Section 82-02-01-01 is amended as follows:

82-02-01-01. Definitions. Unless made inappropriate by context, all words used in this title have the meanings given to them under North Dakota Century Code chapter 15-39.1. The following definitions are not established by statute and apply for the purpose of this title:

- 1. <u>"Acceptance of benefit" means the benefit payment date which is the first calendar day of each month for benefits paid by paper check or electronic funds transfer to a financial institution.</u>
- 2. "Account balance" or "value of account" means the member's accumulated contributions or assessments, plus the sum of any member purchase or repurchase payments, plus interest at an annual rate of six percent compounded monthly.
- 2.3. "Administrative" means to manage, direct, or superintend a program, service, or school district or other participating employer.
- 3.4. "Benefit service credit" means employment service used to determine benefits payable under the fund.
- 5. "Bonus" means an amount paid to a member in addition to regular contract salary which does not increase the member's base rate of pay, is not expected to recur or continue in future fiscal years or is not expected to be a permanent salary increase. A bonus is not considered eligible retirement salary and is not subject to payment of member and employer contributions.

Bonuses include, but are not limited to, the following:

- a. Recruitment or contract signing payments defined in North Dakota
 Century Code section 15.1-09-33.1
- b. Retention, experience, or service related payments.
- c. Early retirement incentive payments, severance payments, or other payments conditioned on or made in anticipation of a member's retirement or termination.
- <u>d. Payments made to recognize or reward a member's accomplishments or service.</u>
- e. Other special or irregular payments which the board determines to be bonuses using criteria and documentation described in North Dakota Administrative Code section 82-04-02-01.

- 4.<u>6.</u> "Cessation of employment" means severance or termination of employment.
- 5.7. "Contributions" means the assessments or payments made to the fund.
- 6.8. "Covered employment" means employment as a teacher in a North Dakota state agency, state institution, school district, special education unit, regional education association, or other governing body of a school district.
- 7.9. "Eligibility service credit" means employment service used to determine vesting and benefit eligibility for dual members and qualified veterans under the Uniformed Services Employment and Reemployment Rights Act of 1994. Eligibility service credit is not used for benefit calculation purposes.
- 8-10. "Extracurricular services" means outside of the regular curriculum of a school district or other participating employer which includes advising, directing, monitoring, or coaching athletics, music, drama, journalism, and other supplemental programs.
- 11. "Member" is a teacher as defined in North Dakota Century Code section 15-39.1-04(11) who is a participant in the fund.
- 9.12. "Participating employer" means the employer of a teacher, including a North Dakota state agency, state institution, school district, special education unit, area career and technology center, regional education association, or other governing body of a school district who contributes to the teachers' fund for retirement.
- 13. "Performance or merit pay" means an amount paid to a member pursuant to a written compensation plan or policy which links a member's compensation to attainment of specific performance goals and duties. The specific goals, duties, and performance measures under which performance pay is expected to be made must be determined in advance of the performance period and documented in writing. Performance or merit pay may be in addition to regular salary or may replace regular salary increases. Performance or merit pay is considered eligible retirement salary and subject to payment of member and employer contributions, unless the TFFR board determines the payments are ineligible salary using criteria and documentation described in North Dakota Administrative Code section 82-04-02-01.
- 10.14. "Plan year" means the twelve consecutive months commencing July first of the calendar year and ending June thirtieth of the subsequent year.

