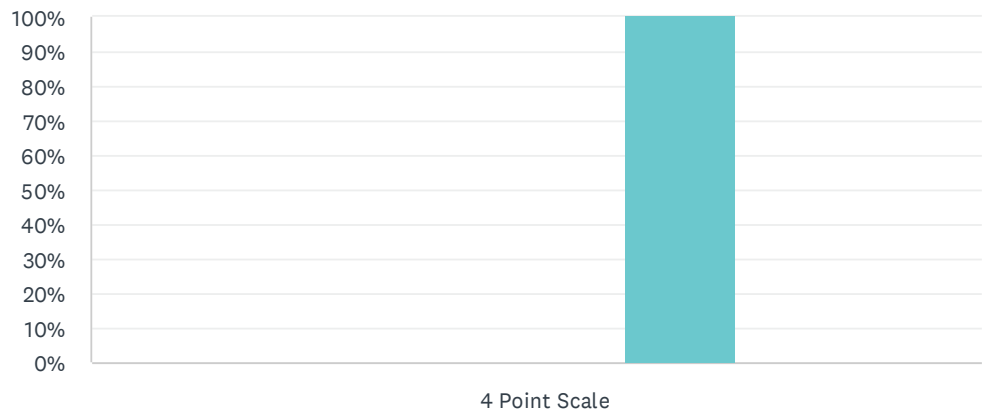
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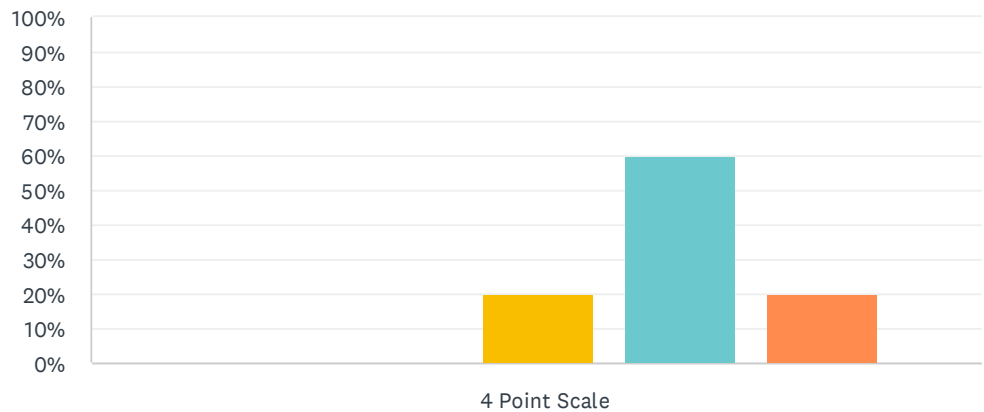


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	0.00% 0	100.00% 5	0.00% 0	5	4.00

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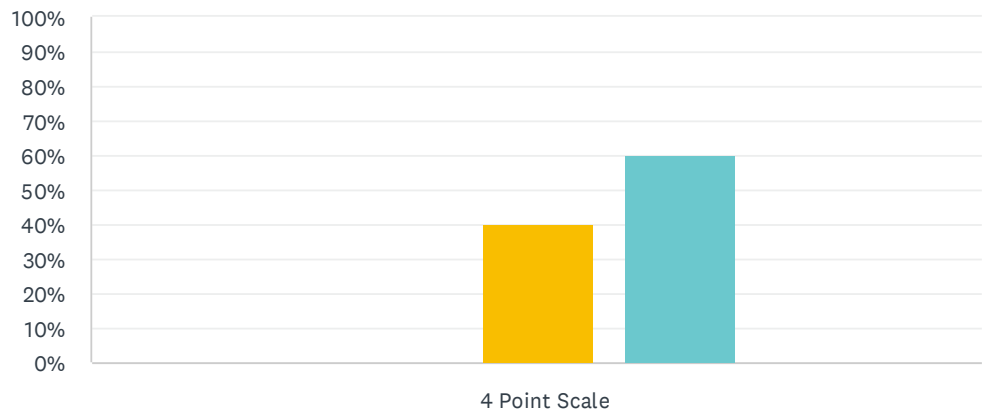


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
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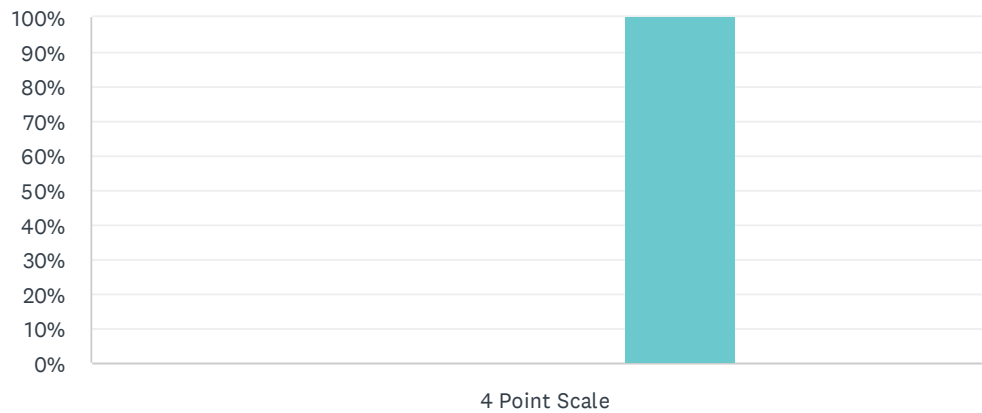


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
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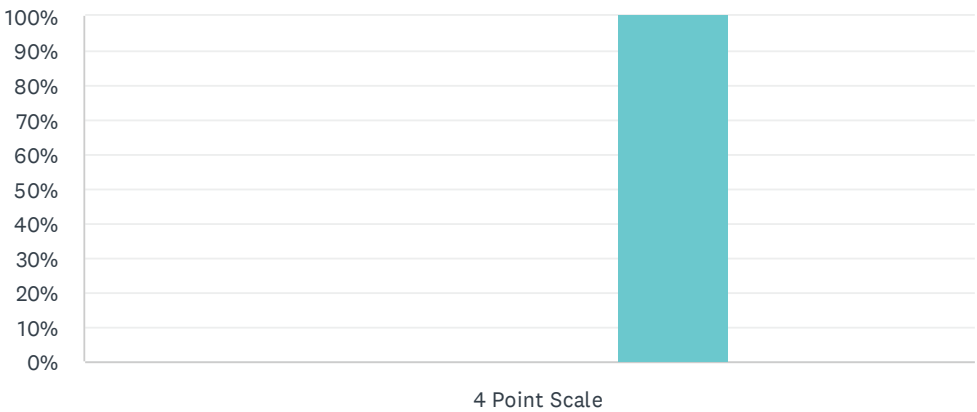


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
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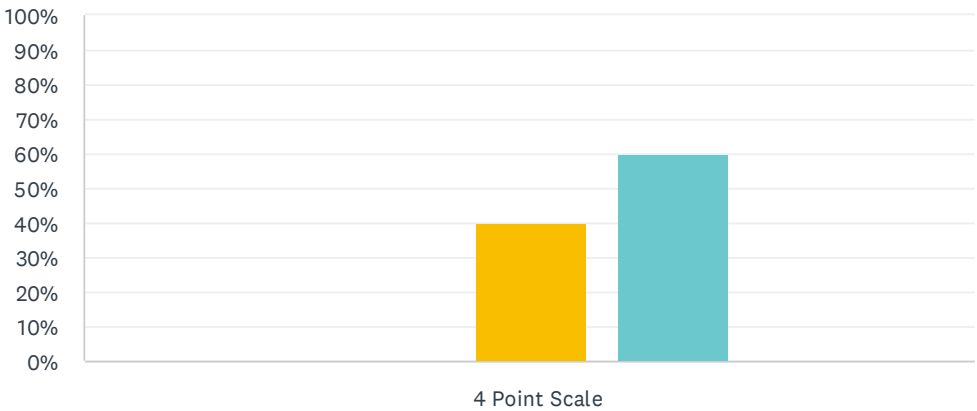


Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
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Answered: 5    Skipped: 0



Poor    Average    Above Aver...    Excellent  
N/A

	POOR	AVERAGE	ABOVE AVERAGE	EXCELLENT	N/A	TOTAL	WEIGHTED AVERAGE
4 Point Scale	0.00% 0	0.00% 0	40.00% 2	60.00% 3	0.00% 0	5	4.20



## Q7 Do you have any specific suggestions for how RIO can better serve you?

Answered: 3   Skipped: 2

#	RESPONSES	DATE
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## MEMORANDUM

**TO:** Teachers' Fund for Retirement Board of Trustees

**FROM:** Sarah Mudder, communications and outreach director

**DATE:** July 25, 2024

**RE:** Annual TFFR Customer Satisfaction Reports

To assist the Teachers' Fund for Retirement (TFFR) Board of Trustees in monitoring the performance of the pension program, the Retirement and Investment Office asks TFFR members and business partners to complete an evaluation following events or when assistance is provided to members.

A summary of the scores for the two most recent years is provided below. The 2023-24 responses are attached.

### MEMBER – RETIREMENT EDUCATION WORKSHOPS

#### 2023-24 Summary Evaluations (38 responses received)

	Excellent	Above Average	Average	Poor
Totals	120	62	8	0
Weight	4	3	2	1
Percent	70%	27%	3%	0%
<b>Average</b>	<b>3.59 on a 4 pt scale</b>			

#### 2022-23 Summary Evaluations (28 responses received)

	Excellent	Above Average	Average	Poor
Totals	100	33	7	0
Weight	4	3	2	1
Percent	78%	19%	3%	0%
<b>Average</b>	<b>3.66 on a 4 pt scale</b>			

### MEMBER – GROUP BENEFITS PRESENTATIONS

#### 2023-24 Summary Evaluations (98 responses received)

	Excellent	Above Average	Average	Poor
Totals	68	27	6	0
Weight	4	3	2	1
Percent	75%	22%	3%	0%
<b>Average</b>	<b>3.72 on a 4 pt scale</b>			

#### 2022-23 Summary Evaluations (18 responses received)

	Excellent	Above Average	Average	Poor
Totals	37	8	0	0
Weight	4	3	2	1
Percent	86%	14%	0%	0%
<b>Average</b>	<b>3.82 on a 4 pt scale</b>			

## MEMBER – COMMENT CARDS

### 2023-24 Summary Evaluations (104 responses received)

	Excellent	Above Average	Average	Poor
Totals	287	25	0	0
Weight	4	3	2	1
Percent	94%	6%	0%	0%
<b>Average</b>	<b>3.92 on a 4 pt scale</b>			

### 2022-23 Summary Evaluations (110 responses received)

	Excellent	Above Average	Average	Poor
Totals	286	102	14	1
Weight	4	3	2	1
Percent	91%	8%	1%	0%
<b>Average</b>	<b>3.84 on a 4 pt scale</b>			

## BUSINESS PARTNERS – WORKSHOPS AND INFO MIXERS

### 2023-24 Summary Evaluations (37 responses received)

	Excellent	Above Average	Average	Poor
Totals	30	5	2	0
Weight	4	3	2	1
Percent	86%	11%	3%	0%
<b>Average</b>	<b>3.76 on a 4 pt scale</b>			

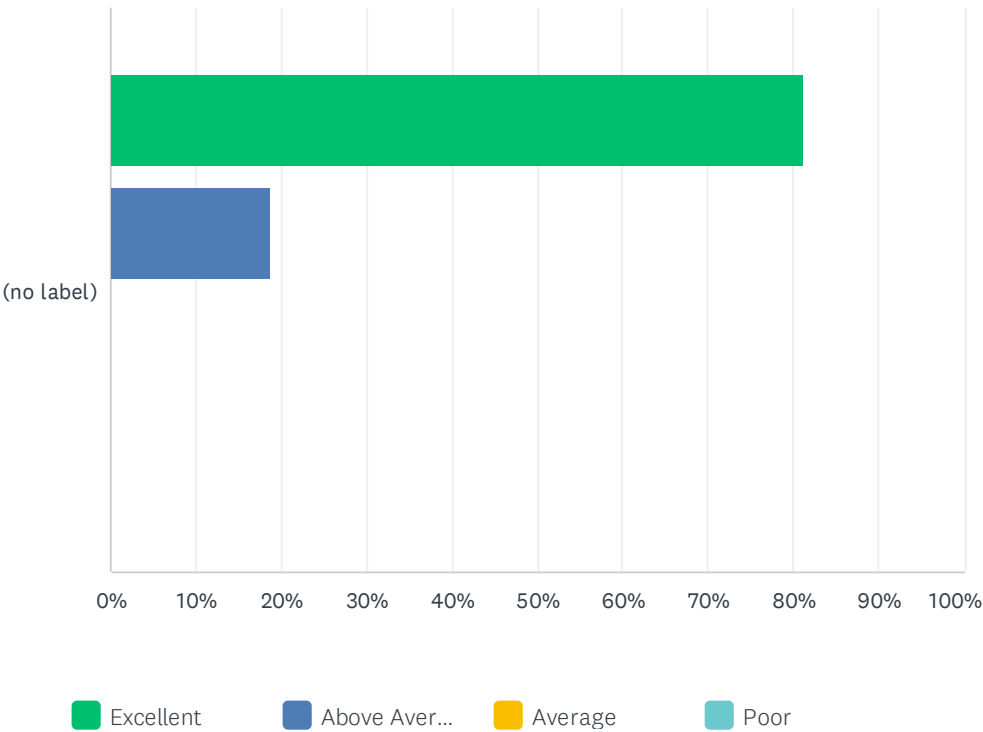
### 2022-23 Summary Evaluations (9 responses received)

	Excellent	Above Average	Average	Poor
Totals	14	7	6	0
Weight	4	3	2	1
Percent	59%	26%	15%	0%
<b>Average</b>	<b>3.0 on a 4 pt scale</b>			

**BOARD ACTION REQUESTED: Board Acceptance**

Q1 Rate the Group Benefit Presentation overall, including the material presented and speaker knowledge of the Teachers' Fund for Retirement pension program.

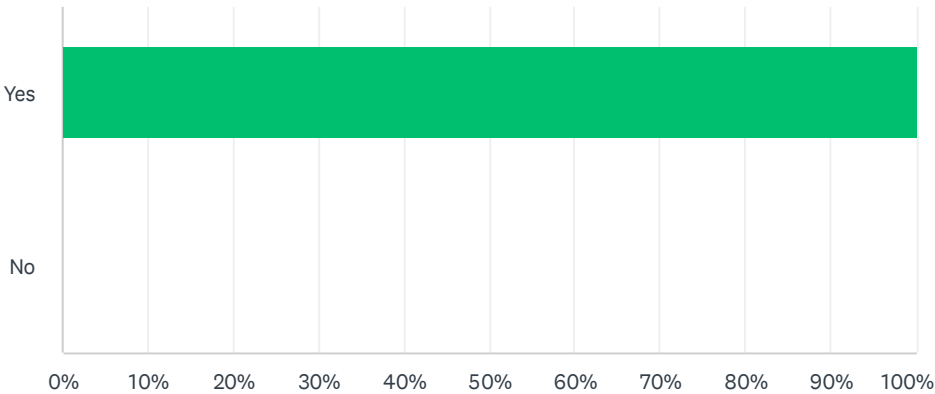
Answered: 80    Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	81.25% 65	18.75% 15	0.00% 0	0.00% 0	80	3.81

Q2 Was the material relevant to your needs?

Answered: 80    Skipped: 0

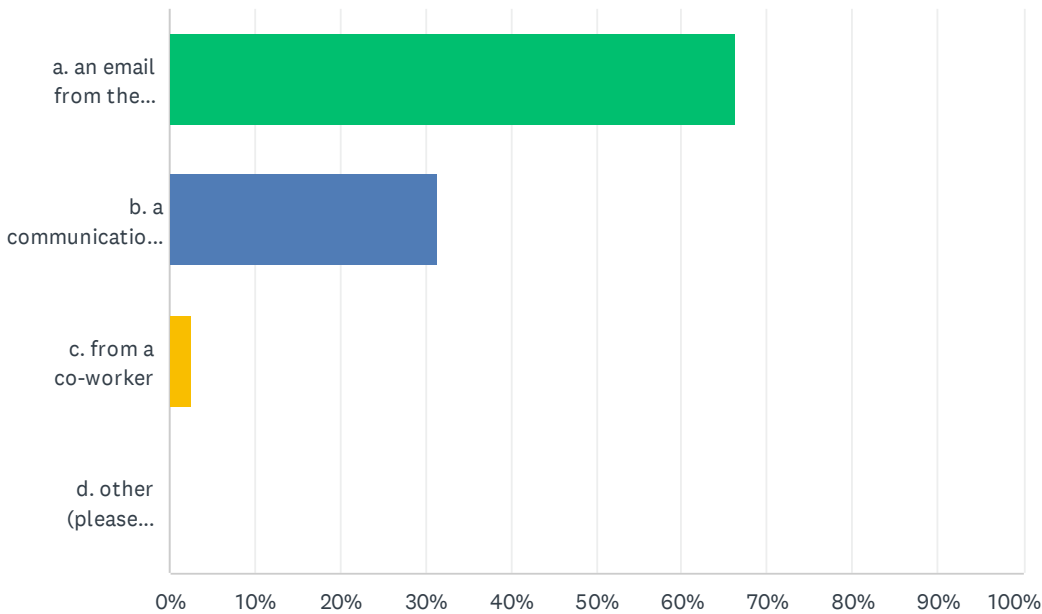


ANSWER CHOICES	RESPONSES	
Yes	100.00%	80
No	0.00%	0
Total Respondents: 80		

#	IF NO, WHAT INFORMATION WOULD YOU HAVE LIKED TO RECEIVE?	DATE
	There are no responses.	

Q3 How did you learn about the presentation?

Answered: 80 Skipped: 0

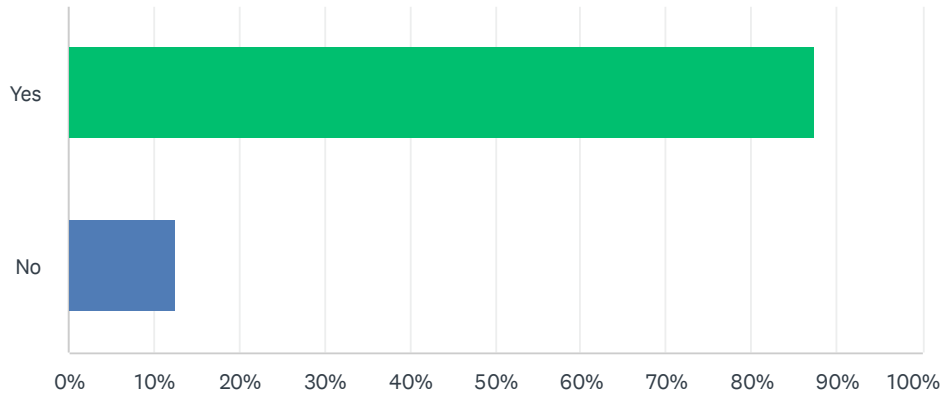


ANSWER CHOICES		RESPONSES	
a. an email from the Retirement and Investment Office		66.25%	53
b. a communication from my school district		31.25%	25
c. from a co-worker		2.50%	2
d. other (please specify)		0.00%	0
TOTAL			80

#	D. OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

## Q4 Did you learn something during the presentation that will impact your retirement plans?

Answered: 80 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	87.50% 70
No	12.50% 10
Total Respondents: 80	

#	WHAT INFORMATION IMPACTED YOUR RETIREMENT PLANS?	DATE
1	I learned more about the timeline/process to start the ball rolling WHEN I decide to retire Also learned more detail about the "Choices" I have for retirement fund dispersal AND...the ways of listing / changing beneficiaries	10/17/2023 8:30 AM
2	I do feel I understand the monthly benefit options better this year and am confident in the option that I am ready to choose.	10/17/2023 8:16 AM
3	As a relatively new, second career teacher, it was helpful to understand how vestiture works.	10/17/2023 7:46 AM
4	Its nice to know that I can reach out with question and/or set up a meeting to ensure Im making good decisions moving forward.	10/17/2023 7:42 AM
5	When I can retire with full retirement and which plan I might use for beneficiaries	10/16/2023 8:05 PM
6	The different plans that are available and the beneficiaries information.	10/16/2023 3:38 PM
7	Monthly payments	10/16/2023 3:15 PM
8	I was pleased to learn the NDPERS monies will be added to my TFFR payments.	10/16/2023 2:46 PM
9	When to submit important documents	10/16/2023 2:33 PM
10	The choices I have in how I "take" my pension funds	10/16/2023 2:27 PM
11	The designation and types of beneficiaries choices.	10/16/2023 2:22 PM
12	decided which option to take for retirement	10/16/2023 2:13 PM
13	Start planning now.	10/16/2023 2:09 PM
14	spousal benefit options	10/16/2023 1:59 PM
15	being able to choose how my benefits can be used after my death. I thought they just ended,	10/16/2023 1:56 PM

## Group Benefit Presentation Evaluation 2023

did not realize your spouse or family can continue to get them.

16	Beneficiaries information	9/28/2023 5:23 PM
17	The payments	9/27/2023 8:53 PM
18	How the payments work	9/27/2023 5:38 PM
19	How the multiplier works and I also attended a virtual one this summer which they included benefit should be 60% of your pay so plan accordingly.	9/27/2023 4:18 PM
20	options for money distribution, when forms are due-process involved	9/27/2023 1:01 PM
21	ALL OF IT	9/27/2023 12:56 PM
22	Tiers and exactly how payments work.	9/27/2023 12:45 PM
23	The amount and length of the pension plan.	9/27/2023 10:58 AM
24	I learned that I can retire earlier than I thought I could!	9/27/2023 10:20 AM
25	The timing of letters and applications in order to get checks.	9/27/2023 10:20 AM
26	Tax information and Beneficiary information	9/27/2023 10:09 AM
27	The estimated amount of money I can make per month. Also knowing that the rule for tier two is 90 yrs OR 65-they never describe it this way.	9/27/2023 10:08 AM
28	The printouts from the envelope that dealt with the relevant personal information.	9/27/2023 10:08 AM
29	I am going to look into buying service credit, since I am Tier 1, non-grandfathered.	9/26/2023 10:22 AM
30	I've kept myself informed over the years but it's good to review the options again.	9/25/2023 9:01 AM
31	It was good to understand the timeline- when to notify the district, what you need to do.	9/25/2023 8:15 AM
32	The different options for my beneficiaries.	9/23/2023 7:48 PM
33	Made my plans more clear	9/22/2023 6:02 PM
34	I really didn't know much so everything was helpful and has helped guide me on a retirement plan.	9/22/2023 5:36 PM
35	I did not realize that in order to teach again full time, one needs to not sign a contract for a whole year.	9/22/2023 4:37 PM
36	Calculating the monthly payments	9/22/2023 11:25 AM
37	I didn't know about the different options when one retires. I will ask more about that when i decide to retire, but helpful to know about it.	9/22/2023 11:22 AM
38	Actually, I've done this presentation a few times now and I come away with something more and different each time. This time I better understood the options for payout of my retirement funds and beneficiaries. I also loved the summer seminar!	9/22/2023 11:21 AM
39	Just that I can defer when I leave teaching	9/22/2023 11:18 AM
40	Getting clarification about the tiers and rule of 90.	9/22/2023 10:56 AM
41	20 year %	9/22/2023 10:54 AM
42	I did not know that age 60 was connected to the rule of 90	9/22/2023 10:45 AM
43	timing, options	9/22/2023 10:37 AM
44	So much to keep in mind. I appreciate the comprehensive and fast paced presentation with participation opportunities.	9/22/2023 10:35 AM
45	The multiplier as far as what to expect each month	9/22/2023 10:32 AM



## Q5 Do you have suggestions for other programs?

Answered: 43    Skipped: 37

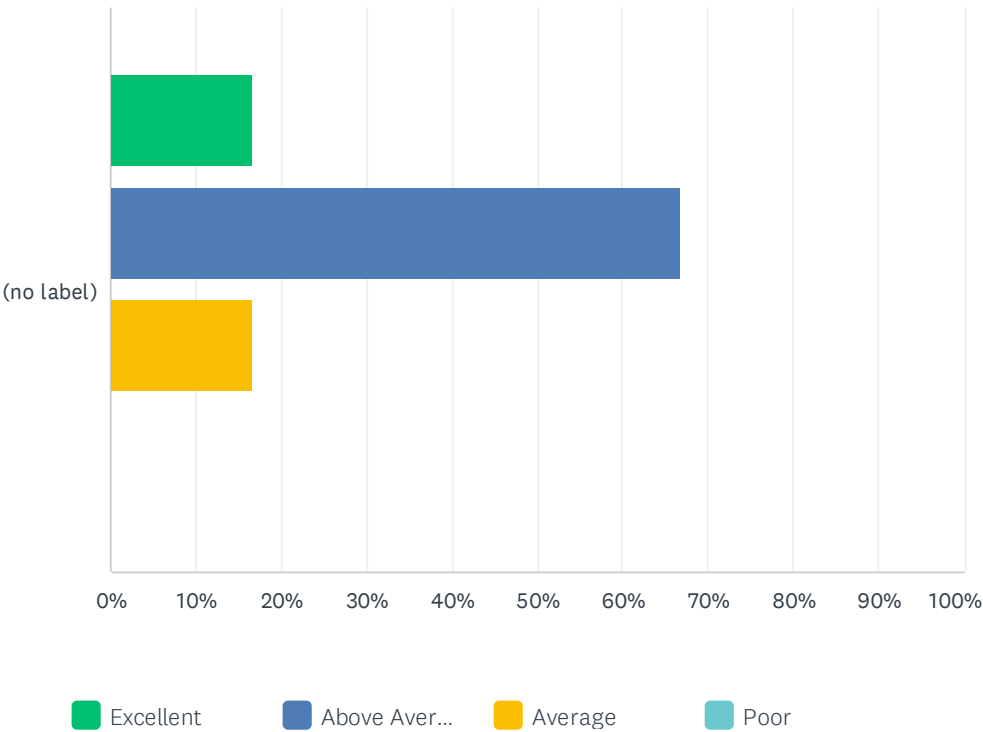
#	RESPONSES	DATE
1	Keep up the good work. I was very pleased with the presentation and am happy to know we can always follow up with a phone call. Being able to talk to a person is so important (not just on-line communication). Thanks again!	10/17/2023 8:16 AM
2	No. Presenter was excellent. Having a printed copy of tentative benefits was extremely helpful. Now it makes sense why one needs to register in advance. Very well done. Excellent prep work. Thank you.	10/17/2023 7:46 AM
3	No	10/16/2023 9:40 PM
4	I want to attend the one on health insurance options.	10/16/2023 9:40 PM
5	No	10/16/2023 6:13 PM
6	No	10/16/2023 4:19 PM
7	no	10/16/2023 3:50 PM
8	No	10/16/2023 3:15 PM
9	NO. The presentation was wonderful	10/16/2023 2:46 PM
10	No	10/16/2023 2:33 PM
11	no	10/16/2023 2:27 PM
12	Well done!	10/16/2023 2:24 PM
13	none at this time	10/16/2023 2:12 PM
14	I think having a better understanding of medical insurance	10/16/2023 2:00 PM
15	no	10/16/2023 1:59 PM
16	snacks and door prizes. That time of day most teachers are hungry and tired.	10/16/2023 1:56 PM
17	Well done.	10/16/2023 1:54 PM
18	No	9/28/2023 5:23 PM
19	No	9/27/2023 8:53 PM
20	I like the step by step presentation. I also liked that you did not assume we know this because most of us don't.	9/27/2023 4:18 PM
21	continue to provide one-to-one meetings, if possible	9/27/2023 1:01 PM
22	Nope Retirement Specialist was amazing	9/27/2023 12:56 PM
23	N/A	9/27/2023 12:45 PM
24	The presenter did an excellent job! She was well prepared and knew the information!	9/27/2023 12:43 PM
25	Not that I can think of, now.	9/27/2023 10:20 AM
26	I thought that Retirement Specialist did a great job of presenting the information. It's information that can be difficult to understand but Retirement Specialist did a nice job of making it more clear!	9/27/2023 10:19 AM
27	Not that I can think of.	9/27/2023 10:09 AM
28	Not at this time.	9/26/2023 10:22 AM
29	no	9/25/2023 8:25 AM

## Group Benefit Presentation Evaluation 2023

30	No - perfect	9/25/2023 8:15 AM
31	No	9/22/2023 6:02 PM
32	Maybe more information on insurance after cobra.	9/22/2023 5:36 PM
33	Thank you for your time.	9/22/2023 4:37 PM
34	This was good information for me. I am able to retire but not ready. This let me what I will need in the future. Thank you!	9/22/2023 1:00 PM
35	None at this time	9/22/2023 12:02 PM
36	This one was great. I want to learn more about health insurance.	9/22/2023 11:25 AM
37	no, it was very helpful and the time went by very quickly thank you	9/22/2023 11:22 AM
38	No. But I have shared with several of my younger colleagues some o f what I have learned and told them they should attend these seminars when they can.	9/22/2023 11:21 AM
39	no	9/22/2023 11:18 AM
40	no	9/22/2023 10:56 AM
41	Not at this time. Thank you for coming to GF to present in person.	9/22/2023 10:54 AM
42	follow phone number for questions. I may have missed this.	9/22/2023 10:33 AM
43	Bringing someone in to talk about health insurance afterwards, what to do with your 403(b) plan after retirement if you can't touch it til your 59. How do I roll it over? Am I eligible for ND PERS health insurance etc....	9/22/2023 10:32 AM

Q1 Rate the Group Benefit Presentation overall, including the material presented and speaker knowledge of the Teachers' Fund for Retirement pension program.

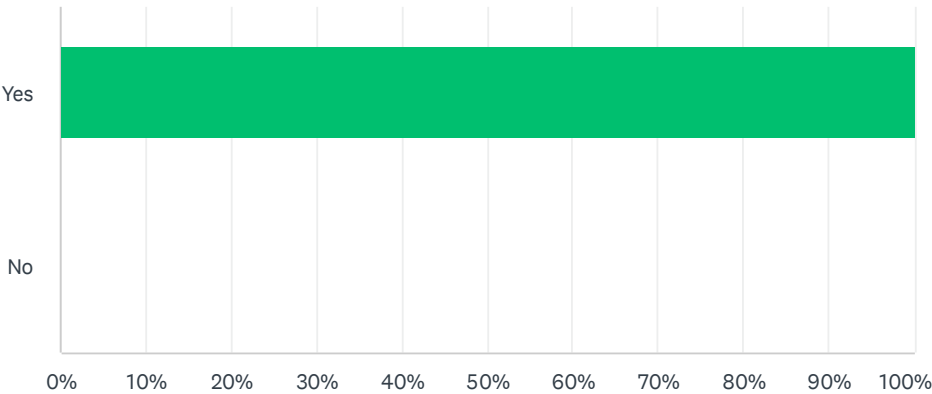
Answered: 18 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	16.67%	66.67%	16.67%	0.00%		
	3	12	3	0	18	3.00

Q2 Was the material relevant to your needs?

