



2019 UPDATE

**ND SCHOOL BOARDS ASSOCIATION ANNUAL CONVENTION
OCTOBER 25, 2019**

FAY KOPP, CHIEF RETIREMENT OFFICER - DEPUTY EXECUTIVE DIRECTOR

ND TEACHERS' FUND FOR RETIREMENT (TFFR) – ND RETIREMENT AND INVESTMENT OFFICE (RIO)

TFFR MISSION

TFFR administers a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

TFFR is a defined benefit pension plan designed to provide retirement, disability, and death benefits for ND public school educators. The plan is also an important feature in the recruitment and retention of high quality teachers.

Governing laws: NDCC 15-39.1 and NDAC Title 82



TFFR BOARD OF TRUSTEES

- TFFR Board of Trustees is responsible for administering the TFFR benefits program. The Board has a **fiduciary responsibility** to the fund's beneficiaries.
- The Board's **#1 priority** is to improve the plan's funding status to protect and sustain current and future benefits.
- The Board consists of 5 active and retired members appointed by the Governor and 2 elected state officials.



Rob Lech, President
Active Admin - Jamestown



Toni Gumeringer, Trustee
Active Teacher - Bismarck



Cody Mickelson, Trustee
Active Teacher - Jamestown

TFFR BOARD OF TRUSTEES



Mel Olson, Trustee
Retired Member
Fargo



Kirsten Baesler
State Superintendent



Mike Burton, Vice Pres.
Retired Member
Fargo



Kelly Schmidt
State Treasurer

STATE INVESTMENT BOARD (SIB)

TFFR investment program is implemented by State Investment Board.

State Officials

- Lt. Governor
Brent Sanford, Chairman
- State Treasurer
Kelly Schmidt
- State Insurance Comm.
Jon Godfread
- State Land Comm.
Jodi Smith
- Workforce Safety & Insurance
Bryan Klipfel, Director

Pension Representatives

- **Rob Lech, Vice Pres. (TFFR)**
- **Toni Gumeringer (TFFR)**
- **Mel Olson (TFFR)**
- Adam Miller (PERS)
- Troy Seibel (PERS)
- Yvonne Smith (PERS)

Legislative Representative

- Rep. Keith Kempenich, Legacy & Budget Stab. Fund Advis. Board

2019 LEGISLATION

- There were **no 2019 legislative changes** that directly affected TFFR plan active or retired members:
 - No benefit increases for retirees
 - No benefit changes for actives
 - No contribution rate increases
 - No plan provision modifications
 - No board member selection changes
- TFFR Board submitted one technical corrections bill for **2019 legislative session** which was approved.
 - HB 1044 includes specific statutory language required by federal tax law in order for TFFR to maintain its status as a qualified governmental pension plan. Approved.

MEMBER – EMPLOYER COMMUNICATIONS

- Current member and employer communication methods include:
 - Phone, mail, email, personal appointments, outreach programs, website, etc.
 - Employers can electronically file monthly TFFR reports.
- Due to the increasing cost of postage and mailing services, and the ability to provide information electronically, we are continuing to transition away from traditional mailing and distribution methods to more cost effective electronic methods.
- In general, less information will be printed and mailed; more information will be available on TFFR Member Online, TFFR website, or sent electronically (emails, secure ftp site, etc.).
- This will primarily affect active members and employers (school districts).

TFFR MEMBER ONLINE

- **TFFR Member Online**, a new secure internet application, is now available for all members to access TFFR account information.
- **Active members** can view:
 - Member Account Value
 - Salary and Service Detail
 - Annual Statement
- **Retired members** and beneficiaries in payment can view:
 - Retirement account details
 - Pension payment details
 - Pension deduction details
- **Note:** Due to pension administration software limitations, users are able to view information only. Member account changes and claims processing activities cannot be done electronically at this time.

2019 LEGISLATIVE BUDGET REQUEST: PENSION SOFTWARE MODERNIZATION PROJECT

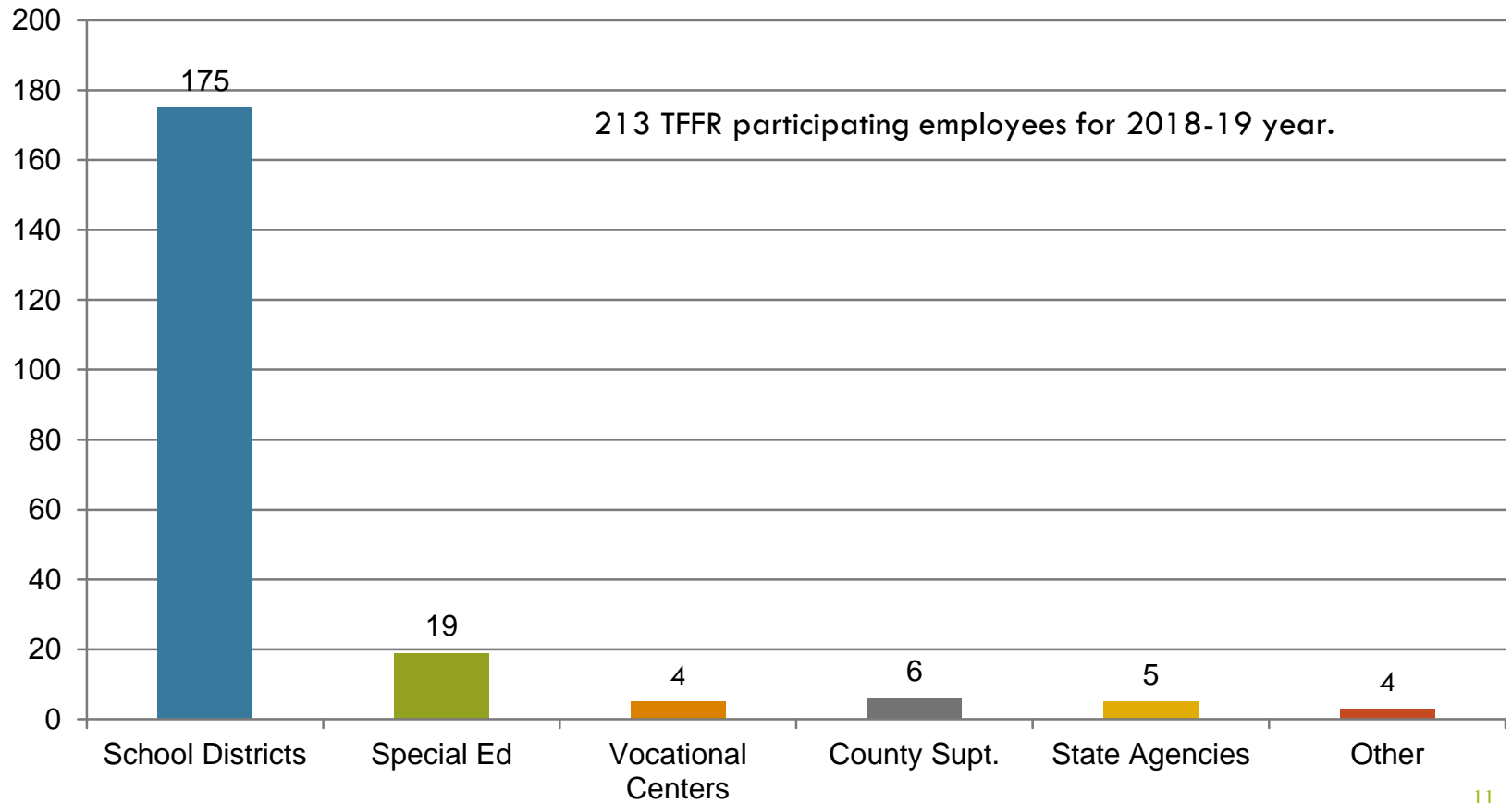
- 2019 Legislature gave spending approval of up to \$9 million of TFFR funds to **upgrade or replace TFFR's outdated pension administration computer system.**
- Current pension software is 14 years old. Functionality and technical architecture is outdated and at end of its product release lifecycle.
- Need technologically advanced, secure web based system which will provide significant improvements in functionality, efficiency, and system security for TFFR active and retired members, employers, and staff.
- Updated system will allow TFFR to re-engineer business processes and automate pension administration activities, reporting capabilities, electronic communications, and member and employer services.
- It is in TFFR's best interests to make this investment to take advantage of technology improvements that have been made since the current software was implemented.

