



Chief Retirement Officer Retires

Fay Kopp

NDTFFR Chief Retirement Officer
 NDRIO Deputy Executive Director

After 32 years with the ND TFFR plan, I will be retiring on March 31, 2020. Without a doubt, it has been a rewarding

career, and quite honestly, one that wasn't in my original plan! When I graduated from college and signed a teaching contract so many years ago, I never would have imagined that I would end up in the teacher retirement business. The years have gone by quickly, and I can hardly believe it's my turn to retire. Today I am feeling all the things I used to talk to teachers and administrators about as they were preparing for retirement.

It has been an honor to serve as TFFR Chief Retirement Officer and RIO Deputy Executive Director. The TFFR Board, RIO Staff, member and employer stakeholder groups, and I have shared a commitment to work together to develop and administer a retirement plan which would help ND teachers retire with dignity and financial security.

It is with a great deal of optimism that I retire knowing the TFFR Board and Staff will continue the important work of managing YOUR retirement plan. I have always believed TFFR's culture is defined by our actions, not just our words.

We operate with honesty and accountability, always putting our members' best interests first. These values shape how we approach our work, our business relationships, and our decisions in administering the retirement plan.

For my entire career, this framed quote by R. Sharpe sat on a bookshelf in my office. I read it every day.

*"Isn't it strange that princes and kings
 And clowns that caper in sawdust rings
 And common people like you and me
 Are builders for eternity.
 To each is given a bag of tools
 A shapeless mass, a book of rules
 And each must build ere life has flown
 A stumbling block or a stepping stone."*

I hope my work here has been a stepping stone to building retirement security for past, present, and future ND educators. It has been a privilege to serve you.

The TFFR Board and RIO Executive Director are conducting a search for the next Chief Retirement Officer to lead the TFFR program into the future.

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 Cody Mickelson, Active Trustee
 Mike Burton, Vice President, Retired Trustee
 Mel Olson, Retired Trustee
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 Fay Kopp, Deputy Executive Director/
 Chief Retirement Officer
 Darren Schulz, Deputy CIO
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2019 Valuation Shows Slight Gain in TFFR Funding

The TFFR Board recently received a report of the Fund's annual pension valuation results from its actuarial consultant, Segal. The report provides a detailed look into the financial health of the pension fund as of July 1, 2019.

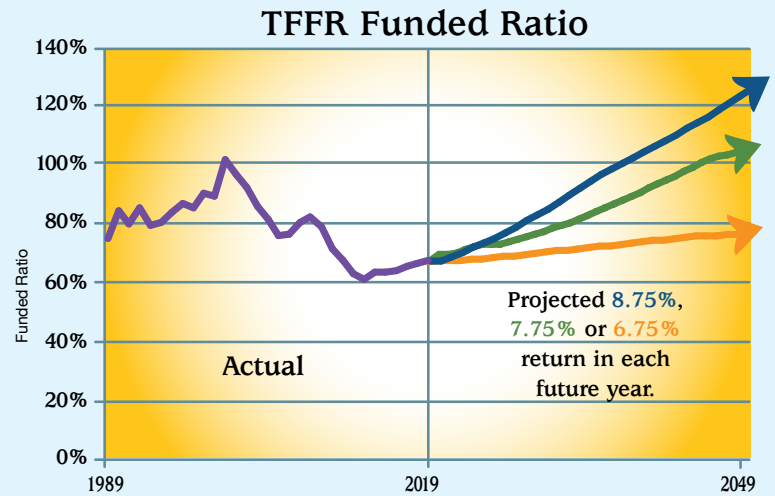
the plan's unfunded liability under current assumptions and benefit levels – is 24 years. Funding a retirement program is a long-term commitment, and it's important to remember that all benefits are not payable and due at once.

30 years, TFFR investments have earned about 7.7%, approximating its expected long-term return assumption. Additionally, for the 3, 5, and 10 year periods ended June 30, 2019, TFFR outperformed most other U.S. public pension plans.

Although TFFR's funding progress has been slow, we are pleased that it is gradually improving. Further funding improvement is needed to strengthen our resiliency in a volatile market environment.

The most common way to express TFFR's financial condition is its funded status. This measurement is shown as a ratio, which represents the value of plan assets compared to plan liabilities (benefits earned by members of the plan). The 2019 valuation shows TFFR's funded ratio improved slightly from 65.4% in 2018 to 66.0% in 2019. The funding period – the time needed to pay off

TFFR's investment return is a primary factor in the financial health of the plan. The plan assumes it will earn a 7.75% return over the long-term. When returns are above this figure, TFFR has an actuarial gain, but when returns are below 7.75%, the plan experiences an actuarial loss. In FY 2019, investment returns were 5.5%, which is less than the assumed rate. However, over the last



Board Adopts Plan Management Policy

Another tool used by the Board to monitor the ongoing financial health of the TFFR plan is the recently approved Plan Management Policy. This is a risk assessment and management tool that uses the most recent actuarial valuation results and stochastic projections. Among other things, the Plan Management Policy measures investment return risk, since investment return risk has the most significant impact on TFFR's long term financial health. Market volatility and contribution inadequacy risks are illustrated through stochastic modeling. Based on the criteria and scoring system adopted by the Board, TFFR's actuary is able to evaluate the probabilities of future funded ratios under varying conditions.

