House Bill 1174

North Dakota Retirement and Investment Office (RIO)
Testimony in Support of HB 1174
Janilyn Murtha, Deputy Executive Director (RIO)/ Chief Retirement Officer (TFFR)

The Teachers' Fund for Retirement (TFFR) is a qualified defined benefit public pension plan established under N.D.C.C. Ch. 15-39.1. The program is managed by a seven-member board of trustees which consists of the State Treasurer, State Superintendent, with two active teachers, two retired teachers and one school administrator all appointed by the Governor.   The program is administered by the ND Retirement and Investment Office.

The plan covers North Dakota public school educators. Benefit funding comes from member and employer contributions and investment earnings. Under N.D.C.C. 15-39.1-34(1) the plan must be administered in compliance with federal tax law.

The 2019 SECURE Act required changes to the required minimum distribution rules for retirement plans. Required Minimum Distributions (RMD's) refers to the minimum amount that a retirement plan account owner must withdraw once they reach a certain age. The 2019 Secure Act changed that age from 70 and ½ to 72. Specifically, the federal law change requires that if you reached the age of 70½ in 2019 the prior rule applies; but if you reach age 70 ½ in 2020 or later you must take your first RMD by April 1 of the year after you reach 72[1].

The proposed amendments to N.D.C.C. 15-39.1-10 incorporates the new RMD language so that the TFFR program may remain in compliance with federal tax law.

For your reference this language mirrors the change proposed to the PERS plan in Section 5 of SB 2044. This bill was reviewed by plan actuaries who found no impact to the actuarial position of the fund, or material impact to liabilities or costs (Attached.)

The TFFR Board respectfully requests the proposed amendments to N.D.C.C. 15-39.1-10 be approved.

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[1] https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions#.