- 41.15. "Referee" means all sporting and nonsporting event judges and officials, including referees, umpires, line judges, scorekeepers, timekeepers, ticket takers, ushers, and other judges or officials.
- 42.16. "Salary reduction or salary deferral amounts under 26 U.S.C. section 125, 132(f), 401(k), 403(b), or 457" means amounts deducted from a member's salary, at the member's option, to these plans. These reductions or deferrals are part of salary when calculating retirement contributions. Employer contributions to plans specified in 26 U.S.C. section 125, 132(f), 401(k), 403(b), or 457 which are made for the benefit of the member will not be counted as retirement salary when calculating retirement contributions. Member contributions paid by the employer under IRC section 414(h) pursuant to a salary reduction agreement do not reduce salary when calculating retirement contributions.
- 43.17. "Special teachers" include licensed special education teachers, guidance counselors, speech therapists, social workers, psychologists, librarians, audio visual or media coordinators, technology coordinators, and other staff members licensed by the education standards and practices board provided they are under contract with a school district or other participating employer to provide teaching, supervisory, administrative, or extracurricular services.
- 44.18. "Supervisory" means to have general oversight or authority over students or teachers, or both, of a school district or other participating employer.
- 45.19. "Teaching" means to impart knowledge or skills to students or teachers, or both, by means of oral or written lessons, instructions, and information.
- 46.20. "Vested" means the status attained by a teacher when the teacher has earned three years of service credit for a tier one member or five years of service credit for a tier two member for covered employment in this state.
- 47.21. "Written agreement" means a teaching contract, school board minutes, or other official document evidencing a contractual relationship between a teacher and participating employer.

History: Effective September 1, 1990; amended effective May 1, 1992; May 1,

1998; May 1, 2000; May 1, 2004; July 1, 2008; July 1, 2012.

General Authority: NDCC 15-39.1-07

Law Implemented: NDCC 15-39.1, 15-39.1-07, 15-39.1-04

Section 82-03-01-06 is amended as follows:

82-03-01-06. Veterans' rights. A member may be entitled to eligibility service credit for military service under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) [Pub. L. 103-353; 108 Stat. 3150; 38 U.S.C. 4301 et seq.] provided that the member received an honorable discharge and had the member's North Dakota teaching service interrupted by military duty after December 31, 1994. Interruption of service requires the member to enter military service within ninety days of leaving covered teaching employment and reenter covered employment within ninety days of the member's honorable discharge. Notwithstanding the preceding sentence, a member who dies or becomes disabled (under the terms of the plan) while performing USERRA qualified military service on or after January 1, 2007 shall be treated as if the member has resumed employment in accordance with USERRA on the day preceding death or disability and terminated employment on the actual date of death or disability. A member eligible to receive military credit under USERRA will have the service credit recognized for vesting and benefit eligibility purposes.

In addition to having the service credit recognized for vesting and benefit eligibility purposes, at the member's option, a member eligible to receive military credit under USERRA may pay an amount calculated by the fund to allow the credit to be used for benefit calculation purposes. A member may purchase up to five years of military credit and must apply for and complete the purchase prior to retirement. The member must provide a copy of the member's military discharge papers (DD214) as proof of eligibility. The timeframe to purchase military service under USERRA begins with reemployment and is equal to three times the length of the military service but may not exceed five years.

The cost to purchase USERRA military credit for benefit calculation purposes is the member assessment rate and employer contributions required under North Dakota Century Code section 15-39.1-09 had the member's employment not been interrupted by military service. The member assessment rate contributions must be applied to the member's annual salary at the time of the military leave. The member assessments contributions must be paid by the member if the employer is withholding assessments contributions under a salary reduction plan. If the employer is paying all of the member assessments contributions in lieu of a salary increase, the employer is responsible for payment of any assessments—member contributions owed. If the employer is paying a portion of the member assessments—contributions in lieu of a salary increase, both the member and employer are responsible for payment of the assessments owed by the member contributions. The employer is required to pay the employer contributions in an amount equal to the member assessments owed. No interest is charged if the credit is purchased within the timeframe allowed under USERRA.

If the credit is not purchased within the USERRA timeframe, the cost becomes the responsibility of the member and six percent interest is charged beginning with the date the USERRA timeframe elapsed.

Effective January 1, 2009, any employee receiving a differential wage payment on account of military service shall be treated as an employee of the employer making the payment and the payment shall be treated as compensation for purposes of calculation of contributions and benefits.

History: Effective May 1, 1992; amended effective May 1, 1998; May 1, 2000; July 1, 2012.

