

TFFR BOARD GOVERNANCE & POLICY REVIEW COMMITTEE MEETING

Tuesday, February 4, 2025, 3:30 p.m.

Virtual Only

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AGENDA

- I. CALL TO ORDER AND ACCEPTANCE OF AGENDA *(Committee Action)*
- II. ACCEPTANCE OF MINUTES *(Committee Action)*
- III. REVIEW TFFR POLICY MANUAL FOR CHANGES *(Committee Action)*
– MR. ROBERTS (30 MIN)
- IV. LEGISLATIVE UPDATE *(Information)* – Ms. Smith (5 min)
- V. ADJOURNMENT

**NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
GOVERNANCE & POLICY REVIEW COMMITTEE
MINUTES OF THE NOVEMBER 7, 2024, MEETING (VIRTUAL)**

BOARD MEMBERS PRESENT: Cody Mickelson, Chair
Mike Burton, TFFR Board
Rob Lech, TFFR Board

STAFF PRESENT: Jan Murtha, Exec. Director
Chad Roberts, DED/CRO
Rachelle Smith, Retirement Prog. Admin. Assistant
Denise Weeks, Retirement Prog. Mngr.
Sarah Mudder, Communication & Outreach Director

CALL TO ORDER:

Mr. Cody Mickelson, Chair of the Teachers' Fund for Retirement (TFFR) Governance & Policy Review (GPR) Committee, called the meeting to order at 3:31 p.m. on Thursday, November 7, 2024. The meeting was held virtually.

AGENDA:

The Committee considered the agenda for the November 7, 2024, meeting.

IT WAS MOVED BY MR. BURTON AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO ACCEPT THE AGENDA FOR THE NOVEMBER 7, 2024, MEETING.

**AYES: MR. BURTON, DR. LECH, MR. MICKELSON
NAYS: NONE
MOTION CARRIED**

MINUTES:

The Committee considered the minutes for the September 10, 2024, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO ACCEPT THE SEPTEMBER 10, 2024, MINUTES AS DISTRIBUTED.

**AYES: MR. BURTON, DR. LECH, AND MR. MICKELSON
NAYS: NONE
MOTION CARRIED**

REVIEW OF THE PROPOSED POLICY MANUAL FOR CHANGES AND DISCUSSION:

Mr. Roberts noted that most of the manual changes this year will be operational with the new system. The proposed minor manual changes are the correction of two position titles and the general decision delivery method from "mailed" to "provided" due to almost all our communication being done electronically from the pension administration system. Committee discussion followed.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BURTON AND CARRIED BY A VOICE VOTE TO ACCEPT THE PROPOSED POLICY MANUAL CHANGES.

AYES: MR. BURTON, DR. LECH, AND MR. MICKELSON
NAYS: NONE
MOTION CARRIED

TFFR RMD BILL DRAFT AND DISCUSSION:

Mr. Roberts provided the TFFR RMD bill draft, an agency sponsored bill. No action is required today as the committee has already provided the language and approved for it be submitted. It was noted that Mr. Roberts will submit it online. Committee discussion followed.

ADJOURNMENT:

With no further business to come before the Committee, Mr. Mickelson adjourned the meeting at 3:41 p.m.

Submitted by:

Rachelle Smith, Assistant to the Board

MEMORANDUM

TO: TFFR GPR Committee Members
FROM: Chad R. Roberts, DED/CRO
DATE: February 2, 2025
RE: Suggested TFFR Policy Manual Revisions for February 2025 Meeting

As part of the TFFR GPR Committee work plan adopted at the September 10, 2024, meeting, suggested policy changes for the following are submitted to the TFFR GPR Committee for consideration and acceptance at the February 4, 2025, meeting.

- **Section 1, subsection D:** Added “designee” language to Treasurer and Superintendent board positions to comply with SB 2134.
- **Section 2, subsection D(1):** Formatting and grammatical changes.
- **Section 2, subsection D(2):** Removed redundant bullet point
- **Section 2, subsection D(3):** Formatting changes

As determined in the development of the TFFR GPR Committee work plan established at the September 10, 2024, meeting, the committee will address suggested changes for identified sections over the course of the fiscal year. Upon completion of the full review by the TFFR GPR Committee, a finalized report of all suggested changes will be provided to the TFFR Board of Trustees for consideration.