Answered: 18    Skipped: 0

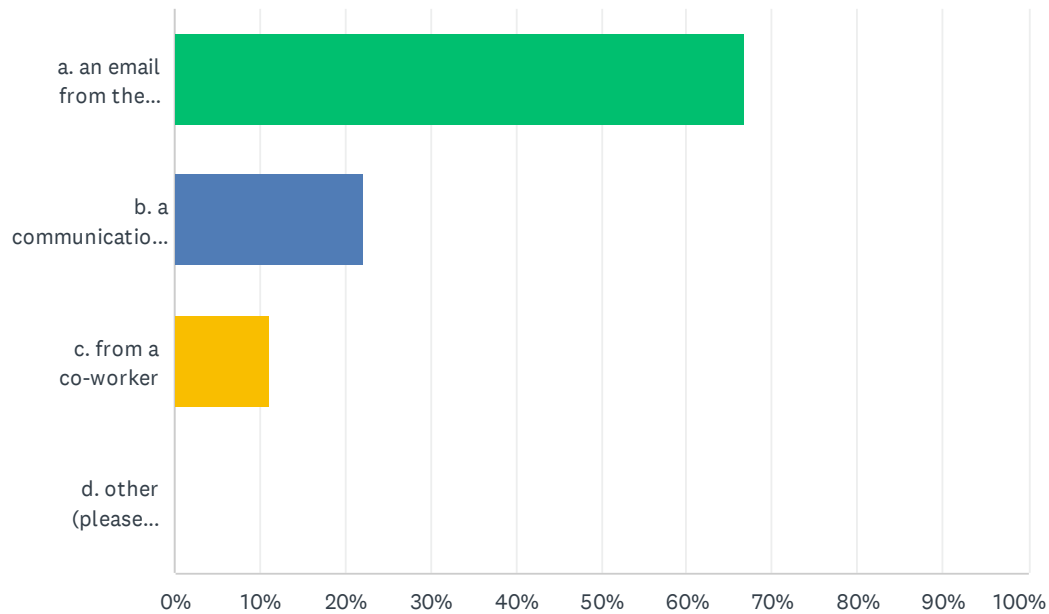


ANSWER CHOICES	RESPONSES	
Yes	100.00%	18
No	0.00%	0
Total Respondents: 18		

#	IF NO, WHAT INFORMATION WOULD YOU HAVE LIKED TO RECEIVE?	DATE
1	N/A	12/1/2023 4:57 PM
2	More Q and A during the presentation.	11/30/2023 3:55 PM

### Q3 How did you learn about the presentation?

Answered: 18 Skipped: 0

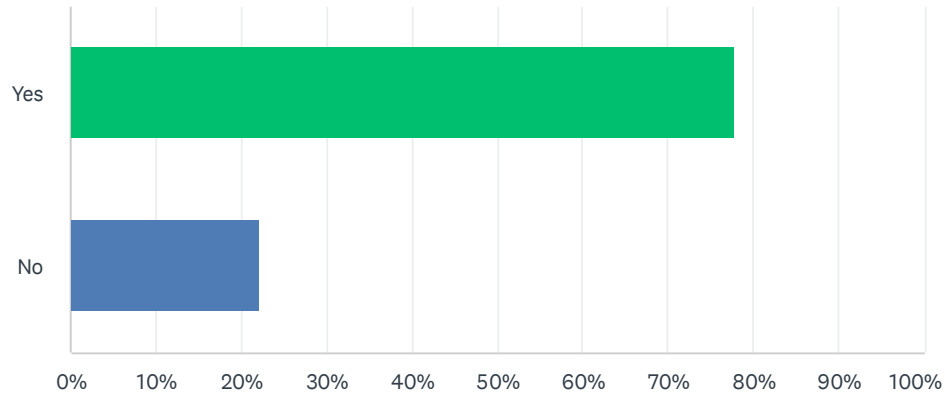


ANSWER CHOICES		RESPONSES	
a. an email from the Retirement and Investment Office		66.67%	12
b. a communication from my school district		22.22%	4
c. from a co-worker		11.11%	2
d. other (please specify)		0.00%	0
TOTAL			18

#	D. OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

## Q4 Did you learn something during the presentation that will impact your retirement plans?

Answered: 18 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	77.78%	14
No	22.22%	4
Total Respondents: 18		

#	WHAT INFORMATION IMPACTED YOUR RETIREMENT PLANS?	DATE
1	retirement date on my estimate	12/2/2023 5:43 PM
2	The multiplier using using of service.	12/2/2023 8:56 AM
3	I am labeled as a T2 person. I also need to figure out how to "buy" into my retirement fund, since I am from out of state.	12/1/2023 4:57 PM
4	The explanation of all the plans for retirement	12/1/2023 11:08 AM
5	What choice I will select for retirement.	12/1/2023 7:54 AM
6	what you can do after you retire.	12/1/2023 7:46 AM
7	the different options	12/1/2023 7:42 AM
8	Just a better understanding of the options.	12/1/2023 6:47 AM
9	In general, I learned about the rules for retirement (subbing, returning to the classroom, etc.) I learned about the payment options as well.	11/30/2023 4:32 PM
10	Nothing in particular. It was good information overall.	11/30/2023 3:55 PM
11	Determining when the best time would be to retire.	11/30/2023 3:08 PM
12	I am concerned about insurance. I have at least 2 more years before I retire so I hope to learn a lot more.	11/30/2023 2:51 PM

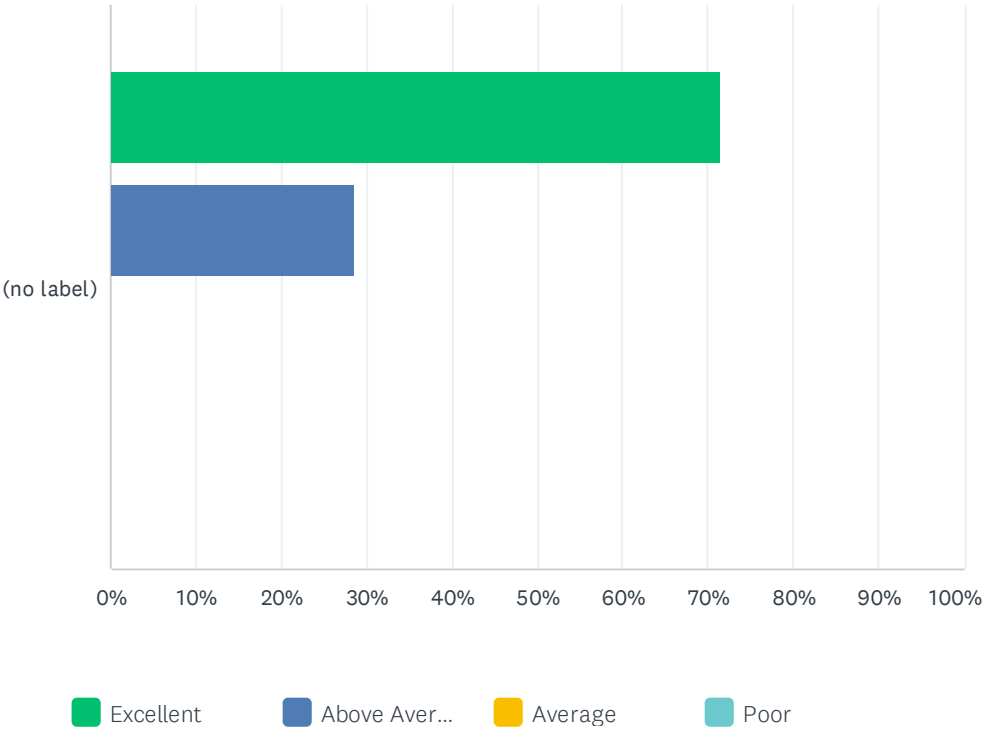
## Q5 Do you have suggestions for other programs?

Answered: 9   Skipped: 9

#	RESPONSES	DATE
1	It would have been nice and more personal to have seen the person presenting rather than just the slides. In person presentations are more meaningful.	12/2/2023 8:56 AM
2	No, I think that the presenters covered a lot of ground. This presentation was informative and helpful. Thank you.	12/1/2023 4:57 PM
3	No, very thorough and understandable, plus very easy to get a hold of someone if needed.	12/1/2023 11:08 AM
4	Need to have a Q and A.	12/1/2023 7:54 AM
5	NO	12/1/2023 7:46 AM
6	No	11/30/2023 7:38 PM
7	I had questions to ask, but that wasn't available. I think it would be beneficial to host a more interactive Zoom in the future. I do plan on making an appointment to get questions answered when I choose my retirement year.	11/30/2023 4:32 PM
8	Not at this time.	11/30/2023 3:55 PM
9	Not at this time. The presentation was very good.	11/30/2023 2:51 PM

# Q1 TFFR Program Overview - Denise Weeks, Retirement and Investment Office

Answered: 21    Skipped: 0

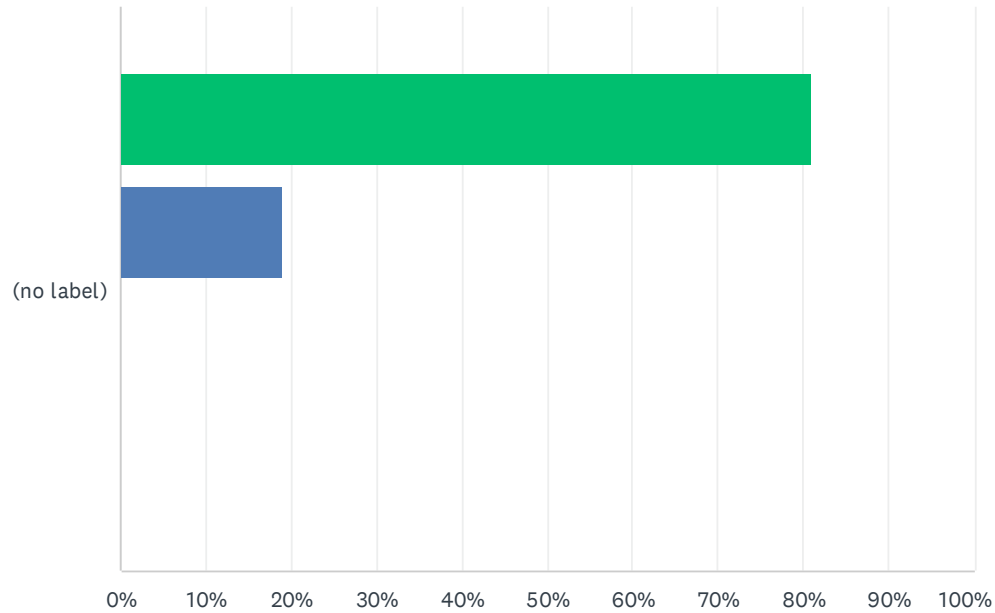


	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	71.43%	28.57%	0.00%	0.00%		
	15	6	0	0	21	3.71



## Q2 Legal and Estate Planning - Susan E. Johnson-Drenth, JD Legal Planning PLCC

Answered: 21 Skipped: 0

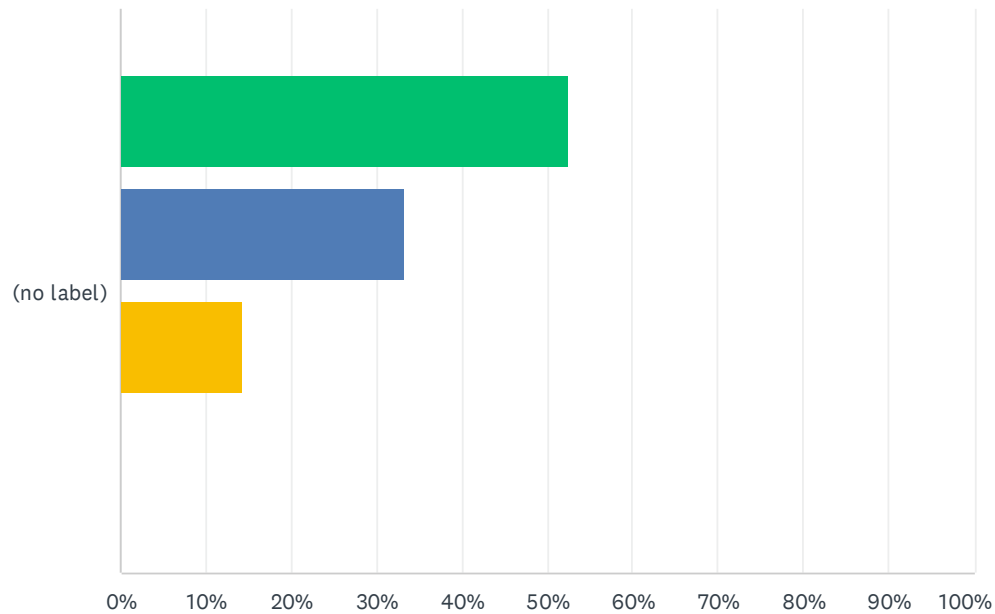


■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	80.95%	19.05%	0.00%	0.00%		
	17	4	0	0	21	3.81

## Q3 Financial Planning – Shawn Rehm, Horace Mann

Answered: 21 Skipped: 0

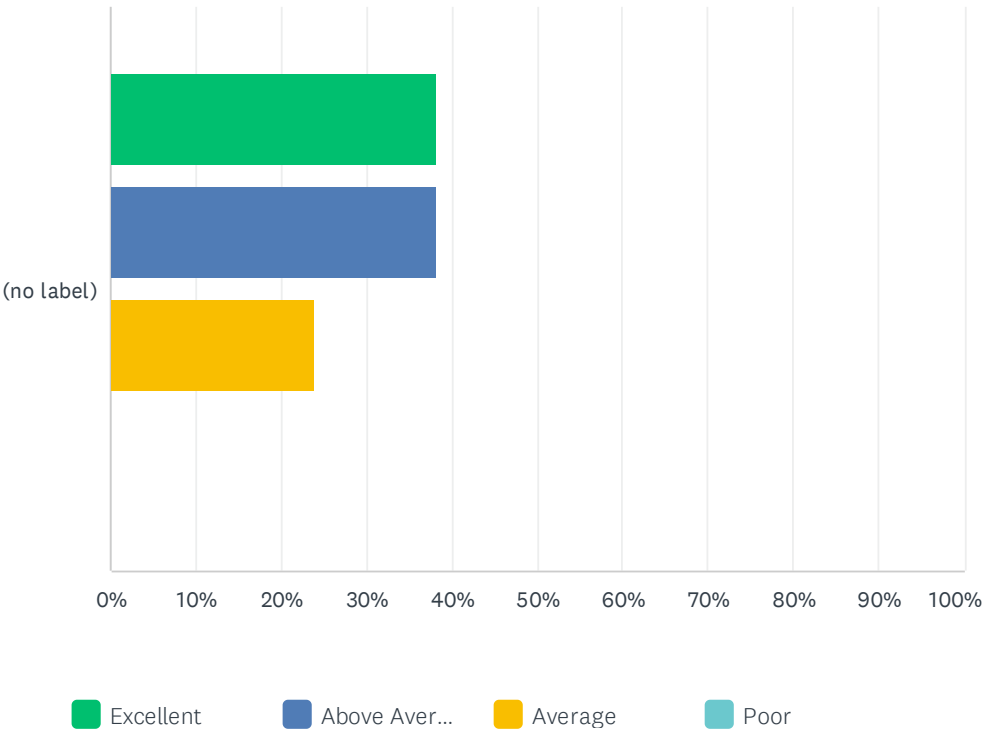


■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	52.38%	33.33%	14.29%	0.00%		
	11	7	3	0	21	3.38

Q4 Health Insurance Options – Cheryl Coyle, ND Navigator

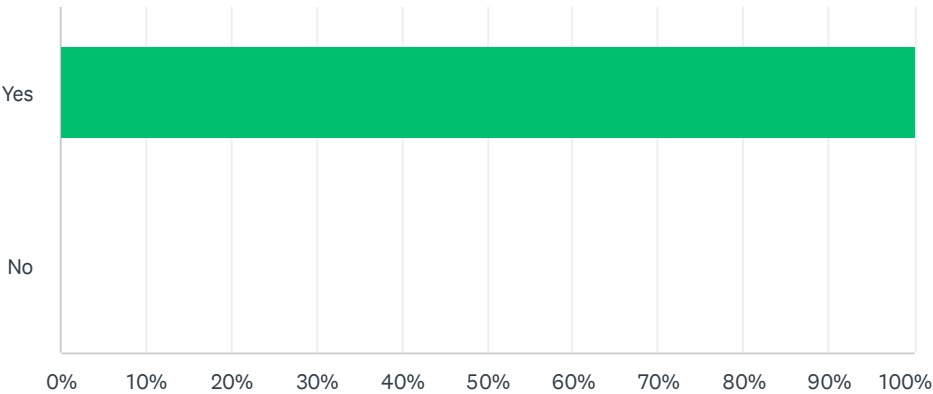
Answered: 21    Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	38.10%	38.10%	23.81%	0.00%	21	3.14
	8	8	5	0		

Q5 Was the material relevant to your needs?

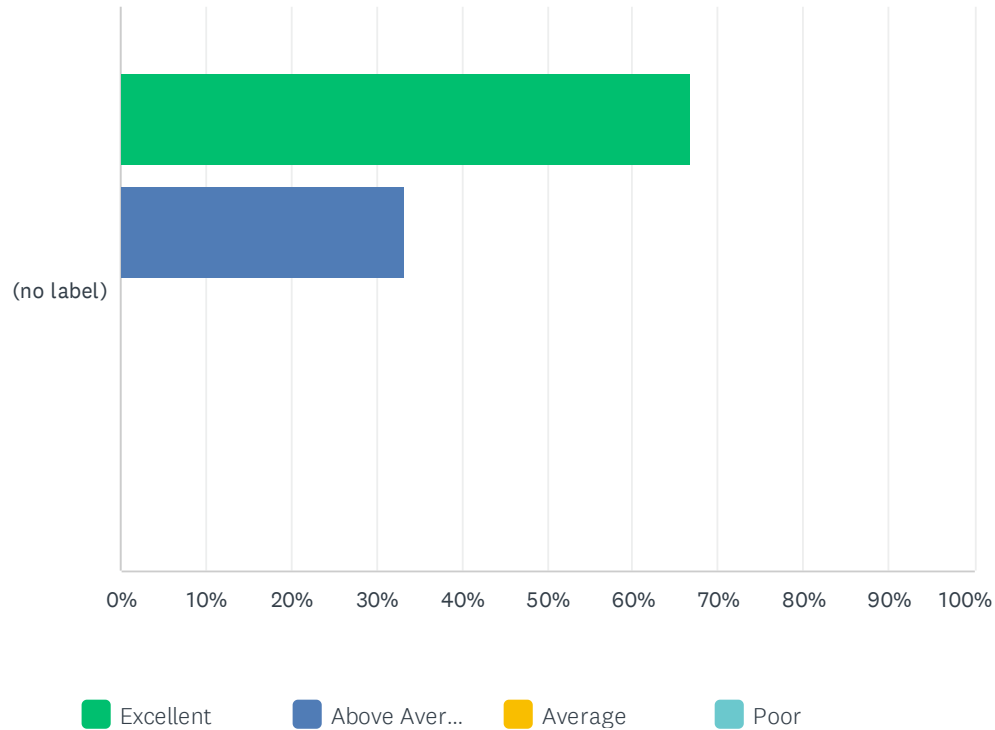
Answered: 21    Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	21
No	0.00%	0
Total Respondents: 21		

## Q6 Rate the Retirement Education Workshop overall and provide feedback regarding the presentations.

Answered: 21 Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	66.67%	33.33%	0.00%	0.00%		
	14	7	0	0	21	3.67

#	COMMENTS	DATE
1	All teachers should hear this information sooner.	7/24/2023 7:27 PM
2	I so appreciated the information so I can plan more before retirement. Thank you Sarah Weeks for taking time to answer my questions after the meeting. I greatly appreciated it!	7/23/2023 1:20 PM
3	Great information and well done! Wish more of our teachers had this information earlier in their careers. It is all very valuable.	7/22/2023 2:26 PM
4	I found this workshop to be eye opening. I wish I had attended something like this five years ago if for no other reason just to show me how much I did not/do not know about preparing for retirement. Ignorant bliss is not a good thing.	7/21/2023 5:44 PM
5	Gave us a great overview, my wife learned a lot. we have a meeting with our lawyer next month	7/21/2023 12:25 PM
6	Great mix of what to know heading into retirement: legal, financial, health insurance	7/21/2023 12:22 PM
7	I felt the first two sessions were very informative.	7/21/2023 11:13 AM
8	Great info, tons of new info which is helping me to prep & ask the necessary questions.	7/21/2023 11:03 AM

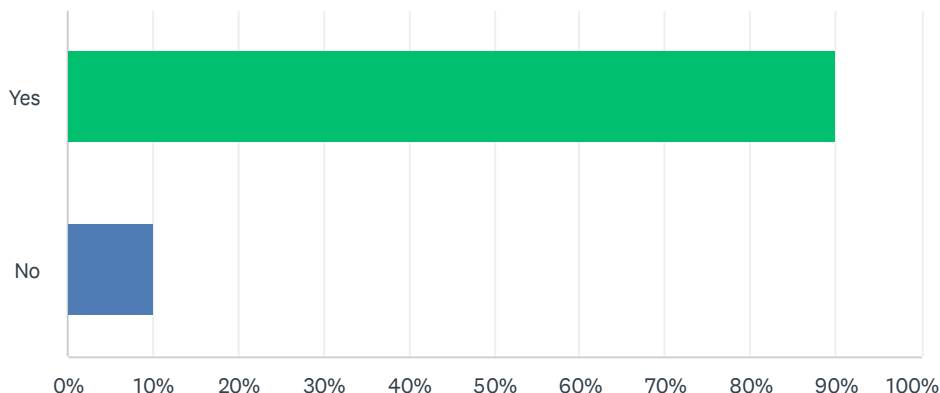
## Q7 Why did you attend the workshop?

Answered: 21    Skipped: 0

#	RESPONSES	DATE
1	To see if I am on target with the retirement process and timelines. Also to identify resource people for any follow - up I may have further questions about.	7/26/2023 12:16 PM
2	retiring in 5 years	7/25/2023 3:44 PM
3	Just trying to plan for retirement. Probably in some form after the 2024-2025 school year.	7/25/2023 10:21 AM
4	To get more familiar with what I'll have at retirement time.	7/25/2023 8:06 AM
5	I am in my 27th year of teaching and need to do some planning.	7/24/2023 7:27 PM
6	Getting closer to retirement and wanted to get more information especially with insurance.	7/24/2023 5:10 PM
7	To get an update on retirement information	7/23/2023 2:24 PM
8	I'm about 5 years from retirement and my husband has no pay package when he retires, so I wanted some insight on what we need to do to make sure we're more prepared financially. As well as have more knowledge about health insurance, wills and beneficiaries. Thank you!	7/23/2023 1:20 PM
9	I am getting close to retirement and was hoping to have some of my questions answered and find out what I am forgetting and not knowing about retiring before I make my decision. Trying to be well prepared.	7/22/2023 2:26 PM
10	Retiring in 2 years.	7/21/2023 7:04 PM
11	I am approximately 2 or 3 years from retiring and was encouraged to attend by a co-worker that recently retired.	7/21/2023 5:44 PM
12	I am planning on retiring at the end of the school year.	7/21/2023 3:58 PM
13	Getting close to retirement	7/21/2023 2:38 PM
14	Needed to start planning	7/21/2023 12:25 PM
15	I hope to retire in a few years and wanted information to get all my ducks in a row before doing so. I particularly needed information about health insurance so that if I can't teach until I'm 65, I know what my options are.	7/21/2023 12:22 PM
16	I am considering retirement soon and wanted to get information.	7/21/2023 11:29 AM
17	Retiring in May. Wanted to hear more about healthcare insurance options.	7/21/2023 11:13 AM
18	Want to map out my retirement so that I'm ready when I actually retire.	7/21/2023 11:03 AM
19	Planning on retiring at the end of the 2023-2024 school year.	7/21/2023 10:52 AM
20	My husband is retiring this year and I am getting close to retiring.	7/21/2023 10:34 AM
21	I'm nearing retirement and was curious to hear what I might be missing in preparing for retirement.	7/21/2023 10:23 AM

## Q8 Did something you learned during the workshop motivate you to act or impact your retirement planning?

Answered: 20 Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	90.00%	18
No	10.00%	2
TOTAL		20

#	IF YES, WHAT ACTION WILL YOU TAKE OR WHAT DID YOU LEARN THAT IMPACTED YOUR RETIREMENT PLANS?	DATE
1	Added items for my "to do" list.	7/26/2023 12:16 PM
2	enhance my savings plan	7/25/2023 3:44 PM
3	Going to contact an estate planner.	7/25/2023 10:21 AM
4	I reviewed our wills.	7/25/2023 8:06 AM
5	Some budgeting items.	7/24/2023 7:27 PM
6	Making sure we have everything in order.	7/24/2023 5:10 PM
7	Now that I attended this meeting, my husband and I will be meeting with Jason Rohr to discuss more details and have him answer some of my questions from the meeting. We'll then meet with some of our investors to tweak/adjust things if needed.	7/23/2023 1:20 PM
8	All the information about a will and all the other documents that should go with it. My husband and I have some work to do. We need to get some of those things in place even if I don't retire for a couple of years.	7/22/2023 2:26 PM
9	403b plan	7/21/2023 7:04 PM
10	I need to get a power of attorney and some sort of will in place. I also have financial questions that need answering so I can tie up some loose ends.	7/21/2023 5:44 PM
11	Communicate with tffr and get some future lawyer issues taken care of	7/21/2023 2:38 PM
12	getting wills and POA in place	7/21/2023 12:25 PM
13	Need to meet with a lawyer to get my POA and real estate transfer done as well as a health directive. this legal information should be a session of its own for ALL teachers, not just those	7/21/2023 12:22 PM

# TFFR Retirement Education Workshop 2023 Evaluation - Fargo

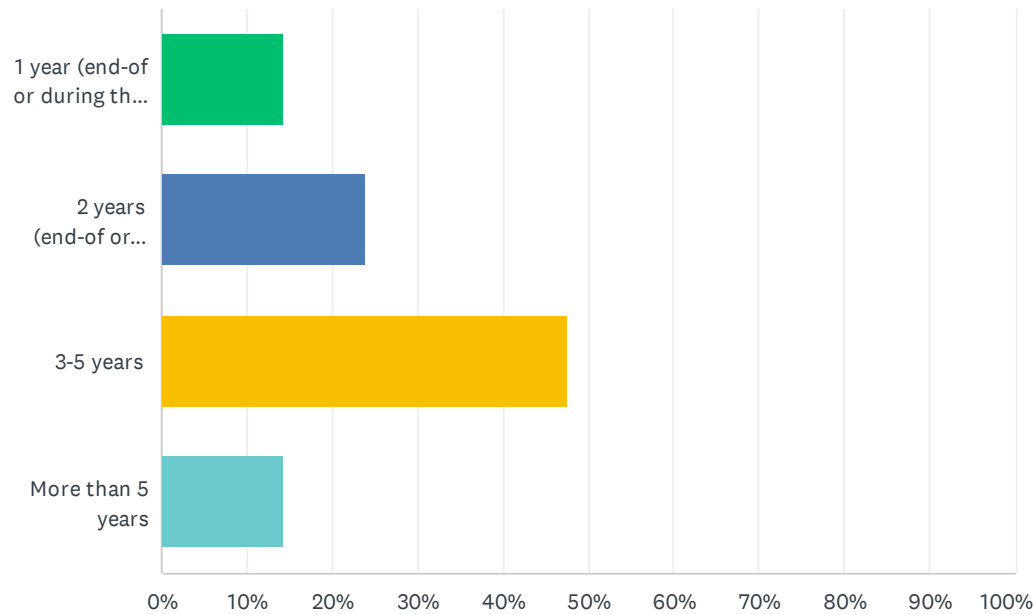
planning on retiring.

14	Check the status of my will	7/21/2023 11:29 AM
15	Info on wills & assets. Info on retirement prep	7/21/2023 11:03 AM
16	Meeting with a person about the filing process.	7/21/2023 10:52 AM
17	I will check into buying air time.	7/21/2023 10:34 AM
18	I need to get a will, directives and a trust in place.	7/21/2023 10:23 AM



Q9 How soon are you expecting to retire?

Answered: 21    Skipped: 0



ANSWER CHOICES	RESPONSES	
1 year (end-of or during the 2023-24 school year)	14.29%	3
2 years (end-of or during the 2024-25 school year)	23.81%	5
3-5 years	47.62%	10
More than 5 years	14.29%	3
Total Respondents: 21		

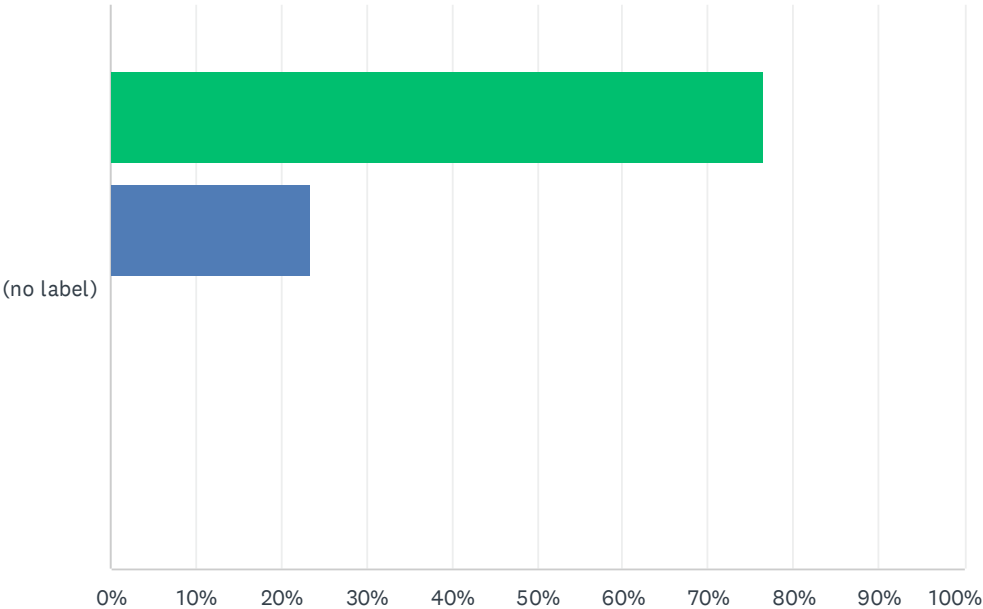
## Q10 Do you have suggestions for other programs?

Answered: 9   Skipped: 12

#	RESPONSES	DATE
1	Nope	7/25/2023 10:21 AM
2	Have these kind of meetings geared for teachers just starting out and another one geared for teachers about half way through their career.	7/25/2023 8:06 AM
3	You may have this already established, but one on one meetings/small group meetings to explain things in more detail,	7/23/2023 1:20 PM
4	More information about Medicare and medicaid and supplements. Getting signed up and when. Some of those types of things would be good to know more about.	7/22/2023 2:26 PM
5	Not really. I found this workshop a good start on things I need to do and/or learn about.	7/21/2023 5:44 PM
6	More question and answer time if possible	7/21/2023 2:38 PM
7	Have legal workshops for all teachers around the state so people can get set up with POA and real estate transfers and wills.	7/21/2023 12:22 PM
8	I wish that I had attended earlier in my career...if there's a way to make these workshops more "catching or important" to incoming or teachers w/in their first 5-8 years would be great. I've never attended because I thought it was more for those actually retiring now. A friend just retired and so she got me thinking that I should attend, so I did! Wish I would've attended earlier. Great workshop.	7/21/2023 11:03 AM
9	Maybe have workshops for new teachers.	7/21/2023 10:34 AM

# Q1 TFFR Program Overview - Denise Weeks, Retirement and Investment Office

Answered: 17    Skipped: 0

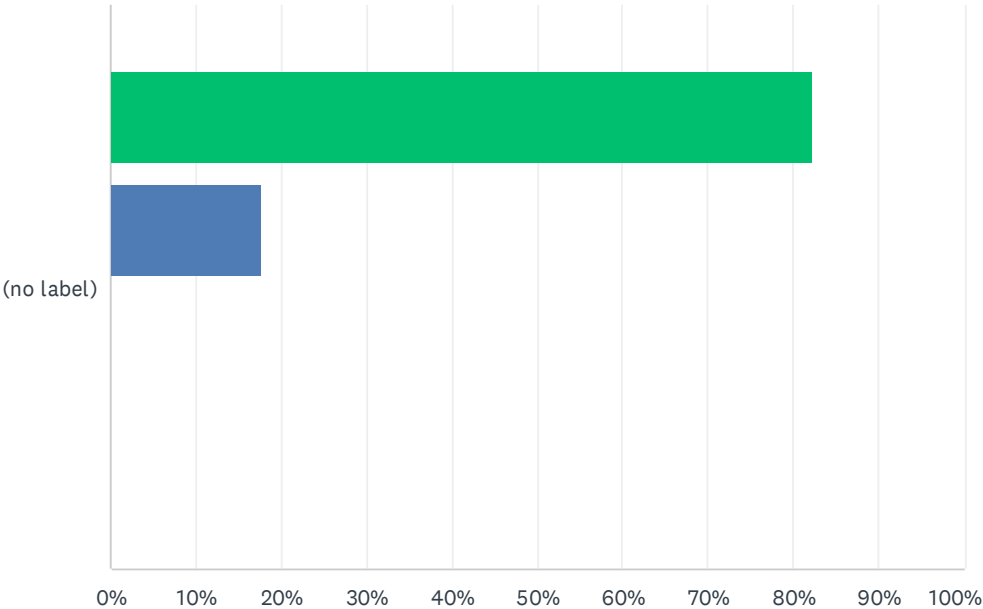


Excellent    Above Aver...    Average    Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	76.47%	23.53%	0.00%	0.00%		
	13	4	0	0	17	3.76

# Q2 Legal and Estate Planning - Susan E. Johnson-Drenth, JD Legal Planning PLCC

Answered: 17    Skipped: 0

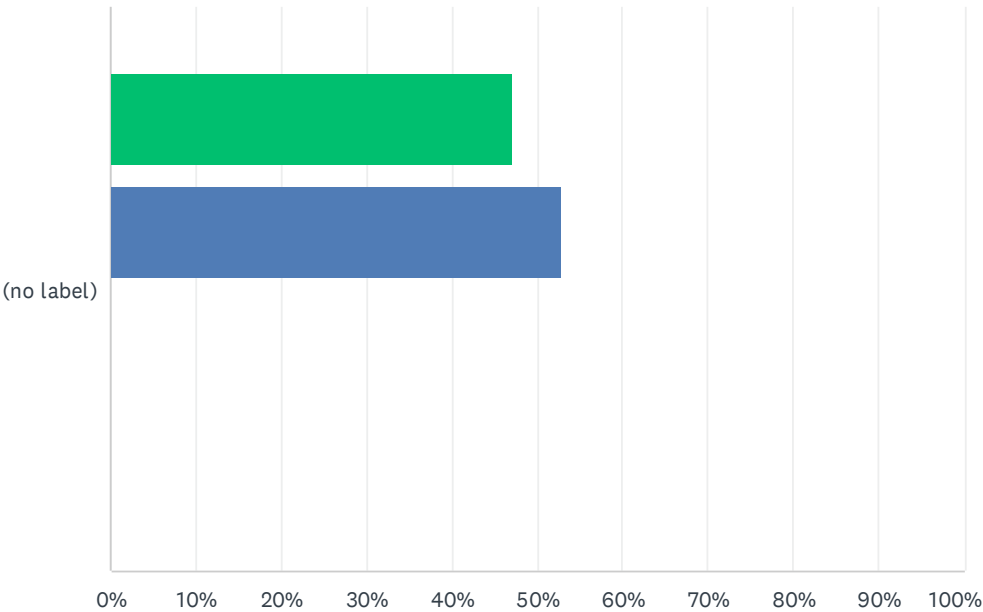


Excellent    Above Aver...    Average    Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	82.35%	17.65%	0.00%	0.00%	17	3.82
	14	3	0	0		

Q3 Financial Planning – Shawn Rehm, Horace Mann

Answered: 17    Skipped: 0

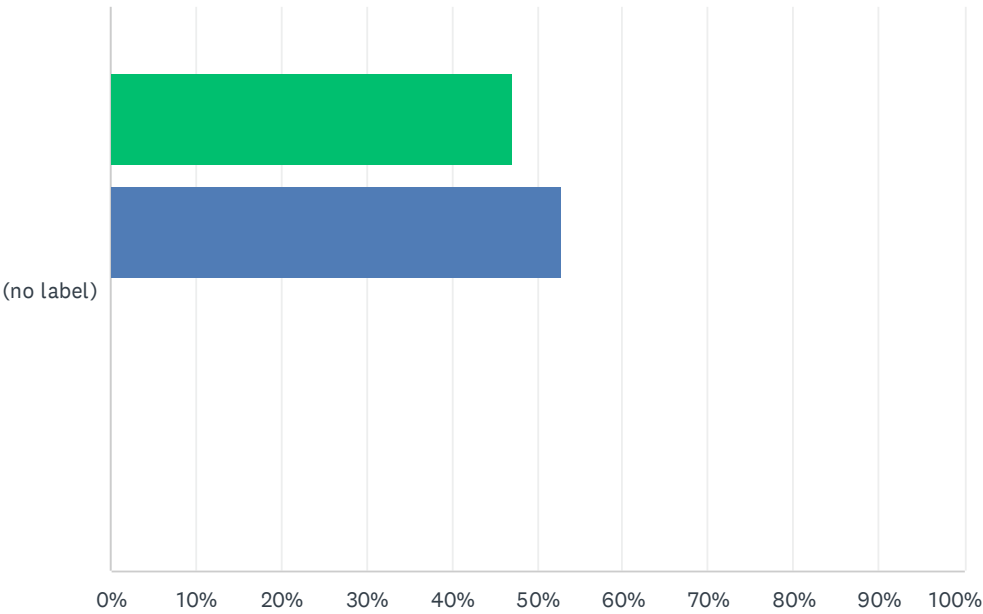


Excellent    Above Aver...    Average    Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	47.06%	52.94%	0.00%	0.00%	17	3.47
	8	9	0	0		

Q4 Health Insurance Options – Cheryl Coyle, ND Navigator

Answered: 17    Skipped: 0

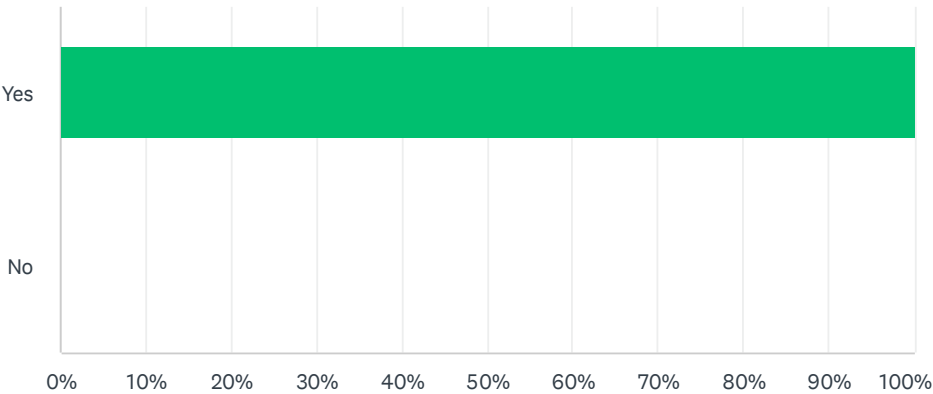


Excellent    Above Aver...    Average    Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	47.06%	52.94%	0.00%	0.00%	17	3.47
	8	9	0	0		

Q5 Was the material relevant to your needs?

