

House Bill 1022
House Appropriations
January 13, 2025
North Dakota Retirement and Investment Office

Jodi Smith – Interim Executive Director
 Chad Roberts, MAc – Deputy Executive Director/Chief Retirement Officer
 Scott M Anderson, CFA, MBA – Chief Investment Officer
 Rachel Kmetz – Interim Chief Financial Officer/Chief Operating Officer

NORTH Dakota | Retirement & Investment
 Be Legendary.

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NORTH DAKOTA RETIREMENT AND INVESTMENT SUPPORTS TWO SPECIAL FUND PROGRAMS

RIO was established in 1989 to coordinate the activities of the State Investment Board (SIB) and the Teachers’ Fund for Retirement (TFFR). The SIB is the oversight board for RIO and TFFR Board is responsible for the administration of the TFFR benefits program.

State Investment Board -
 Investment Program
 NDCC Ch. 21-10
 ~\$23.3 Billion in AUM
 As of 10/31/24

Teachers’ Fund For Retirement –
 ND Teachers’ Retirement Program
 NDCC Ch. 15-39.1
 ~\$3.4 Billion in Fund Assets
 Over 21,000 active and retired
 members and beneficiaries

RIO Agency
 NDCC Ch. 54-52.5
 34 FTEs + 2 Temp + Intern

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STATE INVESTMENT BOARD – INVESTMENT PROGRAM




- State Investment Board (SIB) has the statutory responsibility for the administration of the investment program of several funds including:
 - TFFR, PERS, WSI, Legacy Fund
- SIB also maintains contractual relationships for investment management with multiple political subdivisions and governmental funds
- Currently ~\$23.3 Billion in Assets Under Management (AUM)
- 31 client funds


Fund/Pool	AUM (10/31/24)
Pension Pool	\$8.14B
Insurance Pool	\$3.43B
Legacy Fund	\$11.50B
Other Funds	\$0.28B

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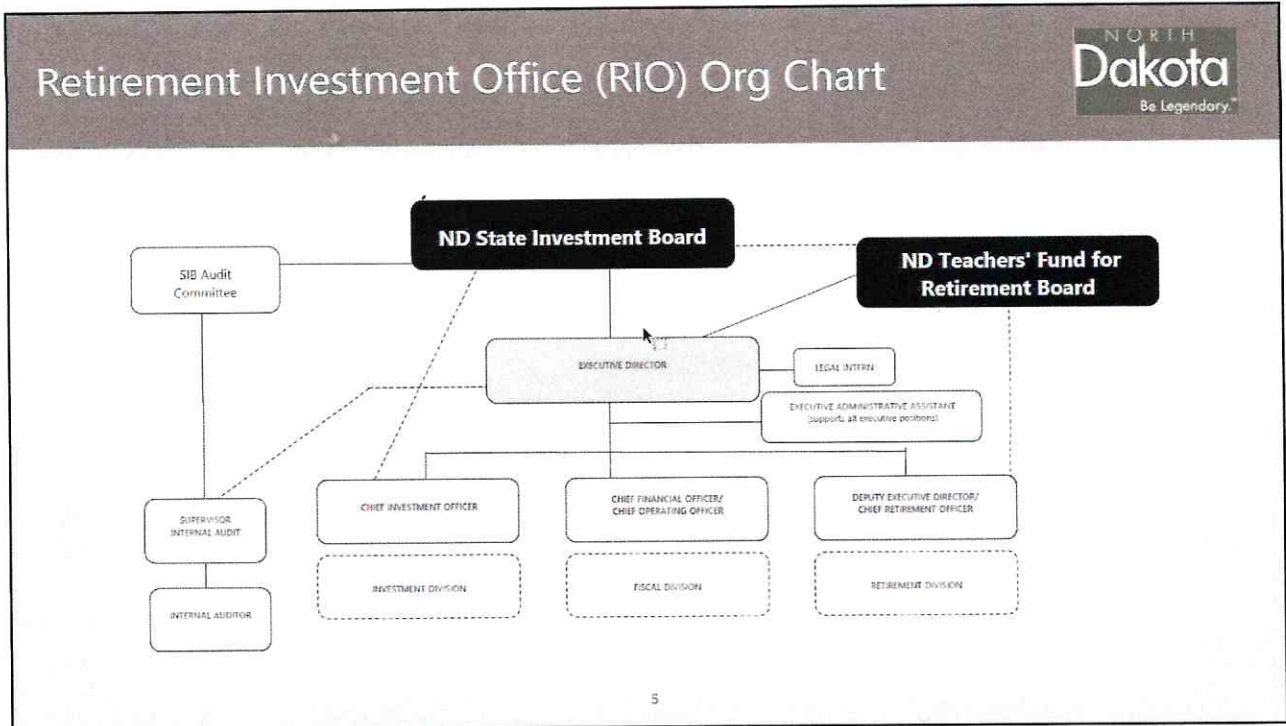
TEACHERS' FUND FOR RETIREMENT