COMMITTEE ACTION REQUESTED: Committee Acceptance.

TFFR BOARD GOVERNANCE & POLICY REVIEW COMMITTEE WORKPLAN FY2025

September 10, 2024	November 7, 2024	February 4, 2025	April 10, 2025
Review work plan	Review of Board Program Manual Section 1 Sub-section I	Review of Board Program Manual Section 1 Sub-section A	Review of Board Program Manual Section 1 Sub-section G
Review proposed policy manual changes for the 2 nd TFFR Board reading	Review of Board Program Manual Section 1 Sub-section J	Review of Board Program Manual Section 1 Sub-section B	Review of Board Program Manual Section 1 Sub-section H
	Review of Board Program Manual Section 1 Sub-section K	Review of Board Program Manual Section 1 Sub-section C	Review of Board Program Manual Section 1 Sub-section M
	Review of Board Program Manual Section 1 Sub-section O	Review of Board Program Manual Section 1 Sub-section D	Review of Board Program Manual Section 1 Sub-section N
	Review of Board Program Manual Section 1 Sub-section P	Review of Board Program Manual Section 1 Sub-section E	Review of Board Program Manual Section 1 Sub-section Q
	Review of Board Program Manual Section 1 Sub-section S	Review of Board Program Manual Section 1 Sub-section F	Review of Board Program Manual Section 1 Sub-section R
	Review of Board Program Manual Section 2 Sub-section A	Review of Board Program Manual Section 1 Sub-section L	Review of Board Program Manual Section 2 Sub-section E
	Review of Board Program Manual Section 2 Sub-section B	Review of Board Program Manual Section 1 Sub-section T	Review of Board Program Manual Section 2 Sub-section F
	Review of Board Program Manual Section 2 Sub-section C	Review of Board Program Manual Section 1 Sub-section U	Review, Discuss, and Approve Recommendations for Program Policy Manual Amendments to the TFFR Board
		Review of Board Program Manual Section 2 Sub-section D	Policy Manual Glossary

TEACHERS' FUND FOR RETIREMENT BOARD PROGRAM MANUAL

SECTION I: TFFR GOVERNANCE POLICIES

A. Introduction and Purpose

The 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 this 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, 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) 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, 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 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 and state or federal law, the law prevails.

B. TFFR Program Overview

1. History

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

[NDCC § 15-39.1](#) contains the legal authority and statutory language governing the TFFR plan, and is supplemented by [NDAC § 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.
- b. Strong Governance and Operational Effectiveness through our strategic leadership, fiduciary responsibility, ethical practices, and transparency.

D. TFFR Board Authority, Composition, Appointment, Terms

1. Board Authority

TFFR is governed by a 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 or designee (ex officio)
 - State Superintendent of Public Instruction or designee (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., NDU, NDCEL, or NDRTA) 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 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 SIB, which is the administrative board of the 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 Chief Retirement Officer – 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.

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.

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 September 26, 2024.

SECTION II: TFFR Program Policies

D. Operations

1. Membership Data and Contributions

- A. Ensure the security and accuracy of the members' permanent records and the collection of member and business partner contributions from every governmental body employing a TFFR member.
- B. Accordingly, the administrative means will be to:
1. Retain member and business partner documents applicable to the retirement program.
 2. Safeguard TFFR files.
 3. Protect the confidential information contained in member and business ~~partner~~business partner files.
 4. Collect the member and business partner contributions from the ~~business~~business partners based on retirement salary earned by the member.
 5. Monitor the business partner reporting process including the timely filing of information, consistency of month-to-month data, and changes in the 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 business partner to the individual member accounts.
 8. Provide annual statements to every member.
 9. Summarize the member data reported and notify the 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 business partners on TFFR.

Transfer member and business 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 education services to members.~~
- 4.3. Make group presentations and distribute information at conferences and conventions throughout the state.
- 5.4. Coordinate and conduct retirement education programs for members on a statewide basis.
- 6.5. Certify eligibility for TFFR benefits and purchase of service credit.
- 7.6. Calculate and process claims for refund, retirement, disability, survivor, and Qualified Domestic Relations Order (QDRO) benefits, as well as claims for purchasing credit.
- 8.7. Permit members to change designated beneficiaries in the event of life

occurrences identified in the administrative rules.