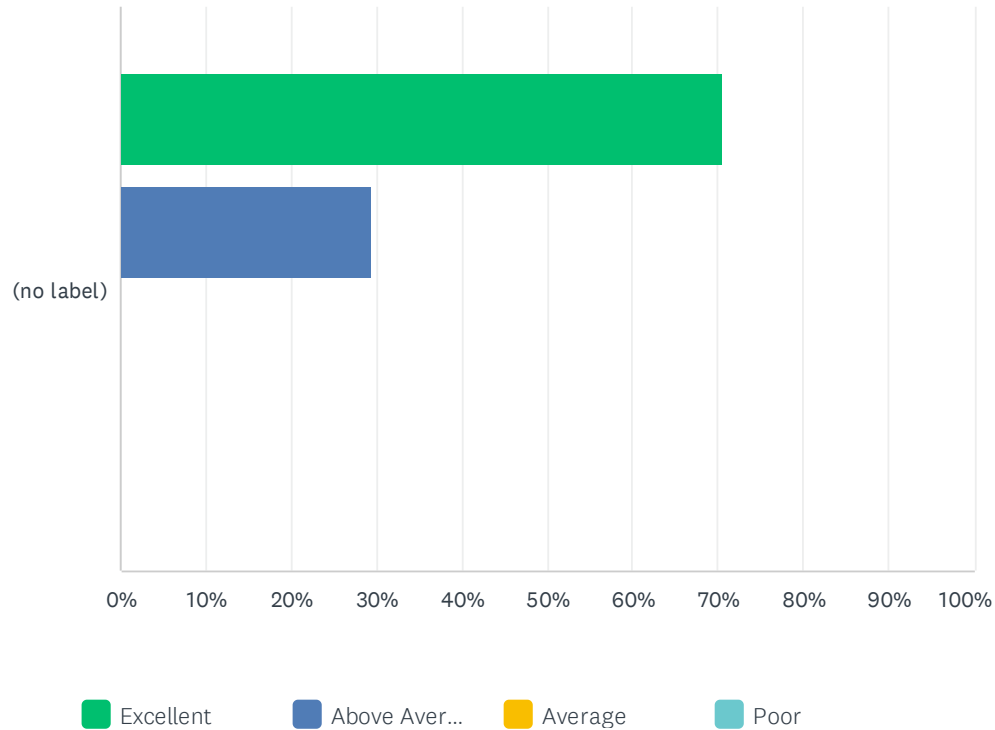
Answered: 17    Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	17
No	0.00%	0
Total Respondents: 17		

## Q6 Rate the Retirement Education Workshop overall and provide feedback regarding the presentations.

Answered: 17    Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	70.59%	29.41%	0.00%	0.00%	17	3.71
	12	5	0	0		

#	COMMENTS	DATE
1	I think this information is extremely relevant and would be important for all educators to watch. Even the people just starting out in their careers.	7/28/2023 1:33 PM
2	Thank you for the slides from the presenters. It made note taking easier. I learned a lot about what I need to get put in place and that what I have in place is correctly done which is reassuring. I do have to get further information on the beneficiary portion of TFFR as that is one place I feel I am lacking.	7/27/2023 10:58 AM
3	Very informative - very timely. It seemed that each presenter had more information to share than time allowed. Much of this information would be beneficial to younger educators as well.	7/27/2023 8:24 AM
4	Very helpful, great info to start planning	7/26/2023 4:30 PM
5	I found the information presented to be very helpful and practical.	7/26/2023 12:55 PM
6	There was a lot of great information shared yesterday. I am new to TFFR so I am learning. I do have an individual appointment set up in August.	7/26/2023 12:46 PM
7	Lots of good information!	7/26/2023 12:32 PM
8	It was a lot of information tk digest so I appreciate being able to view the recording at my own pace as well! Thank you!	7/26/2023 12:30 PM



## TFFR Retirement Education Workshop 2023 Evaluation - Virtual

9	I wish I would have taken a course like this earlier in my career. I think I would have done things differently.	7/26/2023 12:19 PM
10	Lots of info in a short period of time. Good presentation. Can't wait for recorded copy so i can focus on my specific needs	7/26/2023 11:56 AM
11	Would have liked to have had a newer printout.	7/26/2023 11:52 AM

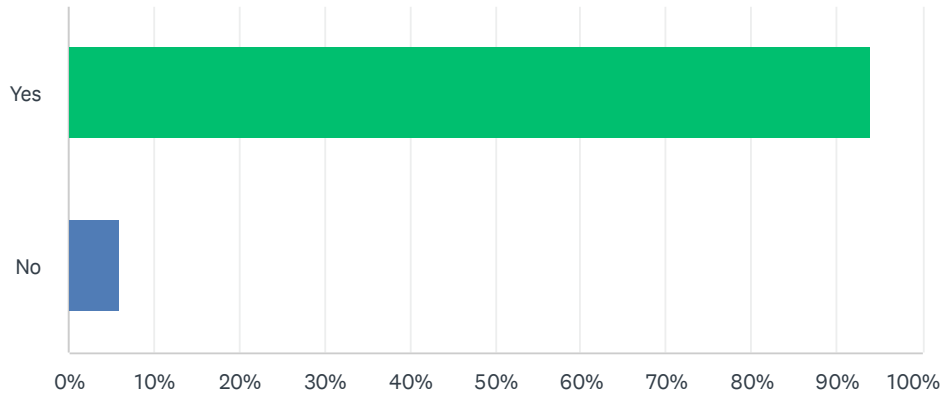
## Q7 Why did you attend the workshop?

Answered: 17    Skipped: 0

#	RESPONSES	DATE
1	Plan on retiring this year.	7/30/2023 6:36 PM
2	I am getting close to retirement and wanted info on estate planning and health insurance info.	7/28/2023 1:33 PM
3	Nearing the age of retirement.	7/27/2023 11:47 AM
4	I am planning to retire at the end of this year and wanted to make sure I know what I need to have ready and just learn more about the process so I still have time to prepare whatever I needed to prepare. Health insurance is a concern.	7/27/2023 10:58 AM
5	I have previously attended a retirement seminar. My husband and I are getting closer to seriously considering retirement and just wanted to make hear all the information one more time.	7/27/2023 8:24 AM
6	Retirement is on the horizon.	7/26/2023 8:29 PM
7	To start planning for retirement and learn about my options	7/26/2023 4:30 PM
8	Retirement is close	7/26/2023 3:52 PM
9	I wanted to know more.	7/26/2023 3:31 PM
10	Getting close to retirement	7/26/2023 1:50 PM
11	To help prepare for my retirement within the next 10 years	7/26/2023 12:55 PM
12	I attended to learn more about TFFR.	7/26/2023 12:46 PM
13	I will be retiring in 4 years and I want to have a good plan and know my options	7/26/2023 12:32 PM
14	To understand retirement - I wish I had taken advantage of these kinds of workshops earlier in my career to have a better understanding and head start. Coming in late to the conversation at year 21.	7/26/2023 12:30 PM
15	I am 6 years from retirement and wanted to make sure I was on the right track. This was not the workshop to answer those questions. I will need to set up a one-one in the near future.	7/26/2023 12:19 PM
16	Looking at retiring in a couple of years	7/26/2023 11:56 AM
17	Was hoping to be able to discuss like the options of the payouts more.	7/26/2023 11:52 AM

## Q8 Did something you learned during the workshop motivate you to act or impact your retirement planning?

Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	94.12% 16
No	5.88% 1
TOTAL	17

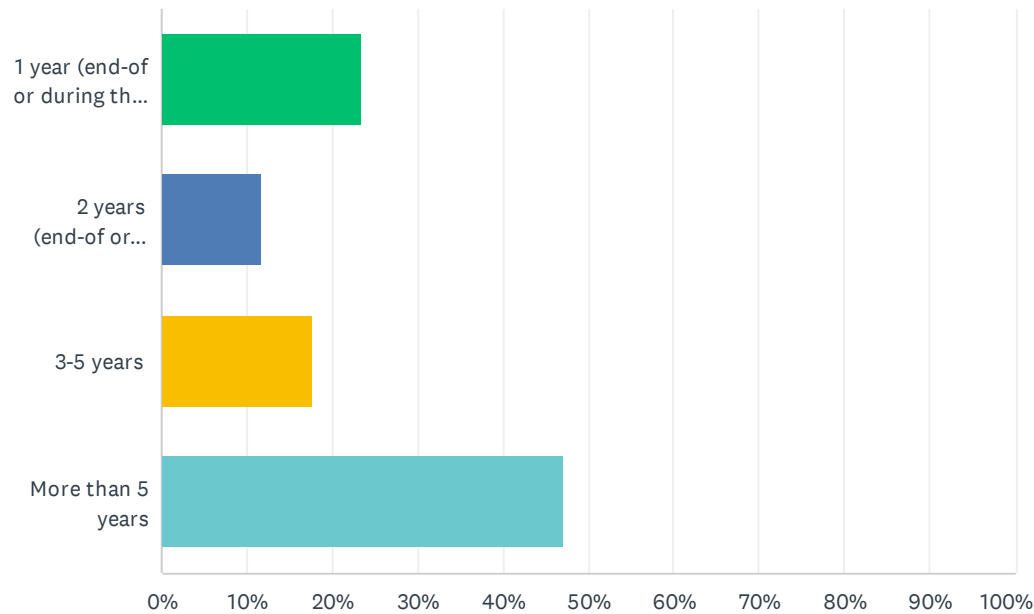
#	IF YES, WHAT ACTION WILL YOU TAKE OR WHAT DID YOU LEARN THAT IMPACTED YOUR RETIREMENT PLANS?	DATE
1	Yes, make a will and meet with a lawyer.	7/30/2023 6:36 PM
2	Getting a will ASAP	7/28/2023 1:33 PM
3	Needing to teach until 60	7/27/2023 11:47 AM
4	There are options for health insurance. Just knowing that most things are in place correctly. I will need to get hold of the TFFR office to make sure I have beneficiaries done correctly and make changes to that if needed and consulting to figure out which of the payment plan options will be best for me. I will have 40 years in when I retire in May. I'm nervous but yet a little more confident with that decision and can sub if choose to.	7/27/2023 10:58 AM
5	Appreciated Shawn's comment about "test driving" retirement and living off of 60% of income. Susan's information about estate planning and legal paperwork was a wonderful review.	7/27/2023 8:24 AM
6	Check on titles and deeds on our property. Prepping wills and powers of attorney.	7/26/2023 8:29 PM
7	I am looking into the cost of airtime	7/26/2023 4:30 PM
8	healthcare directive, will etc.	7/26/2023 3:52 PM
9	Making a will	7/26/2023 1:50 PM
10	I'm going to visit with my employer about investment plans that may be available, such as 403b.	7/26/2023 12:55 PM
11	I set up an individual appointment with Retirement Specialist in August.	7/26/2023 12:46 PM
12	I plan to get legal forms (POA, deed to house, etc.) in order and let our children know.	7/26/2023 12:32 PM
13	Estate planning, will, power of attorney and advanced directives!!!	7/26/2023 12:30 PM

## TFFR Retirement Education Workshop 2023 Evaluation - Virtual

14	All the information Susan presented. I need to get in gear and make some financial decisions for the future.	7/26/2023 12:19 PM
15	Need to have more discussion on beneficiaries	7/26/2023 11:56 AM
16	To get a will made and our POAs. Called a lawyer	7/26/2023 11:52 AM

Q9 How soon are you expecting to retire?

Answered: 17    Skipped: 0



ANSWER CHOICES	RESPONSES	
1 year (end-of or during the 2023-24 school year)	23.53%	4
2 years (end-of or during the 2024-25 school year)	11.76%	2
3-5 years	17.65%	3
More than 5 years	47.06%	8
Total Respondents: 17		

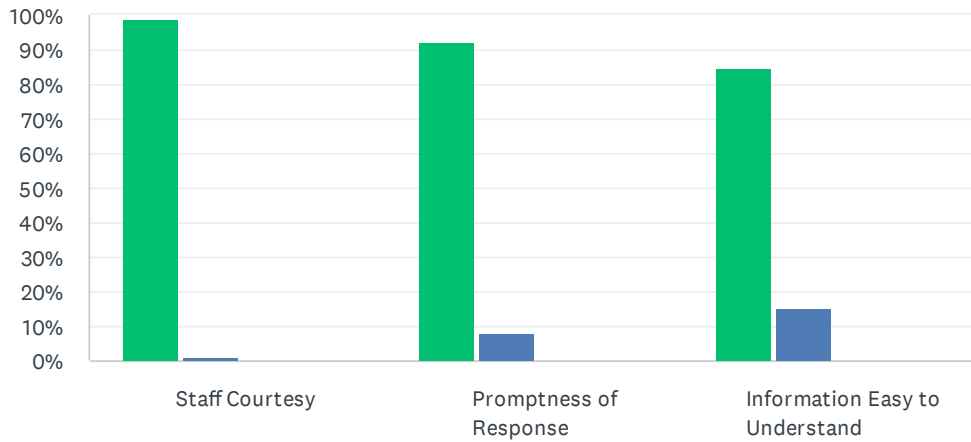
## Q10 Do you have suggestions for other programs?

Answered: 6   Skipped: 11

#	RESPONSES	DATE
1	Not at this time	7/28/2023 1:33 PM
2	Not right now	7/27/2023 10:58 AM
3	All the information was relevant & helpful!	7/26/2023 3:52 PM
4	Not right now.	7/26/2023 12:46 PM
5	I took a course in 2021 for a credit and had I known or been able to use those credits towards lane change , I may have been more motivated in the topic earlier in my career! But thank you for offering the credit!	7/26/2023 12:30 PM
6	Not at this time	7/26/2023 11:56 AM

Q1 We strive to deliver quality service to our customers. Please take a minute to provide us with your feedback.

Answered: 104 Skipped: 0



■ Excellent
 ■ Above Aver...
 ■ Average
 ■ Poor

	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
Staff Courtesy	99.04% 103	0.96% 1	0.00% 0	0.00% 0	104	3.99
Promptness of Response	92.31% 96	7.69% 8	0.00% 0	0.00% 0	104	3.92
Information Easy to Understand	84.62% 88	15.38% 16	0.00% 0	0.00% 0	104	3.85

## Q2 Comments/Suggestions

Answered: 70   Skipped: 34

#	RESPONSES	DATE
1	All staff was incredibly informative & helpful. Since this is a bit overwhelming, change of life path, so they really calmed me. Grateful here. :)	6/21/2024 9:42 AM
2	Retirement Specialist was so professional yet made me feel comfortable. Thank you, Jayme for helping and making things smooth.	6/21/2024 9:41 AM
3	Everyone has been very helpful and courteous through the entire process. I am very thankful for all the help.	6/21/2024 9:39 AM
4	Retirement Specialist was so kind and knowledgeable in assisting me. I truly appreciated the informational online meetings that were available - very thorough. Thank you!	6/21/2024 9:38 AM
5	The staff is always friendly and so helpful. The process of retirement paperwork was seamless with TFFR staff.	6/21/2024 9:37 AM
6	Great help! Thanks for being there.	6/21/2024 9:37 AM
7	Each phone call I made to ask questions or get clarification, I was able to speak with someone who answered my questions right away and was so easy to talk to. My experience was great!	6/21/2024 9:36 AM
8	Your staff has been very helpful and prompt with any questions I've had during my retirement process!	6/21/2024 9:35 AM
9	Appreciate the help!	6/13/2024 7:59 AM
10	Retirement Specialist is a rockstar! My husband and I could not thank her enough.	4/26/2024 12:19 PM
11	There has been good communication and all questions answered in a timely manner.	4/10/2024 9:02 AM
12	Thanks for all you do! Every interaction I've had while planning my retirement has been helpful, informative, and pleasant!	4/3/2024 7:04 AM
13	Retirement Specialist helped me out a lot. I really appreciate it.	4/3/2024 7:03 AM
14	Always very professional and helpful!	4/1/2024 8:03 AM
15	Retirement Specialist was very knowledgeable and answered all of our questions. We appreciate her patience in helping us to understand all of our options.	3/27/2024 10:09 AM
16	Great!	3/26/2024 4:25 PM
17	Retirement Specialist did a great job helping me with my concerns.	3/19/2024 11:43 AM
18	Retirement Specialist is Amazing!	3/18/2024 9:54 PM
19	All is fine except losing the deduction in the first place.	2/23/2024 9:32 AM
20	Retirement Specialist - you are so good at what you do! Thanks for taking care of us "old" teachers!!	1/26/2024 3:41 PM
21	Retirement Specialist was amazing - she did a beautiful job of presenting and explaining the information to us.	1/26/2024 3:40 PM
22	It was nice working with Retirement Specialist	1/26/2024 3:39 PM
23	Extremely professional, patient, thorough - they know their info and are easy to work with. Always reply in a timely manner.	1/26/2024 3:36 PM
24	Retirement Specialist was so helpful during my retirement process. She answered all my questions (and made sure I understood), returned calls promptly, and was always courteous and patient.	1/26/2024 3:30 PM
25	Retirement Specialist was a excellent specialist, very informative and professional in all aspects	1/26/2024 3:29 PM



## Customer Satisfaction Survey

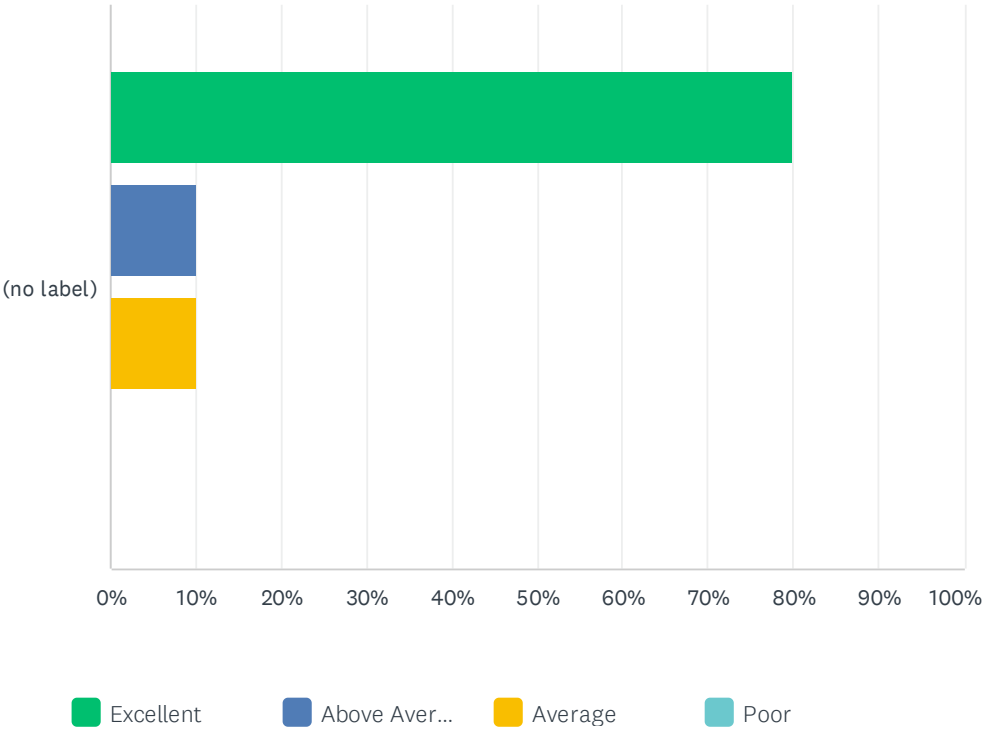
	of the procedure!	
26	The salary verification/audit process took much longer than normal. I should have been allowed to provide documents much earlier in the process when the school district was unable to find the documents requested. 6 months is too long!	1/26/2024 3:29 PM
27	I am thankful for the attention given to my retirement account when some corrections needed to be made.	1/3/2024 3:39 PM
28	Great & informative presentation!	10/18/2023 10:53 AM
29	Thank you for the great info :)	10/18/2023 10:52 AM
30	Loved having you come to Dickinson - very thorough, easy to understand & loved your sense of humor! Thank you	10/18/2023 10:52 AM
31	Nice job	10/18/2023 10:51 AM
32	Retirement Specialist did a great presentation! Very helpful - thank you! :)	10/18/2023 10:51 AM
33	Thank you so much for the wealth of information.	10/18/2023 10:51 AM
34	Thank you for your positive - enthusiastic - informative presentation.	10/18/2023 10:50 AM
35	Very easy to understand. Good pacing - not overwhelming	10/18/2023 10:50 AM
36	Very pleased and appreciative of all the help I received in my retirement. Thank you very much Retirement Specialist.	10/18/2023 10:39 AM
37	Retirement Specialist is very pleasant to work with!	10/18/2023 10:39 AM
38	Thank you for your assistance!	10/18/2023 10:38 AM
39	Retirement Specialist is amazing, and treats every call as an opportunity to grow understanding. She is truly working for the best outcome for each of us.	10/18/2023 10:38 AM
40	Staff provided a courteous prompt and informative experience.	10/18/2023 10:37 AM
41	Very pleased! Thank you!	10/18/2023 10:37 AM
42	Thank you! Such a pleasure to work with you.	10/18/2023 10:36 AM
43	You made it very easy to go through the process!	10/18/2023 10:36 AM
44	What an Incredible Staff!! Thank you.	10/18/2023 10:35 AM
45	Retirement Specialist has been awesome - always friendly, professional, prompt & thorough with responses to my questions. Thank you!!	10/18/2023 10:34 AM
46	Retirement Specialist is simply outstanding! She listened, was knowledgeable, gave/provided excellent advice & was sincere! She's the best!	10/18/2023 10:34 AM
47	Retirement Specialist was great - answered emails & phone messages promptly. Very patient w/questions.	10/18/2023 10:33 AM
48	Everyone was great to work with. Retirement Specialist especially so! Thanks to all for the help when needed!	10/18/2023 10:25 AM
49	I am so thankful for your help and kindness.	10/18/2023 10:24 AM
50	The retirement process was very easy to go through. Special thanks to Retirement Specialist.	10/18/2023 10:23 AM
51	Thank you!	10/18/2023 10:23 AM
52	We asked for a SIMPLE CLARIFICATION on the process of reviewing/completing tax withholding & was refused by rep to even discuss the topic. Include more "paper" instructions - or allow reps to give some help.	10/18/2023 10:22 AM
53	Such an easy process & I appreciate the help of staff whenever we met via zoom or email. Thank you!!	10/18/2023 9:53 AM
54	Retirement Specialist has always been helpful and happy to answer any questions. My experience with TFFR office staff has been positive.	10/18/2023 9:49 AM

## Customer Satisfaction Survey

55	Thank you!	10/18/2023 9:49 AM
56	The best ladies ever :)	10/18/2023 9:48 AM
57	Amazing staff!!	10/18/2023 9:48 AM
58	Thanks for your guidance & availability.	10/18/2023 9:48 AM
59	All of the help I needed was provided generously. Thank you and keep up the good work!	10/18/2023 9:48 AM
60	Very helpful staff. Thanks!	10/18/2023 9:47 AM
61	Very satisfied, thank you for your help!	10/18/2023 9:46 AM
62	Exemplary service and information on my TFFR benefits. Thanks so much for walking me through this process!	10/18/2023 9:46 AM
63	Thank you for all of your help! :)	10/18/2023 9:45 AM
64	The process was well defined and user friendly.	10/18/2023 9:45 AM
65	This information, as it is written, is for the most part clear. There are a few areas that can be confusing but TFFR staff are very good at explaining and providing answers to concerns and questions.	10/18/2023 9:44 AM
66	My experiences with TFFR has always been really good! Retirement Specialist has been super in getting me the information I need and answering the questions I ask. She and everyone I've experienced in that office has always been a very positive experience.	10/10/2023 5:45 PM
67	Retirement Manager was so good at answering my questions and got back to me in a timely manner.	9/29/2023 5:51 PM
68	Retirement Specialist is awesome. Great customer service!	9/19/2023 2:06 PM
69	Retirement Specialist was extremely helpful. Explained things in easy to understand terms. Provided useful information. Answered all the questions that I had. She was easy and fun to talk to. I appreciated her help.	8/25/2023 10:22 AM
70	After only one phone call, my request was met...friendly and knowledgeable	8/16/2023 8:46 AM

Q1 Rate the Info Mixer overall, including the material presented and speaker knowledge of the Teachers' Fund for Retirement pension program.

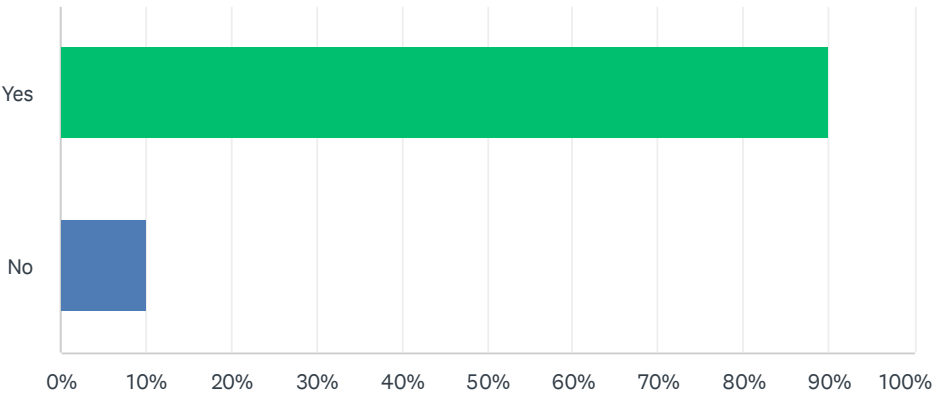
Answered: 10    Skipped: 0



	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	80.00%	10.00%	10.00%	0.00%	10	3.70
	8	1	1	0		

Q2 Was the material relevant to your needs?

Answered: 10    Skipped: 0

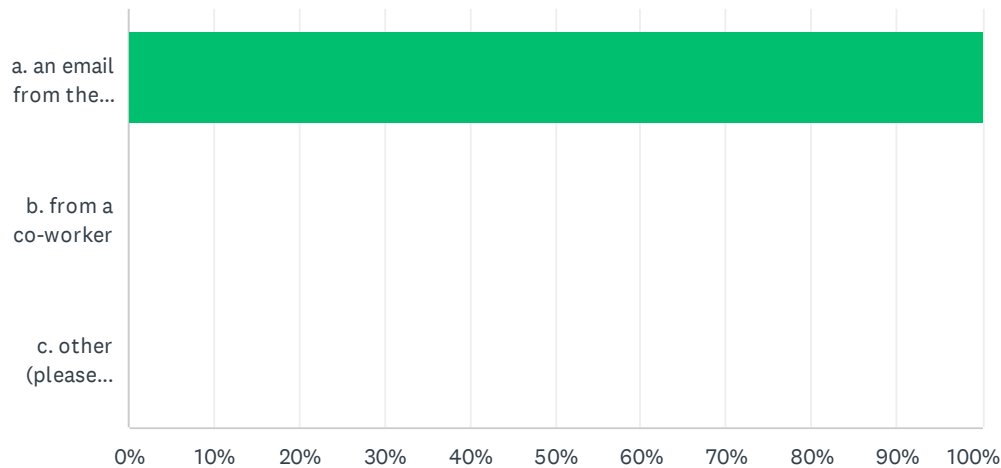


ANSWER CHOICES	RESPONSES	
Yes	90.00%	9
No	10.00%	1
Total Respondents: 10		

#	IF NO, WHAT INFORMATION WOULD YOU HAVE LIKED TO RECEIVE?	DATE
	There are no responses.	

Q3 How did you learn about the presentation?

Answered: 10    Skipped: 0

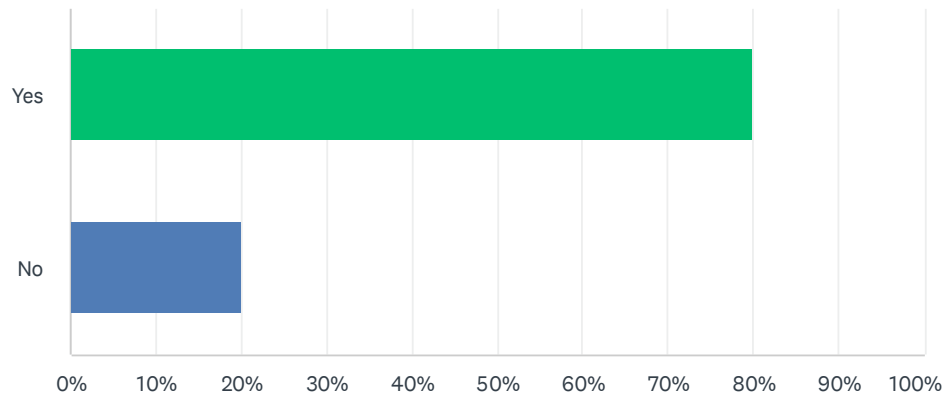


ANSWER CHOICES		RESPONSES	
a. an email from the Retirement and Investment Office		100.00%	10
b. from a co-worker		0.00%	0
c. other (please specify)		0.00%	0
TOTAL			10

#	C. OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

## Q4 Did you learn something during the webinar that will impact your work?

Answered: 10   Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	80.00%	8
No	20.00%	2
Total Respondents: 10		

#	WHAT DID YOU LEARN?	DATE
1	I learned more about the number of hours a retiree can work along with information about the critical shortage areas and rules.	9/28/2023 12:45 PM
2	Info on retired teachers and active duty retired employees	9/28/2023 10:10 AM
3	It is always a good refresher to know what is considered reportable salary and what is not.	9/28/2023 9:58 AM
4	Always learning about things that are tffr reportable and what it not as things are always changing, adding, etc.	9/28/2023 9:39 AM
5	Reportable items for retired teachers	9/28/2023 9:35 AM
6	New rules pertaining to retired teachers.	9/28/2023 9:31 AM

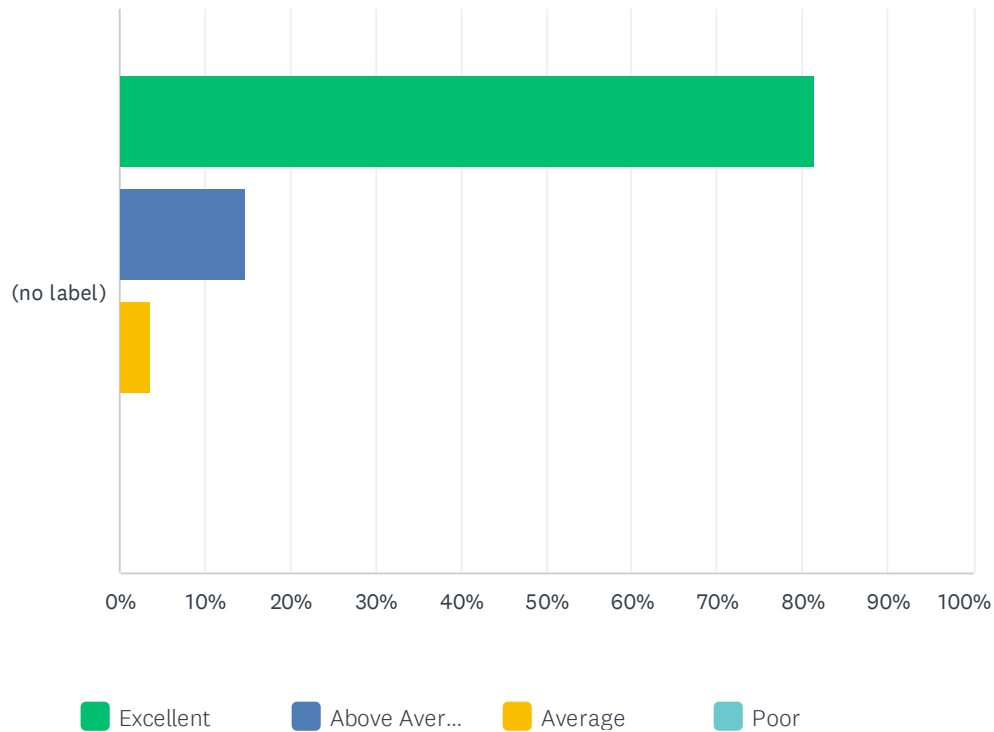
## Q5 Do you have suggestions for other programs?

Answered: 4   Skipped: 6

#	RESPONSES	DATE
1	Liked the option to print slides before webinar to take notes!	9/28/2023 10:10 AM
2	I know you have retirement seminars and I am waiting to sign up for that one for information!	9/28/2023 9:58 AM
3	No	9/28/2023 9:39 AM
4	It would be nice to recommend to streamline what is reported and what is not. Either it is or it isn't no matter who is doing the work. (i.e sub pay)	9/28/2023 9:31 AM

Q1 Rate the Info Mixer overall, including the material presented and speaker knowledge of the Teachers' Fund for Retirement pension program.