General Authority: NDCC 15-39.1-07

Law Implemented: NDCC 15-39.1-24, 15-39.2-01.2; 38-USC 2021-2026 26 USC

401(a)(37), 26 USC 414(u)(12)(A)

ARTICLE 82-04 CONTRIBUTIONS

Chapter

82-04-01 Contributions

82-04-02 Eligible Salary Determination

CHAPTER 82-04-01 CONTRIBUTIONS

Section	
82-04-01-01	Employer Contributions and Teachers' Assessments Member
	Contributions
82-04-01-02	Employer Payment of Teachers' Assessments Member
	Contributions
82-04-01-03	Taxation of Contributions and Benefits
82-04-01-04	Rollover Contributions Permitted for Service Purchases

Section 82-04-01-01 is amended as follows:

82-04-01-01. Employer contributions and teachers' assessments member contributions. Teachers' assessments and employer Employer and member contributions must be paid to the fund administrative office by the fifteenth day of the month following collection of the teachers' assessments members' contributions.

History: Effective September 1, 1990; July 1, 2012.

General Authority: NDCC 15-39.1-07 **Law Implemented:** NDCC 15-39.1-09

Section 82-04-01-02 is amended as follows:

82-04-01-02. Employer payment of teachers' assessmentsmember contributions. Section 414(h) of the Internal Revenue Code of 1986, as amended, allows the employer to pay its employees' contributions to a retirement plan. A participating employer that elects to pay the teachers' assessmentsmember contributions may reduce the teachers' members' current salaries or offset future salary increases by an amount equal to the teachers' assessmentsmember contributions paid by the employer. Employer payment of teachers' assessmentsmember contributions to the fund is allowed only if the following conditions are satisfied:

1. The participating employer must specify <u>in writing</u> that the contributions are being paid by the employer in lieu of <u>assessments-contributions</u> paid by the <u>teachermember</u>.

- 2. <u>Teachers Members</u> must not have the option of choosing to receive the contributed amounts directly instead of having them paid by the participating employer to the retirement fund.
- 3. All teachers members of a participating employer must be covered by the plan for employer payment of teachers' assessments member contributions.
- 4. All teachers members covered under such a plan must be treated equally.
- 5. The participating employer's plan to pay teachers' assessmentsmember contributions must comply with the fund's "plan for employer payment of member assessmentscontributions to the fund" or other instructions prepared by the fund.
- 6. The participating employer's contributions paid to the fund must equal assessments paid by the teacher plus the assessments paid by the employer on behalf of the teacher.
- 7. Salaries, assessments, and Eligible salary, member and employer contributions paid by the participating employer must be certified by the disbursing official on the required fund reports.
- 8.7. Participating employers implementing the plan must report the payment of teachers' assessmentsmember contributions to the fund on forms provided by the fund. The employer payment plan will remain in effect until a notice of cancellation is filed with the fundmust be implemented at the beginning of the fiscal year. The employer payment plan will remain in effect until a notice of cancellation or a new form is filed with the fund.
- 8. Participating employers must file a new employer payment plan form if:
 - <u>a. The employer changes the model or amount of member contributions paid.</u>
 - The Legislature approves a change to the contribution rate.
 - c. The TFFR board changes the models.

History: Effective September 1, 1990; <u>amended effective July 1, 2012</u>.

General Authority: NDCC 15-39.1-07 Law Implemented: NDCC 15-39.1-09

CHAPTER 82-04-02 CRITERIA FOR ELIGIBLE DETERMINATIONS

Section

82-04-02-01 Criteria for Eligible Salary Determinations

Section 82-04-02-01 is created as follows:

82-04-02-01. Criteria for Eligible Salary Determination. The TFFR board will consider the following criteria and documentation to determine whether benefits or payments made to a TFFR member is eligible retirement salary as authorized in North Dakota Century Code section 15-39.1-04 (9):

- 1. Written authorization made in advance of payment. Examples include, but are not limited to:
 - a. Master contract or negotiated agreement
 - b. Individual employment contract
 - Written agreement between employee and employer
 - d. Board minutes
 - e. Board policy
 - f. Other information the board deems relevant.
- 2. Written documentation describing payment details, including:
 - <u>a. Duration of payment or whether payment is recurring or nonrecurring in future years.</u>
 - b. Frequency and date of payment
 - Relation of payment to base or contract salary
 - d. Reason or intent of payment
 - e. Description of duties or services to be performed
 - Description of employees who are eligible for payment
 - g. Amount of payment expressed as either a fixed dollar amount or percentage of known contract amount (not fixed percent of unknown amount).