TFFR BACKGROUND



TFFR EMPLOYERS BY TYPE

2018-19

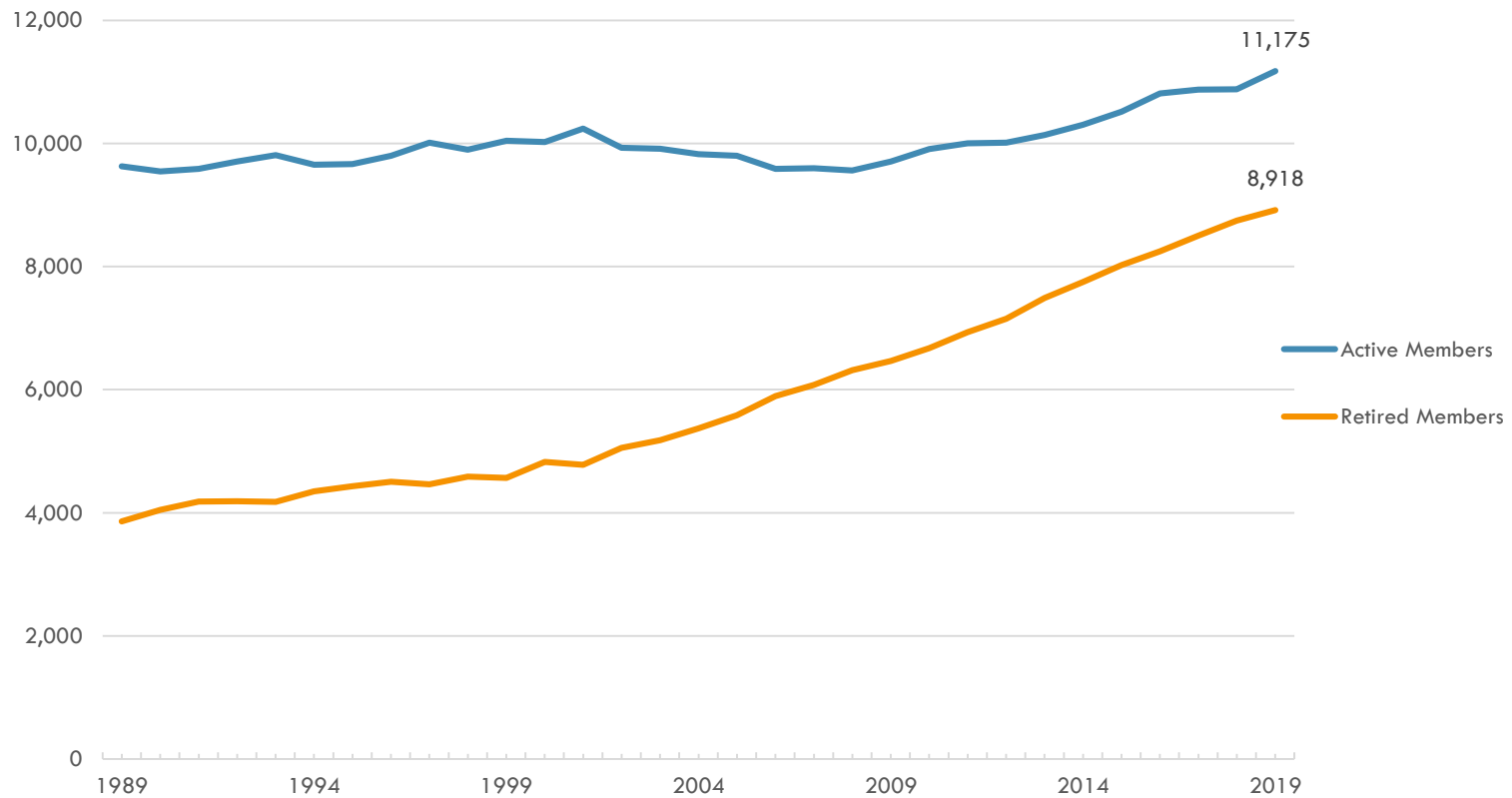


TFFR MEMBERSHIP FAST FACTS

JULY 1, 2019

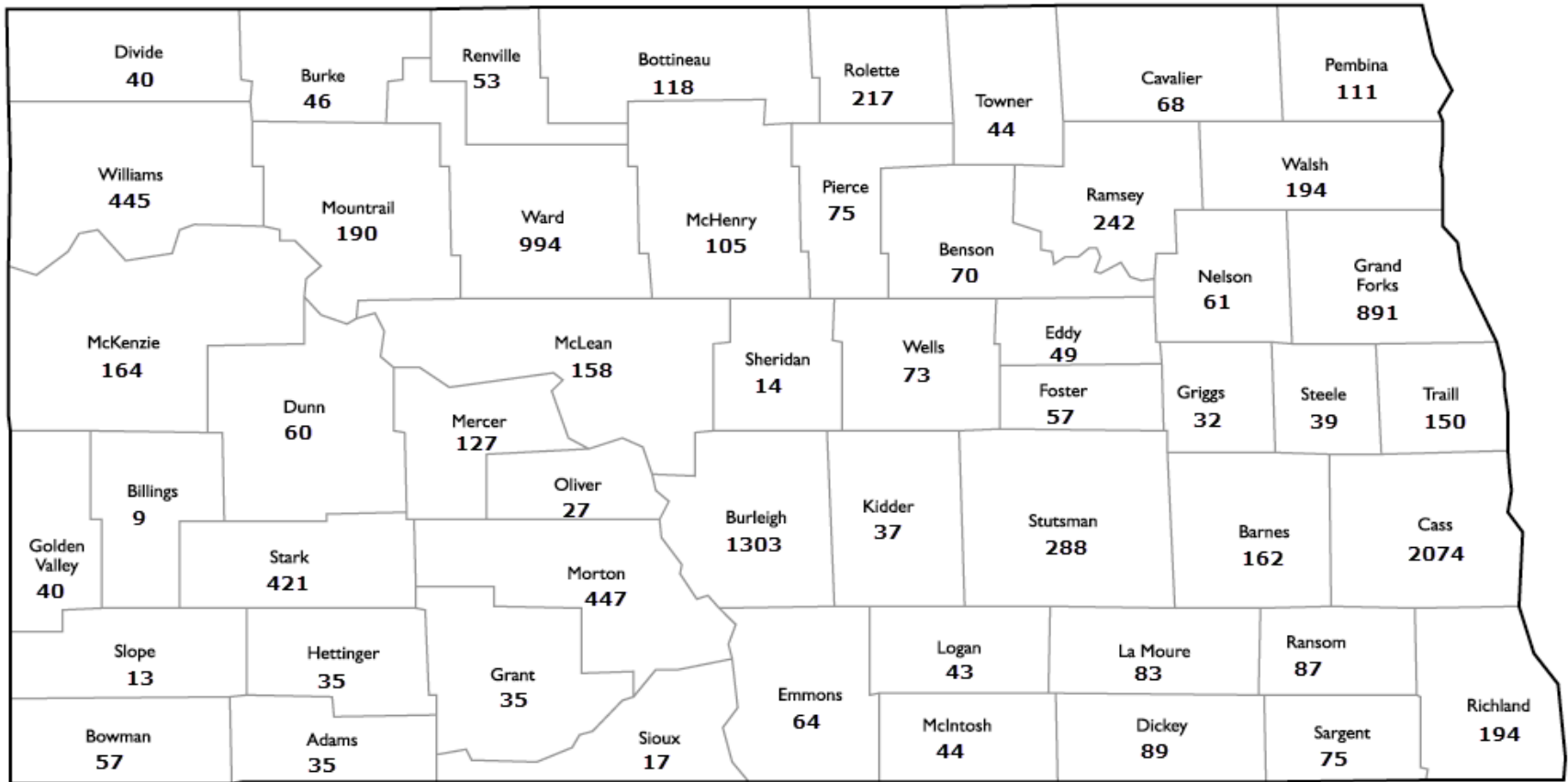
	Active	Retired
▪ Membership Count	11,175	8,918
▪ Avg. Annual Salary/Benefit	\$60,893	\$24,816
▪ Avg. Service Credit	11.7 yrs.	27.3 yrs.
▪ Avg. Current Age	41.8 yrs.	72.2 yrs.