Answered: 27 Skipped: 1

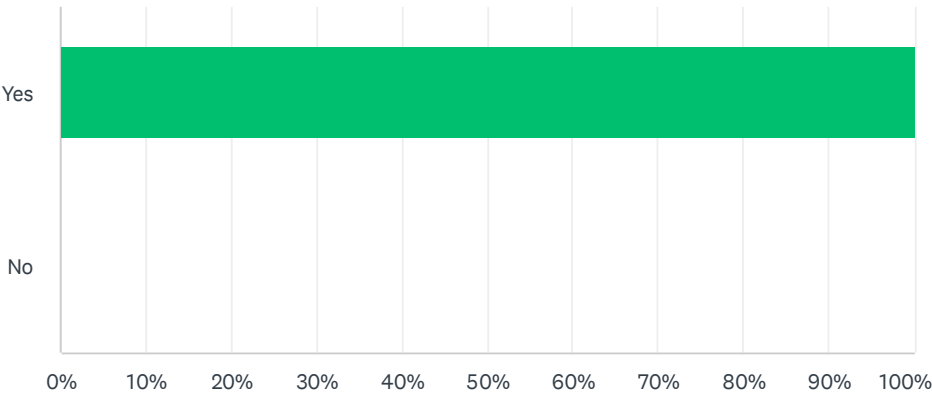


	EXCELLENT	ABOVE AVERAGE	AVERAGE	POOR	TOTAL	WEIGHTED AVERAGE
(no label)	81.48%	14.81%	3.70%	0.00%	27	3.78
	22	4	1	0		



Q2 Was the material relevant to your needs?

Answered: 27    Skipped: 1

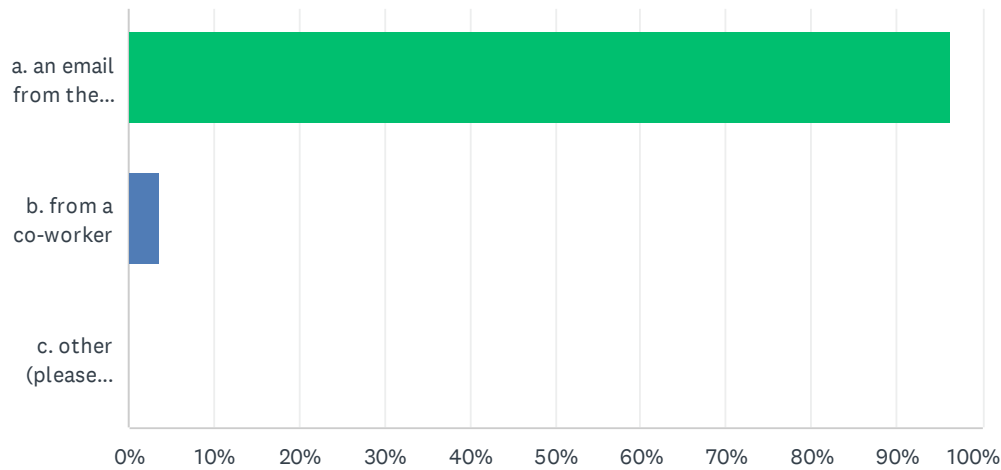


ANSWER CHOICES	RESPONSES	
Yes	100.00%	27
No	0.00%	0
Total Respondents: 27		

#	IF NO, WHAT INFORMATION WOULD YOU HAVE LIKED TO RECEIVE?	DATE
	There are no responses.	

Q3 How did you learn about the presentation?

Answered: 28    Skipped: 0

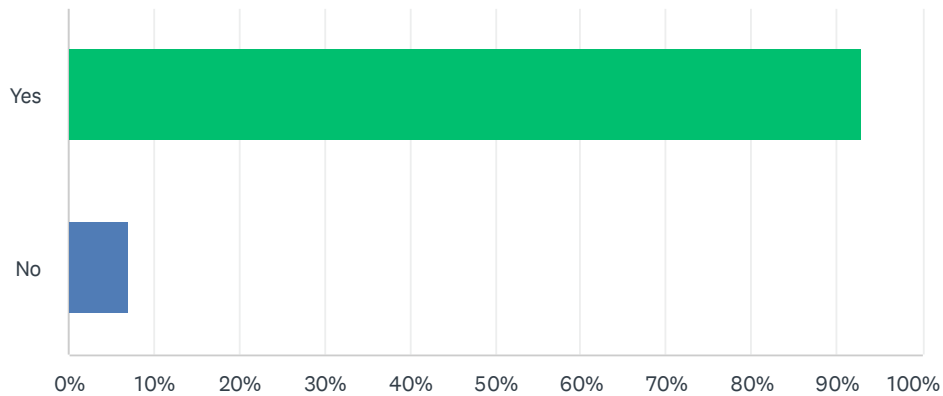


ANSWER CHOICES		RESPONSES	
a. an email from the Retirement and Investment Office		96.43%	27
b. from a co-worker		3.57%	1
c. other (please specify)		0.00%	0
TOTAL			28

#	C. OTHER (PLEASE SPECIFY)	DATE
	There are no responses.	

## Q4 Did you learn something during the webinar that will impact your work

Answered: 28 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	92.86%	26
No	7.14%	2
Total Respondents: 28		

#	WHAT DID YOU LEARN?	DATE
1	what is new things acoming that we need to learn/watch for !	4/12/2024 11:10 AM
2	Upcoming changes	4/12/2024 10:02 AM
3	Updates changes to the system and updates and changes to some reportable items vs. non reportable. Always nice to have a refresher on these items.	4/12/2024 7:51 AM
4	Timelines for implementation and the testing per district.	4/11/2024 4:44 PM
5	Unused sick, personal or vacation leave is non-reportable salary.	4/11/2024 3:37 PM
6	reinforced knowledge that I question--- the Max: 700, and what specific reportable and NOT reportable (bus driving & coaching is a gray area to some) -And didn't know that if business mgr has teaching license -the are TFFR retirement and not PERS.	4/11/2024 3:36 PM
7	Model 2 Partial must be in full percentages as of July 1, 2025. We currently pay 8% of the employee portion, it is helpful to know in the future if we make changes, we will need to stay as a full percentage.	4/11/2024 2:31 PM
8	Information about the new TFFR system rollout	4/11/2024 2:31 PM
9	End of year reporting	4/11/2024 2:27 PM
10	Rehire extra-curricular activities is now not required to be reported. We don't have rehires at the moment but will be helpful in the future.	4/11/2024 2:23 PM
11	Payment required prior to the 15th	4/11/2024 2:22 PM
12	Must have a valid teacher's license to be able to stay enrolled in TFFR.	4/11/2024 2:15 PM
13	Reportable & non-reportable wages for retired teachers.	4/11/2024 2:12 PM
14	Not necessarily something learned, but we decided to double and triple check our pay codes to make sure we were reporting wages correctly.	4/11/2024 2:03 PM

## TFFR Info Mixer Evaluation April 2024

15	What cannot be included on final report.	4/11/2024 2:02 PM
16	That reporting Bus Driving in the off season is not required to be reported for a teacher.	4/11/2024 2:00 PM

## Q5 Do you have suggestions for other programs?

Answered: 2   Skipped: 26

#	RESPONSES	DATE
1	Not at this time. Always a great job informing districts of responsibilities and reporting requirements. I just wish your counter part for the classified staff was as open to traning.	4/11/2024 4:44 PM
2	would like to see live demo - when new software is staged and ready- of someone stepping through Software Unlimited <if there are enough schools that use it and warrant a demo- on how to process & upload etc.. within the new TFFR systems.	4/11/2024 3:36 PM

## MEMORANDUM

**TO:** TFFR Board  
**FROM:** Ryan Skor, CFO/COO  
**DATE:** July 19, 2024  
**RE:** Annual Affirmation of Code of Conduct Policy

The *TFFR Board Members' Code of Conduct and Ethics Policy*, which is attached to this memorandum, details the Code of Ethical Responsibility for the TFFR Board. Item #11 of this policy indicates that each Board Member is required to reaffirm their understanding of this policy annually and disclose any conflicts of interest. Therefore, please read and sign the statement below to comply with this requirement.

*"I have read and understand TFFR Board Members' Code of Conduct and Ethics Policy. I have disclosed any conflicts of interest as required by this policy"*

Name (printed) \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Detail of any conflicts of interest (if any):

## R. Code of Conduct, Ethics, and Conflicts of Interest

Following is the Code of Conduct, Ethics, and Conflicts of Interest policy for the TFFR Board of Trustees:

1. Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. Board members shall perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members shall be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members shall not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members shall refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the Board member shall immediately disclose the conflict to the Board. The Board must vote on whether the member can vote. Conflicts of interest to be avoided include but are not limited to: receiving consideration for advice given to a person concerning any matter over which the Board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the Board, and participation in any transaction for which the Board member has acquired information unavailable to the general public, through participation on the Board. "Conflict of interest" means a situation in which a Board member has a direct and substantial personal or financial interest in a matter which also involves the member's fiduciary responsibility.
4. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.
5. Board members shall abide by NDCC 21-10-09, which reads: "No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor."
6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.
7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this policy.
8. All activities and transactions performed on behalf of public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
9. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are averse to the plan; or receiving personal consideration in connection with any planned transaction.

10. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Board.
11. Board members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise. *See TFFR Code of Conduct Annual Affirmation (Exhibit 7)*
12. RIO Deputy Executive Director- Chief Retirement Officer is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.
13. RIO Executive Director is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.



## MEMORANDUM

**TO:** TFFR Board  
**FROM:** Jan Murtha, Executive Director  
**DATE:** July 18, 2024  
**RE:** Employee Benefits Programs Committee Update

RIO staff appeared before the EBPC at its meeting on June 17, 2024 to present on the actuarial impact of two bills relating to the TFFR Program. The meeting recording may be found at [North Dakota Legislative Branch Video \(ndlegis.gov\)](https://www.ndlegis.gov/video/legislative-branch-video). The meeting agenda and links to bill drafts and actuary letters may be found at [Employee Benefits Programs Committee - Interim Meeting Agenda - 06-17-2024 \(ndlegis.gov\)](https://www.ndlegis.gov/video/employee-benefits-programs-committee-interim-meeting-agenda-06-17-2024).

The two bills listed on the agenda related to TFFR are:

- *Bill Draft No. 129 [25.0129.01000], which revises eligibility requirements for Teachers' Fund for Retirement (TFFR) benefits*
- *Bill Draft No. 143 [25.0143.01000], which provides for a state employee compensation adjustment and transfer to TFFR for a cost-of-living adjustment*

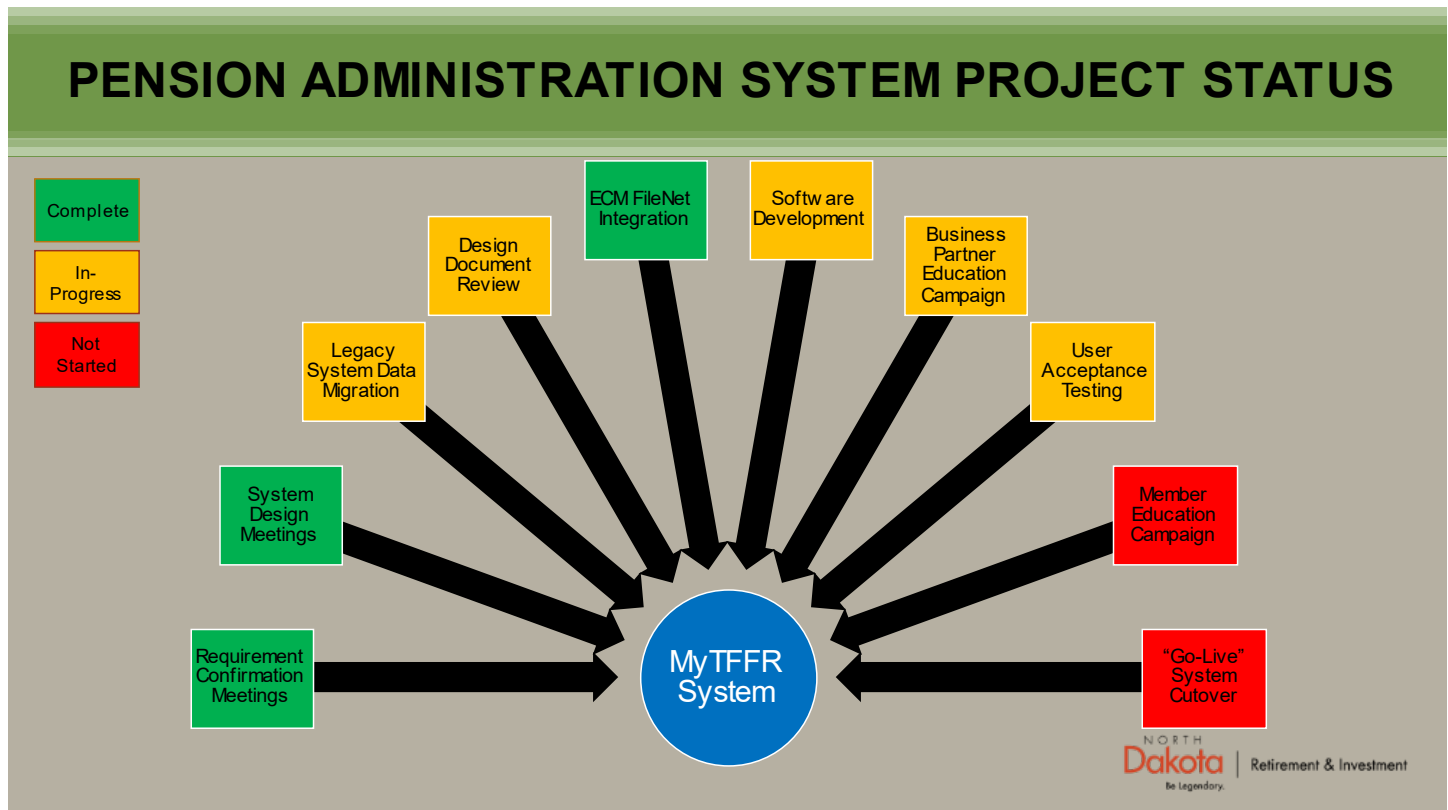
Neither bill has an anticipated actuarial impact to the fund. The bills may be discussed at the TFFR Board meeting.

**Board Action Requested:** Information only

## MEMORANDUM

**TO:** TFFR  
**FROM:** Chad R. Roberts, DED/CRO  
**DATE:** July 18, 2024  
**RE:** July 2024 pension administration system project update

### Project Status



RIO staff completed the first phase of user acceptance testing in May. Numerous problem incident reports were identified during the testing. The vendor corrected those issues, staff retested them, and the first pilot test was passed.

The second phase of user acceptance testing started in June 2024. Again, staff identified many problem incident reports for the vendor to correct. The vendor returned the issues with corrections, and staff is retesting the last few of those corrections as of the date of this memo.

Phase 3 of user acceptance testing is scheduled to begin on July 22, 2024. The third phase consists of the employer reporting module. The three vendors that provide employer software are finalizing

their integration designs so that the employer software can interface with the new pension system. Those integrations are expected to be completed by the end of July.

NDRIO and NDPERS held meetings to develop the dual member service credit calculation interface. This interface will eliminate a manual process that consumes significant staff time in tracking dual-member participants and calculating retirement benefits for dual-member retirees. The interface design is underway now that both agencies have agreed to changes to their systems to accommodate mutual needs.

Data migration from the old system to the new system is nearing completion. Most of the data has been migrated, and the cleanup of small data sectors remains. This has been a significant lift, but it has proceeded much more smoothly than anticipated and is ahead of schedule.

### **Budget Status**

The project budget remains on track. However, the previously realized savings and management reserve have been used to cover the hosting costs for September and October, with the “go live” date changed from the original contracted date of August 2024.

The overtime budget has been utilized very little, creating a possible reserve for any remaining unexpected costs.

### **Unanticipated Issues**

On July 15, 2024, the vendor informed RIO that they were behind in development and could not deliver all aspects of the system by the “go live” date of October 27, 2024. The vendor offered options such as delivering portions of the system after the “go live” date. Options, including the possibility of delaying the “go live” date, are being evaluated by RIO and NDIT to provide time for completing all the modules. Any costs related to any delay are being assessed by NDIT project management and the vendor.

**Board Action Requested:** Information only

# INVESTMENT PERFORMANCE

Scott M Anderson, CFA – Chief Investment Officer

July 26, 2024



Retirement & Investment

# THE MARKET

NORTH  
**Dakota**  
Be Legendary.

Retirement & Investment

# PERFORMANCE – BENCHMARK INDICES

<b>Summary of Returns</b> <b>March 31, 2024</b>					
<b>Benchmark Indices</b> <b>(% change, annualized)</b>	<b>YTD</b>	<b>1 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>10 Yr Volatility</b>
Russell 1000	10.3%	29.8%	14.7%	12.7%	17.9%
Russell 2000	5.2%	19.6%	8.1%	7.6%	22.6%
S&P 500	10.6%	29.8%	15.0%	12.9%	17.7%
MSCI ACWI IMI Net	7.7%	22.4%	10.6%	8.4%	14.2%
MSCI World ex US	5.6%	15.2%	7.5%	4.8%	14.3%
MSCI Emerging Markets	2.4%	8.1%	2.2%	2.9%	15.7%
Bloomberg Aggregate	-0.8%	1.7%	0.4%	1.5%	4.6%
Bloomberg Gov/Credit	-0.7%	1.7%	0.6%	1.7%	4.9%
Bloomberg US High Yield	1.5%	11.1%	4.2%	4.4%	5.2%
NCREIF Property Index (03/31/2024)	-1.0%	-7.1%	3.8%	6.4%	4.1%

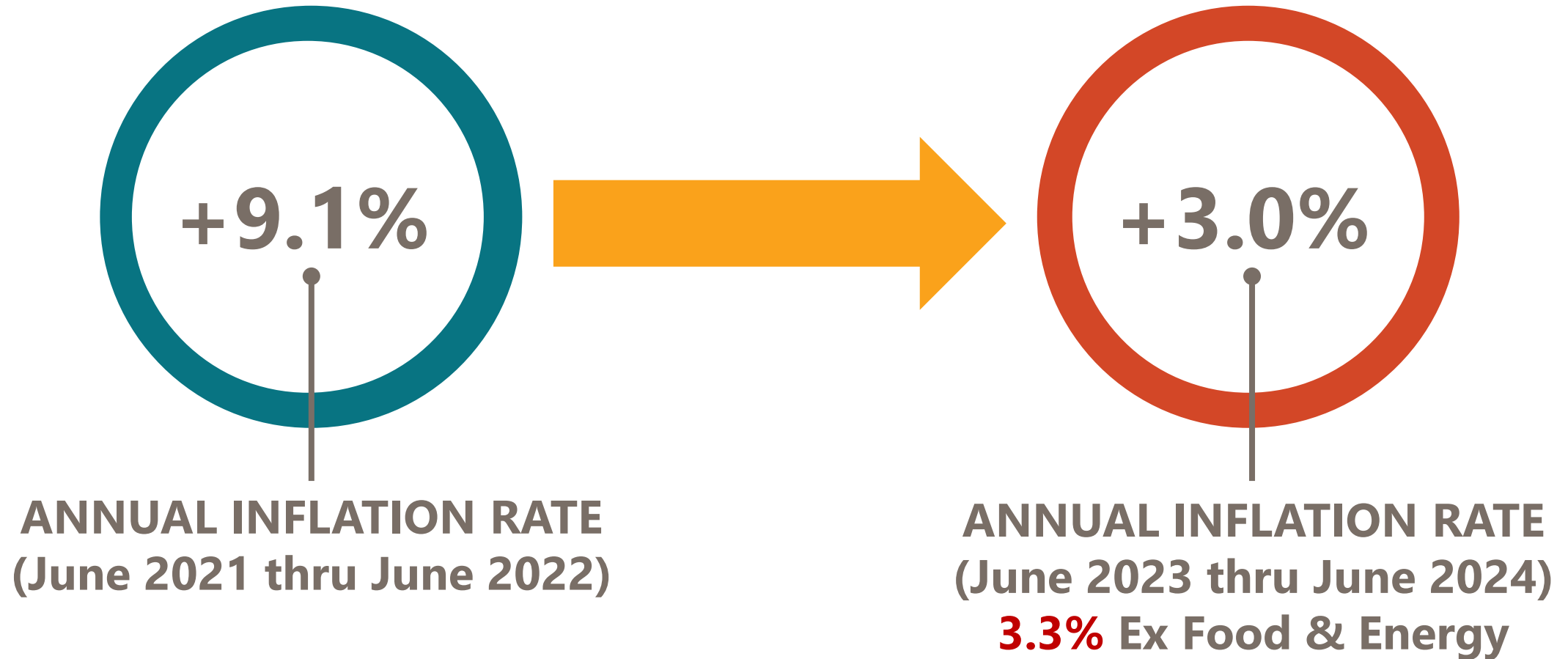
Source: Bloomberg

# PERFORMANCE – BENCHMARK INDICES

<b>Summary of Returns</b> <b>July 16, 2024</b>					
<b>Benchmark Indices</b> <b>(% change, annualized)</b>	<b>YTD</b>	<b>1 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>10 Yr Volatility</b>
Russell 1000	18.8%	26.9%	15.0%	12.8%	17.9%
Russell 2000	12.5%	18.9%	9.2%	8.5%	22.7%
S&P 500	19.7%	27.6%	15.4%	13.1%	17.7%
MSCI ACWI IMI Net	14.7%	20.4%	10.9%	8.5%	14.3%
MSCI World ex US	8.6%	12.2%	7.3%	4.6%	14.4%
MSCI Emerging Markets	11.0%	11.4%	3.6%	2.9%	15.7%
Bloomberg Aggregate	0.9%	4.1%	0.2%	1.5%	4.7%
Bloomberg Gov/Credit	0.9%	4.2%	0.4%	1.7%	5.0%
Bloomberg US High Yield	4.1%	11.0%	4.2%	4.5%	5.2%
NCREIF Property Index (03/31/2024)	-1.0%	-7.1%	3.8%	6.4%	4.1%

Source: Bloomberg

# HAS INFLATION PEAKED?<sup>1</sup>

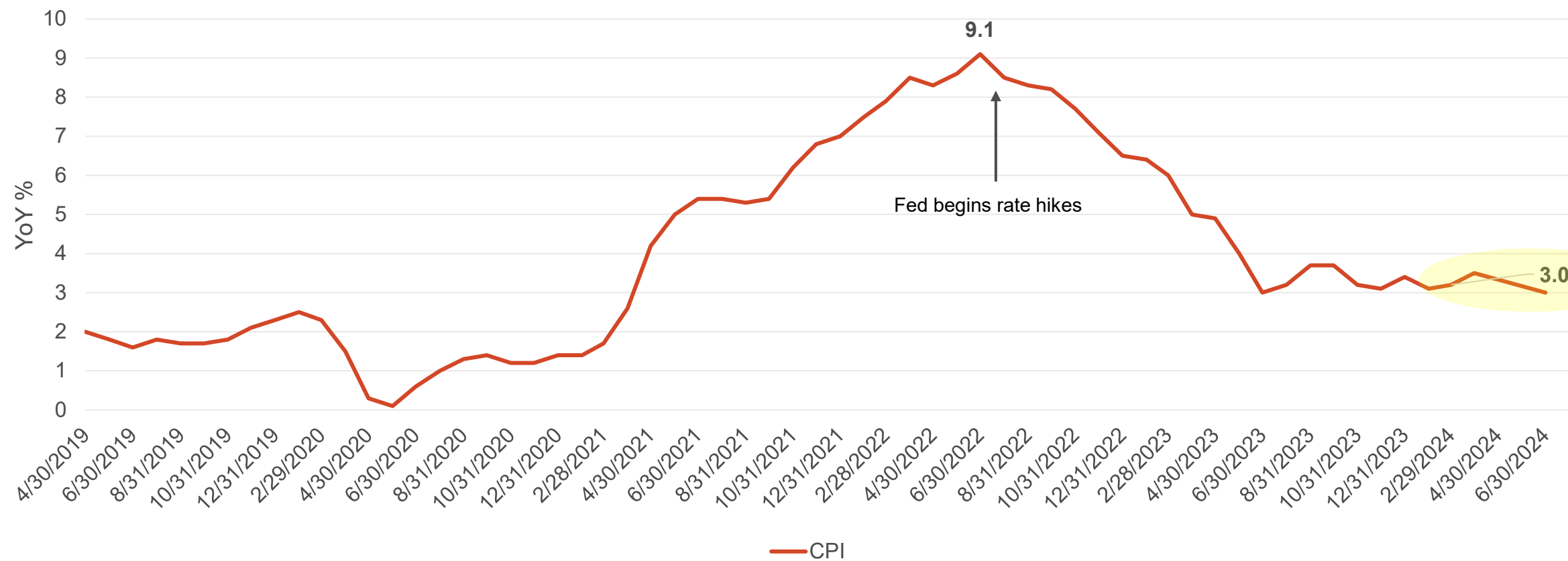


1. Bureau of Labor Statistics  
Scott M Anderson, CFA – July 26, 2024

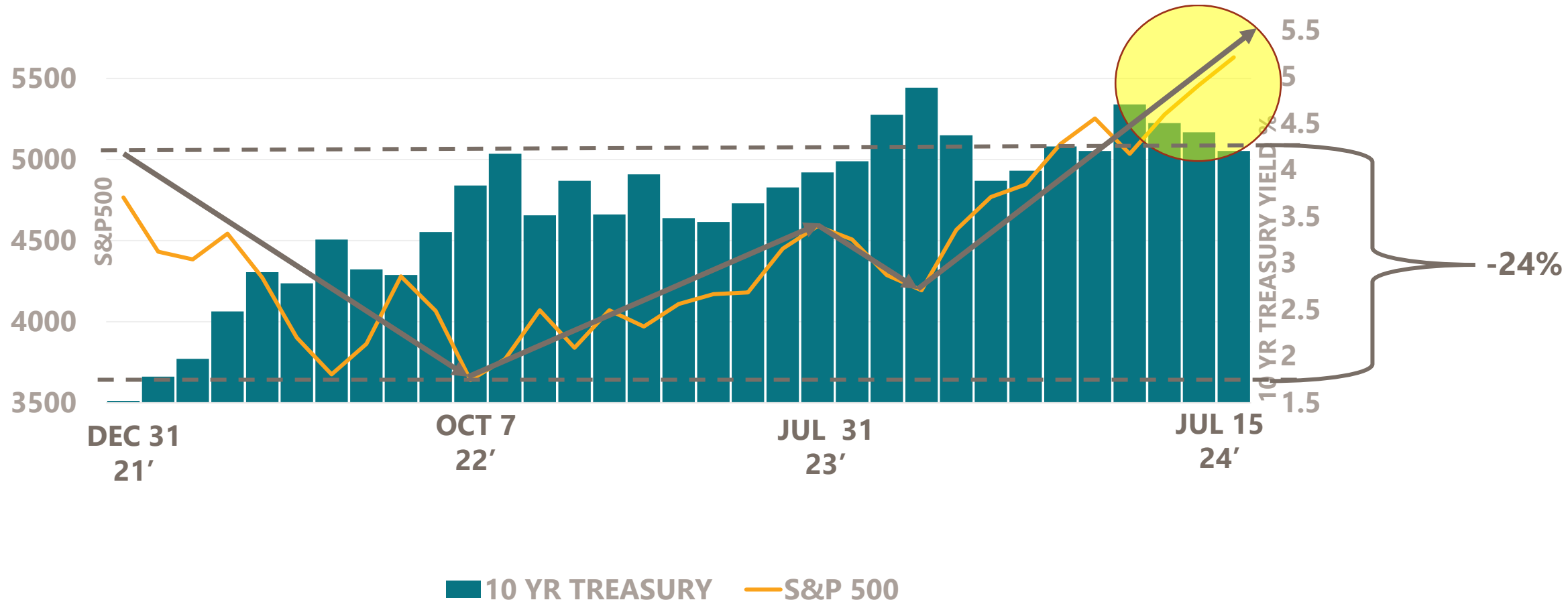


# INFLATION PAST 5 YEARS

Annual Inflation Rate

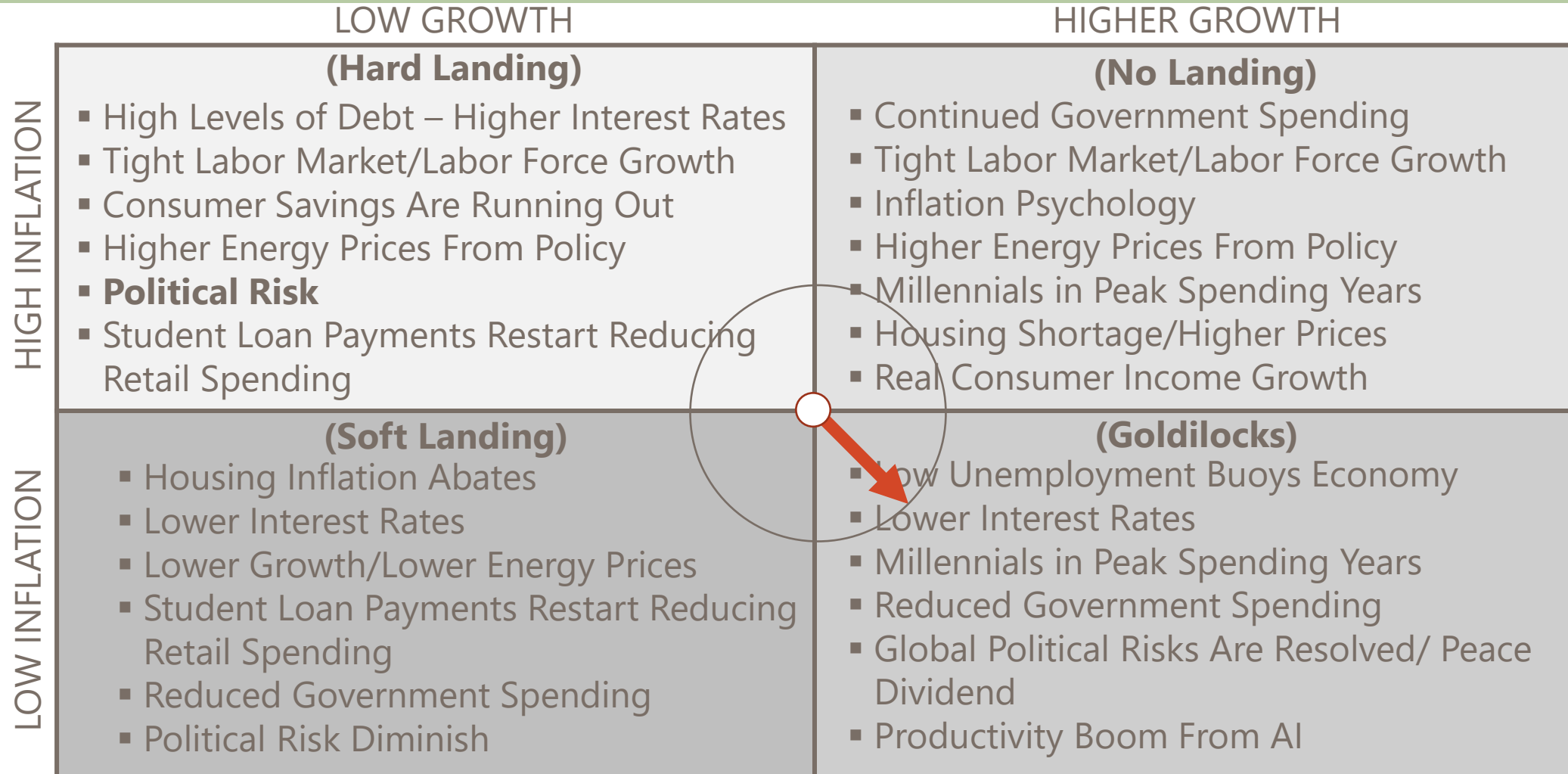


# THE S&P500 HAS TRACKED INFLATION EXPECTATIONS<sup>1</sup>



1. FRED

# COMPETING NARRATIVES



# GOOD NEWS <sup>1</sup>

BLOOMBERG AGG YIELD<sup>1</sup>: 4.74%



**BEST GUESS FOR  
FUTURE BOND  
RETURN!**

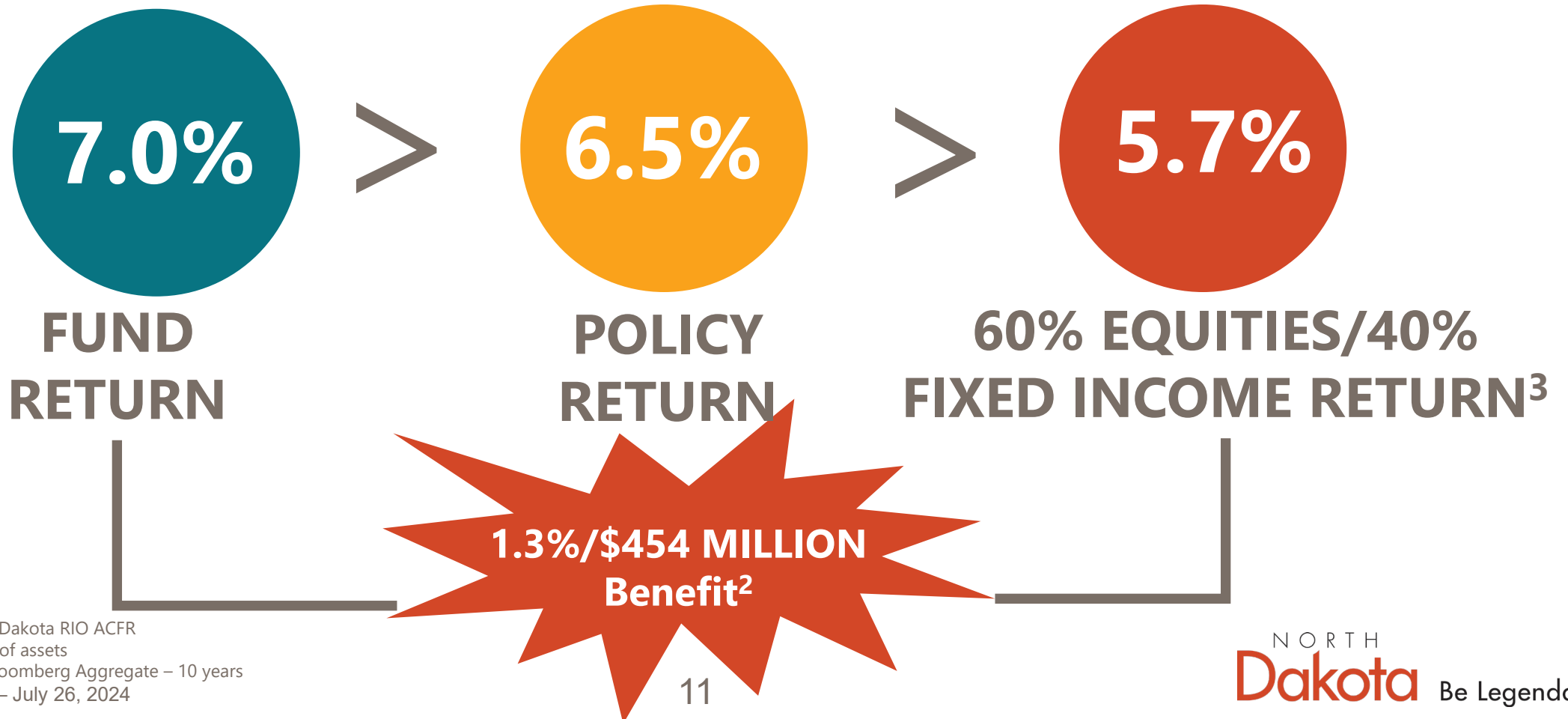
# PERFORMANCE

NORTH  
**Dakota**  
Be Legendary.