- h. Funding source for payment
- 3. Other pertinent information the board deems relevant. Examples include, but are not limited to:
 - a. Employee salary history
 - b. Retirement eligibility
 - c. Other information the board deems relevant.

History: Effective July 1, 2012. General Authority: 15-39.1-07 Law Implemented: 15-39.1-04

CHAPTER 82-05-01 PROCEDURAL REQUIREMENTS

Section	
82-05-01-01	Application for Benefits
82-05-01-02	Proof of Age
82-05-01-03	Designation of Beneficiary
82-05-01-04	Proof of Marriage [Repealed]
82-05-01-05	Benefit Eligibility Calculation

Section 82-05-01-01 is amended as follows:

82-05-01-01. Application for benefits. A teacher<u>member</u> or beneficiary must make written application for benefits on enrollment forms provided by the fund before benefits can be paid. The enrollment form must be signed by the teacher<u>member</u> or beneficiary and notarized or witnessed by a plan representative. The form of payment option selected may not be changed after the first benefit payment has been accepted by the teacher<u>member</u> or beneficiary except as allowed under section 82-05-02-02. <u>If the member dies before accepting the first benefit payment, the member's beneficiary is eligible for death benefits the first day of the month following the member's death.</u>

Retirement benefits may not be issued to a <u>teachermember</u> who has terminated a teaching position only for the summer months or for a leave of absence.

History: Effective September 1, 1990; amended effective April 1, 1994; May 1, 2000; July 1, 2012.

General Authority: NDCC 15-39.1-07

Law Implemented: NDCC 15-39.1-10, 15-39.1-17

Section 82-05-01-03 is amended as follows:

82-05-01-03. Designation of beneficiary. The teacher shall A member may designate a survivor or a beneficiary in writing on forms provided by the fund prior to the beginning of benefit payments.

If the teacher is married, the teacher's spouse must be named as the primary beneficiary or the teacher must provide written spousal approval to name an alternate beneficiary. If the teacher is not married, or if the teacher has written spousal consent, the teacher may name any person, organization, church, or charity as beneficiary of the teacher's retirement account. If more than one beneficiary is named, the beneficiaries are not eligible to receive a monthly annuity for life. Multiple beneficiaries receiving a survivor benefit must select the same form of payment.

After benefit payments have begun, the teachermember may not change the designated survivor or beneficiary, except under the following circumstances:

- Teachers Members who select the single life, five-year term certain and life (option no longer available to new retirees), twenty-year term certain and life, or ten-year term certain and life annuity plans may change their beneficiary at any time.
- 2. Teachers Members who select the one hundred percent joint and survivor or fifty percent joint and survivor annuity plans may only name one beneficiary and may not change their beneficiary after retirement, except under the following circumstances:
 - a. If the teacher's member's designated beneficiary precedes the teachermember in death; or
 - b. If the marriage of a <u>teachermember</u> and the designated beneficiary is dissolved and the divorce decree provides for sole retention of the retirement benefits by the <u>teachermember</u>.

In these cases, the form of benefits shall automatically revert to the standard form of benefit payment under section 82-05-02-01 and a new beneficiary may be designated. The teachermember, upon remarriage, may designate the new spouse as the primary beneficiary and may elect a joint and survivor benefit option under section 82-05-02-02.

History: Effective September 1, 1990; amended effective April 1, 1994; May 1, 2000;

May 1, 2002; May 1, 2004; July 1, 2012. **General Authority:** NDCC 15-39.1-07

Law Implemented: NDCC <u>15-39.1-04,</u>15-39.1-16, 15-39.1-17

Section 82-05-01-05 is created as follows:

82-05-01-05. Benefit Eligibility Calculation. In determining eligibility for benefits under North Dakota Century Code chapter 15-39.1, the calculations for age and service credit are rounded to the nearest thousandth (.000).

History: Effective July 1, 2012.

General Authority: NDCC 15-39.1-07

Law Implemented: NDCC <u>15-39.1-10</u>, <u>15-39.1-27</u>

Section 82-05-03-02 is amended as follows:

82-05-03-02. Death benefits - Proof of death. Death benefits will not be paid until the teacher's beneficiary or legal heir submits to the fundafter proof of the teacher's member's death is submitted to the fund office. A Proof of death includes a death certificate, or other documentation approved by will normally be required as proof

of death, but in certain cases, the executive director may accept proof other than a death certificate. If death benefits are required to be paid to the member's estate, documentation naming the administrator or personal representative of the estate must also be submitted to the fund office prior to payment.