ACTIVE AND RETIRED TFFR MEMBERS 1989-2019



Year Ending June 30

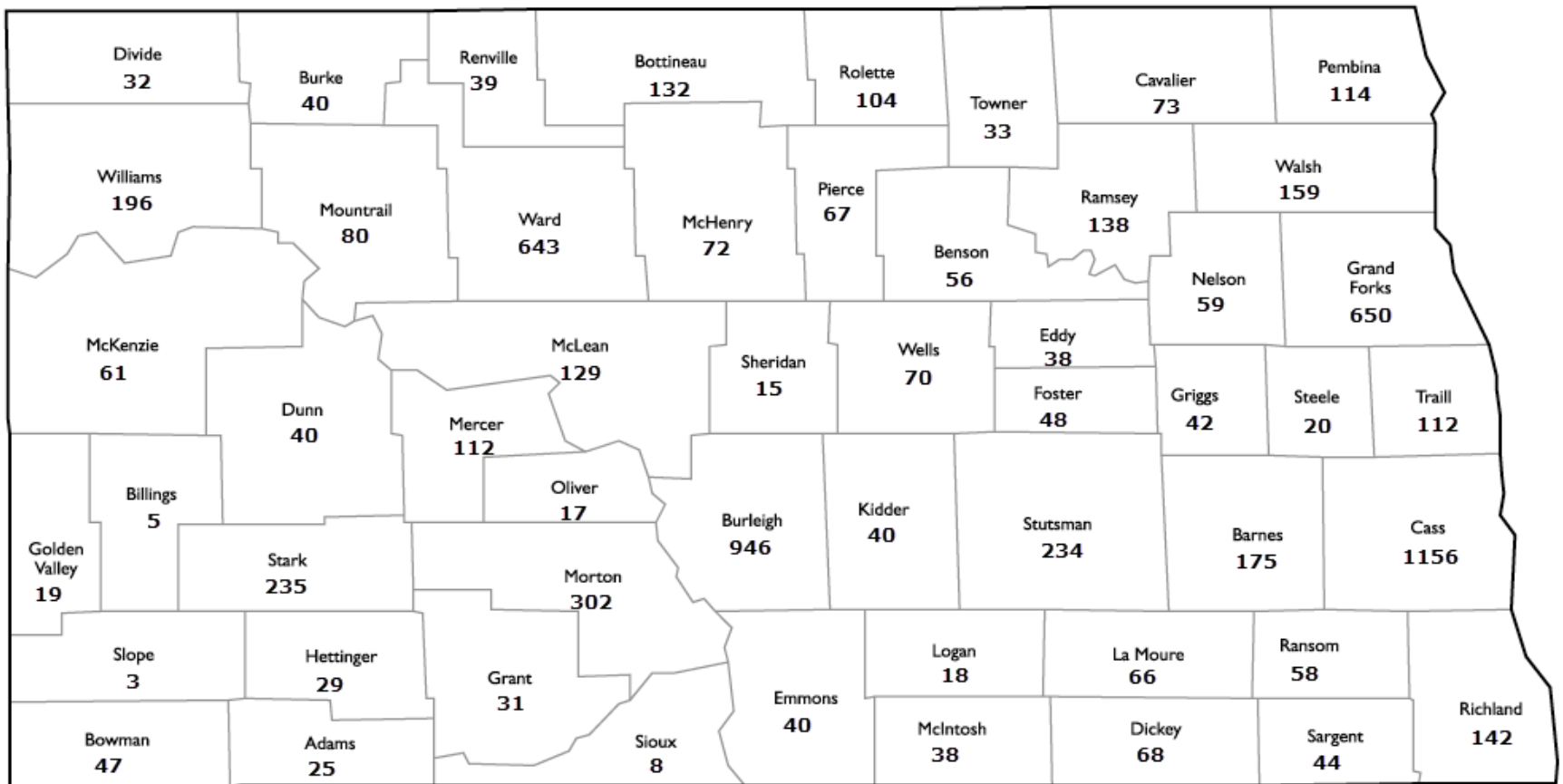
TFFR ACTIVE MEMBERS BY COUNTY



In-state	10,566
Out-of-state	<u>609</u>
Total	11,175

Tier 1G	1,633
Tier 1NG	3,131
Tier 2	<u>6,411</u>
Total	11,175

TFFR RETIRED MEMBERS BY COUNTY



In-state 7,120
 Out-of-state 1,798
 Total 8,918

TFFR AVERAGE BENEFITS BY COUNTY

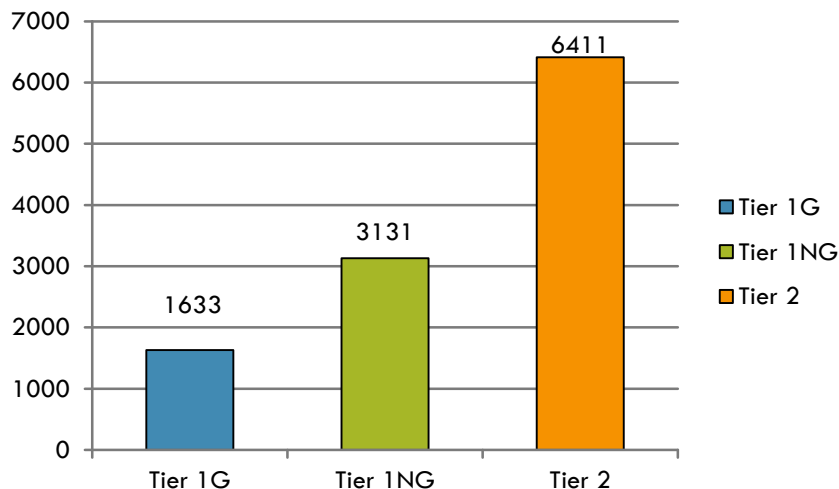
COUNTY	RETIREE COUNT	AVERAGE BENEFIT	TOTAL BENEFITS	COUNTY	RETIREE COUNT	AVERAGE BENEFIT	TOTAL BENEFITS
Adams	25	2,061	51,513	Mercer	112	2,163	242,301
Barnes	175	2,291	400,927	Morton	302	2,104	635,455
Benson	56	2,242	125,564	Mountrail	80	1,809	144,745
Billings	5	2,042	10,210	Nelson	59	1,775	104,715
Bottineau	132	1,808	238,598	Oliver	17	2,433	41,362
Bowman	47	1,909	89,712	Pembina	114	2,197	250,498
Burke	40	1,556	62,236	Pierce	67	1,911	128,053
Burleigh	946	2,225	2,104,979	Ramsey	138	1,940	267,686
Cass	1,156	2,362	2,730,534	Ransom	58	1,877	108,892
Cavalier	73	1,775	129,558	Renville	39	1,875	73,135
Dickey	68	2,052	139,554	Richland	142	2,351	333,815
Divide	32	1,925	61,613	Rolette	104	2,077	215,976
Dunn	40	2,117	84,692	Sargent	44	1,727	75,997
Eddy	38	1,972	74,940	Sheridan	15	1,718	25,771
Emmons	40	1,993	79,718	Sioux	8	1,997	15,974
Foster	48	2,325	111,591	Slope	3	1,355	4,065
Golden Valley	19	2,064	39,211	Stark	235	2,298	540,046
Grand Forks	650	2,305	1,498,450	Steele	20	1,894	37,876
Grant	31	1,669	51,726	Stutsman	234	2,135	499,482
Griggs	42	2,053	86,217	Towner	33	1,953	64,437
Hettinger	29	1,969	57,113	Traill	112	2,060	230,684
Kidder	40	1,872	74,876	Walsh	159	2,043	324,825
LaMoure	66	1,958	129,196	Ward	643	2,220	1,427,335
Logan	18	1,936	34,845	Wells	70	2,038	142,658
McHenry	72	2,114	152,214	Williams	196	2,365	463,599
McIntosh	38	1,882	71,510	Totals	7,120	2,173	15,474,697
McKenzie	61	1,994	121,651	Out of State	1,798	1,647	2,960,863
McLean	129	2,034	262,367	Grand Totals	8,918	2,067	18,435,560

TFFR PLAN BENEFITS



TFFR MEMBERSHIP TIERS

- Tier 1 - Members who have service credit prior to 7/1/08
 - Grandfathered – Members who on 6/30/13 were within 10 years of retirement eligibility (age 55+ or Rule of 65+)
 - Non-grandfathered – Members who on 6/30/13 were more than 10 years away from retirement eligibility (less than Rule of 65).
- Tier 2 – Members employed on or after 7/1/08



Total Active
Members
11,175

SUMMARY OF TFFR PENSION BENEFITS FOR MEMBERSHIP TIERS

	Tier 1 Grandfathered Member	Tier 1 NonGrandfathered Member	Tier 2 Member
Vesting Period	3 years	3 years	5 years
Unreduced Retirement Eligibility			
Minimum Age	No	60	60
AND Rule	Rule of 85	Rule of 90	Rule of 90
OR Normal Retirement Age	65	65	65
Reduced Retirement Eligibility			
Minimum Age	55	55	55
Reduction Factor	6%	8%	8%
Retirement Formula Multiplier	2%	2%	2%
x Final average salary (high salaries of career)	3 year FAS	3 year FAS	5 year FAS
x Service Credit	Total Years	Total Years	Total Years
Disability Retirement	Yes	Yes	Yes
Retirement formula multiplier (2%) X FAS X total years			
Death/Survivor Benefits	Yes	Yes	Yes
Refund of account value or life annuity to survivor based on member's vesting status.			

RETIREMENT BENEFIT FORMULA

$$\text{Final Average Salary*} \times 2.0\% \times \text{Service Credit} = \text{Single Life Annuity Benefit Amount}$$

What percent of Final Average Salary (FAS) will a TFFR member receive under the 2.0% multiplier at normal retirement age?

Years of Service Percent of FAS*

5	10%
10	20%
15	30%
20	40%
25	50%
30	60%
35	70%
40	80%

*Tier 1 members FAS – high three salaries

*Tier 2 members FAS – high five salaries

CONTRIBUTION RATES

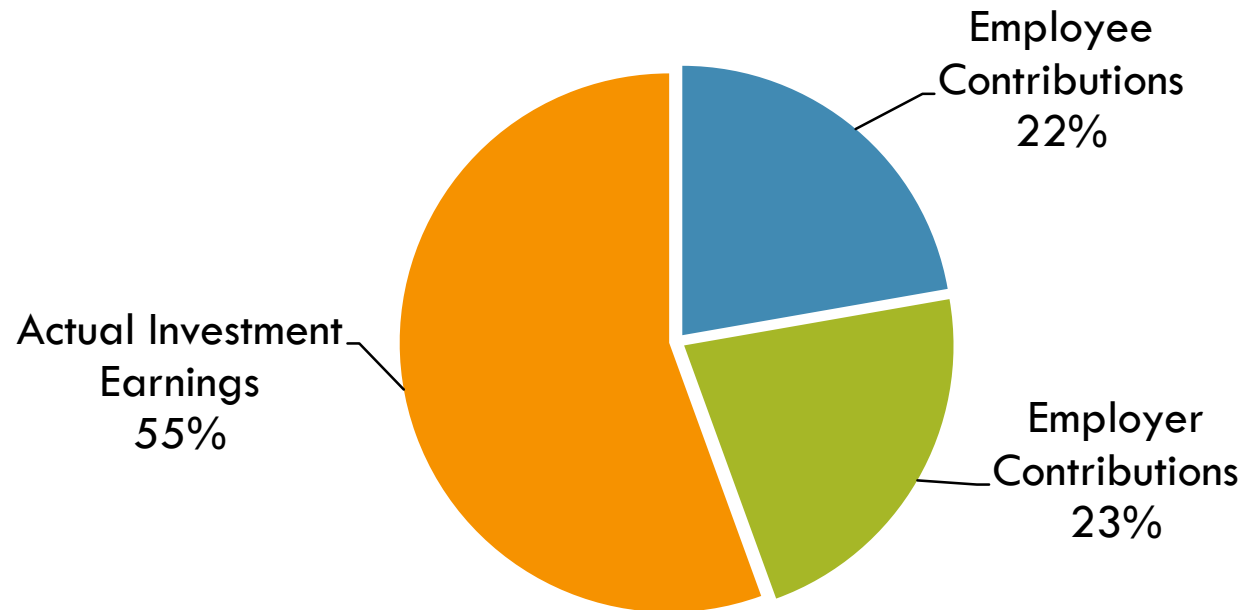
RATES %	Employer	Member	Total	Increase
■ 1997 – 2008	7.75%	7.75%	15.5%	--
■ 7/1/08	8.25%	7.75%	16.0%	+0.5%
■ 7/1/10	8.75%	7.75%	16.5%	+0.5%
■ 7/1/12	10.75%	9.75%	20.5%	+4.0%
■ 7/1/14	12.75%	11.75%	24.5%	+4.0%

Note: Increased contribution rates will be in effect until TFFR reaches 100% funded ratio, then rates will be reduced to 7.75% each.