Retirement & Investment

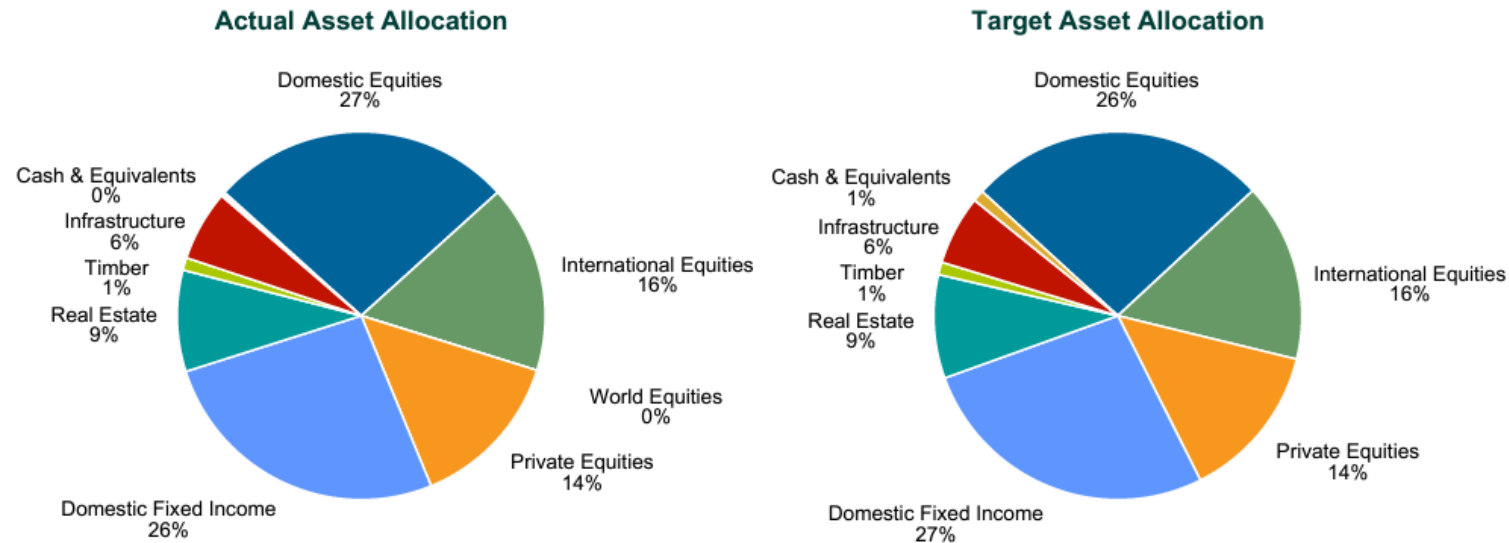
# INVESTMENT MANAGEMENT BENEFITS

## TFFR TEN YEAR AVERAGE RETURN<sup>1</sup>



1. Thru March 2024; North Dakota RIO ACFR  
2. Starting with \$3.3 Billion of assets  
3. 60% MSCI World/40% Bloomberg Aggregate – 10 years  
Scott M Anderson, CFA – July 26, 2024

# ASSET ALLOCATION



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equities	871,015	26.7%	26.3%	0.4%	11,831
International Equities	537,128	16.5%	15.7%	0.7%	24,135
World Equities	238	0.0%	0.0%	0.0%	238
Private Equities	455,354	14.0%	13.8%	0.2%	6,210
Domestic Fixed Income	858,289	26.3%	26.9%	(0.5%)	(17,434)
Real Estate	290,197	8.9%	9.1%	(0.2%)	(7,980)
Timber	34,637	1.1%	1.1%	(0.0%)	(422)
Infrastructure	200,605	6.2%	6.1%	0.1%	2,806
Cash & Equivalents	13,224	0.4%	1.0%	(0.6%)	(19,383)
<b>Total</b>	<b>3,260,687</b>	<b>100.0%</b>	<b>100.0%</b>		

1. March 2024 values – Callan

# TFFR PERFORMANCE

**AS OF May 31, 2024**

**TFFR \$3.3 Billion**

**Total Fund Return - Net**

**Policy Benchmark Return**

**Total Relative Return<sup>1</sup>**

**Year to  
Date**

March 30, 2024

**1 Year**

**3 year**

**5 Year<sup>1</sup>**

**Risk  
(5 Year)**

**3.7%**

**10.1%**

**4.7%**

**7.8%**

**9.6%**

**3.4%**

**9.8%**

**4.3%**

**7.3%**

**10.0%**

**0.3%**

**0.3%**

**0.4%**

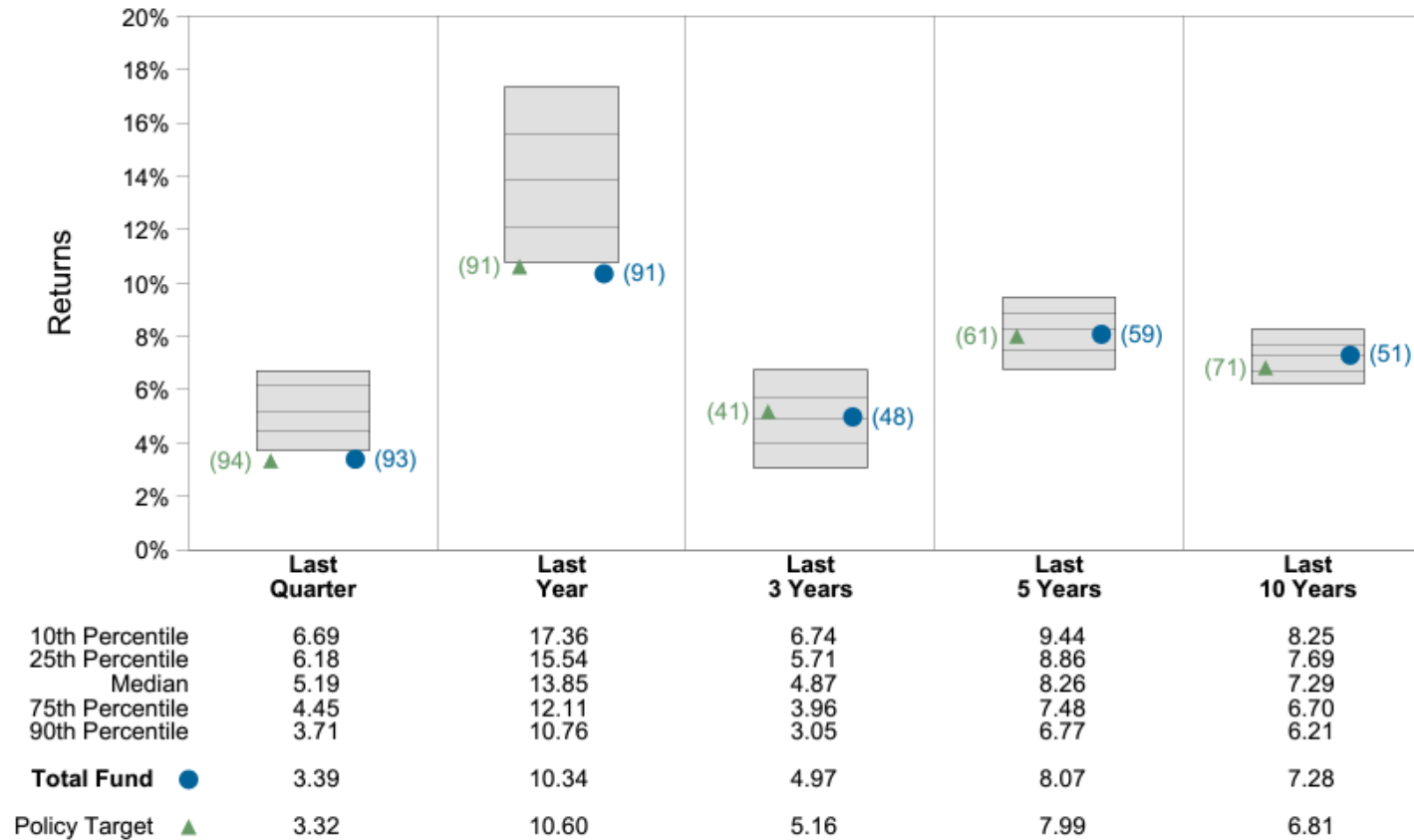
**0.5%**

1. Corridor benchmark applied only in year-to-date numbers



# PERFORMANCE – TFFR

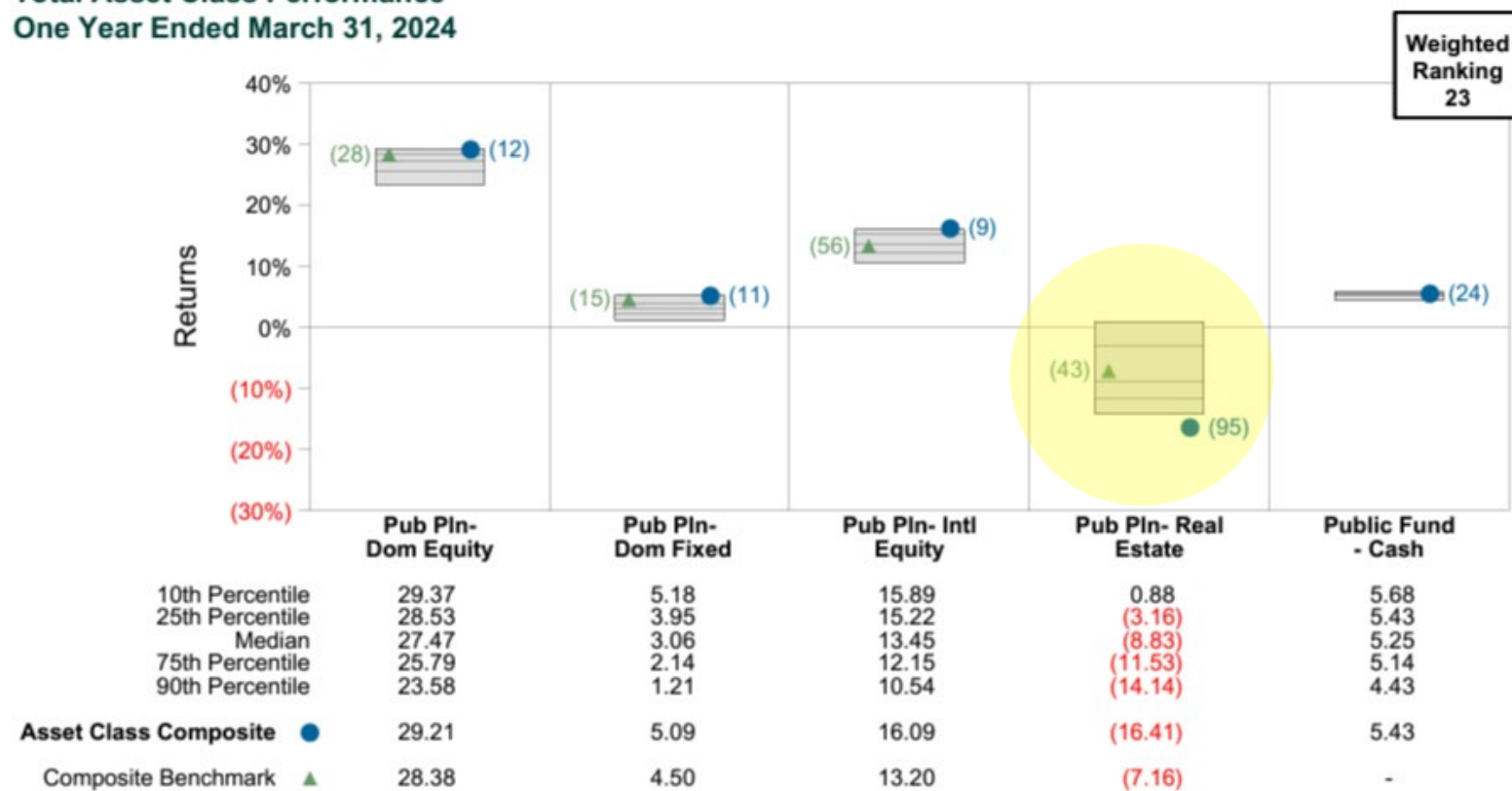
## Callan Public Fund Sponsor Database



1. March 2024 values – Callan

# ASSET CLASS PERFORMANCE

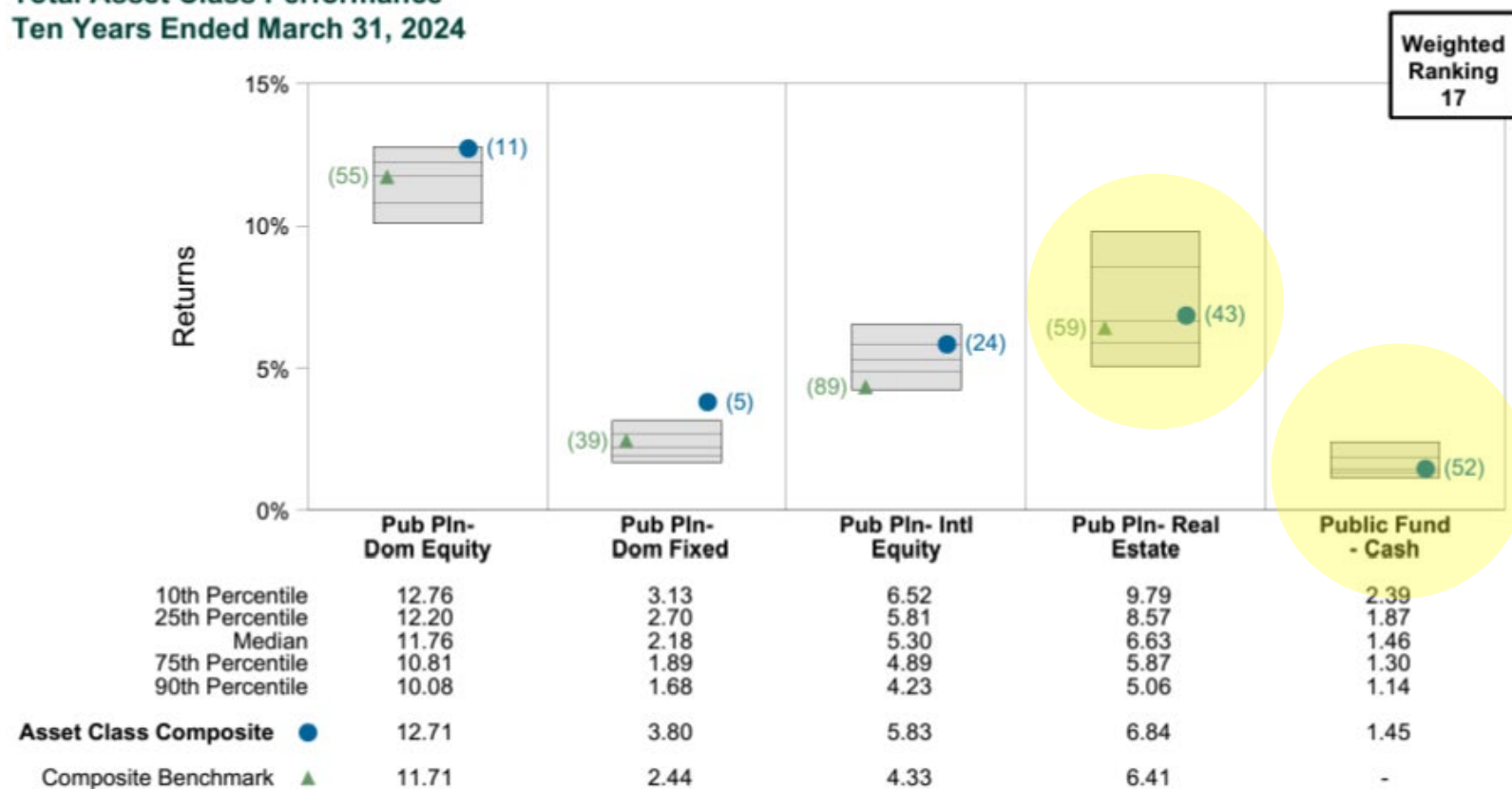
**Total Asset Class Performance  
One Year Ended March 31, 2024**



1. March 2024 values – Callan

# ASSET CLASS PERFORMANCE

**Total Asset Class Performance  
Ten Years Ended March 31, 2024**



1. March 2024 values – Callan

# ALLOCATION CONSULTANT

Scott M Anderson, CFA

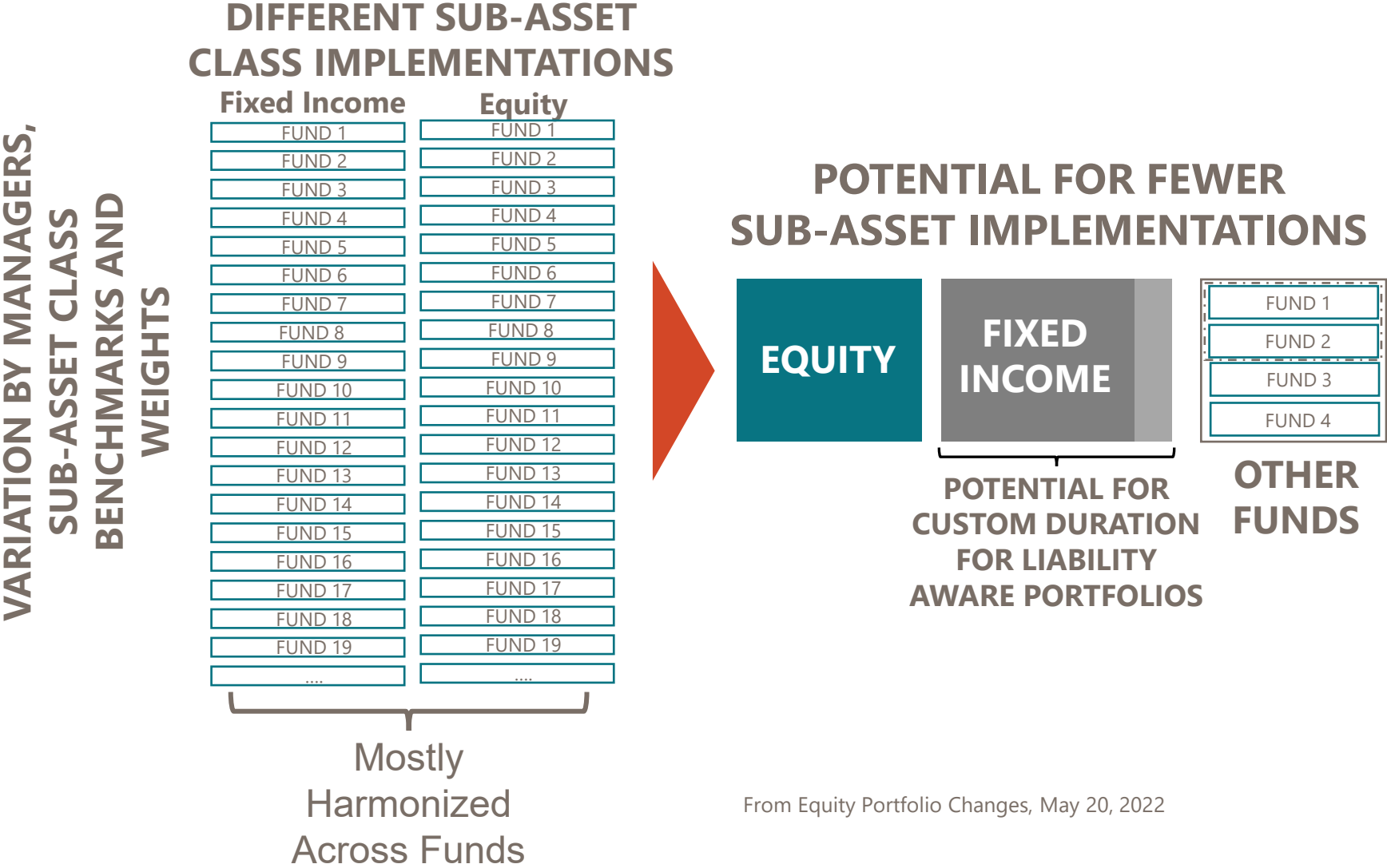
June 14, 2024

# EXISTING CONSULTANT CONTRACTS

MANDATE	CURRENT CONSULTANT	RENEWAL DATE
✓ Performance and Project Consultant <sup>1</sup>	Callan	July 1, 2024
✓ Compensation Consultant	Mercer	July 1, 2024
✓ Benchmark Hurdle Rate Consultant	Verus	July 1, 2025
→ ✓ Performance Consultant <sup>2</sup>	-	July 1, 2024
<u>Allocation Consultant<sup>3</sup></u>	=	<u>July 1, 2024</u>
✓ Cost and FTE Benchmark Consultant	CEM Benchmarking	In Discussion
* Compliance Consultant Service <sup>4</sup>	-	April 2024
Public or Private Market Manager Specialist <sup>5</sup>	-	?
→ [Contracted Consulting Projects	-	?

1. The performance and process consulting contract includes quarterly investment performance reports and evaluation of manager performance/attendance at board meetings quarterly; 2 consulting projects; access to specialty consulting staff – can be unbundled into separate performance consulting and project consulting arrangements
2. A general performance consulting contract that provides quarterly performance assessment of client funds and managers; potential to provide annual performance and independent performance checks of fiscal staff generated performance
3. Potential for a retained allocation consultant that provides for fee allocation project consulting, portfolio construction advice and manager search expertise
4. A retained compliance consultant would provide advice and compliance services including legal/regulatory compliance, personal trading policy, trading processes controls/compliance, high level compliance processes
5. Potential for public and private market manager specialist consulting contracts

# IMPLEMENTATION OPPORTUNITY<sup>1</sup>



From Equity Portfolio Changes, May 20, 2022

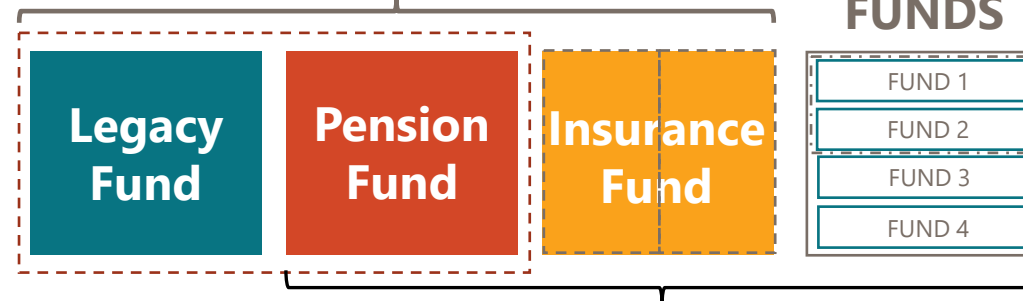
# FUND LEVEL OPPORTUNITY

## 31 DIFFERENT ASSET ALLOCATIONS

FUND 1
FUND 2
FUND 3
FUND 4
FUND 5
FUND 6
FUND 7
FUND 8
FUND 9
FUND 10
FUND 11
FUND 12
FUND 13
FUND 14
FUND 15
FUND 16
FUND 17
FUND 18
FUND 19
....



## POTENTIAL FOR POOLING



**TWO OR THREE FUND  
SEPARATION ENABLES  
POTENTIAL FOR LIABILITY  
AWARE PORTFOLIOS**

## OTHER FUNDS

- **SCALE**
- **REDUCED OPERATIONAL COMPLEXITY**
- **IMPLEMENTATION TIME SAVINGS**
- **FEWER ALLOCATIONS**

# PENSION FUND LEVEL STUDIES

## ACTUARIAL EXPERIENCE STUDY

### Objectives:

1. Plan Assumption Accuracy
2. Risk Management
3. Adapting Funding and Investment Policies
4. Plan Design Enhancements

### Components:

1. Data Collection/Analysis
2. Review Benefit Payments and Participant Behavior
3. Recommend Adjustments to the Actuarial Calculation of Liabilities and Costs

## ASSET/LIABILITY STUDY

### Objectives:

1. Establish Current Capital Market Assumptions
2. Incorporate Material Changes to Plan Policies and Demographics
3. Evaluate Impact on Assets and Liabilities With New Capital Market Assumptions Given a Liability Model and an Asset Allocation
4. Confirm Current Asset Allocation is Suitable

### Components:

1. Liability Model
2. Asset Projections
3. Simulations of a range of high-level asset allocations including the current asset allocation
4. Plan asset/liability results across scenarios

## ASSET ALLOCATION STUDY

### Objectives:

1. Determine Optimal Asset Allocation Given a Required Return and Risk Assumptions
2. Determine Optimal Sub-Asset Class Structure and Platform for Allocation Implementation
3. Determine Appropriate Plans and Allocation Sequence for Transitioning an Allocation
4. Determine Suitability for Funding and Policy Goals

### Components:

1. Capital Market Assumptions
2. Comprehensive Asset Allocation
3. Allocation Implementation Plan
4. Asset/Liability Study Light

ASSET/LIABILITY STUDY HEAVY,  
ASSET ALLOCATION LIGHT  
(For Major Plan Changes or Major  
Assumption Changes)

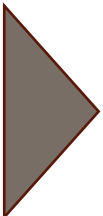
ASSET ALLOCATION HEAVY  
ASSET/LIABILITY STUDY LIGHT  
(Major Allocation Structure Changes  
and Continuous Improvements)



# RETAINED ASSET ALLOCATION CONSULTANT

- Assist with determining the best asset allocation for similar required returns and risk (coordinated with client boards) – reduces the number of plan allocations at the asset class and sub-asset class level
- Update the Legacy Fund allocation when initiated by the Legacy Fund Board
- Provide periodic capital market assumptions to understand asset allocation drift, for exposure management and to trigger new allocation structure studies
- Assist to continuously improve the allocation process and employ better allocation structures as number of allocations is reduced
- Assist with sub-asset analysis including portfolio construction and manager opinions
- Explore liability aware overlay options by pension plan to reduce asset/liability risk

## **Fewer Dimensions/Better Allocation/Lower Costs**

- 
- **One consistent set of capital market assumptions**
  - **One allocation philosophy**
  - **Fewer sub-asset structures**
  - **Consistent implementation across funds**
  - **Reduced cost of allocation and implementation**

**RETIREMENT AND INVESTMENT OFFICE**  
**Internal Audit**  
**2023-2024 3rd Quarter Audit Activities Report**  
**January 1, 2024 – March 31, 2024**

The audit objective of Internal Audit (IA) is twofold: first, to provide comprehensive, practical audit coverage of the Retirement and Investment Office (RIO) programs; second, to assist RIO management and the State Investment Board (SIB) by conducting special reviews or audits.

Audit coverage is based on the July 1, 2023 through June 30, 2024 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Internal Audit charter and goals, and the goals of RIO. To the extent possible, our audits are being carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Audit effort is being directed to the needs of RIO and the concerns of management and the SIB Audit Committee.

**Investment and Agency Audit Activities**

- **Executive Limitation Audit**

On an annual basis, IA reviews the Executive Director's level of compliance with the SIB Governance Manual Executive Limitation Policies A-1 through A-11. The Executive Limitations Audit was started in November 2023. The audit reviewed the calendar year of 2023.

The audit was completed and reported to the SIB Audit Committee at the February 15, 2024 meeting.

- **Governance and Review Committee**

The Supervisor of Internal Audit attended committee meetings. The Governance and Review Committee are currently reviewing and updating the SIB governance manual.

- **Executive Review and Compensation Committee**

Each year the Executive Review and Compensation Committee (ERCC) administers a formal self-assessment to the SIB. A review of the SIB self-assessment was done by the Executive Director, the Communications and Outreach Director, and the Supervisor of Internal Audit to recommend any changes ahead of the January ERCC meeting. The SIB self-assessment was administered on behalf of the ERCC by the Supervisor of Internal Audit and results were reported to the SIB at the February 23, 2024 meeting.

On an annual basis as outlined in the ERCC charter, performance surveys of the Chief Investment Officer and Deputy Executive Director/Chief Retirement Officer are administered. The ERCC also administers board and staff surveys over the Executive Director as part of the formal evaluation of that position. All surveys that were reviewed and updated. The Supervisor of Internal Audit administered the surveys and compiled the results on behalf of the ERCC.

- **Internal Audit Business Process Review**

IA presented the Internal Audit Maturity Work Plan at the November 2023 SIB Audit Committee meeting. A proposal for an RFP for the scope and timeline for additional assistance in the IA maturity development was presented. The RFP was issued in November 2023 and responses were received back in December 2023. At a special Audit Committee meeting on January 18, 2024, the Audit Committee selected the vendor, Weaver, to assist with the IA maturity development. The project with

Weaver officially kicked off in March 2024.

Staff has been working with Weaver on the investment and fiscal risk assessment that is scheduled to be completed in May 2024. Meetings were scheduled with the executive staff, investment staff, and fiscal staff as part of the risk assessment. Staff internally started working on the retirement risk assessment. Weaver also has been mapping out the new Institute of Internal Auditors (IIA) standards to the current IIA standards so appropriate changes can be made to ensure future compliance with standards.

IA presented revisions and updates for the annual review of the SIB Audit Committee Charter and approved recommended changes. The recommended changes to the Audit Committee Charter and Internal Audit Charter will be reviewed by the SIB Governance and Review Policy Committee at their April 2024 meeting and then for final approval to the State Investment Board.

### **Retirement Program Audit Activities**

- **Model 2 Partial Salary Review**

This salary review focused on Model 2 Partial Employers. For fiscal year 2020/21, IA selected one participant from forty-one employers to ensure model compliance. The review also determined if the retirement salaries and contributions reported to TFFR by the participating employers were complying with the definition of salary as it appears in the North Dakota Century Code (N.D.C.C. § 15-39.1-04 (10)). Reported service hours and member eligibility was also verified.

The review has been completed and the final report was issued on April 22, 2024. This report is included with the Audit Committee packet.

- **TFFR Pioneer Project**

User acceptance testing (UAT) for the first segment began in the month of January 2024 and ended in March of 2024. Operational staff members tested the business processes in the training environment to ensure that the system was functioning appropriately.

During the quarter, multiple discussions were held and standard paycodes were developed for eligible earnings. Meetings were held with the two major software vendors and other business partners with their own software in their development of the upload programs for the conversion to the new pension administration system. Retirement Services held multiple seminars during the quarter to start the process of preparing the business partners for the conversion. IA attended the sessions.

Data migration moved forward, and the FileNet document migration is complete.

### **Administrative Activities**

The IA staff attended the monthly RIO staff meetings, monthly RIO manager's meetings, divisional meetings, monthly Fiscal/Organization meetings, monthly Retirement Services' meetings, one Audit Committee meeting, one special Audit Committee meeting, three SIB meetings, two TFFR meetings, a Governance and Policy Review Committee meeting, and three Executive Review and Compensation Committee meetings. The Supervisor of Internal Audit also attended the Legislative Audit and Fiscal Review Committee where the external auditor presented the June 30, 2023 financial statement audit.

### **Professional Development/CE/General Education**

Audit staff completed the following training: NDIT Cyber awareness training on QR Codes: Safe Scanning. The Supervisor of Internal Audit attended a webinar by the IIA on Get to Know the New Global Internal Audit Standards.

## MEMORANDUM

**TO:** TFFR Board  
**FROM:** Sara Seiler, Supervisor of Internal Audit  
**DATE:** July 16, 2024  
**RE:** Audit Committee Update

The Audit Committee met on May 15, 2024. The Audit Committee reviewed and approved the third quarter audit activities and an update on current audit activities. Weaver presented a status update on the internal audit maturity development project. The risk assessment for the investment and fiscal divisions is near completion and a risk-based audit plan will be developed from the risk assessment. Staff has started the retirement division risk assessment. Weaver has started development of the internal audit manual. An interim internal audit workplan was presented and approved by the Audit Committee.

The Audit Committee reviewed and approved the Model 2 Partial Review report. The Model 2 Partial Review selected one member from each of the 41 Model 2 Partial business partners for fiscal year 2020/21. The review verified retirement salaries, member/employer contributions, service hours, and model compliance. Internal audit had three recommendations from the review.

The SIB Audit Committee met for a special meeting on June 21, 2024. It was the kick-off meeting for the external auditors, UHY, LLP, for the July 1, 2023 to June 30, 2024 fiscal year financial statement audit and the GASB 68 audit. The engagement scope, workplan, and timeline was presented and approved. Both audits are scheduled to be completed by the end of the calendar year 2024.