The Policy Score is the sum of points assigned to each metric that range from 0 – 14 and correspond to a color ranging from red to green. A higher score

indicates better overall health of TFFR. Based on the 2019 valuation results, TFFR's Policy Score equals 6 (orange) which means TFFR should continue to monitor the plan (see diagram). The Policy Score will be updated after each annual actuarial valuation, and at other appropriate intervals.

The Plan Management Policy serves as an advance warning tool and is a very robust way to evaluate and communicate the ongoing financial health and long term sustainability of TFFR.

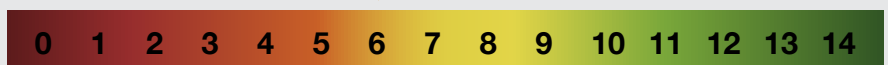
Summary Score based on July 1, 2019 Actuarial Valuation

Assessment:

- Summary score of 11 to 14:
- Summary score of 7 or 10:
- Summary score of 4 to 6:
- Summary score of 0 to 3:

- Objectives being met or likely to be met
- Objectives may be met over longer period
- Continue to monitor
- Changes should be considered

TFFR Composite Summary Score of 6 ► Orange



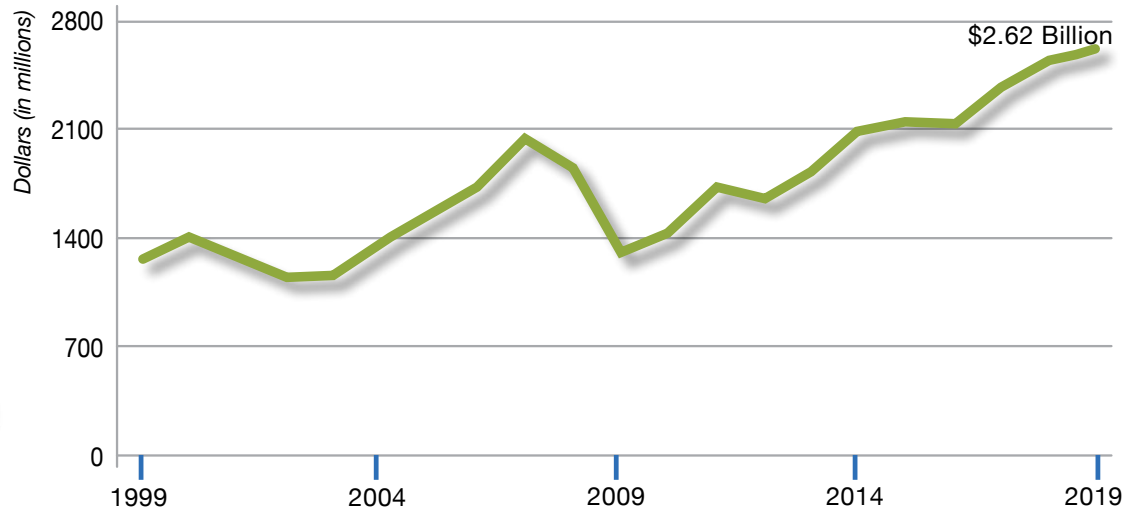


2019 Annual Report Summary

NDRIO's Comprehensive Annual Financial Report (CAFR) has been published for the fiscal year ending June 30, 2019. The report provides a detailed look at investment, financial, actuarial, and statistical information. The 2019 CAFR, actuarial report, and audit report are posted on the NDRIO website at www.nd.gov/rio/TFFR/Publications or by request to our office.