~~9.8.~~ Close retirement accounts of deceased members.

~~10.9.~~ 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.

~~11.10.~~ 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 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 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 NDU Retired organization.
- 3) Federal and North Dakota income tax withholdings.

~~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.~~

~~5) Additional deductions may be added upon approval by the board.~~

~~4)–~~

~~3. 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 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 business 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 business 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 business 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 business partner.
- B. If the active member or re-employed retiree has a contract or written agreement with the participating business 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 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 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

B. 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 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 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 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.

2025-2027 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status	Position
HB 1022	Budget bill	RIO's Budget bill	Appropriations Committee	02/04, 10:00 AM	House Appro - Govn't Ops	Introduced, referred to Appro	Support
HB 1319	Investments	Relating to a Legacy Fund disclosure website	Rep. Satrom, Sen. Conley, Rep. Ostlie	02/05, 09:30 AM	House Fin & Tax	Introduced referred to Finance and Taxation	Oppose
HB 1435	Investments	Legacy fund definition and legacy earnings fund	Rep. Kempenich and Warrey, Sen. Bekkedahl, Kessel and Meyer	02/05, 10:30 AM	House Fin & Tax	Introduced, first reading, (emergency), referred Finance and Taxation Committee	Neutral
HB 1015	Budget bill	OMB Budget bill	Appropriations Committee	02/05, 02:00 PM	House Appro - Govn't Ops	Introduced, referred to Appro	Monitor
HB 1453	Investments	Relating to prohibiting natural asset companies; and to provide a penalty.	Rep Hauck, Fisher, Hagert, Morton, Novak, Dressler and Sen Gerhardt, Kessel, Luick, Thomas	02/06, 08:00 AM	House Agriculture	Introduced, first reading, referred to Agriculture	Neutral
HB 1306	Budget bill	Fees for open records requests	Rep. Kasper, Rep. Henderson, Rep. Kempenich, Sen. Magrum, Rep. S. Olson, Sen. Paulson, Rep. D. Ruby	02/06, 09:00 AM	House GVA	Introduced, first reading, referred to GVA	Monitor
HB 1163	Investment	Establishes a \$1 billion school construction loan fund as part of the state Legacy Fund. Limits loan interest rates to 1 percent annually and 20 years duration. Loans limited to \$10 million total or \$10 million per thousand students in the school district, whichever is higher.	Representatives Jonas, Longmuir, Murphy, Richter, Schreiber-Beck, Warrey	02/06, 09:30 AM	House Appro - Govn't Ops	House Educ reported back, do pass. Rereferred to Appropriations	Neutral
HB 1348	Investments	Repeal RIO's removal of the fiscal and investment FTE's from OMB's classified system	Rep. Ostlie, Rep. Beltz, Sen. Conley, Sen. Cory, Rep. Satrom, Sen. Weber	02/06, 10:00 AM	House GVA	Introduced, first reading, referred to GVA	Oppose
SB 2332	Investments	Creates an biennial transfer of \$25M from the legacy earnings fund to the emergency services fund	Sen, Boshee, Rep, Vandenberg, Rep. Mitskog, Rep. Nelson	02/07, 10:00 AM	State and Local	Introduced, Referred to SLG	Neutral
HB 1026	Investment	Moving State Bonding Fund from Insurance to OMB	Legislative Management	n/a	House IBL	Introduced, referred to IBL	Neutral
HB 1027	Investment	Moving Fire & Tornado Fund from Insurance to OMB.	Legislative Management	n/a	House IBL	Amendment adopted, do pass, placed on calendar.	Neutral
HB 1117	Retirement	TFFR Required Minimum Distribution	TFFR via Gov't Vets Affairs	n/a	House GVA	Passed House 87-0 on 01/21, Rec'd by Senate on 01/22	Support
HB 1176	Investments	Authorizes the Legacy Fund to provide enough earnings to pay for a residential property tax credit of up to \$2,000 annually per homeowner.	Rep. Nathe, Sen. Bekkedahl, Rep. Hagert, Rep. Headland, Sen. Hogue, Rep. Lefor, Rep. Porter, Sen. Rummel, Rep. Stemen, Rep. Swiontek, Rep. Vigesaa, Sen. Weber	n/a	House Fin & Tax	Introduced, referred to Finance and Taxation.	Neutral