The following links has the committee materials that were presented for your reference:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Audit/Board/Materials/sibauditmat20240515.pdf>

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Audit/Board/Materials/sibauditmat20240621.pdf>

**BOARD ACTION REQUESTED: Information Only.**

## MEMORANDUM

**TO: Teachers' Fund for Retirement Board of Trustees**

**FROM: Sarah Mudder, communications and outreach director**

**DATE: July 25, 2024**

**RE: 2024 Q2 Communications and Outreach Conducted**

### **MEDIA RESPONSE – Date, Subject, and Publication**

- April 15, 2024, In-state investment program pacing plan and manager selection, Financial Investment News
- April 16, 2024, In-state investment program pacing plan, Mandatewire
- April 23, 2024, Manager selection, commitments and materials, 9fin
- April 24, 2024, In-state investment program, ND News Monitor
- April 29, 2024, In-state investment program, ND News Cooperative
- May 1, 2024, Investment program, Dakota live podcast
- May 10, 2024, Manager selection, Financial Investment News
- May 21, 2024, New client funds and performance consultant, Mandatewire
- May 21, 2024, Legacy fund reaches \$10 billion, InForum
- May 22, 2024, Legacy fund reaches \$10 billion, ND News Monitor
- May 23, 2024, Legacy fund reaches \$10 billion, KFYP TV
- June 17, 2024, Performance consultant, manager selection, equity 2.0., Financial Investment News
- June 19, 2024, Performance consultant, Pensions & Investments
- June 19, 2024, Performance consultant, ND News Cooperative
- June 27, 2024, Performance consultant and manager selection, Mandatewire

### **MEETINGS – Date, Activity**

- April 2, 2024, Smart with My Money Financial Literacy Press Conference
- April 8, 2024, Cash Management Study Steering Committee Meeting
- April 10, 2024, ESG Study Steering Committee Meeting
- April 12, 2024, SIB Investment Committee Meeting
- April 16, 2024, Financial Literacy Meeting
- April 18, 2024, SIB GPR Committee Meeting
- April 25, 2024, TFFR Board Meeting
- April 26, 2024, SIB Meeting
- May 1, 2024, TFFR GPR Committee Meeting
- May 2, 2024, SIB Securities Litigation Committee Meeting
- May 6, 2024, ESG Steering Committee Meeting
- May 8, 2024, SIB GPR Committee Meeting
- May 9, 2024, Governor's Budget Guidelines
- May 10, 2024, SIB Investment Committee Meeting
- May 13, 2024, JEL Leadership Meeting
- May 14, 2024, SIB Investment Committee Special Meeting
- May 15, 2024, SIB Audit Committee Meeting
- May 16, 2024, PERS Portfolio Allocation and IPS Discussion
- May 17, 2024, SIB Meeting
- June 11, 2024, Cash Management Study Steering Committee Meeting
- June 14, 2024, SIB Investment Committee Meeting
- June 19, 2024, Legacy and Budget Stabilization Fund Advisory Board – Status Report to Budget Section
- June 19, 2024, City of Bismarck Pension Trustees Presentation
- June 21, 2024, SIB Audit Committee Meeting
- June 26, 2024, Financial Literacy Meeting

## OUTREACH

### Board Education

- April 3, 2024, Governance Manual Part #3
- April 25, 2024, Risk Strategy, April 25
- May 8, 2024, Understanding Internal Investment Management
- June 18, 2024, Retirement Program

### Conferences

- May 15, 2024, Scott Anderson (presenter), Leadership Roundtable: Decision-making in disruptive times, 10<sup>th</sup> Annual Midwest Institutional Forum, Chicago, IL
- June 11, 2024, Scott Anderson (presenter), Leadership Roundtable: Decision-making in disruptive times, 5<sup>th</sup> Annual Michigan Institutional Forum, Detroit, MI
- June 17, 2024, Sarah Mudder (tradeshow), Governor's Summit on Innovative Education, Bismarck, ND
- June 25-28, 2024, Jan Murtha (presenter), NAPPA Legal Education Conference, Ft. Lauderdale, FL

### TFFR Business Partner Webinars

- April 11, 2024, Year-end Reporting Simplified

## PUBLICATIONS (GovDelivery)

### TFFR Business Partners newsletters and updates

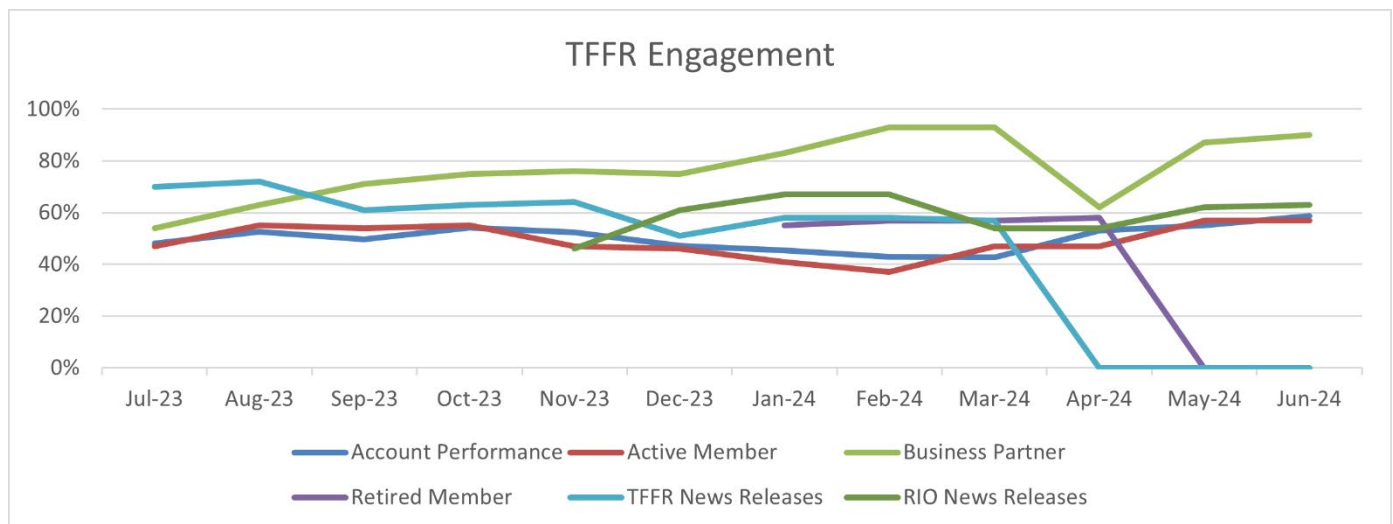
- May 1, 2024, newsletter sent to 467 subscribers (64% Open Rate)
- May 15, 2024, update (payment plan deadline) sent to 472 subscribers (38% Open Rate)
- May 21, 2024, update (fiscal year-end checklist) sent to 472 subscribers (68% Open Rate)
- June 25, 2024, update (payment plan deadline) sent to 472 subscribers (50% Open Rate)

### TFFR Active Members newsletters and events

- May 7, 2024, Retirement Education Workshop (registration open) sent to 11,697 (26% Open Rate)
- May 21, 2024, Retirement Education Workshop (waitlist) sent to 11,682 (25% Open Rate)

### TFFR Engagement Rate Monthly Metrics

As of June 30, most to least engaged TFFR topics were Business Partner at 90% and Active Members at 57%. Retired Members dropped off due to lack of communications. Overall Account Performance was 59%. Per GovDelivery, the median engagement rate for education communications in 2023 was 66%.

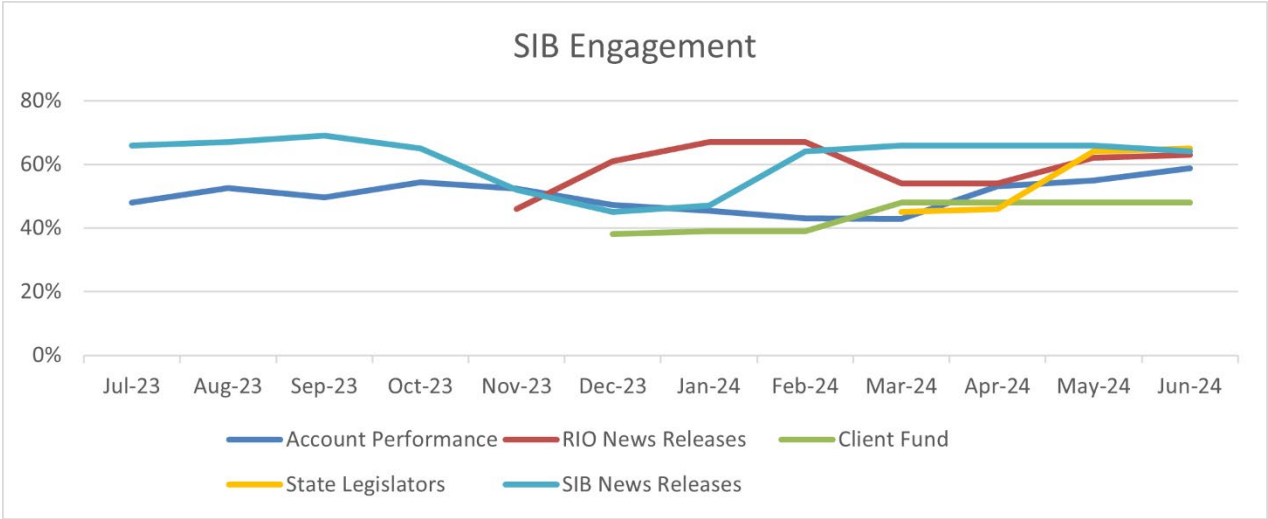


### SIB/Fiscal news releases and updates

- May 20, 2024, news release (new client funds) sent to 533 subscribers (43% Open Rate)
- May 22, 2024, news releases (Legacy Fund reaches \$10B) sent to 684 subscribers (41% Open Rate)
- June 19, 2024, news releases (performance consultant) sent to 529 subscribers (44% Open Rate)

**SIB Engagement Rate Monthly Metrics**

As of June 30, most to least engaged SIB topics were State Legislators at 65%, SIB News Releases 64%, and Client Funds 48%. Overall Account Performance was 59%. Per GovDelivery, the median engagement rate for Finance & Commerce communications in 2023 was 56%.



**BOARD ACTION REQUESTED: Board Acceptance**

## MEMORANDUM

**TO:** TFFR Board of Trustees  
**FROM:** Chad R. Roberts, DED/CRO  
**DATE:** July 17, 2024  
**RE:** TFFR Ends Report 4<sup>th</sup> QTR 2024 ending June 30, 2024

This report highlights exceptions to the TFFR program's normal operating conditions from April 1, 2024, through June 30, 2024.

In June 2024, NDRIO staff members Jayme Heick and Denise Leingang-Sargent, both retirement specialists, attended an NCTR-facilitated customer service workshop in NYC. The workshop focused on transitioning members to a new technology platform. Executive Director Murtha also attended the NCTR Director's Meeting in NYC.

In May 2024, the TFFR GPR Committee reviewed and finalized the recommended changes and edits to the TFFR Manual. The changes were submitted to the TFFR Board of Trustees for a first reading at the July 2024 meeting.

RIO staff completed the first user acceptance testing pilot for the new pension administration system. User acceptance testing is the process of reviewing and validating the actual product after development. Pilot two was also started during this time and is anticipated to be completed in early July 2024. There are four user acceptance testing pilots in total.

Executive Director Murtha testified on the bill at the Employee Benefits Committee to provide a one-time additional payment to TFFR pensioners.

DED/CRO Roberts testified on the bill at the Employee Benefits Committee to amend the statutory language to comply with new IRS regulations on required minimum distributions.

**Board Action Requested:** Board acceptance



## MEMORANDUM

**TO:** SIB  
**FROM:** Jan Murtha, Executive Director  
**DATE:** July 17, 2024  
**RE:** Executive Limitations

A verbal update will be provided at the meeting on staff relations and strategic planning. Including updates on the following topics:

### I. New Board & Committee Member Update

Our inaugural year of the new board member onboarding curriculum was completed on July 17<sup>th</sup>, 2024, with the presentation of the overview of the Internal Audit division and its functions. RIO staff will review any feedback from board and committee members for the onboarding program with the GPR committee at a future meeting for updates and enhancements. All sessions were recorded so that they could be made available for future use to new board members. Thank you to all board and staff members who made this onboarding program so successful!

The TFFR Board has a vacancy in the active teacher representation category. An update will be provided once a new member is appointed by the Governor.

### II. Retirements/Resignations/FTE's/Temporary Assistance:

Position Title*	Status
Internal Equity Portfolio Manager (new)	Offer pending.
Internal Equity Senior Analyst (new)	Offer pending.
Internal Fixed Income Portfolio Manager (new)	Posting closed. Applicant review pending.
Investment Accountant (new)	Interviews pending.

\*RIO has begun posting for new FTEs related to the Internal Investment program. Further updates will be provided at the meeting.

### III. Current Project Activities/Initiatives:

- BND Study:** The full study was presented to the Energy Development and Transmission Committee on June 12, 2024. A recording of the committee meeting can be viewed here: [North Dakota Legislative Branch Video \(ndlegis.gov\)](#).

- **Cash Management Study:** RIO is participating in the OMB led cash management study. The study is nearing conclusion. A further update will be provided at the September SIB meeting.
- **Internal Audit Co-Sourcing:** The ED, CFO/COO, and Supervisor of Internal Audit meet with Weaver at least bi-monthly if not more frequently to coordinate consultant co-sourcing activities. Currently, Weaver is performing a risk assessment for the agency and will provide an update at the May 15, 2024, Audit Committee.
- **Investment Program Software Solutions:** A notice of award issued. Members of the investment and fiscal divisions, with the support of NDIT are preparing for implementation.
- **Northern Trust Initiative:** In an effort to enhance the infrastructure for the investment program the Investment and Fiscal teams continue to coordinate with Northern Trust for additional functionality/capabilities. This effort should be finalized coincident with the full implementation of the new investment program infrastructure.
- **Retirement Literacy Initiative:** RIO team members continue to coordinate with other state agencies in the financial literacy initiative. Most recently we have met with representatives from DPI to discuss opportunities for collaboration that are directed toward teacher retirement topics.
- **TFFR Pioneer Project:** The TFFR Pioneer Project continues with implementation consistent with the project plan. The project is currently on time and on budget with an expected launch date by end of 2024.

#### IV. Executive Director Activities

Subsequent to the April 26, 2024, SIB meeting and prior to the May 17, 2024 SIB meeting activities:

- Prepared materials for and/or attended the following meetings:
  - 6-12-24 through 6-14-24 - Attended the NCTR Director's Meeting
  - 6-17-24 - Employee Benefits Programs Committee
  - 6-19-24 - Budget Section Presentation
  - 6-21-24 - SIB Audit Committee meeting
  - 6-25-24 through 6-28-24 - NAPPA Legal Education Conference
  - 7-3-24 and 7-16-24 - Two Investment large IT Project ESC meetings
  - 7-10-24 – Investment Committee meeting
  - 7-18-24 – Retirement Education Workshop
- During this time, I also had several external meetings and discussions with legislators and other agency leaders on program operations and state wide initiatives, as well as internal meetings with consultants, direct reports, executive team and division specific meetings, and offered in person and virtual office hours.
- I also presented a training to the New Member Section at the NAPPA Legal Education. This session was prepared for attorneys new to the NAPPA organization and was intended to provide an overview of fiduciary duties and benefits administration.

**Board Action Requested:** Board acceptance.

# Approaching Surveys

# NDIT Data Science & Analytics

**Jill K Baber**  
Product Owner

# Sam Unruh

## Data Scientist





# Collecting Data



- Good decisions require good data!
- Strong survey data requires foresight, planning, and **validity**.

# Where to Begin

At the end.

When this is over:

- What questions do I need answered?
- What am I going to do with this information?





# Designing for Success



- Survey population:
  - Everyone v subset
  - Representative sample
  - Control group
- Question Design:
  - Accessibility
  - Consistency across timelines
  - How to understand understanding
- Format:
  - Mode of distribution
  - Encouraging Participation
  - Privacy

# Translating Data into Action

- During the Survey: Part one → Part two → Part three
- Analysis for data-driven decision-making:
  - What do we know and what can't we know?
  - Simple visualization for impact
  - Gen AI for additional insight
- Post-survey communication:
  - Stakeholders
  - Decision-makers
  - **Respondents**



 Thank you!

NORTH  
**Dakota**  
Be Legendary.

| Information Technology

Contact: Jill K Baber @ [jkbaber@nd.gov](mailto:jkbaber@nd.gov)



**Confidential information will be sent to Board members via secure link.**

## MEMORANDUM

**TO:** TFFR  
**FROM:** Chad R. Roberts, DED/CRO  
**DATE:** July 17, 2024  
**RE:** Board reading materials for July 2024 TFFR Board of Trustees

Three suggested readings on pensions, retirements, and factors impacting retirement funds and retirees' retirements are attached.

The first suggested reading is a briefing from the Center for Retirement Research published on May 21, 2024. It provides a summary and findings from an analysis of Social Security's financial outlook.

The second suggested reading is a May 2024 survey by the National Institute on Retirement Security on Americans' views toward state-facilitated retirement programs.

The third suggested reading is a brief from the Center for Retirement Research published June 4, 2024, on the impact of near-retired and retired persons.

**Board Action Requested:** Information only

# Social Security's Financial Outlook: The 2024 Update in Perspective

May 21, 2024

**Issue Brief** by [Alicia H. Munnell](#)

The *brief's* key findings are:

- The 2024 Trustees Report showed a slight drop in the 75-year deficit, but the depletion date for the retirement trust fund remains at 2033.
- The prospect of a 21-percent benefit cut only 9 years away should focus our attention on restoring balance to the program.
- Further delay has real costs:
  - options like investing part of the trust fund in equities are disappearing as the trust fund slides towards zero;
  - the burden of tax increases or benefit cuts fully shifts to Millennials and subsequent generations; and
  - waiting creates a crisis, so any fix should include automatic adjustments to restore balance so we never get in this mess again.

## Introduction

The 2024 Trustees Report slightly lowered the projected 75-year deficit to 3.50 percent of taxable payroll, compared to 3.61 percent in 2023. The

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The projected depletion date for the Old-Age and Survivors Insurance (OASI) trust fund assets did not change; it remains at 2033. Yes, the Disability Insurance (DI) trust fund has enough to pay benefits for the full 75-year period, so the date of depletion for the combined OASDI trust funds has moved back a year to 2035. But combining the two systems would require a change in the law; hence, under current law, the action-forcing date is 2033 – nine years from now.

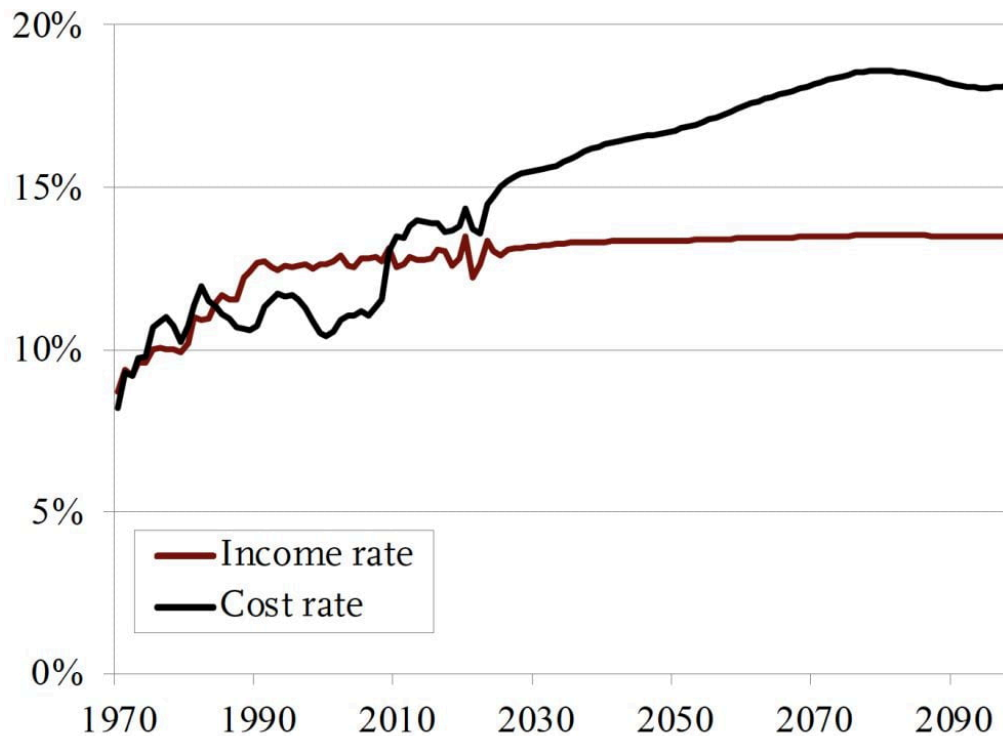
This *brief* updates the numbers for 2024, but emphasizes that – despite the small improvement in the outlook – Congress still must act quickly to avoid draconian benefit cuts. To that end, the discussion identifies three issues: 1) options, such as investing a portion of the trust fund in equities, that disappear as the trust fund slides towards zero; 2) the increase in the burden placed on future generations as Boomers and Gen Xers avoid tax hikes or benefit cuts; and 3) so we never get in this mess again, the need to include an automatic adjustment mechanism as part of any financial package. Fixing Social Security sooner rather than later would keep more options open, distribute the burden more equitably across cohorts, and most importantly, restore confidence in the nation's major retirement program.

## The 2024 Report

Under the Trustees' intermediate assumptions, the cost of the OASDI program rises rapidly from 14.7 percent of taxable payrolls today to 16.3 percent in 2040, drifts up to about 18.6 percent in 2080, and then declines slightly (see Figure 1).

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**FIGURE 1. PROJECTED SOCIAL SECURITY INCOME AND COST RATES, AS A PERCENTAGE OF TAXABLE PAYROLL, 1970-2098**



*Source: 2024 Social Security Trustees Report, Table IV.B1.*

The increase in costs is driven by demographics, specifically the drop in the total fertility rate after the Baby Boom (those born between 1946 and 1964). Women of childbearing age in 1964 had an average of 3.2 children; by 1974 that number had dropped to 1.8. The combined effects of the retirement of Baby Boomers and a slow-growing labor force due to the decline in fertility reduce the ratio of workers to retirees from about 3:1 to 2:1 and raise costs commensurately. The increasing gap between the income and cost rates

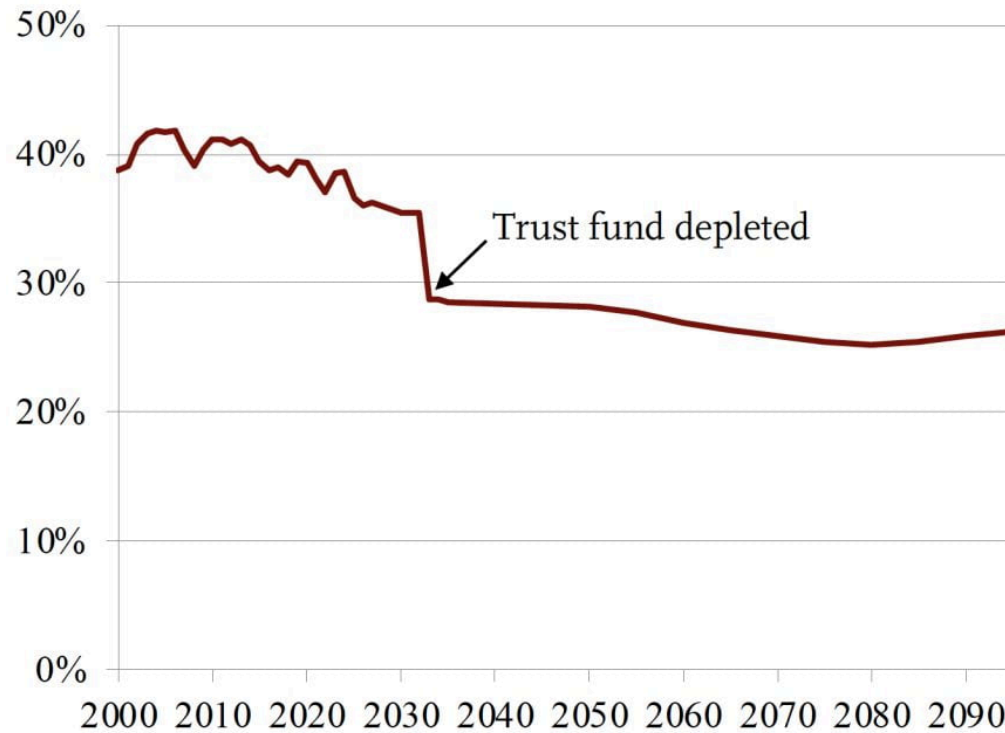
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assets are the result of annual surpluses due to reforms enacted in 1983. Since 2010, however, when Social Security's cost rate started to exceed the income rate, the government has been tapping the interest on trust fund assets to cover benefits. And, in 2021, as taxes and interest fell short of annual benefits, the government started to draw down trust fund assets. These drawdowns will continue until the OASI trust fund is depleted in 2033.

It is crucial to emphasize that the depletion of the trust fund does not mean that OASI has run out of money. At the time of the depletion, payroll tax revenues keep rolling in and can cover 79 percent of currently legislated benefits, declining to 71 percent by the end of the projection period. (If the OASI and DI trust funds were merged, the coverage numbers would be 83 percent, declining to 73 percent.) Relying only on current tax revenues, however, means that the replacement rate – retirement benefits relative to pre-retirement earnings – for the typical age-65 worker would drop immediately from about 36 percent to about 29 percent – a level not seen since the 1950s (see Figure 2). (Note that the replacement rate for those claiming at 65 has already declined due to the rise in the Full Retirement Age from 65 to 67.)

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**FIGURE 2. OASI REPLACEMENT RATE FOR THE MEDIUM EARNER AT AGE 65 FROM EXISTING TAX REVENUES, 2000-2098**



*Sources:* Burkhalter and Rose (2024); Burkhalter and Chaplain (2023); Clingman, Burkhalter, and Chaplain (2014-2022); 2013 *Social Security Trustees Report*; and author's calculations from 2024 *Social Security Trustees Report*.

Moving from cash flows to the 75-year deficit requires calculating the difference between the present discounted value of scheduled benefits and the present discounted value of future taxes plus the assets in the trust fund. This calculation for the OASDI program shows that Social Security's long-run deficit is projected to equal 3.50 percent of covered payroll

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the employer – the government could pay scheduled benefits through 2098, with a one-year reserve at the end.

At this point, solving the 75-year funding gap is not the end of the story in terms of required tax increases. In the future, once the ratio of retirees to workers stabilizes and costs remain relatively constant as a percentage of payroll, any solution that solves the problem for 75 years will more or less solve the problem permanently. But, during this period of transition, any package of policy changes that restores balance only for the next 75 years will show a deficit in the following year as the projection period picks up a year with a large negative balance. Thus, eliminating the 75-year shortfall should be viewed as the first step toward “sustainable solvency.”

Some commentators cite Social Security's financial shortfall over the next 75 years in terms of dollars – \$22.6 trillion (see Table 1). Although this number appears very large, the economy – and, therefore, taxable payrolls – will also be growing. Thus, the scary \$22.6 trillion can be eliminated – and a one-year reserve created – simply by raising the payroll tax by 3.5 percentage points.

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TABLE 1. SOCIAL SECURITY’S FINANCING SHORTFALL  
2024-2098

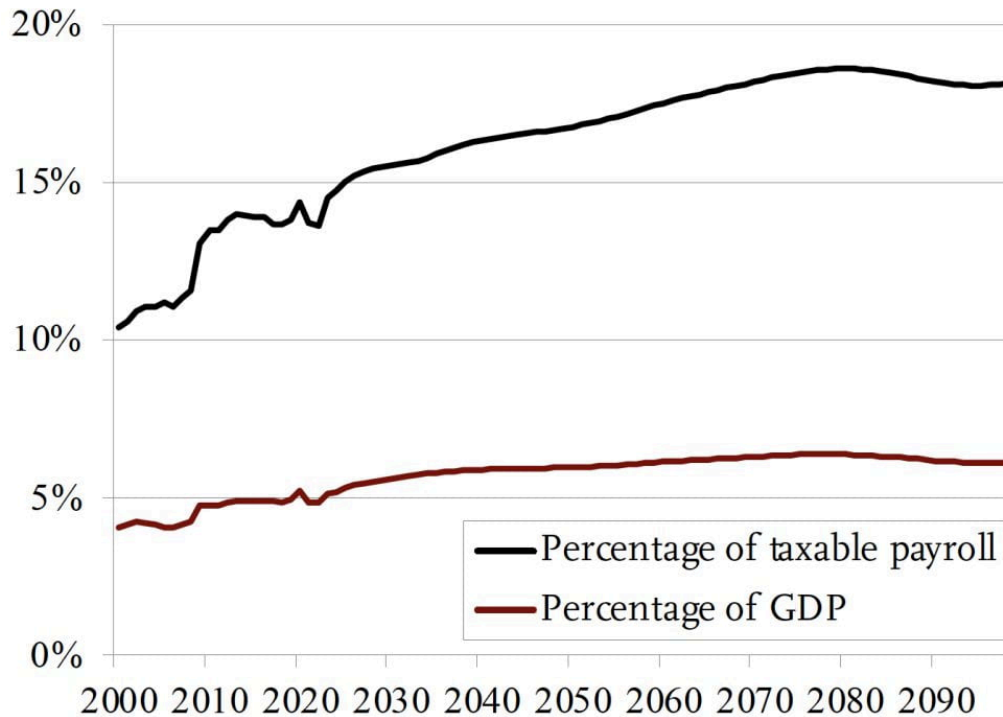
Period	Present value (trillions)	As a percentage of	
		Taxable payroll	GDP
2024-2098	\$22.6	3.32%	1.2%
One-year reserve	1.2	0.18	0.1
Total	23.8	3.50	1.3

Source: 2024 Social Security Trustees Report, Table IV.B6

The Trustees also report Social Security’s shortfall as a percentage of GDP. The cost of the program is projected to rise from about 5 percent of GDP today to about 6 percent of GDP as the Baby Boomers retire (see Figure 3). The reason why costs as a percentage of taxable payroll keep rising – while costs as a percentage of GDP more or less stabilize – is that taxable payroll is projected to decline as a share of total compensation due to continued growth in health benefits.

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FIGURE 3. SOCIAL SECURITY COSTS AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AND TAXABLE PAYROLL, 2000-2098



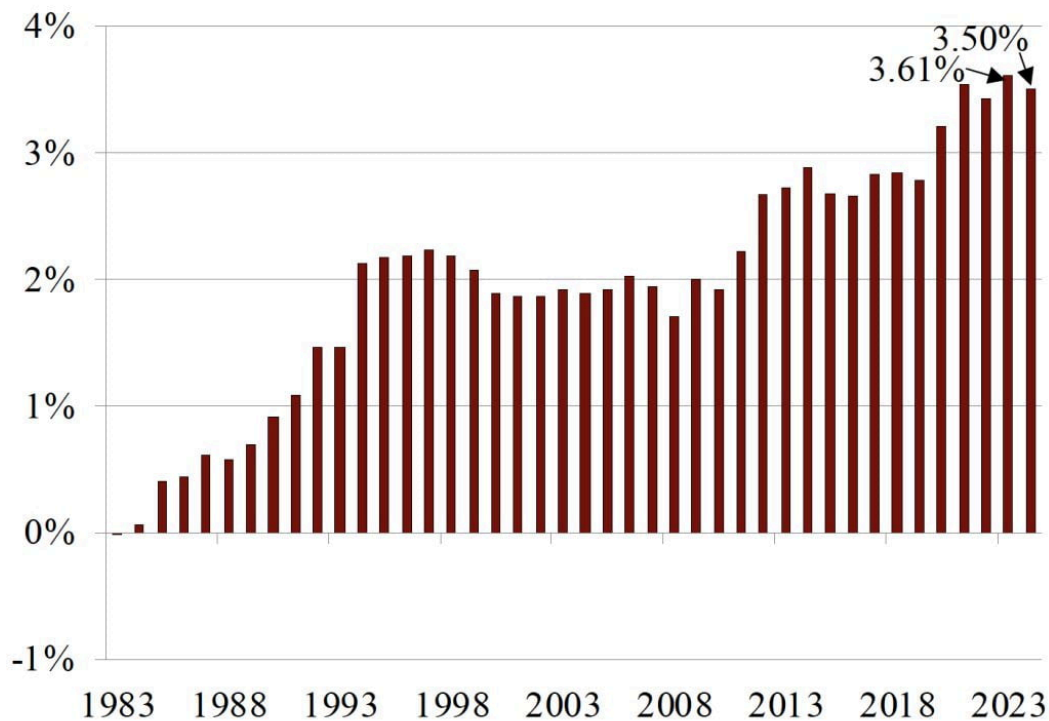
Source: 2024 Social Security Trustees Report, Figures II.D2 and II.D4.

## 2024 Report in Perspective

The 75-year deficits in the last four Trustees Reports are the largest since 1983 when Congress enacted major legislation to restore balance (see Figure 4). The main question is why did the deficit grow over the period 1983-2024, and a secondary question is why did it decline slightly since last year's Report.

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**FIGURE 4. SOCIAL SECURITY'S 75-YEAR DEFICIT AS A PERCENTAGE OF TAXABLE PAYROLL, 1983-2024**



*Source: 2024 Social Security Trustees Report.*

### *Changes in 75-Year Deficit Since 1983*

Social Security moved from a projected 75-year actuarial surplus of 0.02 percent of taxable payroll in the 1983 Report to a projected deficit of 3.50 percent in the 2024 Report. As shown in Table 2, leading the list of reasons is advancing the valuation period. Each time it moves out one year, it picks up a year with a large negative balance. The cumulative effect over the last 41 years has been to increase the 75-year deficit by 2.38 percent of taxable payrolls. That is, more than two-thirds of the 41-year change in the OASDI

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TABLE 2. REASONS FOR CHANGE IN SOCIAL SECURITY’S ACTUARIAL DEFICIT, 1983-2024

Item	Change
Actuarial balance in 1983	+0.02%
<b>Changes in actuarial balance due to:</b>	
Valuation period	-2.38
Economic data and assumptions	-0.94
Disability data and assumptions	-0.33
Demographic data and assumptions	-0.05
Legislation/regulation	+0.06
Methods and programmatic data	+0.13
<b>Total</b>	<b>-3.51</b>
Actuarial balance in 2024	-3.50%

Note: Components may not sum to total due to rounding.  
*Source:* Chu and Burkhalter (2024).