SOURCES OF TFFR REVENUE

FY 1990-2019



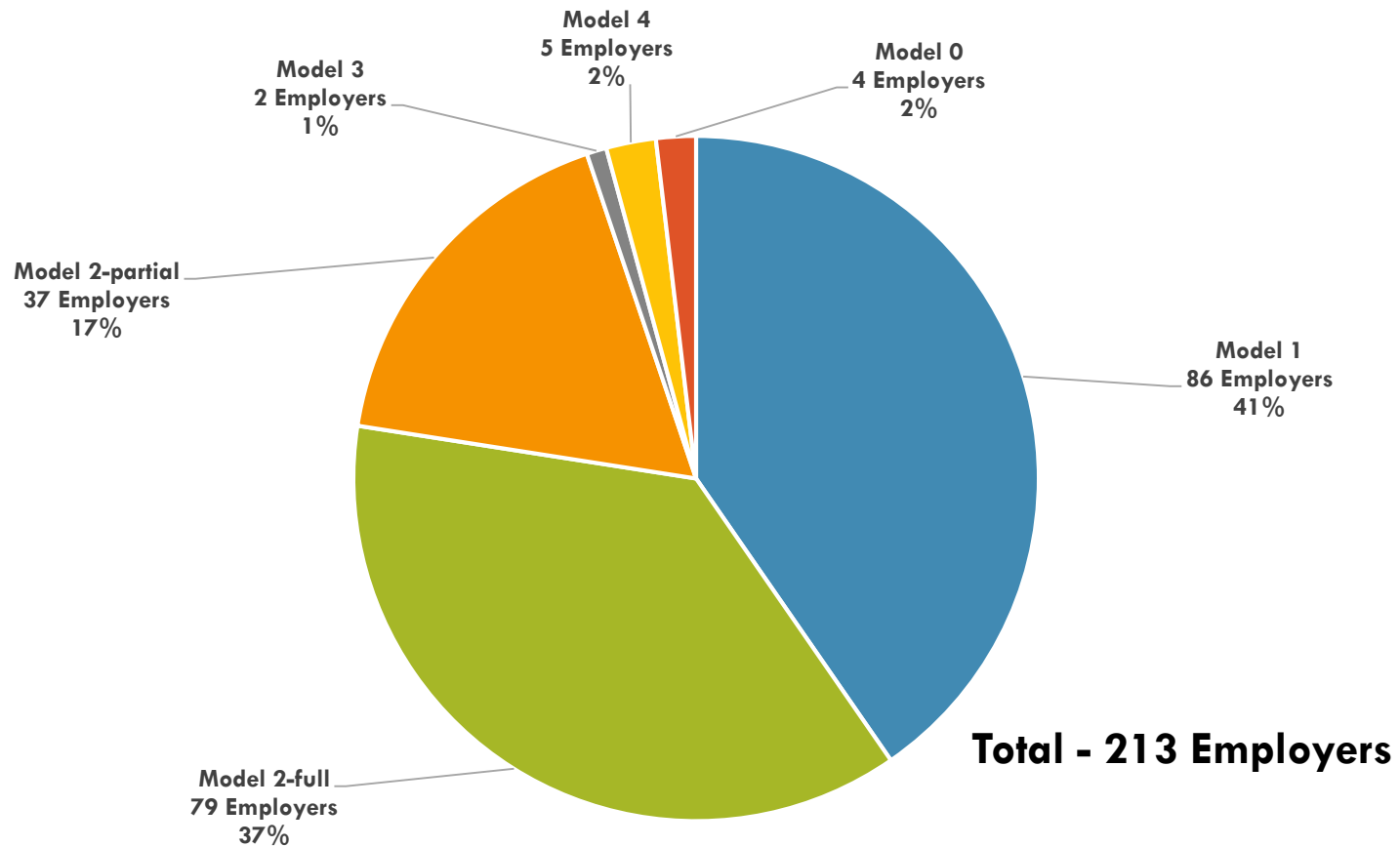
TFFR EMPLOYER PAYMENT PLAN MODELS

Payment of member contributions on a tax deferred basis can be made by the employer through a: (1) salary reduction or (2) salary supplement.

- **Model 1:** Member/employee contribution is paid by employee through a salary reduction and remitted by employer as tax deferred dollars.
- **Model 2 All:** Member/employee contribution is paid by employer as a salary supplement and remitted to TFFR as tax deferred dollars.
- **Model 2 partial %, Model 3 partial \$, Model 4 state agencies:** A portion of the member/employee contribution is paid by employer as a salary supplement and remitted to TFFR as tax deferred dollars. The remaining employee contribution is paid by employee and remitted by employer as tax deferred dollars. Model 3 \$ option is no longer available.
- **No Model:** Member/employee contribution is paid by employee and remitted by employer as taxed dollars.