- Qualified defined benefit public pension plan for North Dakota public school teachers and administrators providing them with a foundation for retirement security.
- 11,900+ Active Members
 - 13.6% increase over past decade
- 9,600+ Retired Members and Beneficiaries
 - 20.8% increase over past decade
- ~\$3.3B Fund balance
- On-track to be 100% fully funded by 2043
- New Pension Administration System in development (est. Q1 2025)



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2023 – 2025 Accomplishments

- Created and implemented new agency strategic plan
- Procurement of new Investment program software solution
- Continue to implement an in-state investment initiative
- Hosted multiple interns
- Internal Audit co-sourcing relationship
- Developed and implement new board member onboarding program
- Completed 2 of 3 phases of the TFFR Pension Administration system
- Hosted first Investment symposium

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New FTE's Appropriated for the 23-25 Biennium



- **9 new positions were added by the 2023 Legislative Assembly**
 - 7 of the 9 positions have been filled
 - Sr. Inv Acct (Hired 7/18/23)
 - Fiscal & Investment Admin Assistant (Hired 9/5/23)
 - Portfolio Manager * (Hired 8/1/24)
 - Sr. Investment Analyst * (Hired 8/1/24)
 - Portfolio Manager Internal Fixed Income * (Hired 9/3/24)
 - Investment Accountant * (Hired 9/16/24)
 - Internal Fixed Income Analyst * (Start date 2/3/25)
 - 2 of the 9 Positions are still vacant
 - Internal Equities Analyst * (anticipate hiring Q1 '25)
 - Investment Administrative Assistant * (anticipate hiring Q2 '25)

* Only funded for one year of the biennium

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BUDGET REQUEST SUMMARY



Line Item	Base Level	Adjustments to Meet Budget Limit	Adjusted Base	Requests	Total Agency Request
Salaries & Benefits	\$10,338,543	\$70,450	\$10,408,993	\$4,775,488	\$10,408,993
Operating Expenses	2,731,037	(208,822)	2,522,215	1,503,918	2,522,215
Contingencies	200,000	(200,000)	-	200,000	200,000
Total Special Funds	13,269,580	(338,372)	12,931,208	6,479,406	\$19,410,614
Included in the Exec. Recom.				2,900,375	
FTEs	34.0	-	34	10	44.0

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Optional Requests



Line Item	2 nd Half of New Positions	Cost to Continue IT Hosting/Support	Cost to Continue HR	Incremental Agency Evolution/Retirement Education	Internal Investment 2.0	Total Optional Request
Salaries & Benefits	\$1,236,914	-	142,302	418,092	2,978,180	\$4,775,488
Operating Expenses	-	1,201,268	-	90,450	212,200	2,522,215
Contingencies	-	-	-	200,000	-	200,000
Total Special Funds	\$1,236,914	\$1,201,268	\$142,302	\$708,542	\$3,190,380	\$6,479,406
Included in Exec Recom.	1,236,914	1,201,268		462,193 & 1 FTE		
FTEs	-	-	-	2	8	10