A worsening of economic assumptions – primarily a decline in assumed productivity growth and the impact of the Great Recession – have also contributed to the rising deficit. Another contributor over the past 41 years has been increases in disability rolls, although that picture has changed dramatically in recent years. Finally, changing demographic assumptions –

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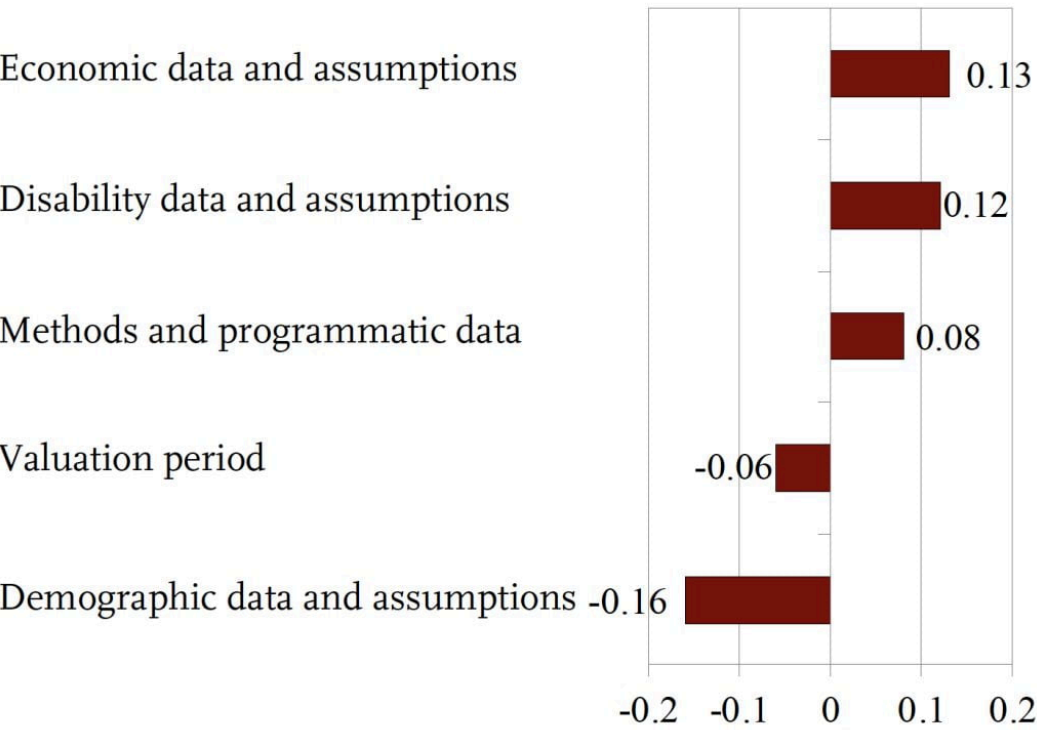
Partially offsetting the negative factors has been a reduction in the actuarial deficit due to: 1) legislative and regulatory changes and 2) methodological improvements and updated data. The net effect in 2024 of all these changes is a 75-year deficit equal to 3.50 percent of taxable payrolls.

### *Changes from Last Year's Report*

The 3.50 percent of taxable payrolls in the 2023 Report is slightly lower than the 3.61 percent in last year's Report (see Figure 5). This shift is primarily a result of changes in three assumptions – the economy, disability incidence, and fertility. The first two improve the long-term financial outlook, while the change in the fertility assumption worsened it.

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FIGURE 5. REASONS FOR CHANGE IN 75-YEAR ACTUARIAL BALANCE FROM 2023 TO 2024



Source: 2024 Social Security Trustees Report, Table IV.B7.

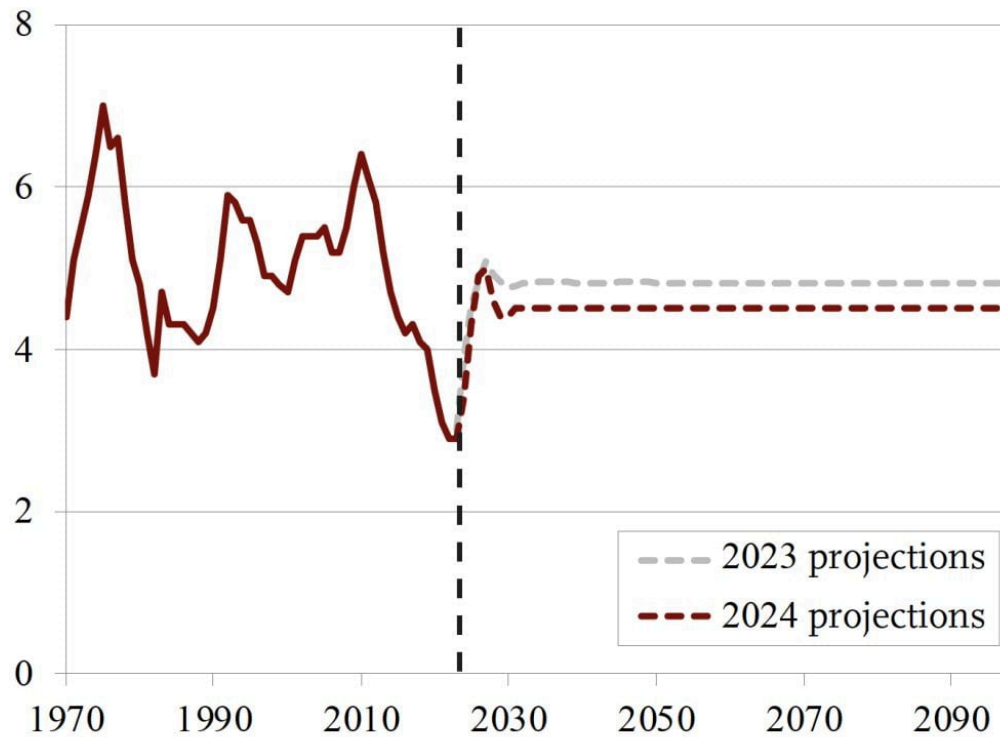
*Economy.* Greater-than-anticipated growth last year led to an increase in the assumed level of productivity growth over the projection period, and updated data on educational attainment led to higher assumed labor force participation. In addition, new data on the number and age of covered workers improved the actuarial balance.

*Disability incidence.* The DI incidence rate (new awards relative to the insured population) has continued to drop (see Figure 6), driven largely by the strength of the economy and a stricter process for awarding benefits on

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**FIGURE 6. DISABILITY INSURANCE INCIDENCE RATES (AGE-SEX-ADJUSTED), 1970-2098**

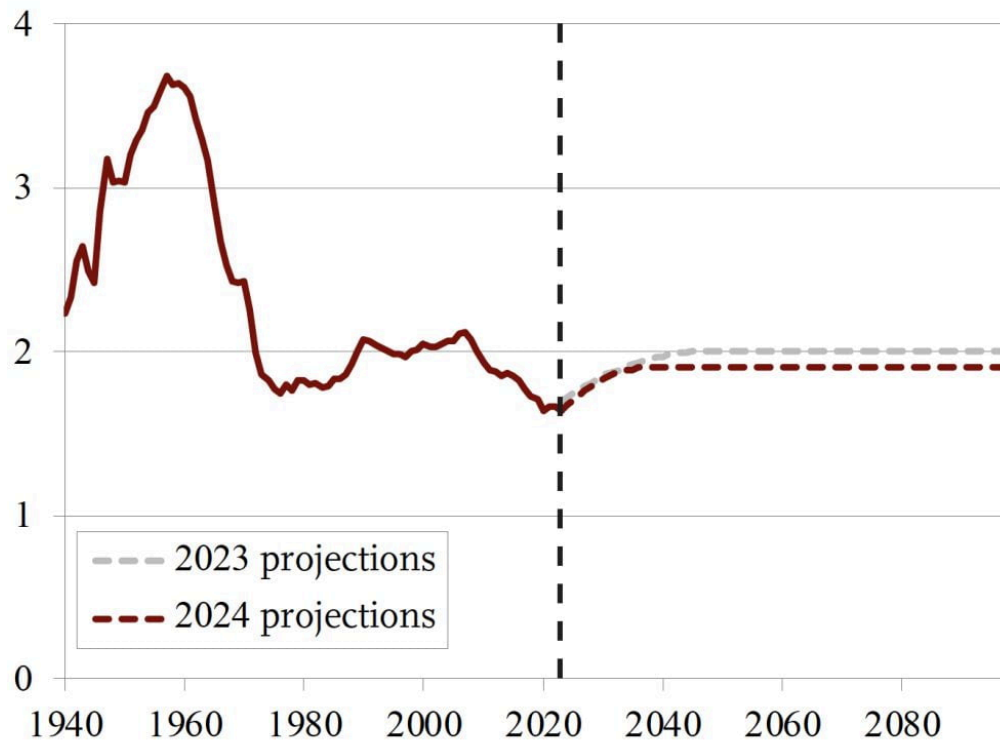


*Source: 2024 Social Security Trustees Report, Figure V.C3.*

**Fertility.** The total fertility rate has been declining sharply (see Figure 7), and recent surveys of birth expectations show women planning on fewer children than in the past. This trend reflects a host of factors including lower marriage rates, high cost of childcare, concerns about economic opportunity, and lower fertility in countries from which new immigrants are arriving. In recognition that fertility is unlikely to rebound to previous levels, the Trustees reduced the ultimate rate from 2.0 to 1.9 children per woman, and moved up the date when the ultimate rate is achieved from 2056 to 2040.

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FIGURE 7. TOTAL FERTILITY RATE, 1940-2098



Source: 2024 Social Security Trustees Report, Table V.A1.

The focus here, however, is not year-to-year changes in the 75-year projections but rather the upcoming exhaustion of the OASI trust fund and the cost of delaying Congressional action.

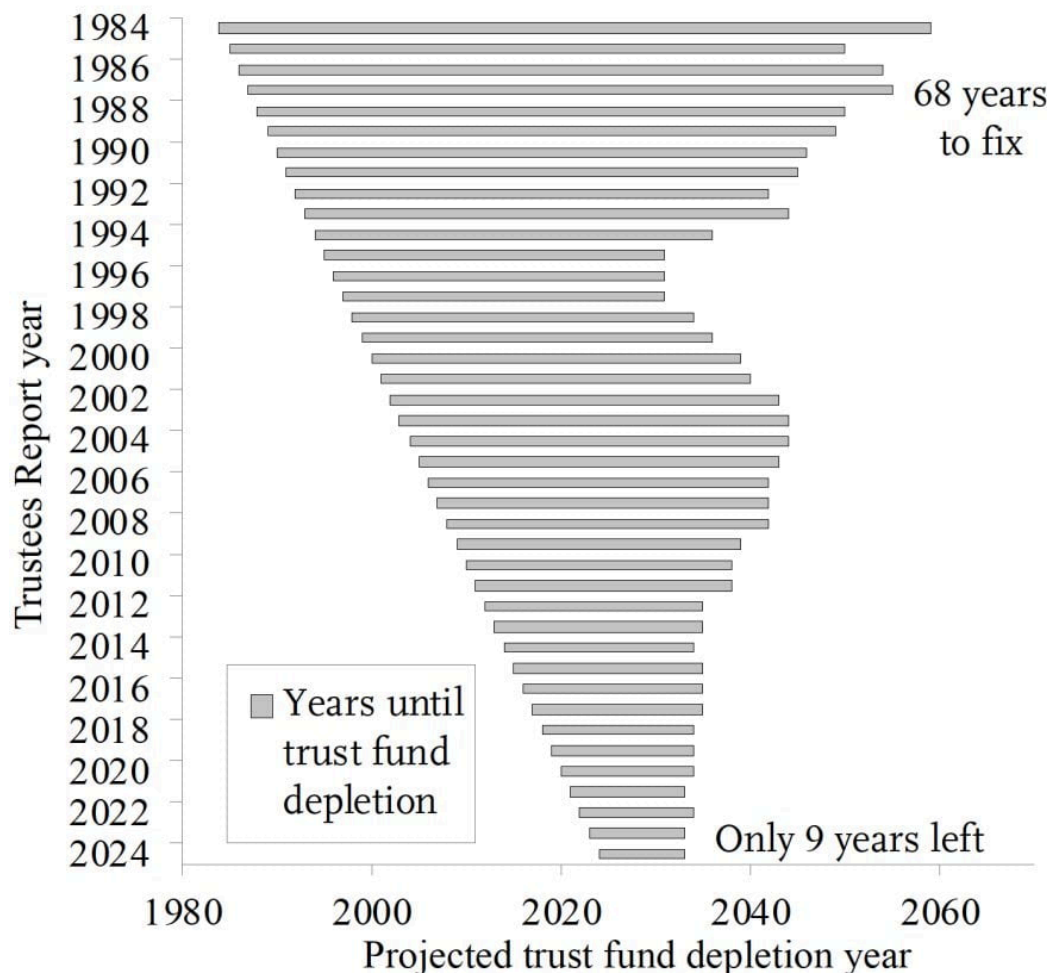
## Delay Has Real Costs

The depletion of the OASI trust fund is not news. Virtually from the day the trust fund began accumulating assets, the Trustees have projected its depletion. But time is getting short: whereas we used to have 68 years to figure out how to avoid depletion of the OASI trust fund, we now have 0

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**FIGURE 8. PROJECTED YEARS UNTIL OASI TRUST FUND IS DEPLETED**



*Source: 1984-2024 Social Security Trustees Reports.*

Failure to act has serious implications. It undermines Americans' confidence in the backbone of our retirement system and causes some to claim their benefits early, hoping that those on the rolls may be spared future cuts. Equally important, delaying action means that some options disappear, the eventual changes must be more abrupt, and fewer of the current adult

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again, argues that any financing package should include an automatic adjustment mechanism.

### *Investing the Trust Fund in Equities*

One disappearing option is the chance to invest a portion of trust fund reserves in equities, an idea that – at last – appears to have considerable support. Since equity investment has higher expected returns relative to safer assets, Social Security would likely need less in tax increases or benefit cuts to achieve long-term solvency. Indeed, if Social Security had begun investing 40 percent of its assets in equities in 1984 or even 1997, the trust fund would not be running out of money today.<sup>2</sup> Moreover, economists also argue that efficient risk-sharing across a lifecycle requires individuals to bear more financial risk when young and less when old, and since the young have little in the way of financial assets, investing the trust fund in equities is one way to achieve that goal.

The real world provides a convincing case that governments can invest in equities in a sensible manner. Canada has a large actively managed fund, follows fiduciary standards, and uses conservative return assumptions. In the United States, the Railroad Retirement system has also invested in a broad array of assets without interfering in the private market, as has the Federal Thrift Savings Plan, where the government plays an essentially passive role.

Investing trust fund assets in equities, however, requires having a meaningful trust fund. As noted, Social Security's trust fund is quickly

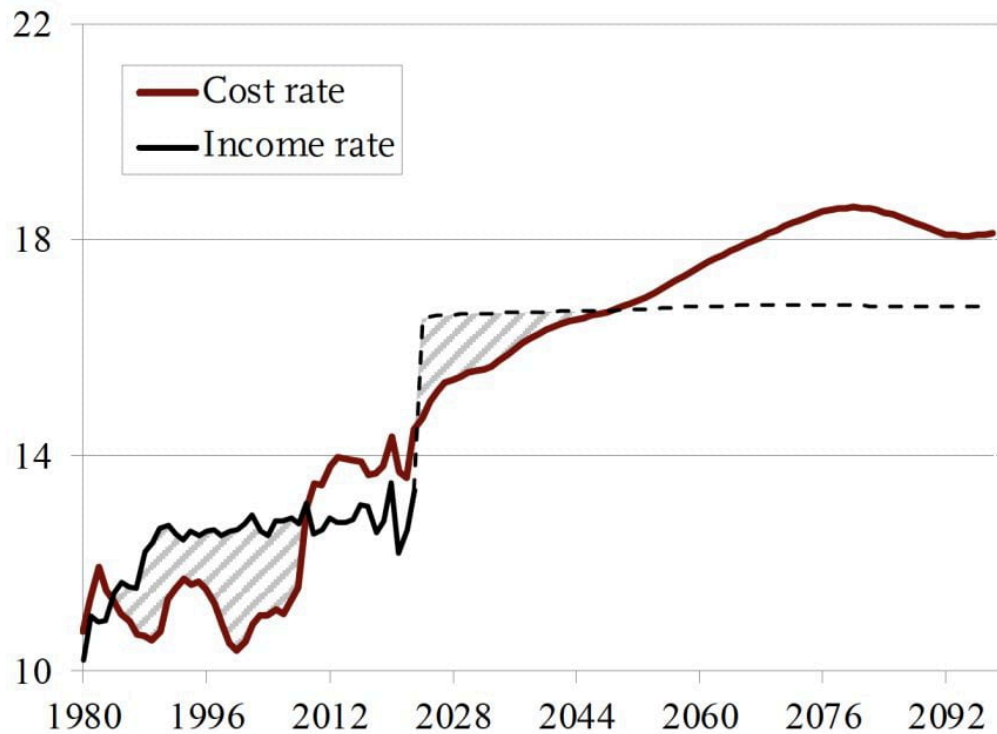
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not clear that the political will exists to make such a move, and, indeed, with costs – as a percentage of taxable payrolls – scheduled to level off, it is hard to argue that today's workers should pay more to build up a trust fund so that tomorrow's workers would pay less.<sup>3</sup>

The good news is that, in 2024, Social Security reserves equal \$2.6 trillion dollars, roughly two and a half times annual costs. Combining these balances with a 3.5-percentage-point increase in the payroll tax would produce a substantial trust fund over the next decade (see Figure 9). Yes, the annual surpluses – the shaded area – are slightly smaller than the surpluses that emerged from the 1983 legislation, but this time we are starting with \$2.6 trillion, whereas in 1984 we were starting with zero. Investing a portion of these assets in equities could help cover costs over the next 75 years and beyond. But to take advantage of this option, Congress has to act sooner rather than later, before the trust fund hits zero.

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FIGURE 9. U.S. SOCIAL SECURITY INCOME AND COST RATES AS PERCENTAGE OF TAXABLE PAYROLL, ASSUMING A 3.5-PERCENTAGE-POINT TAX INCREASE IN 2024, 1980-2098



Note: Social Security income excludes interest income.  
 Sources: Authors' calculations and 2024 Social Security Trustees Report.

### *Distributing the Burden Fairly Across Generations*

Some commentators suggest that delay raises the cost. That conclusion is simply not correct. The cost is the difference between Social Security's cost and income rates, as shown by the two lines reported in Figure 1; costs and

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What is impacted by delay is the generations who will foot the bill. For example, if the change had been made in the early 1990s when a significant long-term shortfall first re-emerged, the Baby Boom would have shared more of the burden with subsequent generations. At this point, the youngest Boomer is age 60, so the Boomer cohort will not be affected by any increase in the payroll tax and they are almost certainly protected from any benefits cuts (see Table 3). The only way to extract a contribution from the Boomers would be to make some delay or cut in the annual cost-of-living adjustment to Social Security retirement benefits.

TABLE 3. AGE OF GENERATIONS IN 1995, 2025, AND 2035

Generation	Born	Age of youngest member		
		1995	2025	2035
Baby Boomers	1946-1964	31	61	71
Generation X	1965-1980	15	45	55
Millennials	1981-1996	–	29	39
Generation Z	1997-2012	–	–	23
Generation Alpha	2013-2025	–	–	10

Source: Library of Congress (2024).

It is not only the Boomers, however, who are disappearing from the labor force. If Congress fails to act until 2035, the youngest member of Generation X will be 55. At that point, Gen Xers will contribute almost nothing in terms

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of fixing Social Security to maintain 75-year solvency through 2098 which, with changes beginning in 2035, would require a tax increase in excess of 4 percent or a 25-percent reduction in all benefits (versus 21 percent if action were taken today). It is unlikely that such an outcome would be the result of a careful policy deliberation. It is capricious and unfair and gets worse the longer the delay.

### *Preventing Future Crises*

One way to avoid repeated crises and restore confidence in the financial stability of the Social Security program is for any package of solutions to include a mechanism that automatically adjusts revenues and benefits if shortfalls emerge. As of the most recent OECD report on retirement programs, many countries have mechanisms that link the parameters of their programs to changes in either economic or demographic developments, and seven have automatic balancing mechanisms explicitly designed to ensure that the retirement plans are fully financed (see Table 4).

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TABLE 4. AUTOMATIC BALANCING MECHANISMS FOR RETIREMENT PROGRAMS IN OECD COUNTRIES

Country	Period assessed	Affects		
		Future benefits	Current benefits	Contributions
Canada	75 years		*	*
Finland	1 year			*
Germany	1 year	*	*	*
Luxembourg	10 years	*	*	*
Netherlands	1 year	*	*	
Sweden	Long term	*	*	
United States	1 year	*	*	

Source: OECD (2021).

Interestingly, the United States is included on this list. We, in fact, do have a mechanism to ensure that the system is fully funded. When the trust fund is depleted, Social Security must cut benefits to the level of incoming revenues – hence, the projected 21-percent benefit cut in 2033. This mechanism, however, is a draconian way to spur action and does not seem very effective, except at creating great anxiety among older workers and retirees.

The Canadians have a much more civilized approach – perhaps one that could serve as a model for the United States. It is a backstop arrangement that is activated only in the absence of a political agreement. Mechanically it

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on a solution, the backstop kicks in. In that case, the cost-of-living adjustment is frozen, and contribution rates are increased by 50 percent of the difference between the legislated and the required rate for three years until the Chief Actuary's following report. The mechanism thus avoids uncertainty about the system's financial stability over time if policymakers fail to act.

The United States does not have to adopt the specifics of the Canadian backstop mechanism, but including some automatic adjustment in the face of inaction would improve confidence in the long-term stability of the Social Security program.

In short, fixing Social Security sooner rather than later would restore confidence in the nation's major retirement program, give people time to adjust to needed changes, retain a number of options that are fast disappearing, and distribute the burden more equitably across cohorts. Moreover, to avoid future crises of our making, any financial fix should include an adjustment mechanism that automatically restores balance if policymakers fail to act.

## Conclusion

The 2024 Trustees Report confirms what has been evident for almost three decades – namely, Social Security is facing a long-term financing shortfall that equals 1 percent of GDP. The changes required to fix the system are well within the bounds of fluctuations in spending on other programs in the past. Moreover, action needs to be taken before the OASI trust fund is

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# AMERICANS' VIEWS OF STATE-FACILITATED RETIREMENT PROGRAMS

By Dan Doonan and Kelly Kenneally

May 2024



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## ABOUT THE AUTHORS

**Dan Doonan** is executive director of the National Institute on Retirement Security. With the Board of Directors, Doonan leads the organization's strategic planning, retirement research, and education initiatives. He has more than 20 years of experience working on retirement issues from different vantage points including an analyst, consultant, trainer, and retirement plan trustee. Previously, he was a senior pension specialist with the National Education Association. Doonan began his career at the Department of Labor as a mathematical statistician, and also spent seven years conducting actuarial analyses with Buck Consultants in the retirement practice. His experience also includes positions as a research director and labor economist. Doonan holds a B.S. in mathematics from Elizabethtown College and is a member of the National Academy of Social Insurance. He is a frequent speaker on retirement issues, including testimony before legislative bodies, and often is quoted in the news media.

**Kelly Kenneally** has provided communications counsel to the National Institute on Retirement Security since its founding in February 2007. She implements communications programs that provide accurate data and information on retirement policy issues and has authored the NIRS biennial public opinion research studies. Kenneally has more than 25 years of public affairs experience with corporations, government, and non-profit organizations. Previously, she served in the White House as associate director of the President's Commission on White House Fellowships. She has held communications positions at Micron Electronics and MCI WorldCom, and she began her career at the Maryland General Assembly. She holds a B.A. in government and politics from the University of Maryland.

## ACKNOWLEDGEMENTS

The authors appreciate the work of Greenwald Research, a leading research firm with specialized expertise in the financial services and retirement industries, for their valuable contributions to this project. The polling was overseen by Doug Kincaid at Greenwald & Associates. Kincaid is managing director at Greenwald & Associates, specializing in retirement and financial services. His work focuses on retirement savings and retirement income studies for many of the nation's leading financial services companies and trade associations. He holds a B.A. in Sociology from the University of North Carolina and an M.A. in sociology from Indiana University. The authors also appreciate the efforts of Tyler Bond and Michele Yanicak.

# EXECUTIVE SUMMARY

For the past several decades, there have been dramatic changes to the U.S. retirement system, destabilizing retirement for large portions of the U.S. workforce. The cumulative result is that today, most Americans are not on track for a secure retirement, with about half of American households at risk of not having enough to maintain their living standards in retirement.

Employer-sponsored retirement plans are the main vehicle for workers to save for retirement, but this is part of the problem. U.S. employers are not required to offer any type of retirement savings plans. As a result, about half of the private-sector workforce does not have access to an employer-sponsored retirement savings plan.

Federal lawmakers have taken some steps to address the U.S. retirement crisis, but there remains an urgent need to fix the gaping hole of the tens of millions of Americans who lack access to a retirement plan at work.

The good news is that states are taking action to address the retirement challenges facing Americans by providing increased access to retirement plans. Since 2012, every state except Alabama has either enacted or introduced legislation that would establish state-facilitated retirement savings programs. These state-facilitated retirement programs offer a backstop for those working in jobs where employers do not offer retirement plans like a pension plan or 401(k) account.

Against this backdrop, this issue brief examines national sentiment of Americans about state-facilitated retirement savings initiatives. This research finds:

- The vast majority of Americans (77 percent) agree that state-facilitated retirement savings programs are a good idea. There is high support across party and generational lines, with support highest among Millennials (79 percent).
- More than three-quarters of Americans (82 percent) say they would participate in state-facilitated retirement programs, up from 75 percent in 2020. The support is consistent across party and generational lines.
- Americans view many key features of state-facilitated retirement programs as highly favorable, especially that the programs would provide higher returns than other safe investments in today's market (87 percent) and have low fees (86 percent).

# INTRODUCTION

For the past several decades, there have been dramatic changes to the U.S. retirement system, destabilizing retirement for large portions of the U.S. workforce. Researchers and retirement experts have encouraged Americans to pursue the “three-legged stool” of retirement savings: Social Security; a defined benefit (DB) pension; and individual savings, typically through a defined contribution (DC) plan. With the shift away from pensions in the private sector, only a small percentage of older Americans, about seven percent, receive income from all three sources.<sup>1</sup>

Employer-sponsored retirement plans are the main vehicle for workers to save for retirement, but this is part of the problem. U.S. employers are not required to offer any type of retirement savings plans. According to the Georgetown University Center for Retirement Initiatives (CRI) about half of the private-sector workforce (57 million employees) does not have access to an employer-sponsored retirement savings plan.<sup>2</sup>

The cumulative result is that today, most Americans are not on track for a secure retirement. About half of American households are “at risk” of not having enough to maintain their living standards in retirement according to the Boston College Center for Retirement Research (CRR).<sup>3</sup> And with the proportion of Americans aged 65 and older continuing to grow, an inadequate retirement infrastructure will pose serious fiscal challenges for the nation.

In Washington, federal lawmakers have taken some steps to address the U.S. retirement crisis. Congress passed the Setting Every Community Up for Retirement Enhancement Act (SECURE Act) in 2019, and the SECURE 2.0 Retirement Savings Act was signed into law in 2022. While these legislative changes are steps in the right direction, there remains an urgent need to fix the gaping hole of the tens of millions of Americans who lack access to a retirement plan at work.

The good news is that states are taking action to address the retirement challenges facing Americans by providing increased access to retirement plans. Since 2012, every state except Alabama has either enacted or introduced

legislation that would establish state-facilitated retirement savings programs (**Figure 1**).

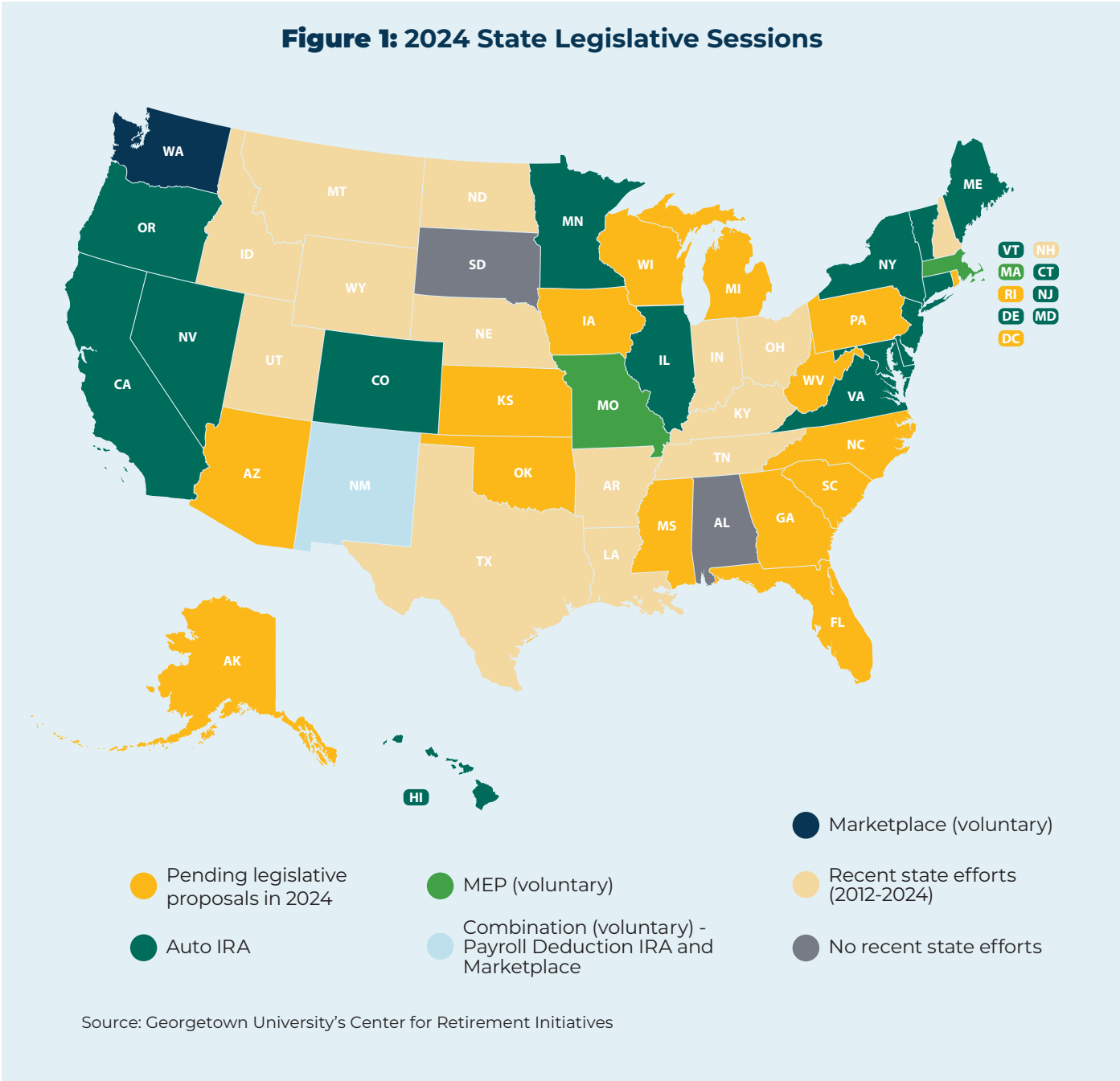
To date, 19 states have adopted state-facilitated retirement savings programs, and 16 of these require employers without a retirement plan to automatically enroll their workers into an individual retirement account. And as of February 2024, these state programs have grown substantially, amassing some \$1.34 billion in assets, more than 845,000 funded accounts, and 212,000 registered employers.<sup>4</sup>

These state-facilitated retirement programs offer a backstop for those working in jobs where employers do not offer retirement plans like a pension plan or 401(k) account. While each program is different, the most popular type of plan that states are enacting automatically enrolls workers in moderate risk, low-cost retirement savings accounts referred to as auto-IRAs. Broadly, the state-facilitated programs require private sector employers lacking retirement plans to provide their employees with access to retirement accounts through payroll deductions. While these programs are overseen and administered by the state, investments are managed by private companies. Workers in states that offer these plans can access these retirement savings accounts when they retire.

While state-facilitated programs can improve retirement savings via paycheck deduction within a system that offers economies of scale, the state-facilitated programs are not considered a replacement for workplace retirement plans. Employer-sponsored retirement plans have advantages that are not available to state-facilitated programs, including employer contributions. Ideally, the state-facilitated programs will nudge more employers to offer retirement plans to their employees.

Against this backdrop, this issue brief examines national sentiment of Americans about state-facilitated retirement savings initiatives. This research finds:

- The vast majority of Americans (77 percent) agree that state-facilitated retirement savings programs are a good idea. There is high support across party and generational lines, with support highest among Millennials (79 percent).



- More than three-quarters of Americans (82 percent) say they would participate in state-facilitated retirement programs, up from 75 percent in 2020. The support is consistent across party and generational lines.
- Americans view many key features of state-facilitated retirement programs as highly favorable, especially that they would provide higher returns than other safe investments in today's market (87 percent) and have low fees (86 percent).



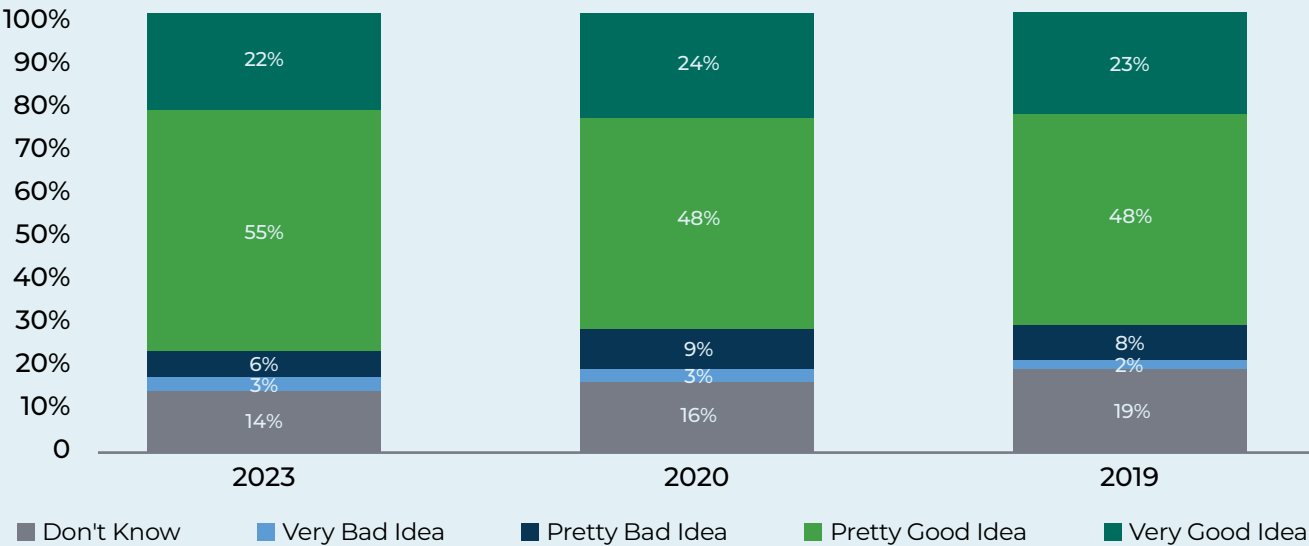
# I. AMERICANS SAY STATE-FACILITATED RETIREMENT PROGRAMS ARE A GOOD IDEA

More than three-fourths of Americans agree that state-facilitated retirement programs are a good idea (Figure 2). At a time when the nation faces deep political division on a broad range of issues, support for state-facilitated

programs holds strong across party lines (Figure 3). Moreover, the support is strong across generational lines, with Millennials the most supportive of these new state retirement programs (Figure 4).