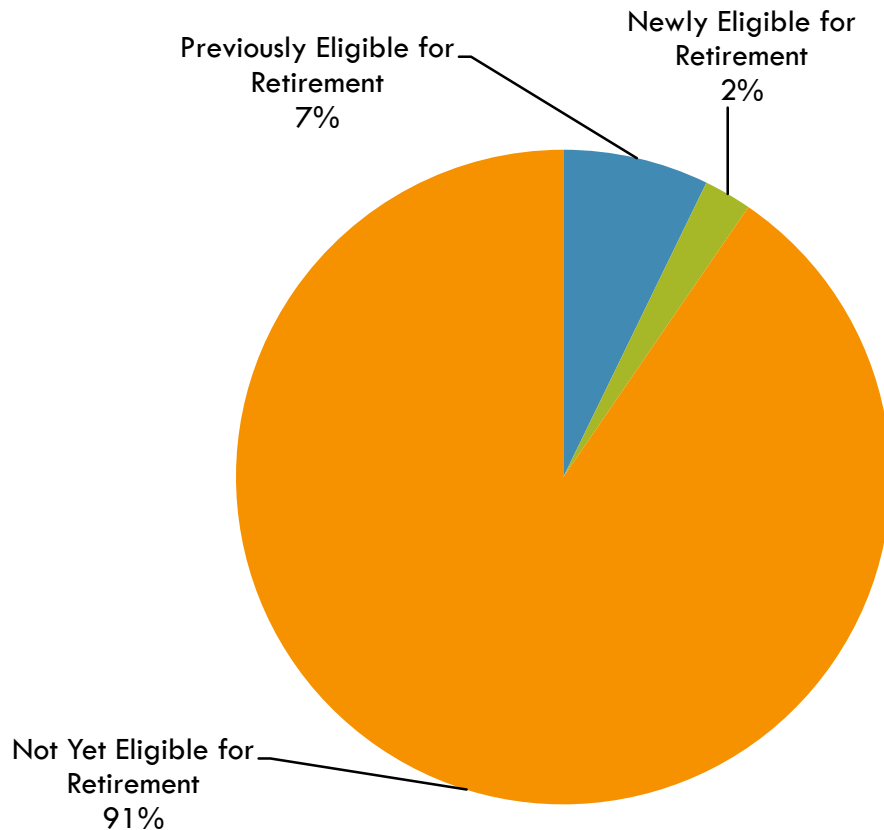
TFFR EMPLOYER MODELS

2018-19



■ Model 1 ■ Model 2-full ■ Model 2-partial ■ Model 3 ■ Model 4 ■ Model 0

ACTIVE TFFR MEMBERS ELIGIBLE FOR RETIREMENT AS OF 1.1.2019

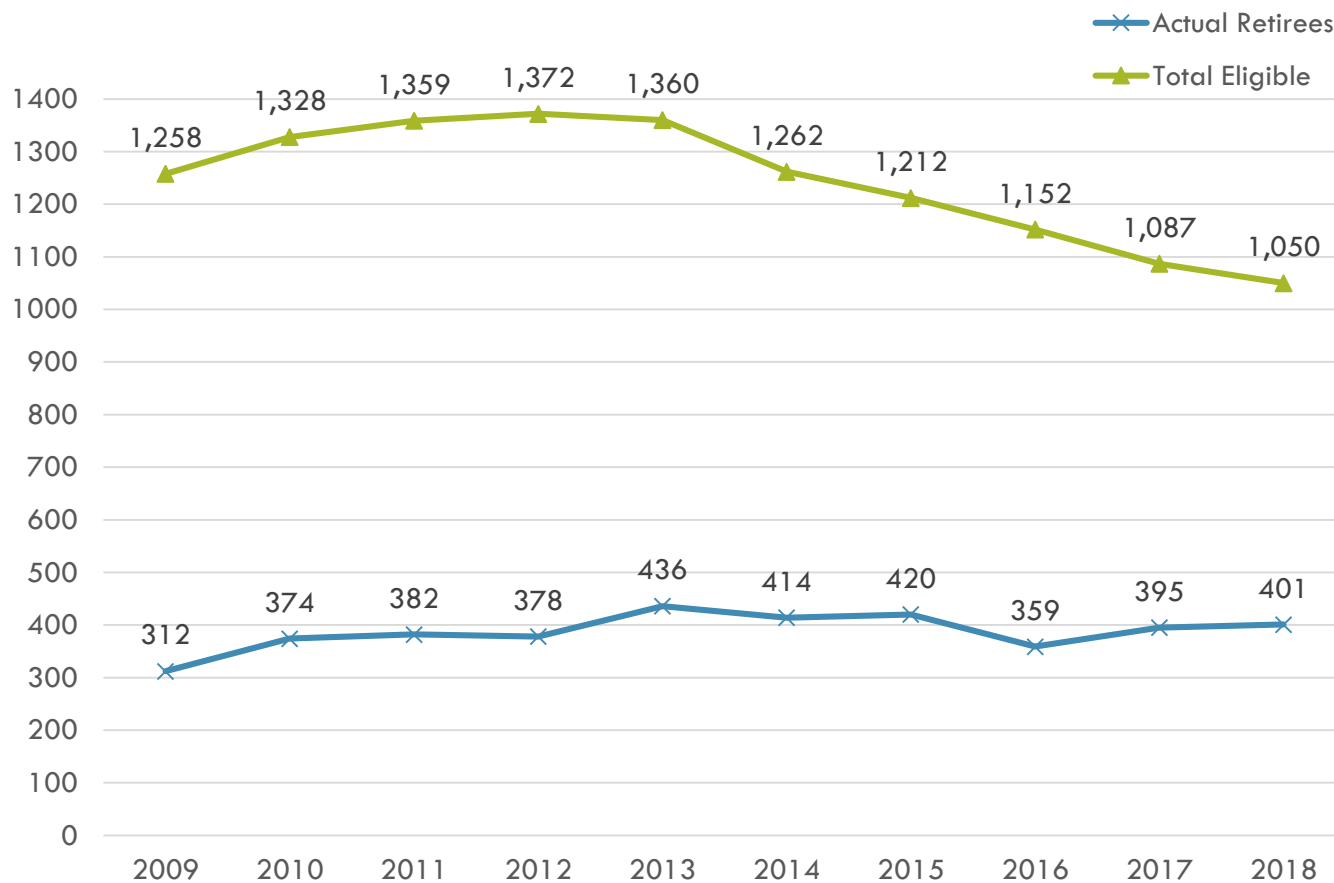


Of the 11,194 active TFFR members, 1,014 members are currently eligible to retire (9%) either under the Rule of 85, Rule of 90/Min age 60, or age 65.

Of the 1,014 active TFFR members eligible to retire, 75% are previously eligible and 25% are newly eligible in 2018-19.

Previously Eligible for Retirement	758
Newly Eligible for Retirement	256
Not Yet Eligible for Retirement	10,180
Total	11,194

ACTUAL NEW RETIREES AND TOTAL ELIGIBLE AS OF 1.1.2019



10 Year History 2009-2018

- ◆ On average, 1,244 teachers have been eligible to retire each year over the last 10 years.
- ◆ On average, 387 teachers actually retired each year, or total of almost 3,871 for 10 year period.
- ◆ Approximately 31% of eligible members actually retired over the past 10 years.

RETIREMENT PROJECTION SUMMARY

AS OF 1.1.2019

Based on ratios of 30% and 40% of actual retirements to eligible retirements, approximately 2,600 to 2,800 active members are projected to retire in the next 10 years which averages about 270 per year.

	Members	# Retire		Avg/Yr	
		30%	40%	30%	40%
Teachers	10,495	2,341	2,541	234	254
Superintendents	134	69	72	7	7
Other Administrators	565	155	171	16	17
Total Active Members	11,194	2,565	2,784	257	278

TFFR RETIREE RE-EMPLOYMENT

□ General Rule

- Retirees may return to covered employment after 30 day waiting period.
- Employment is limited to a maximum number of hours in a fiscal year based on length of work arrangement.
 - 9 mo. 700 hours 11 mo. 900 hours
 - 10 mo. 800 hours 12 mo. 1,000 hours
- Retiree continues receiving monthly TFFR retirement benefit, but benefit does not increase as result of returning to employment and payment of TFFR contributions.
- Both retiree and employer contributions must be paid on retiree salary under the same employer payment plan model as active members.

□ Exceptions to General Rule

- Critical Shortage Areas – determined by Education Standards and Practices Board (ESPB).
- Benefit Suspension and Benefit Recalculation

- **Note:** TFFR retiree re-employment limits do not apply to: 1) non contracted substitute teaching; 2) teaching in ND colleges, ND private schools, or out-of-state schools and colleges; or 3) employment outside of education.

TFFR RETIREE RE-EMPLOYMENT 2018-19

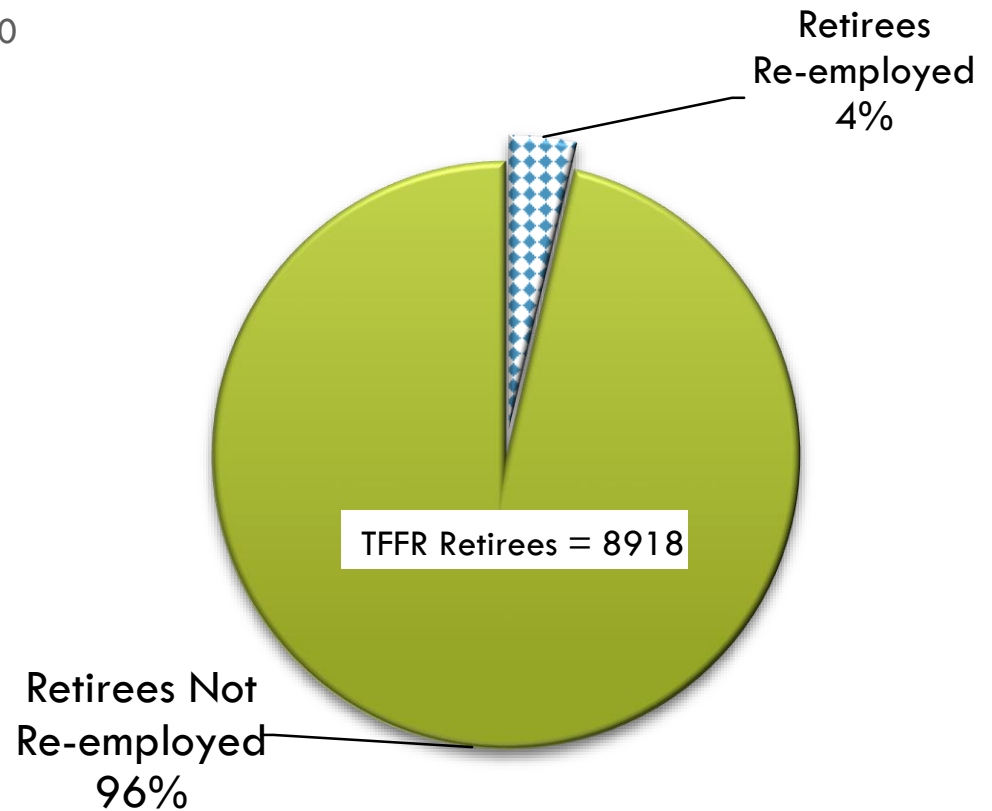
- Total number of Re-employed Retirees: 330

Superintendents	25
Administrators	14
Teachers	291

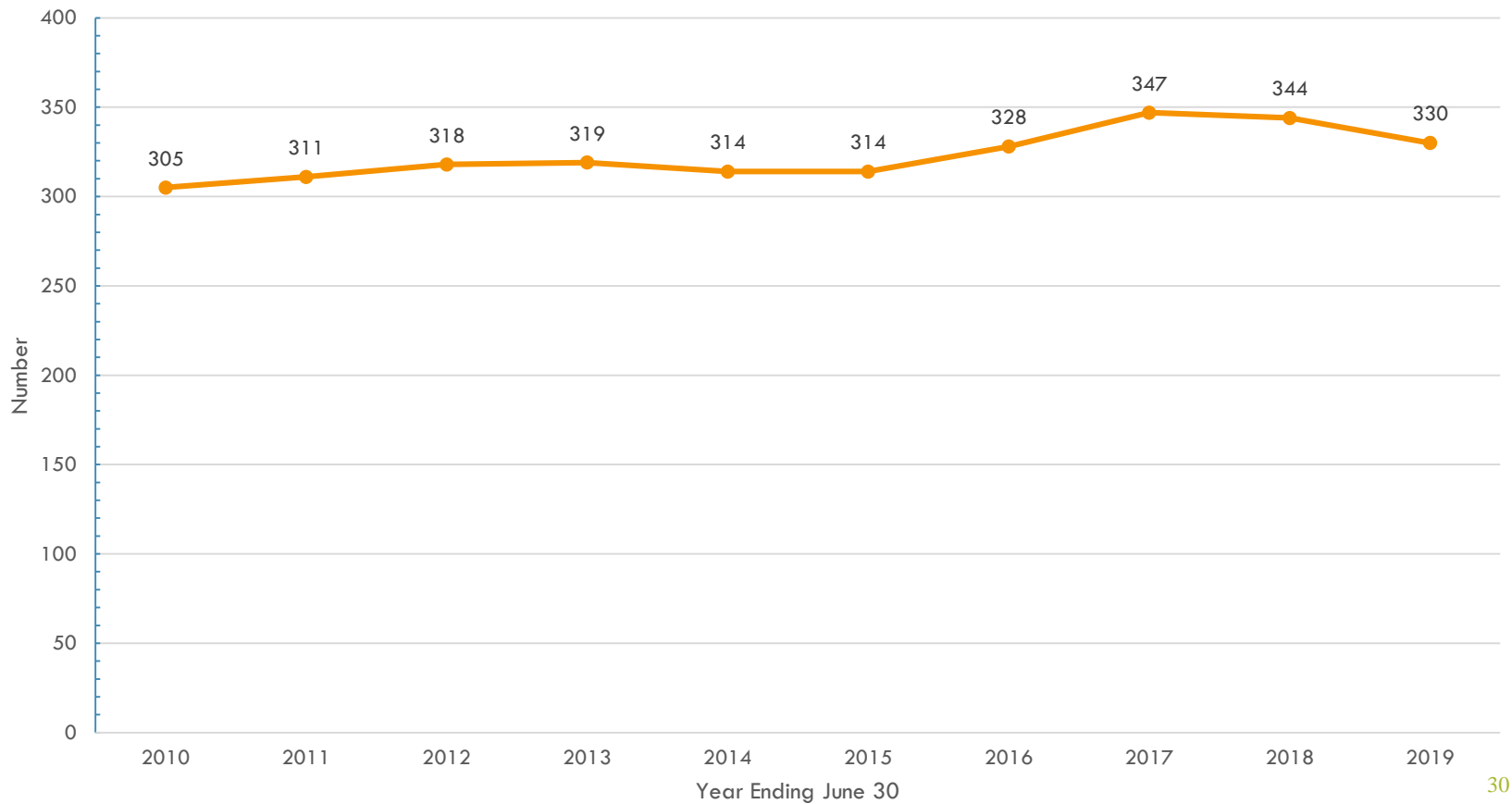
- General Rule 296
- Critical Shortage Area 31
- Suspend and Recalculate 3