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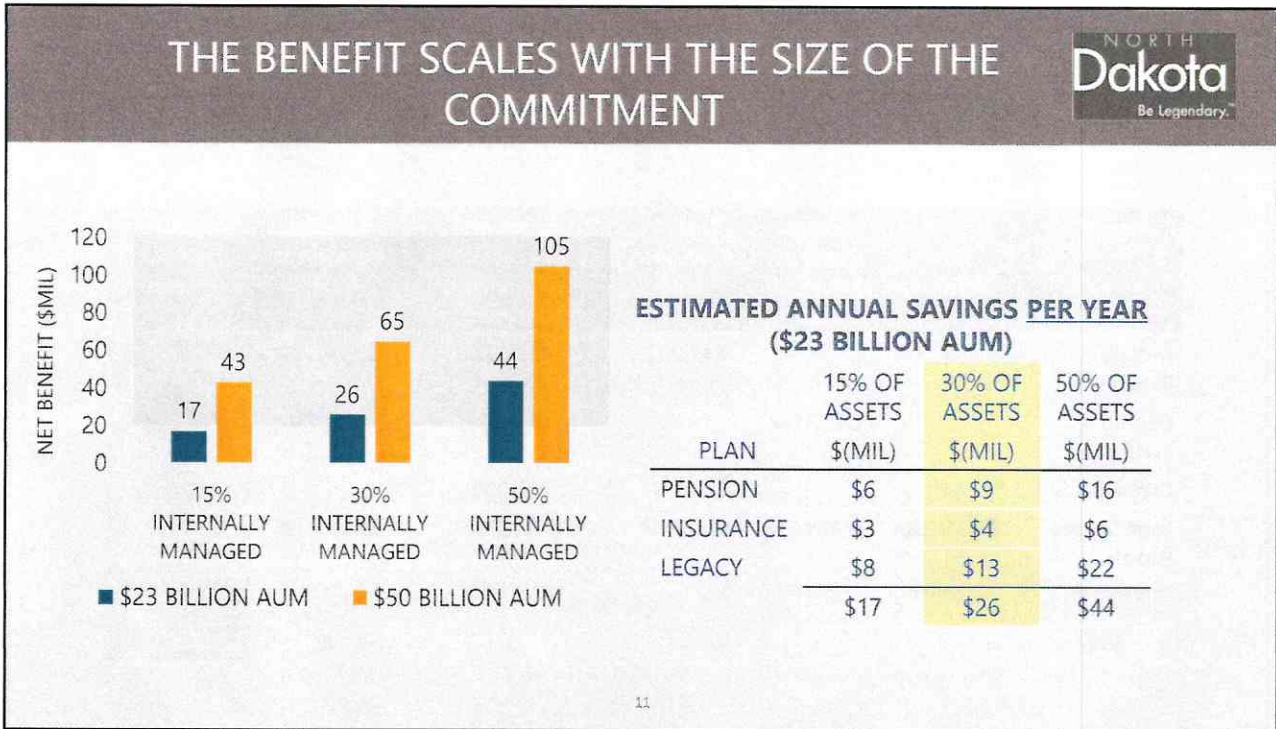
INTERNAL INVESTMENT/ TALENT MANAGEMENT



- LOWER COST THAN WITH EXTERNAL MANAGERS
- APPLIED WHERE THERE IS A COST/BENEFIT
- ENABLES ENHANCED LIQUIDITY MANAGEMENT, REBALANCING AND EXPOSURE MANAGEMENT

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MINIMAL REQUIREMENTS WHEN COMPARED TO THE BENEFITS^{1,2,3}

5 INVESTMENT PROFESSIONALS¹:
 2 X SENIOR PORTFOLIO MANAGERS
 3 X INVESTMENT ANALYSTS

+

3 X INVESTMENT OPS

THE STRATEGY AND STRUCTURE WOULD EVOLVE WITH THE SIZE OF THE PROGRAM

1. The cost of staff is estimated to be approximately 15% of the total net cost savings.
2. Positive Client Fund feedback.
3. Supports greater control over investment strategies.

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