

LEGISLATIVE EMPLOYEE BENEFITS PROGRAMS COMMITTEE
April 22, 2008

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TFFR LEGISLATIVE PROPOSAL – BILL NO. 100

The TFFR Board has submitted Bill No. 100 for study. The bill includes technical and administrative changes to the TFFR program relating to incorporation of federal law changes, procedure relating to benefit limitations, annual hour limit for retiree reemployment, and disclosure of confidential records. The proposed changes have no financial impact on the Fund.

Most of the amendments are needed to incorporate federal tax law changes to stay current with federal Internal Revenue Code (IRC) changes made through August 1, 2009, as they relate to qualified governmental plans. These technical amendments are intended to prevent a change in the federal IRC from automatically triggering a change in ND law.

Section 1 – Salary definition (p.1 -2)

- Incorporates federal tax law changes to comply with IRS qualification requirements. Increases the maximum annual compensation limit that can be used in benefit calculations (\$230,000 in 2008, and indexed to inflation in \$5,000 increments thereafter).

Section 2 – Eligibility for benefits (p. 2)

- Incorporates federal tax law changes to comply with IRS qualification requirements. Updates minimum distribution requirements requiring payment of retirement benefits at age 70.5 or termination of employment, whichever is later.

Section 3 – Benefit limitations (pg. 2-3)

- Incorporates federal tax law changes to comply with IRS qualification requirements. Increases the Section 415 maximum annual benefit limitations (\$185,000 in 2006, and indexed to inflation in \$5,000 increments thereafter), and explains the procedure for calculating such benefit limitations.

Section 4 – Retiree employment limitations (p. 3-4)

- Clarifies retiree re-employment, specifically that non-contracted substitute teaching does not apply to annual hour limit. No change in current practice.

Section 5 – Withdrawal from fund (p. 4-5)

- Incorporates federal tax law changes to comply with IRS qualification requirements. Updates rollover and plan-to-plan transfer provisions.

Section 6 – Confidentiality of Records (p. 5-6)

- This section modifies confidentiality provisions, similar to NDPERS, to allow disclosure of retirement information in certain limited situations including: (9) spouse or former spouse in case of divorce, to assist in drafting a qualified domestic relations order; (10) beneficiaries of a deceased member to close account or begin benefit payments to beneficiary; (11) the general public, if unable to locate member after two years, but limited to member's name; (12) any person, if board determines it necessary for treatment, operational, or payment purposes; and (13) any person, if information relates to employer service purchase, but limited to member's name, employer, retirement program, amount of service credit purchased by the employer, and total amount expended by employer for service credit purchase. Such information may only be obtained from the member's employer.