History: Effective September 1, 1990; amended effective April 1, 1994; May 1,1998;

July 1, 2012.

General Authority: NDCC 15-39.1-07 Law Implemented: NDCC 15-39.1-17

Section 82-05-06-01 is amended as follows:

82-05-06-01. Retiree reemployment reporting requirements. Participating employers and retirees must complete and submit a "TFFR Retired Member Employment Notification" form and a copy of the employment contract within thirty days of the retired member's return to covered employment.

Time spent performing extracurricular duties and <u>attending</u> professional development <u>sessions</u> is excluded from the annual hour limit. Extracurricular duties include those duties outlined in the extracurricular schedule of a participating employer's master agreement, unless the duty was part of the retiree's regular job duties and base salary prior to retirement. Employer <u>and member</u> contributions are required to be paid <u>and are</u> based on the <u>employer payment plan model</u>. Contributions are calculated on <u>the</u> retirement salary paid to the reemployed retiree, including salary for extracurricular duties and professional development.

Employer <u>and member</u> contributions are required to be paid on salary earned by retirees who perform in-staff subbing duties while under contract with a teachers' fund for retirement participating employer.

Retirees who perform regular substitute teaching duties and are not under contract with that teachers' fund for retirement participating employer are not subject to the annual hour limit and employer and member contributions are not required to be paid.

History: Effective July 1, 2008; amended effective July 1, 2012.

General Authority: NDCC 15-39.1-07

Law Implemented: NDCC 15-39.1-19.1, 15-39.1-19.2

Section 82-07-01-02 is amended as follows:

82-07-01-02. (Effective through June 30, 2013) Disability retirement eligibility. A teachermember, with at least one year of service credit, who has a "total disability" is eligible for disability retirement benefits if the teachermember became

totally disabled while employed as a teacher and otherwise complies with the requirements of article 82-07.

<u>(Effective after June 30, 2013) Disability retirement eligibility.</u> A member, with at least five years of service credit, who has a "total disability" is eligible for disability retirement benefits if the member became totally disabled while employed as a teacher and otherwise complies with the requirements of article 82-07.

History: Effective September 1, 1990; amended effective May 1, 1998; July 1, 2013.

General Authority: NDCC 15-39.1-07 Law Implemented: NDCC 15-39.1-18

Section 82-07-01-03 is amended as follows:

82-07-01-03. Determination of disability - Procedures. The following procedures govern the determination of disability benefits under the fund:

1. Application process.

- a. Application for disability benefits must be made within thirty-six months from the last date of covered employment on the form provided by the fund. On a case-by-case basis, the board may extend the thirty-six month period according to the provisions of North Dakota Century Code section 28-01-25.
- b. If the fund member is unable or unwilling to file an application, the teacher's member's employer or legal representative may file the teacher's member's disability application.
- c. The application must describe the disability, explain the cause of the disability, the limitations caused by the disability, the treatment being followed, the efforts by the employer and the employeemember to implement reasonable accommodations, and the effect of the disability on the individual's ability to perform as a teacher.
- d. Applicants shall be provided information on potential services offered by the office of vocational rehabilitation.
- e. The employer's statement of disability must provide information about the <u>teacher's member's</u> sick leave benefits, explain how the disability affects the performance of the teaching duties, include a detailed listing of job duties, and describe efforts to provide reasonable accommodation for the <u>teacher</u>member.

2. Medical examination process.

- a. The applicant for disability retirement must provide the fund with medical examination reports.
- b. An initial medical examination should be completed by the teacher's member's attending or family physician on the medical examination form provided by the fund. If deemed necessary by the fund's medical consultant, an additional examination must be completed by a specialist in the disability involved. Available medical or hospital reports may be accepted in lieu of a medical examination report if deemed acceptable by the fund's medical consultant.
- c. The fund is not liable for any costs incurred by the applicant in undergoing medical examinations and completing and submitting the necessary medical examination reports, medical reports, and hospital reports.
- d. A medical examination report is not necessary if the applicant provides written proof documenting eligibility for disability benefits under the Social Security Act. In such cases, the applicant is eligible for disability benefits under North Dakota Century Code section 15-39.1-18 without submitting further medical information to the fund but is subject to recertification requirements specified in this chapter.