- Average Age 64
- Average Salary \$24,000
- Total Salaries \$7,956,000

- No. Employers w/retirees 129



TFFR RETIREE RE-EMPLOYMENT



TFFR INVESTMENTS

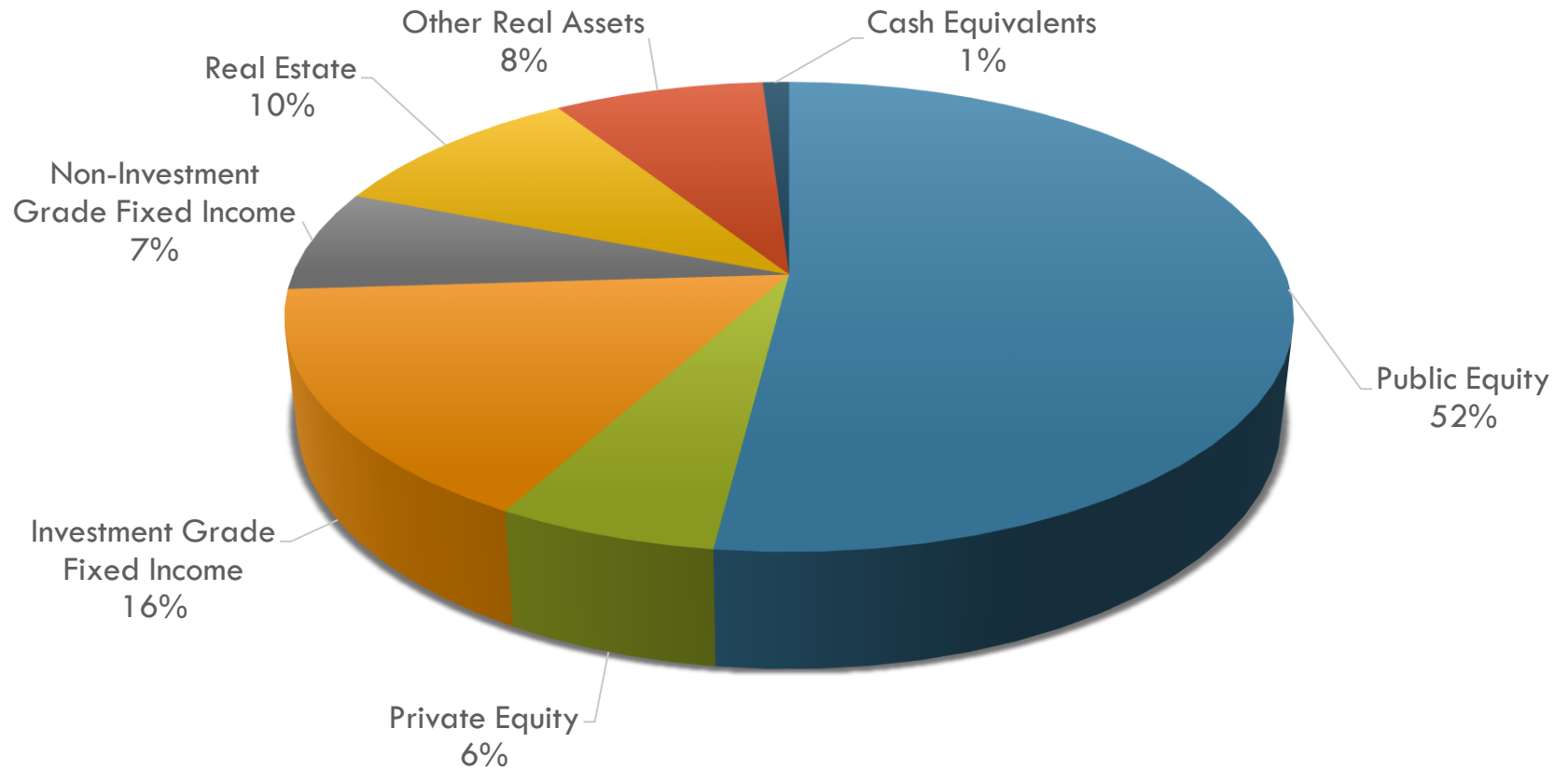


ASSET LIABILITY STUDY

- Asset allocation and investment policy is determined by TFFR Board, with assistance from SIB Chief Investment Officer, investment consultant, and RIO staff.
- TFFR investment portfolio is divided into three basic categories:
 - Global Equity – domestic, international, and private
 - Global Fixed income – domestic, international
 - Global Real assets - timber, infrastructure, other
- Every 5 years, the TFFR Board conducts **Asset Liability Study** to confirm the TFFR Board's return expectations, risk tolerances and liquidity needs. The Board evaluates the effectiveness of the current and alternative asset allocations on funding levels, and investment risk and return.
- The key driver of investment returns is development of a prudent, long-term, diversified asset allocation policy. Asset allocation is generally responsible for over 90% of a plan's investment return
- **Next Asset Liability Study in 2020** (after Actuarial Experience Study).

TFFR ASSET ALLOCATION

6-30-19



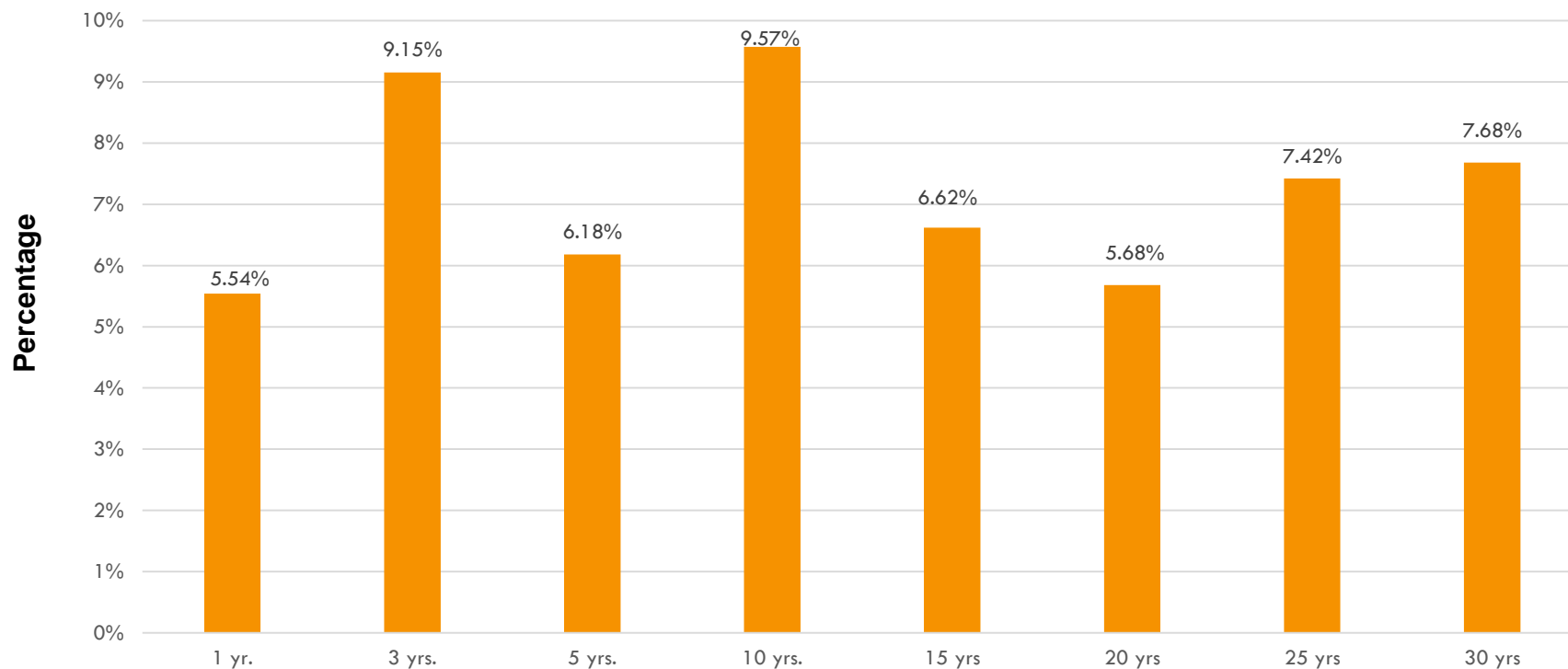
TFFR NET INVESTMENT PERFORMANCE

ANNUAL 1989-2019



Note: The investment returns shown were calculated by the SIB investment consultant. This calculation uses daily time-weighted cash flows in compliance with Global Investment Performance Standards (GIPS). These returns differ from the returns calculated by the actuary. The actuary calculation uses a very simplified approach with annual income and valuation data obtained by the actuary at the end of each fiscal year.