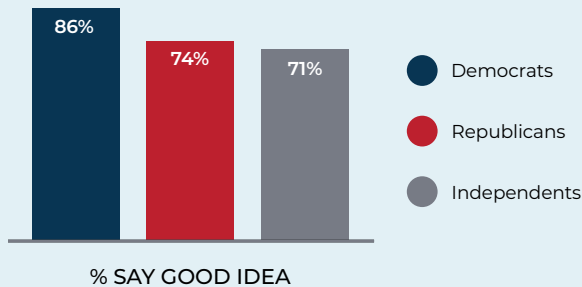
**Figure 2: 77% of Americans Agree State Facilitated Programs Are A Good Idea.**

Overall, do you think these state retirement programs are a...



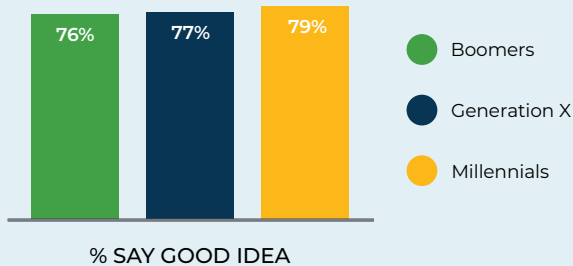
**Figure 3: Across Party Lines, American Agree That State-Facilitated Retirement Programs Are A Good Idea.**

Overall, do you think these state retirement programs are a...



**Figure 4: Across Generations, Americans Agree That State-Facilitated Retirement Programs Are A Good Idea.**

Overall, do you think these state retirement programs are a...



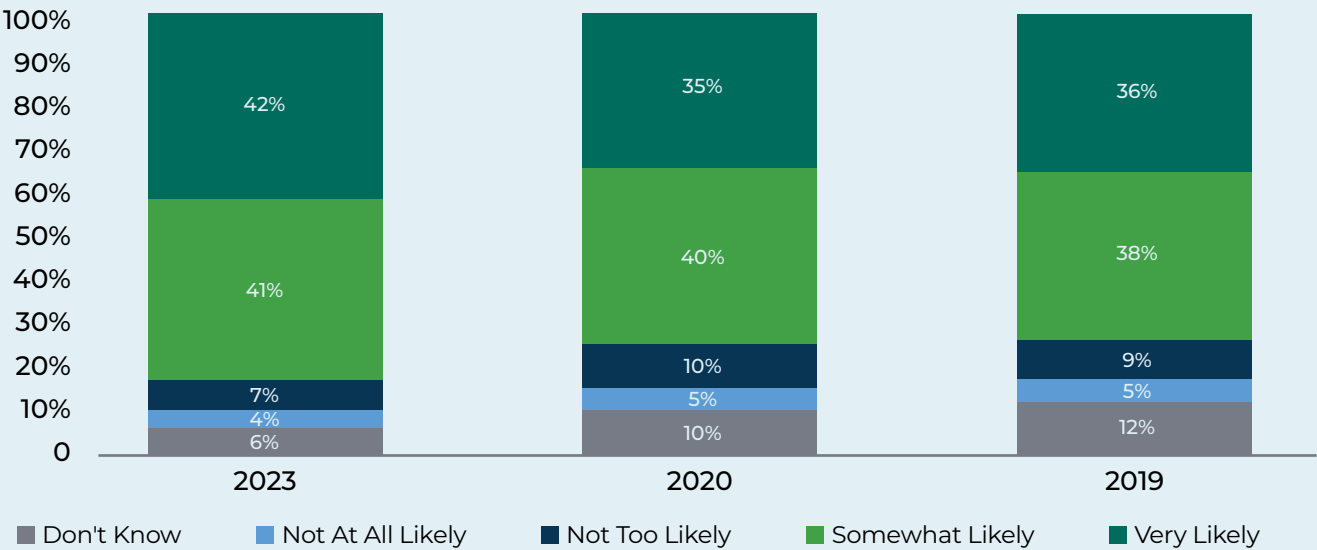
## II. MOST AMERICANS WOULD PARTICIPATE IN STATE-FACILITATED RETIREMENT PROGRAMS

Most Americans say that new state-facilitated programs are a good idea and they likely would participate in the plans if offered (Figure 5). Most respondents (82 percent)

indicate interest in participating, with interest consistent across both party (Figure 6) and generational lines (Figure 7).

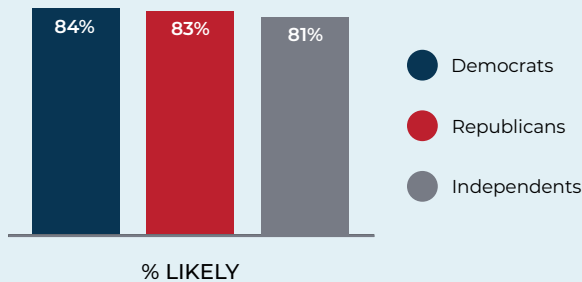
**Figure 5: The Vast Majority of Americans Increasingly Say They Would Participate in the State-Facilitated Retirement Programs.**

Overall, based on the previous description, how likely do you think you (would be/would have been) to consider participation in this program if it were available through your employer?



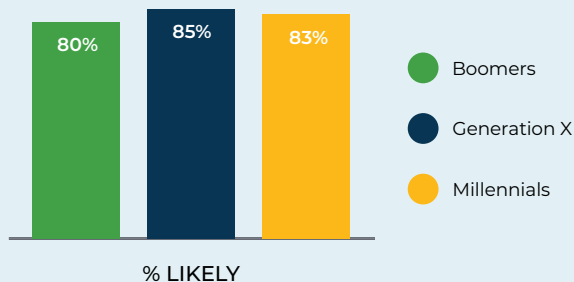
**Figure 6: Across Party Lines, Most Americans Would Participate In State-Facilitated Retirement Programs.**

Overall, based on the previous description, how likely do you think you (would be/would have been) to consider participation in this program if it were available through your employer?



**Figure 7: Across Generations, Most Americans Would Participate In State-Facilitated Retirement Programs.**

Overall, based on the previous description, how likely do you think you (would be/would have been) to consider participation in this program if it were available through your employer?



When asked about participation in state-facilitated programs, support is highest among Generation X (85 percent), the generation that is fast approaching retirement and will be the first generation to retire largely without a pension plan. Millennials are close behind at 83 percent.

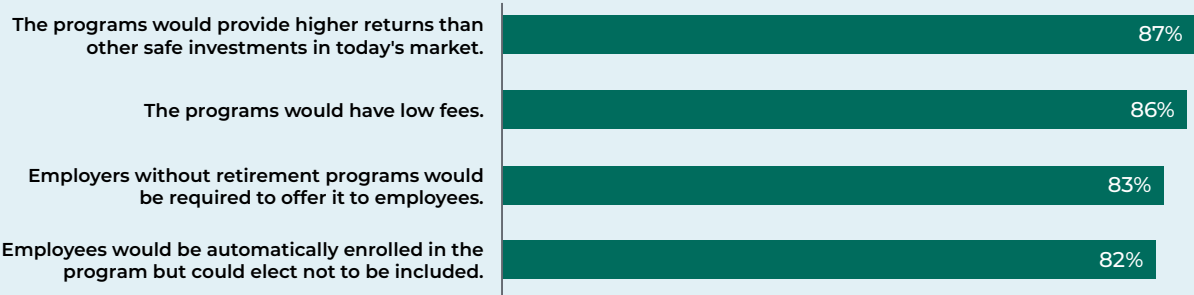
### III. AMERICANS ARE HIGHLY FAVORABLE ABOUT MANY KEY FEATURES OF STATE-FACILITATED RETIREMENT PROGRAMS

Each of the state-facilitated retirement programs that are up and running or in progress have features that help strengthen retirement security including low fees, higher returns than a bank savings account, portability from job to job, and automatic enrollment.

Across the board, Americans have favorable views of the features that are included in most state-facilitated retirement programs, especially that programs would provide higher returns than other safe investments in today's market (87 percent) and have low fees (86 percent).

**Figure 8: The Vast Majority of Americans Find Appealing Key Features of State-Facilitated Retirement Programs.**

How appealing are each of the following aspects of this new type of retirement program?





## CONCLUSION

The retirement savings shortfall is no longer a looming crisis. It is here. Far too many Americans are not on track to maintain their standard of living in retirement. The retirement savings shortfall can be attributed to many factors, including the move away from pensions in the private sector and decades of stagnant wages. But a major cause is the lack of access to employer-sponsored retirement plans. States have stepped up in recent years to address this crisis by establishing state-facilitated retirement savings programs.

This research offers an assessment of Americans' views about these new state-facilitated retirement programs and finds:

- The vast majority of Americans (77 percent) agree that state-facilitated retirement savings programs are a good idea. There is high support across party and generational lines, with support highest among Millennials (79 percent).
- Most Americans (82 percent) say they would participate in state-facilitated retirement programs, up from 75 percent in 2020. The support is consistent across party and generational lines.

- Americans view many key features of state-facilitated retirement programs as highly favorable, especially that they would provide higher returns than other safe investments in today's market (87 percent) and have low fees (86 percent).

As more states establish these savings programs and existing programs grow, it will be important to watch for additional innovations. Already, states are joining together in multi-state compacts to offer these programs at scale to citizens. It also will be worthwhile to monitor if these state programs spur growth in 401(k) plan offerings, especially given the SECURE 2.0 provisions that make it easier for small businesses to offer retirement plans. Indeed, these state-facilitated retirement programs, coupled with action in Washington, D.C., are steps in the right direction for addressing the retirement savings shortfall facing most working Americans.

---

## METHODOLOGY

Conducted by Greenwald Research, information for this study was collected from online interviews between October 10-25, 2023. A total of 1208 individuals aged 25 and older completed the survey. The final data were weighted by age, gender, and income to reflect the demographics of Americans aged 25 and older. The sample was selected using Dynata, an online sample provider. Tabulations in some of the charts may not add up to 100, due to rounding.

# ENDNOTES

1. T. Bond and F. Porrell, 2020, "Examining the Nest Egg," The National Institute on Retirement Security, Washington, D.C. <https://www.nirsonline.org/wp-content/uploads/2020/01/Examining-the-Nest-Egg-Final-1.pdf>
2. A. Antonelli (2020). "What are the Potential Benefits of Universal Access to Retirement Savings?," Georgetown University Center for Retirement Initiatives with Econsult Solutions, Inc. <https://cri.georgetown.edu/what-are-the-potential-benefits-of-universal-access-to-retirement-savings/>
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4. Georgetown University Center for Retirement Initiatives estimates from state program data publicly available or provided by a state to the CRI; view current year program data at <https://cri.georgetown.edu/states/state-data/current-year/>.

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The National Institute on Retirement Security is a non-profit research and education organization established to contribute to informed policymaking by fostering a deep understanding of the value of retirement security to employees, employers, and the economy as a whole.

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Through our activities, NIRS seeks to encourage the development of public policies that enhance retirement security in America. Our vision is one of a retirement system that simultaneously meets the needs of employers, employees, and the public interest. That is, one where:

- employers can offer affordable, high quality retirement benefits that help them achieve their human resources goals;
- employees can count on a secure source of retirement income that enables them to maintain a decent living standard after a lifetime of work; and
- the public interest is well-served by retirement systems that are managed in ways that promote fiscal responsibility, economic growth, and responsible stewardship of retirement assets.

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- High-quality research that informs the public debate on retirement policy. The research program focuses on the role and value of defined benefit pension plans for employers, employees, and the public at large. We also conduct research on policy approaches and other innovative strategies to expand broad based retirement security.
- Education programs that disseminate our research findings broadly. NIRS disseminates its research findings to the public, policy makers, and the media by distributing reports, conducting briefings, and participating in conferences and other public forums.
- Outreach to partners and key stakeholders. By building partnerships with other experts in the field of retirement research and with stakeholders that support retirement security, we leverage the impact of our research and education efforts. Our outreach activities also improve the capacity of government agencies, non-profits, the private sector, and others working to promote and expand retirement security.

The National Institute on Retirement Security is a non-profit, non-partisan organization established to contribute to informed policy making by fostering a deep understanding of the value of retirement security to employees, employers, and the economy as a whole. NIRS works to fulfill this mission through research, education and outreach programs that are national in scope.



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# How Does Inflation Impact Near Retirees and Retirees?

June 4, 2024

**Issue Brief** by [Jean-Pierre Aubry](#) and [Laura D. Quinby](#)

The *brief's* key findings are:

- High inflation generally harms older households, but the impact varies by retirement status and wealth.
- Retirees are hurt more than near retirees because, outside of Social Security, their income is less indexed to prices and they hold less fixed-rate debt.
- Higher-wealth households – both retirees and near retirees – are more protected because they invest in assets that grow with inflation.
- Next, the authors will use new survey data to assess how older households' responses to inflation influence these outcomes.

## Introduction

In June 2022, U.S. inflation peaked at 8.9 percent – a dramatically high level after nearly three decades of relatively stable prices. Because inflation has been so low for so long, the risks of inflation have been generally overlooked and recent history does not offer much practical insight on its impact. But a shock of the magnitude just experienced must surely have affected the

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hypothetical households to trace possible paths of consumption and wealth under different macroeconomic scenarios.<sup>1</sup> The findings in this first *brief* assume no behavioral response by the households. The second *brief* will present results from a new survey that explores the extent to which older workers and retirees changed their labor supply, saving, and investment allocation in response to inflation and will incorporate those responses into the scenario analysis.

For this *brief*, the discussion proceeds as follows. The first section summarizes what we know to date about the impact of an inflation shock on household finances. The second section describes the macroeconomic scenarios. The third section presents the results, which show that the magnitude of the impact depends on two offsetting factors: 1) the extent to which income and investments keep pace with rising prices; and 2) the amount of fixed-rate debt held by the household.

The final section concludes that while inflation harms most older households, the risks vary across the age and wealth distribution. Specifically, inflation harms retirees more than near retirees because – outside of Social Security – retiree income is less indexed to prices, and retirees hold less fixed-rate debt. Similarly, top-wealth households see a smaller reduction in financial assets than their lower-wealth counterparts because they are more heavily invested in equities and businesses that grow with inflation. On the other hand, top-wealth retirees ultimately end up with a bigger drop in consumption than their lower-wealth counterparts living off Social Security.

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## What We Know about Inflation and Household Finances

Studies of inflation's impact on retirement security generally fall into two camps: pre- and post-COVID-19. Prior to the pandemic, the United States and many Western European countries had not seen a major rise in price levels since the late 1970s and early 1980s. Thus, researchers interested in this question used statistical analysis to relate small changes in inflation and interest rates during the 1990s and 2000s to the real value of household income, assets, and debt.<sup>2</sup> Given that the inflation fluctuations during this period were very small, it is difficult to extrapolate these results to 2022. Nevertheless, the pre-pandemic literature confirmed a key insight: that inflation impacts households differently based on the specific sources of their income, the allocation of their assets, and their exposure to fixed-rate mortgage debt.

On the income side, households approaching retirement face the risk that labor earnings do not keep pace with rising prices. Since wages and salaries are often negotiated on a set schedule (typically once per year), earnings tend to lag inflation. And unemployment poses a significant risk if the Federal Reserve's response to inflation triggers a recession. Similarly, many retirees still rely on defined benefit (DB) pensions, which often do not keep pace with inflation (although these plans are increasingly rare for private sector workers).<sup>3</sup> On a more positive note, most retirees also receive fully inflation-indexed income from Social Security.

Regarding wealth, the direct impact of inflation depends on the household's

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offset by shrinking demand if rising interest rates make it harder for prospective buyers to take out a mortgage.<sup>5</sup> On the other hand, households that already hold fixed-rate mortgage debt benefit from inflation because the monthly mortgage payment stays constant even as household income rises with prices.

Although the existing research is helpful for understanding inflation's impact on retirement, many questions remain. For instance: how vulnerable were older households to the recent inflation shock, given their income, investment allocation, and debt holdings? Were certain households more vulnerable than others?

## How Vulnerable Are Older Households to an Inflation Shock? A Scenario Analysis

Because it is hard to assess the impact of today's inflation shock from past experience and because inflation continues to be a concern, we turn to scenario analysis. This approach uses economic theory to model the finances of six hypothetical households – of different ages and wealth levels – under a range of possible macroeconomic conditions.

Before diving into the analysis, the following discussion defines the metrics used to assess inflation's impact on retirement security, introduces the hypothetical households featured in our illustration, and lays out the macroeconomic scenarios.

### *How Do We Measure Inflation's Impact on Retirement Security?*

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mortgage. For working households, this intuition can be expressed with a simple equation:

$$P * C = I - M - S$$

Where  $P$  denotes the price of goods and services (we assume a single price for illustrative purposes, such as the CPI-U);  $C$  reflects the amount of non-housing goods and services consumed;  $I$  represents after-tax income;  $M$  is the fixed mortgage payment; and  $S$  reflects any saving that households are doing to build a stock of wealth.<sup>6</sup>

The math is very similar for retired households, who receive income ( $I$ ) from external sources – such as Social Security or an employer pension – and also fund consumption by drawing down their stock of wealth:

$$P * C = I + dW - M$$

Where ( $d$ ) represents the drawdown rate of wealth ( $W$ ). From one year to the next, inflation impacts the quantity consumed ( $C$ ) directly through the price level ( $P$ ) and indirectly through the growth of income and wealth.

Hence, our scenario analysis focuses on two metrics. First, we look at the real change in current consumption ( $C$ ) from the beginning of our analysis period to the end.<sup>7</sup> Second, we also consider potential future consumption by evaluating the stock of household wealth at the end of the period. Since the ultimate goal of this exercise is to understand the impact of recent inflation, we model consumption and wealth from 2021 to 2025, with all values expressed in 2021 dollars.

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The analysis considers two groups of hypothetical households whose starting levels of income and wealth are designed to reflect actual households in the 2019 *Survey of Consumer Finances* (SCF):<sup>8</sup>

1. *Near retirees*: for households in this group, the survey-designated “household head” is age 55 to 61 in 2021 and employed full-time. Sixty-two percent of these households are married, and we stipulate that the spouse is not yet receiving Social Security or pension income. In practice, most of the spouses are employed.<sup>9</sup>
2. *Retirees*: households in this group have a head age 62 or over. Both the head and spouse self-identify as retired (46 percent of these households are married); and the household receives Social Security income.

Table 1 shows the components underlying consumption for households near and in retirement, by wealth tercile.<sup>10</sup> Most of the near retirees have few sources of income beyond labor earnings. Those in the top wealth tercile also have investment income and income from “other” sources such as businesses. Additionally, a modest number of working households already receive an employer pension. Importantly, the average household must spend a portion of its income on debt obligations, particularly mortgage payments.<sup>11</sup>

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TABLE 1. AVERAGE ANNUAL INCOME AND DEBT PAYMENTS, BY RETIREMENT STATUS AND WEALTH TERCILE, 2018

A. NEAR RETIREES

	Tercile		
	Bottom	Middle	Top
Income	\$53,600	\$78,100	\$230,800
Labor earnings	50,700	71,900	198,500
Capital income	6	300	14,100
Social Security	0	0	0
Employer pension	1,200	2,800	4,100
DC withdrawals	200	200	800
Other	1,500	2,900	13,300
Debt payments	8,300	12,400	24,400
Mortgage	4,400	8,400	16,400
Other	3,900	4,000	8,000

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## B. RETIREES

	Tercile		
	Bottom	Middle	Top
Income	\$30,300	\$48,400	\$113,900
Labor earnings	1,400	2,700	7,600
Capital income	100	500	19,200
Social Security	16,800	23,100	30,000
Employer pension	7,900	16,500	24,600
DC withdrawals	1,800	3,000	17,800
Other	2,300	2,600	14,700
Debt payments	2,500	4,500	7,200
Mortgage	1,500	3,000	4,800
Other	1,000	1,500	2,400

Notes: Capital income includes non-taxable investments such as municipal bonds, other interest, and income from dividends. Other income includes business, farm, rental, alimony, and government transfers.

Source: Authors' calculations from U.S. Board of Governors of the Federal Reserve System, *Survey of Consumer Finances* (SCF) (2019).

Retirees, meanwhile, receive most of their income from Social Security and DB pensions. Those in the top wealth tercile also make significant withdrawals from their defined contribution (DC) plans (which include IRAs)

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Similarly, Table 2 shows the components of wealth by retirement status and wealth tercile. Housing is the primary asset for all households. However, those in the top tercile also have significant non-housing wealth in the form of stock and bond holdings (primarily through DC plans), cash (which includes certificates of deposit), and “other” assets (including businesses, annuities, vehicles, and life insurance). On the liabilities side of the balance sheet, most households have mortgage debt, although – as noted earlier – this debt is less important for wealthier households and retirees.

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TABLE 2. AVERAGE ASSETS AND LIABILITIES, BY  
RETIREMENT STATUS AND WEALTH TERCILE, 2019

A. NEAR RETIREES

	Tercile		
	Bottom	Middle	Top
Assets	\$112,000	\$351,500	\$3,639,400
Real estate	75,500	216,600	1,055,200
Bonds	7,300	40,800	381,100
Stocks	6,100	35,800	731,700
Cash	5,000	23,200	187,000
Other	18,100	35,100	1,284,400
Liabilities	61,500	97,700	255,000
Mortgage debt	41,700	74,200	181,800
Other debt	19,800	23,500	73,200

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## B. RETIREES

	Tercile		
	Bottom	Middle	Top
Assets	\$72,600	\$308,000	\$2,151,300
Real estate	53,200	212,500	723,500
Bonds	1,000	11,800	294,500
Stocks	1,600	18,500	585,800
Cash	5,700	31,000	164,100
Other	11,100	34,200	383,400
Liabilities	27,300	38,700	69,700
Mortgage debt	18,600	30,900	50,000
Other debt	8,700	7,800	19,700

Note: Total assets and liabilities may not add to the sum of their components due to rounding.

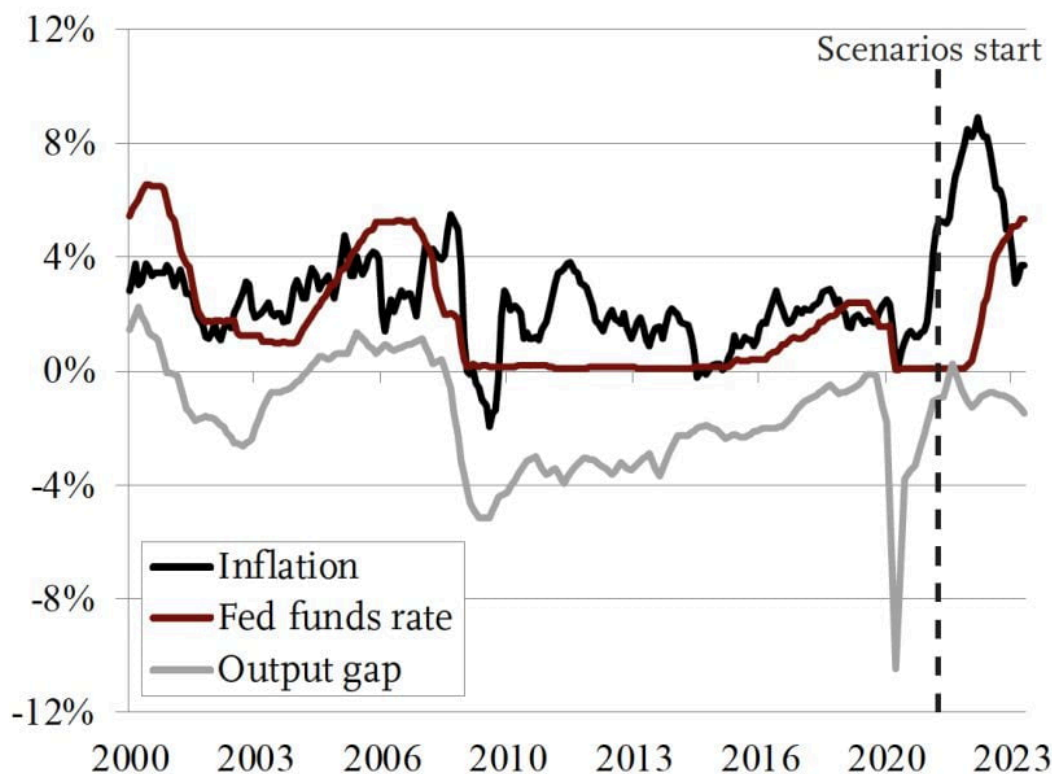
Source: Authors' calculations from the SCF (2019).

### Four Macroeconomic Scenarios

The next step is to determine how inflation impacts the various components of income and wealth. Our analysis runs from January 2021 through December 2025. Inflation and interest rates were still low at the beginning of 2021, reflecting a long period of loose monetary policy (see Figure 1). Although the economy had largely recovered from the brief, but severe, pandemic recession, the output gap (actual versus potential GDP) was still

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FIGURE 1. INFLATION, FEDERAL FUNDS RATE, AND OUTPUT GAP, JANUARY 2000-DECEMBER 2023



Notes: Inflation measures the year-over-year change (June to June) in the CPI-U. The output gap measures the percentage difference in real GDP from real potential GDP as estimated by the Congressional Budget Office.

Sources: Congressional Budget Office (2023); Federal Reserve Bank of St. Louis (2000-2023); and U.S. Bureau of Labor Statistics (2000-2023).

Inflation can have different effects depending on the Fed's policy response. For this reason, we consider four hypothetical scenarios:

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gap, the Fed incrementally raises interest rates to 4 percent (2 percent above inflation) by December 2025.<sup>12</sup>

*Permanent shock.* In this (rather unrealistic) scenario, the “no inflation” scenario is modified so that inflation suddenly spikes at 4 percent in May 2021 – as was actually the case – and remains at that level thereafter. Importantly, under this scenario, the Fed accepts the higher rate of inflation as its new target, and steadily raises the Federal Funds Rate to 6 percent to maintain 4-percent inflation and close the output gap by December 2025.<sup>13</sup>

*Soft landing.* This third scenario considers a more realistic trajectory for the economy. Inflation takes off in May 2021 and the Fed effectively uses monetary policy to reach its target of 2 percent with no output gap by December 2025 – without triggering a recession. Specifically, this scenario mimics actual macroeconomic conditions from 2021 to 2023 – inflation climbing to 9 percent, a jump in the Federal Funds Rate to over 5 percent, and a subsequent decline in inflation to just over 3 percent – and then projects a smooth path forward to 2-percent inflation, a closing of the output gap, and a 4-percent Federal Funds Rate by December 2025.<sup>14</sup>

*Recession.* The last scenario envisions a recession following aggressive Fed policy to tamp down inflation. As in the “soft landing,” this scenario mimics actual macroeconomic conditions from 2021 to 2023. But, rather than a smooth return to normal by 2025, inflation begins to rise again in 2024. The Fed responds by aggressively raising interest rates with the Federal Funds Rate peaking at 8 percent in January 2025. Ultimately, such a high rate

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aggressive policy, the Fed quickly brings rates back down; however, the economy does not fully recover by the end of the analysis period.<sup>15</sup>

Conceptually, the first scenario represents a benchmark against which to measure the overall impact of inflation. The next two scenarios show how inflation impacts retirement security without the confounding influence of a recession; and the last scenario shows the combined effects of inflation plus a recession.

### *Projecting Income and Wealth Under Different Scenarios*

To illustrate the impact of inflation on consumption and wealth, we must make assumptions about how different types of income and assets evolve in our macroeconomic scenarios between 2021 and 2025.

- *Wages*: Matching the typical experience of workers over age 50, the first three scenarios assume that wages lag inflation by one year with no productivity growth.<sup>16</sup> In the last scenario (“recession”), wages lag inflation until the recession occurs, after which they freeze.
- *Social Security*: Social Security benefits are fully indexed for inflation.
- *DB pensions*: The analysis assumes that private DB plans do not provide cost-of-living (COLA) adjustments, whereas government plans grant a COLA equal to the CPI up to a cap of 3 percent.<sup>17</sup>
- *Capital and other income*: Capital income is projected to grow with GDP. Other income includes business, farm, and rental income – which are presumed to grow with GDP – and alimony and government transfers – which remain at current levels.

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plan. Similarly, wealthier households contribute a larger percentage of their annual labor earnings to their DC plan.

- *Drawdown rate for retired households:* A growing literature suggests that households use rules of thumb – such as the 4-percent rule or the Required Minimum Distribution (RMD) schedule – to withdraw a set percentage of their retirement accounts each year.<sup>18</sup> For our baseline analysis, we assume that retirees take RMDs (which are designed to slowly deplete balances in DC plans over an average lifespan) according to the schedule for 2022 tax returns.<sup>19</sup>
- *Wealth:* Mechanically, the change in wealth from one year to the next depends on the growth rate of the various assets held by the household, the share of the portfolio allocated to each asset class, and the decline in debt outstanding.<sup>20</sup>

## Results of the Scenario Analysis

Ultimately, we are interested in two outcomes – the cumulative change in real consumption from 2021 to 2025 and wealth in 2025 – for two household types – near retirees and retirees – across four macroeconomic scenarios.<sup>21</sup> Throughout, we are mindful that, in the real world, other events that also affected household finances coincided with inflation. To avoid comparing our illustration to real-world outcomes, we present all results relative to the baseline scenario of no inflation.

Table 3 shows the difference in the growth rate of real consumption across scenarios. Two points stand out. First, near retirees experience a smaller

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erosion of real debt, and often also lose real income because employer pension benefits are only partially indexed to inflation.

**TABLE 3. CUMULATIVE CHANGE IN GROWTH RATE OF REAL CONSUMPTION RELATIVE TO THE “NO INFLATION” SCENARIO, BY WEALTH TERCILE, 2021-2025**

#### A. NEAR RETIREES

Economic scenario	Tercile		
	Bottom	Middle	Top
Permanent shock	-1.6 ppt	-1.5 ppt	-1.4 ppt
Soft landing	0.4	0.5	0.3
Recession	-4.6	-4.5	-4.0

#### B. RETIREES

Economic scenario	Tercile		
	Bottom	Middle	Top
Permanent shock	-3.0 ppt	-3.6 ppt	-4.2 ppt
Soft landing	-3.4	-3.9	-2.2
Recession	-4.2	-5.0	-5.5

*Source:* Authors’ estimates from the SCF (2019).

Second, the impact of inflation varies across the wealth distribution. Near

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wealth tercile typically fare best because they are more reliant on Social Security, which in our model is indexed for inflation with no lag.

Turning now to financial (non-housing) wealth in 2025, we see that inflation has an unambiguous negative impact (see Table 4). Top-wealth households, however, always lose less than their lower-wealth counterparts, because they invest more in equities, businesses, and other assets that grow with inflation.

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TABLE 4. FINANCIAL WEALTH RELATIVE TO THE “NO INFLATION” SCENARIO, BY WEALTH TERCILE, 2025

A. NEAR RETIREES

Economic scenario	Tercile		
	Bottom	Middle	Top
Permanent shock	-12.2%	-12.0%	-6.1%
Soft landing	-8.1	-6.6	-3.0
Recession	-10.1	-9.0	-5.2

B. RETIREES

Economic scenario	Tercile		
	Bottom	Middle	Top
Permanent shock	-9.2%	-8.4%	-5.4%
Soft landing	-9.5	-7.7	-2.9
Recession	-11.6	-9.8	-5.1

Source: Authors’ estimates from the SCF (2019).

Table 5 illustrates the impact of inflation on housing wealth in 2025, relative to the “no inflation” scenario. Unlike financial wealth, inflation does not have much impact on housing wealth. On the one hand, home prices decline as rising real long-term interest rates weaken demand; on the other hand, inflation erodes the real burden of mortgage debt. For this latter reason, near retirees often come out slightly ahead of retirees because they more

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TABLE 5. HOUSING WEALTH RELATIVE TO THE “NO INFLATION” SCENARIO, BY WEALTH TERCILE, 2025

A. NEAR RETIREES

Economic scenario	Tercile		
	Bottom	Middle	Top
Permanent shock	2.5%	2.8%	1.1%
Soft landing	1.2	2.1	0.4
Recession	0.0	1.5	-0.2

B. RETIREES

Economic scenario	Tercile		
	Bottom	Middle	Top
Permanent shock	0.1%	0.0%	0.0%
Soft landing	-0.9	-0.7	-0.7
Recession	-2.0	-1.6	-1.6

Source: Authors’ estimates from the SCF (2019).

In summary, most older households lose real consumption and wealth after an inflation shock. The magnitude of the loss depends on the nature of the shock, the real growth of income and assets, and the household’s exposure to fixed-rate debt.

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life is generally harmful to financial well-being, but, as expected, the impact varies depending on the household's specific financial profile: the extent to which income and assets grow with (or lag) inflation, and the amount of debt outstanding.

At this point, the soft landing scenario seems most representative of the current situation. Near retirees in this scenario appear to gain in consumption and housing wealth relative to a no-inflation scenario primarily due to the decline in the real value of mortgages. In contrast, despite fully inflation-adjusted Social Security benefits, retirees lose out due to having less fixed-rate debt and also a decline in real income as employer pension benefits are only partially indexed to inflation.

This *brief*, however, is only a first look at the impact of inflation on older households. A key question is how near retirees and retirees react to inflation and how their actions affect their consumption over the period and their wealth at the end. This topic will be addressed in our second *brief*.

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