Medical consultant review.

- a. The fund shall retain a medical doctor to act as its consultant and evaluate and make recommendations on disability retirement applications.
- b. The medical consultant shall review all medical information provided by the applicant.
- c. The medical consultant shall advise the board regarding the medical diagnosis and whether the condition is a "total disability".

4. Decision.

a. The board shall consider applications for disability retirement at regularly scheduled board meetings. The discussion concerning disability applications must be confidential and closed to the general public.

- b. The applicant must be notified of the time and date of the meeting and may attend or be represented.
- c. The executive director shall provide to the board for its consideration a case history brief that includes membership history, medical examination summary, and the medical consultant's conclusions and recommendations.
- d. The board shall make the determination for eligibility at the meeting unless additional evidence or information is needed.
- e. The executive director may make an interim determination concerning eligibility for disability retirement benefits when the medical consultant's report verifies that a total disability exists. However, the board must review the interim determination and make a final determination at its next regularly scheduled board meeting unless additional evidence or information is needed.
- f. The applicant shall be notified in writing of the decision.
- g. If the applicant is determined to be eligible for disability benefits, the disability annuity is payable on, or retroactive to, the first day of the month following the teacher's member's last day of paid employment.
- h. If the applicant is determined not to be eligible for disability benefits, the executive director shall advise the applicant of the appeal procedure.

Redetermination and recertification.

- a. A disabled annuitant is subject to redetermination and recertification to maintain eligibility. The schedule for redetermination and recertification must be as follows:
 - (1) Temporary disability. On July first, following the first anniversary date of disability retirement, and every two years thereafter (unless normal retirement is reached). No further recertification is required after the fourth recertification of temporary disability has been filed and accepted. Basis recovery will begin when the member reaches normal retirement age.
 - (2) Permanent disability. On July first, following the second anniversary date of disability retirement, and five years thereafter unless normal retirement is reached. No further

recertification is required after the second recertification of permanent disability has been filed and accepted. Basis recovery will begin when the member reaches normal retirement age.

b. The fund may require additional recertifications, or waive the necessity for a recertification, if the facts warrant this action. When a member who is drawing disability benefits is also eligible for normal retirement benefits at the time disability benefits commence, recertification will cease according to the following schedule:

Before age 60 Age 65

At or after age 60, before age 65 5 years

At or after age 65, before age 69 Age 70

At or after age 69 1 year

Basis recovery will also begin according to the above schedule.

- c. The fund will send a recertification form to the disabled annuitant to be completed and sent back to the fund.
- d. The fund may require the disabled annuitant to be reexamined by a doctor at the annuitant's own expense. The submission of medical reports by the teachermember, and the review of those reports by the fund's medical consultant, may satisfy the reexamination requirement.
- e. The executive director must make the redetermination and recertification decision and bring the matter to the board only if warranted. The disability annuitant may appeal an adverse recertification decision to the board in the same manner as the initial determination.
- f. If it is determined that the disability annuitant was not eligible for benefits during any time period when benefits were provided, the executive director may do all things necessary to recover the erroneously paid benefits.

History: Effective September 1, 1990; amended effective April 1, 1994; May 1,

1998; May 1, 2000; July 1, 2012.

General Authority: NDCC 15-39.1-07 Law Implemented: NDCC 15-39.1-18

CHAPTER 82-07-03 FORMS OF DISABILITY BENEFITS

Section 82-07-03-01 Forms of Disability Benefits

82-07-03-01. Forms of disability benefits. Except for the level income with social security <u>and partial lump sum distribution options</u>, all optional forms of retirement benefits are available to members entitled to disability retirement annuities.

History: Effective September 1, 1990; amended effective May 1, 1998; July 1, 2012.

General Authority: NDCC 15-39.1-07 Law Implemented: NDCC 15-39.1-18