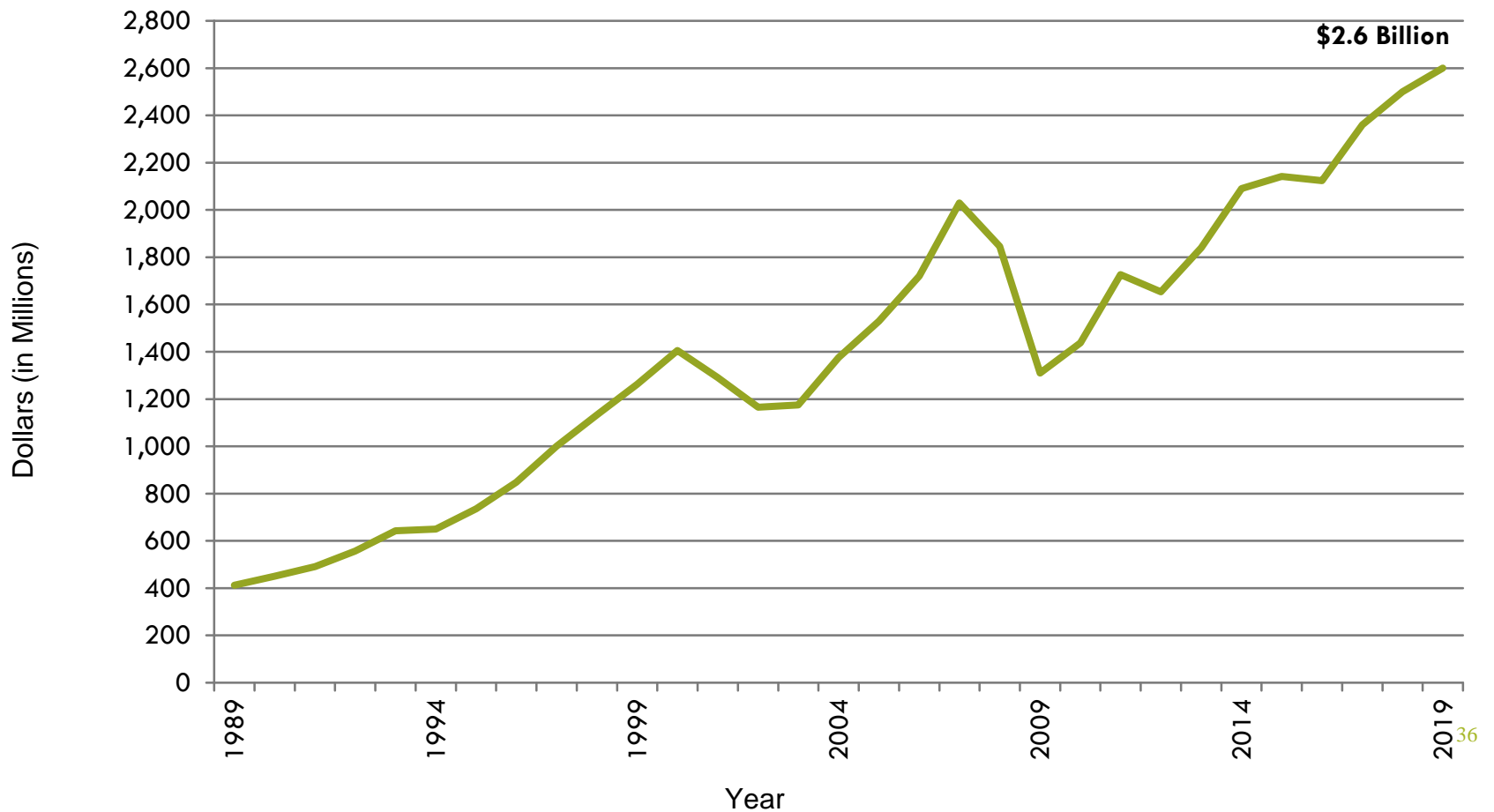
TFFR NET INVESTMENT PERFORMANCE AVERAGE - FY END JUNE 30, 2019



Note: The investment returns shown were calculated by the SIB investment consultant. This calculation uses daily time-weighted cash flows in compliance with Global Investment Performance Standards (GIPS). These returns differ from the returns calculated by the actuary. The actuary calculation uses a very simplified approach with annual income and valuation data obtained by the actuary at the end of each fiscal year.

FAIR MARKET VALUE OF TFFR ASSETS

1989-2019



TFFR FUNDING



RETIREMENT FUNDING EQUATION

$$C + I = B + E$$

Contributions + Investments = Benefits + Expenses

Not just for today, but for the long term.



ACTUARIAL STUDIES

- **Actuarial Valuation** is conducted by TFFR's actuary, Segal Consulting, each year. Purpose is to
 - Determine the adequacy of the employer contribution rate
 - Describe the current financial condition of TFFR
 - Analyze changes in TFFR's financial condition.

See 2019 annual valuation results.

- **TFFR Plan Management Policy** is currently under development.
 - Risk Assessment and Stochastic Modeling projections provide additional information regarding future financial health of TFFR based on probabilities.
 - Plan Management Policy will identify policy metrics and construct a scoring system to assist TFFR in meeting its long-term funding goals.
 - Scoring will be done annually (after the valuation), and serve as an advance warning tool.
 - Plan Management Policy is a more robust way to evaluate the ongoing financial health and sustainability of TFFR plan.

ACTUARIAL STUDIES

- **Actuarial Experience Study** is conducted by actuary every 5 years to compare actual plan experience to assumed plan experience, determine trends, and make recommendations.
 - Economic assumptions include inflation, salary increase, payroll growth, and investment returns.
 - TFFR's long term investment return assumption is currently 7.75%.
 - Demographic assumptions include termination, disability, retirement, and mortality rates.
 - All of these factors impact a plans' funded status and the likelihood and timeline of when a plan will become "fully funded" in the future.
 - Next Experience Study scheduled for 2019-20.

IS TFFR'S 7.75% INVESTMENT RETURN ASSUMPTION STILL APPROPRIATE?

- TFFR's investment return assumption is established through a process that considers factors such as economic and financial criteria; the plan's liabilities; and the plan's asset allocation, which reflects the plan's capital market assumptions, risk tolerance, and projected cash flows.
- Actuarial return assumptions are very long-term in nature which is consistent with the long time frame under which pension plans operate.
- Changes in economic and financial conditions have caused many public pension plans to reconsider their investment return assumption in recent years. Currently, the average return assumption is 7.27%, (according to a February 2019 NASRA study).
- Over the past 30 years, the NDTFFR's net investment performance was 7.68%, which is slightly lower than the actuarial assumed investment return rate.
- TFFR is conducting an Actuarial Experience Study in 2019-20, and will consider reducing investment return assumption.