HB 1184	Investment	Relating to digital asset and precious metal investments.	Rep. Toman, Christy, Heilman, Hendrix, D. Johnston, S. Olson, Porter and Senators Barta, Cory, Meyer, Paulson	n/a	House IBL	House IBL reported back, do not pass, placed on calendar.	Neutral
HB 1285	Retirement	Transfer of \$49.2M from the General Fund to the TFFR to provide a one-time supplemental payment to recipients.	Rep. Schatz, Rep. Jonas, Rep. Mitskog, Rep. Schreiber-Beck, Rep. Monson	n/a	House GVA	Introduced, referred to House GVA	Neutral
HB 1309	Investments	Relating to state contracts with certain companies that boycott energy, mining, and production agriculture.	Rep. Heilman, Sen. Enget, Rep. Marschall, Rep. Novak, Rep. M. Ruby, Sen. Walen	n/a	House IBL	Reported back, do not pass, placed on calendar.	Oppose
HB 1330	Investments	Relating to divestment from legacy fund investments in Chinese companies.	Rep. Satrom, Sen. Conley, Rep. Grueneich, Sen. Lemm, Rep. Ostlie	n/a	House IBL	Introduced, referred to IBL	Oppose
HB 1510	Retirement	Requires BND, TFFR, and a teacher support program coordinator to gather information from school districts about their teacher pay and benefits. Authorizes a school district to provide child-care facilities for its teachers on school property.	Rep. Schreiber-Beck, Rep. Conmy, Sen. Davison, Rep. Hager, Rep. Hanson, Sen. Hogan, Rep. Longmuir, Rep. McLeod, Rep. Novak, Rep. Richter, Sen. Rummel, Rep. Swiontek	n/a	House Educ	Introduced, first reading, referred to Education	
HB 1553	Investments	Appropriates \$140 million from the Legacy Fund to provide school meals at no charge for students in public and nonpublic schools.	Rep. Hager, Rep. Brown, Rep. Christy, Sen. Hogan, Rep. Holle, Rep. Longmuir, Sen. Marcellais, Rep. Mitskog, Rep. Novak, Rep. Schneider, Rep. Schreiber-Beck	n/a	House Educ	Introduced, first reading, referred to Education	
HB 1580	Budget bill	Requests an interim study of the compensation system for classified state employees, including comparisons to private sector compensation and employee retention and equity bonuses.	Rep. Vetter, Rep. Christianson, Sen. Cleary, Sen. Cory, Rep. Dockter, Rep. D. Johnston, Rep. Meier, Rep. Motschenbacher	n/a	House GVA	Introduced, first reading, referred to GVA	
HCR 3001	Investment	Encouraging the Treasurer and SIB to invest a portion of General Fund/Budget Stabilization/ Legacy in digital assets and precious metals.	Reps. Toman, Heilman, Hendrix, D. Johnston, S. Olson, Porter, and Sens. Barta, Paulson	n/a	House IBL	Introduced, referred to IBL	Neutral
SB 2072	Procurement	Red tape reduction relating to the contracts limiting liability to the state (the issue being we can't accept many low-cost, web-based application's terms and conditions due to state law).	Senate State and Local Gov'n't at request of OMB.	n/a	Senate State & Local Gov	Passed Senate, 46 yeas and 0 nays. House rec'd on 1/13.	Support
SB 2097	Investments	Creation of a Rural Community Endowment Fund and including under 21-10.	Sens. Mathern & Wanzek, Rep. Brandenburg	n/a	Senate AgVA	Introduced, referred to AgVA	Neutral

SB 2134	Retirement	Calls for a change in language to allow the Superintendent and Treasurer to appoint a designee to the TFFR Board	Senator Roers	n/a	Senate State & Local Gov	Passed Senate, 47 yeas 0 nays, 01/21	Support
SB 2151	Investments	Relating to a county and township bridge fund and a legacy earnings tax relief fund.	Sen. Thomas, Rep. Brandenburg, Rep. Monson, Sen. Myrdal, Sen. Wanzek, Sen. Weber	n/a	Senate Appro-Gov'n't Ops	Introduced, referred to Appro	Neutral