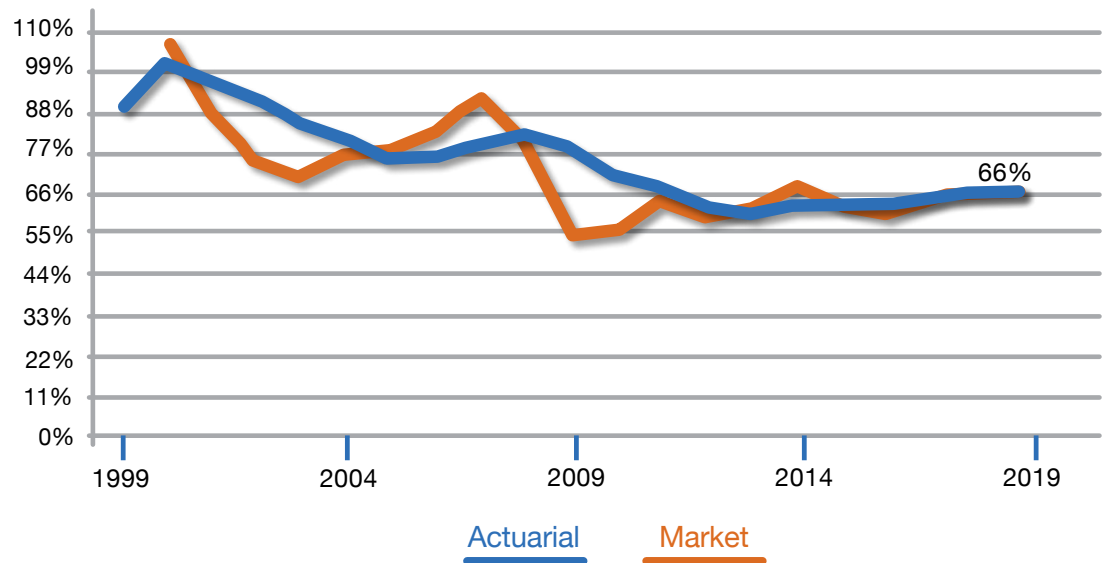
Market Value of TFFR Assets

Years Ended June 30



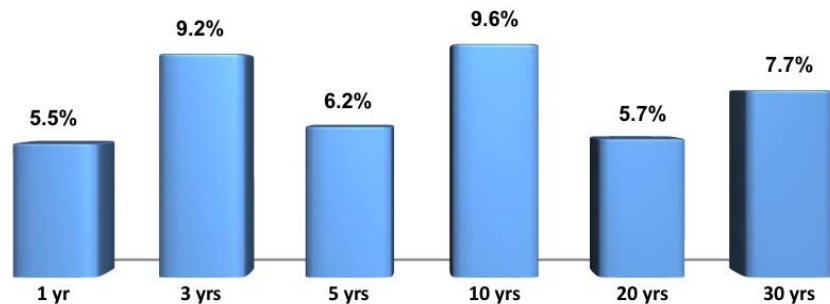
TFFR Funded Ratio – Market vs Actuarial

Years Ended June 30



TFFR Net Investment Performance

Fiscal Year Ended June 30, 2019



Statement of Net Position as of June 30, 2019

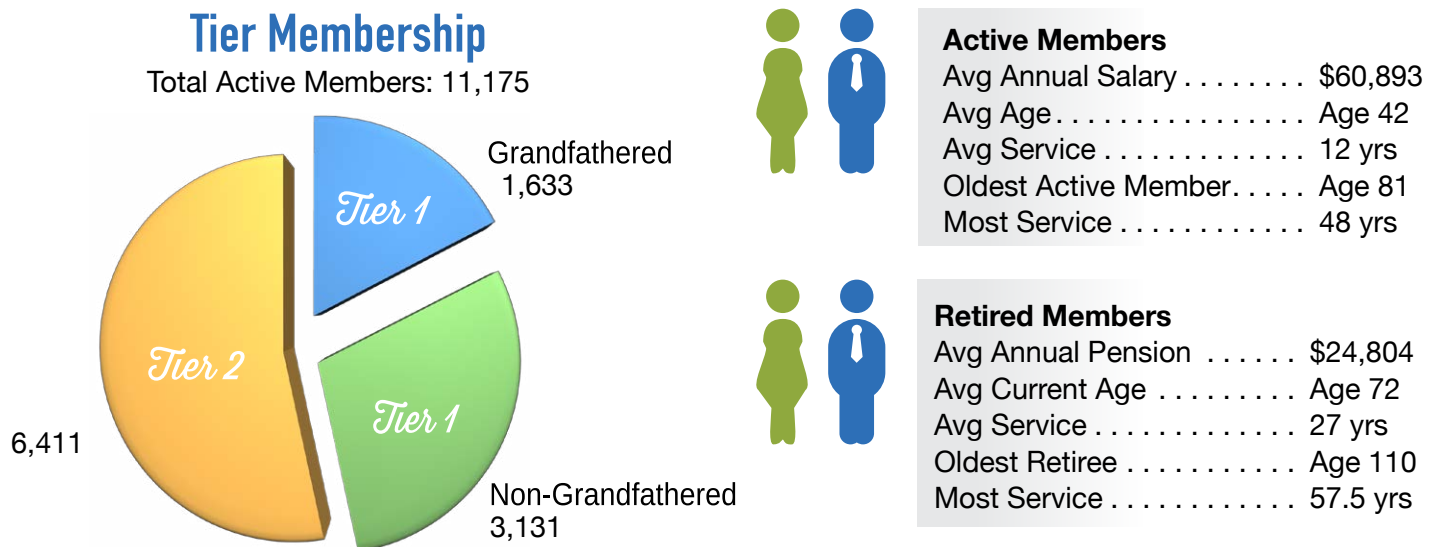
	in millions \$
Assets	
Global Equities	\$1,495.4
Global Fixed Income	575.5
Global Real Assets	455.2
Invested Cash	35.0
Receivables	37.6
Other Assets	28.8
Total Assets	\$2,627.5
Deferred Outflows Related to Pensions	\$.7
Liabilities	
Accounts Payable	\$ 1.0
Accrued Expenses	2.4
Other Liabilities	8.5
Total Liabilities	\$ 11.9
Deferred Inflows Related to Pensions	\$.1
Net Position on June 30, 2019	\$2,616.2