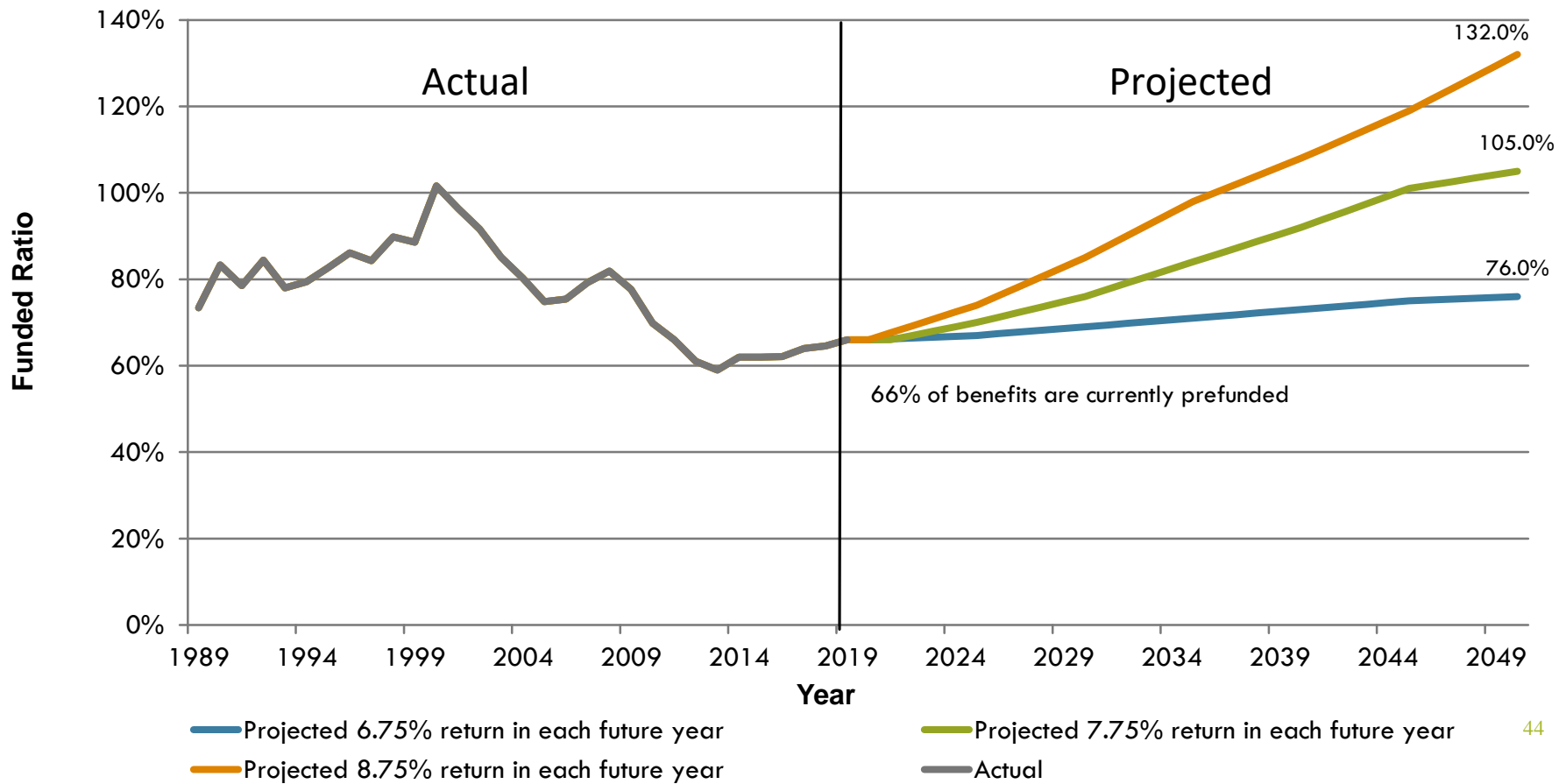
ACTUARIAL STUDIES

- **Actuarial Audit** is an evaluation by an independent actuary every 5 years, other than the one who performs the plan's actuarial valuation. Purpose is to express an opinion on the reasonableness or accuracy of the actuarial valuation results, assumptions, cost methods, contribution rates and related calculations.
 - Most recent actuarial audit was conducted in 2016. Results of 2016 audit were very positive, with only minor recommendations.
 - Next actuarial audit is scheduled for 2021.
- Actuarial reports and studies are presented to the **TFFR Board** and **Legislative Employee Benefits Programs Committee**. Reports are also posted on the TFFR website.

2019 VALUATION REPORT SUMMARY

■ Actuarial Accrued Liability (AAL)	\$3.993 billion
■ Actuarial Value of Assets (AVA)	<u>- 2.636 billion</u>
■ Unfunded AAL (UAAL)	\$1.358 billion
AVA Funded Ratio	66.00%
■ Market Value of Assets (MVA)	\$2.616 billion
MVA Funded Ratio	65.5%

TFFR FUNDED RATIO (MVA) ACTUAL AND PROJECTED (BASED ON 2019 VALUATION)



TFFR FUNDING IMPROVEMENT EXPECTED

- Funding recovery is expected to occur gradually. Time is needed for the changes made to show positive funding results.
 - Funding levels have remained relatively flat for the past few years. While that trend may continue in the next few years, over the long term, funding levels are projected to gradually improve.
 - Actuarial projections show it will likely take 20-30 years before TFFR reaches 80% - 100% funding levels, if the plan meets all actuarial assumptions.
 - If investment returns are greater than 7.75% over the long term and if TFFR reaches 100% funded level, employee and employer contribution rates will be reduced to 7.75% sooner than expected.
 - If investment returns are less than 7.75% over the long term, higher contribution rates will remain in effect, and funding progress will take longer.
- Due to legislative action taken, TFFR's long term funding outlook is positive, and benefits are secure.



GASB ACCOUNTING AND FINANCIAL REPORTING STANDARDS

GASB REPORTING

- Governmental Accounting Standards Board (GASB) sets accounting and financial reporting standards for governmental entities.
 - Statement #67 provides requirements for governmental pension plans (NDTFFR).
 - **Statement #68** provides requirements for state and local governments (participating employers, school districts).
- GASB 68 requires employers to report a proportionate share of TFFR's net pension liability and pension expense (including deferred outflows and inflows of resources) on the employer's financial statements. In many cases, this amount will be material.
- Requires pension related information to be included in the employer's Note Disclosures and Required Supplementary Information portion of their financial statements.

NET PENSION LIABILITY – EMPLOYER PROPORTIONATE SHARE UPDATE

- Actuary calculated the Net Pension Liability (NPL) for TFFR which is \$1.377 billion as of 6/30/19. Plan net position as a % of total pension liability is 65.5%.
- Proportionate share of NPL for each employer will be allocated based on total TFFR covered payroll for active members.
 - Total TFFR covered payroll was \$680.5 million for FY19
- Proportionate share of covered payroll for each school district ranges from 0.0006% to 10.5700% (FY19).
 - Largest 5 school districts range from 6% to 10.57% (43% of NPL)
 - Next 7 school districts range from 1% to 3% (15% of NPL)
 - Majority of school districts have less than 1% (42% of NPL)
- *Note: The liability which will be shown on school district financial statements is projected to decrease over future years due to the contribution and benefit changes that are now in place.*

EMPLOYER SPECIFIC GASB INFORMATION UPDATE

TFFR will provide the following annually to employers:

- Schedule of Employer Allocations
- Schedule of Pension Amounts by Employer
- Note Disclosure, Required Supplemental Information Template, and sample journal entries

Timing of Schedules

- Audited annual schedules should be available by January for the prior fiscal year ended June 30.
- *Audited FY18 GASB schedules are currently on the TFFR website, and can be used to complete 2019 financial statements.*
- *Audited **FY19 GASB schedules** will be available in January 2020, and can be used to complete 2020 financial statements.*

HOW DOES GASB 68 INFORMATION AFFECT SCHOOL DISTRICT'S FINANCIAL STATEMENTS?

- GASB 68 requires the entities (school districts) that are actually making the pension contributions to report their proportionate share of the collective net pension liability, regardless of whether the entities are legally required to fund the plan.
- The presence of a large number of the school district's financial statements which represents unfunded pension costs could give the incorrect impression that school districts have a large debt that must be paid immediately. That is not the case. Pension costs are paid off over long periods – much like home mortgages – through regular contributions paid to the retirement plan.
- While TFFR cannot predict whether the GASB statements will affect a particular school district's bond rating, most rating agencies already consider unfunded pension liabilities as debt-like instruments, and have historically incorporated pension information into their analysis of a government's ability to meet its debt obligations.
- Steps are being taken to reduce TFFR's net pension liability. Increased member and employer contributions, benefit changes, and solid investment performance is expected to show positive funding results over time. 50



EMPLOYER REPORTING

EMPLOYER REPORTING RESPONSIBILITIES

- Employer/Business Manager is responsible for TFFR reporting:
 1. Identify employees eligible for TFFR and submit member enrollment and re-employed retired member notification forms.
 2. Report eligible salary and service hours for each eligible employee.
 3. Collect member and employer contributions and pay to TFFR.
 4. Provide requested documentation for TFFR employer compliance audits, GASB 68 census data audits, and other account reviews and audits as requested by TFFR.
- TFFR employer reports, forms, and payments are due on the 15th day of the month following the month in which the members' salaries are earned. Last date employed and total hours worked for the fiscal year must be included on the June report.
- Due dates for information needed for audits and account reviews are clearly communicated to employers.

EMPLOYER REPORTING RESPONSIBILITIES

- Failure to submit required forms, reports, documentation, and payments by the due date may result in a **penalty** of \$250 plus interest.
- If necessary TFFR may direct DPI to **withhold state foundation aid payments** until all TFFR reports, forms, and documentation is submitted, and payments, penalties, and interest are paid.
- This can be avoided if employers submit accurate TFFR information and payments in a timely manner.

TFFR EMPLOYER REPORTING REVIEWS

- Audit Services staff selects a number of participating employers each year to check the accuracy of TFFR membership eligibility, salary, contributions, and service credit reported by employers. They also conduct other types of salary and member account reviews.
- Once Audit Services completes its review, Retirement Services issues a report to the Employer. In order to improve transparency and increase communication regarding employer reporting practices, Retirement Services sends the report to the Superintendent, School Board President, and Business Manager containing errors, corrections, and recommendations.
- TFFR requests that the Employer Reporting Review be put on the next School Board meeting agenda. The Employer either accepts or rejects the report, and signs an acknowledgement letter which provides an explanation of how the employer will comply with findings and recommendations in the future.
- A number of common employer reporting errors result in errors to member accounts. Those errors can ultimately affect member retirement benefits. Member accounts are corrected, if necessary. Overpaid contributions are refunded to the employer. Owed contributions are billed to the employer with interest.
- It is very important for employers to respond promptly to audit requests for information to ensure members' salary and service credit is being reported accurately and proper contribution payments are being made to TFFR. Failure to do so could result in TFFR penalties and DPI withholding of state aid payments.

SUMMARY

- The TFFR Board, State Investment Board, and RIO staff will continue to **prudently manage and invest trust fund assets** to ensure the TFFR retirement plan is financially sustainable for past, present and future ND educators.
- We are committed to:
 - Administering an accurate, prompt, and efficient pension benefits program.
 - Delivering high quality, friendly service to members and employers.
- **We will do our best to serve you!**



TFFR Website: www.nd.gov/rio/tffr

Sign up for TFFR Member Online!!!

- Board members, meeting schedule, minutes, materials
- Presentations to members, employers, other
- Publications and Reports
 - Quarterly Newsletters
 - Member Handbook, Member Services Directory, Brochures
 - Actuarial, audit, financial, and investment reports
 - Forms
- Legislation – Links to ND Legislative website, bill drafts, testimony

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