Changes in Net Position During Fiscal Year 2019

	in millions \$
Cash Position	
Net Position on June 30, 2018	\$ 2,530.7
-Additions-	
Member Contributions	\$82.4
Employer Contributions	89.4
Other Additions	2.1
Investment Income (Loss)	135.0
Total Additions	\$ 308.9
-Deductions-	
Benefits Paid	\$215.3
Refunds	5.9
Administrative Expenses	2.2
Total Deductions	\$ 223.4
Total Change in Net Position	\$85.5
Net Position on June 30, 2019	\$ 2,616.2

Columns may not foot due to rounding.

Membership Statistics – June 30, 2019



TFFR Member Online

Already signed up? Thank you! If not, don't delay and sign up today.

Login instructions can be found on the TFFR website.

Board Focuses on Governance Best Practices

Because of the important role board governance plays in the long term performance of a public retirement system, the TFFR Board established a Governance and Policy Review Committee to conduct a comprehensive review of current board governance policies and practices. This review is nearing completion and will result in an updated board governance manual.

The Board also reviewed its current mission and goals, and recently approved new mission, vision, and core values statements. These statements reflect what TFFR is (mission), what TFFR strives to be (vision), and the values, skills, and attributes that build the organizational foundation of TFFR (core values).

Our Mission

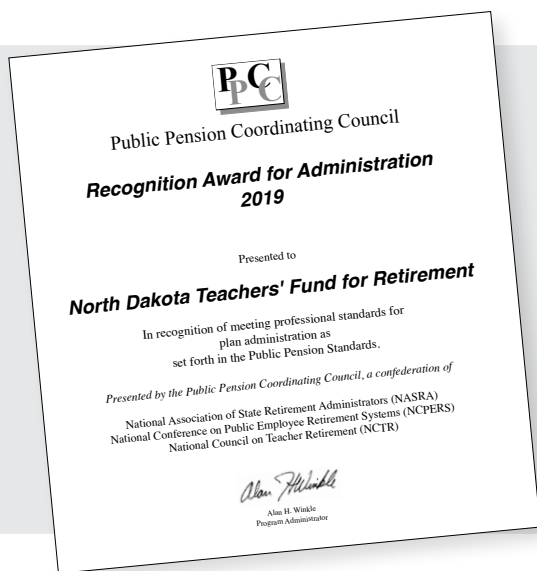
To administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.

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.

Our Core Values

- Customer Satisfaction and Commitment to Excellence which is demonstrated by our trustworthiness, accountability, and respectfulness.
- Strong Governance and Operational Effectiveness through our strategic leadership, fiduciary responsibility, ethical practices, and transparency.



TFFR Receives Award

The ND Teachers' Fund for Retirement has received the 2019 Public Pension Coordinating Council Recognition Award. This award is designed to recognize and commend public employee retirement systems that meet professional standards for pension plan administration.

Annual Statewide Retirement Education Workshops

How can you find answers to your retirement questions? Attend a TFFR Retirement Education Workshop.

To help ND educators better understand and prepare for retirement, TFFR hosts statewide retirement education workshops. The half day workshop covers TFFR benefits, estate planning, retiree health insurance options, Social Security and financial education.

The retirement workshops will be held in Minot on Tuesday,

July 28, 2020 and Fargo on Tuesday, July 21, 2020. The workshops begin at 8:30 am and conclude at 1 pm. Each site will have limited attendance, so register early. To register, please visit our website at www.nd.gov/rio.

All members and spouses are invited to attend. The workshop provides a wealth of retirement information provided by experienced professionals at no charge to you. Don't miss this opportunity, register now.

TFFR Fast Facts

Looking for a simple summary of TFFR statistics and plan benefits? Then the 2019 ND TFFR Fast Facts is your answer. The document is available on the NDRIO website at www.nd.gov/rio/TFFR/Publications.

