



ND Retirement and Investment Office

*Teachers' Fund for Retirement
State Investment Board*

Steve Cochrane, CFA
Executive Director

Fay Kopp
Deputy Executive Director

APPENDIX C

1930 Burnt Boat Drive
P.O. Box 7100
Bismarck, ND 58507-7100
Telephone 701-328-9885
Toll Free 800-952-2970
Fax 701-328-9897
www.nd.gov/rio

MEMORANDUM

DATE: October 23, 2007

TO: Jeff Nelson, Committee Counsel
Legislative Council Employee Benefits Programs Committee

FROM: Fay Kopp, Deputy Executive Director
NDRIO/TFFR *Fay Kopp*

SUBJECT: EBPC Request for Information
TFFR Plan Changes

OCT 24 2007

At the August 21, 2007 Legislative Council Employee Benefits Programs Committee meeting, TFFR was asked to provide information relating to TFFR benefit changes approved by the Legislature. Attached is a summary.

Also requested was information relating to teachers who have been allowed to transfer out of TFFR. During the 1970' and early 1980's (1973, 1979, and 1985?), legislation was passed allowing new college teachers to participate in TIAA/CREF, and other groups of college teachers to transfer their retirement participation from TFFR to TIAA/CREF. Without in depth research delving into records 30-40 years old, I am unable to provide the exact number of college teachers who opted out of TFFR, however it appears that hundreds of college teachers made such elections over time. There are currently 6 participating college teachers remaining in TFFR.

More recently, legislation was passed in 1999 allowing new employees of the Department of Public Instruction (DPI) who were hired after January 6, 2001 to join PERS instead of TFFR. Then, in 2003, legislation was passed allowing 22 current DPI employees to transfer from TFFR to PERS. In 2007, legislation was passed allowing new employees of the Department of Career and Technical Education (CTE) to join PERS instead of TFFR and allowing 16 current CTE employees to transfer from TFFR to PERS. All new employees of DPI and CTE have elected to join PERS, and all employees eligible to transfer from TFFR to PERS have done so.

Please let me know if the Committee would like additional information relating to TFFR membership provisions.

Enclosure

History of TFFR Retirement Plan Changes

July 1	Plan Changes	Benefit Formula	Retiree Benefit Increase	Average Increase \$	% Average Increase	Average Monthly Benefit
2007	<p>Effective 7-01-07</p> <ul style="list-style-type: none"> Require employer contributions of 7.75% on re-employed retirees. <p>Effective 7-01-08</p> <ul style="list-style-type: none"> Increase employer contributions from 7.75% to 8.25% on active and retired members' salaries (until TFFR reaches 90% funded level). Create new tier of reduced member benefits: <ul style="list-style-type: none"> Tier 1 – Rule of 85, 3 yr vesting, 3 yr FAS Tier 2 – Rule of 90, 5 yr vesting, 5 yr FAS 	No Change	No Increase	-0-	-0-	*2007-\$1434 2006-\$1383
2005	<ul style="list-style-type: none"> None. 	No Change	No Increase	-0-	-0-	2005-\$1309 2004-\$1255
2003	<ul style="list-style-type: none"> Clarified definition of salary. Updated dual membership guidelines. Added 20 year term certain and partial lump sum distribution (PLSO) options. Expanded refund & rollover options to purchase service credit. Allow employers to purchase service credit on behalf of members. 	No Change	No Increase	-0-	-0-	2003-\$1203 2002-\$1152
2001	<ul style="list-style-type: none"> Modified retiree employment provisions by adding exceptions for critical shortage areas and educational foundation donations, and improved recalculation of retiree benefits after returning to teach. 	Multiplier increased to 2.00% FAS X 2.00% X years of service	Increase equal to \$2 month X member's years of service credit + \$1 month X number of years since member's retirement plus 0.75% annual adjustment for 7-1-01 and 7-1-02.	\$78.00	7.8%	2001-\$995 2000-\$970
1999	<ul style="list-style-type: none"> Vesting and eligibility for benefits reduced from 5 to 3 years. Early retirement reduction changed from age 65 to earlier of age 65 or Rule of 85. Purchase of service credit modified; air time and leave of absence added. Member's spouse required to be beneficiary and spousal consent to choice of benefit option. 	Multiplier increased to 1.88% FAS X 1.88% X years of service	Increase equal to \$2 month X member's years of service credit + \$1 month X number of years since member's retirement.	\$70.00	8.5%	1999-\$833 1998-\$810
1997	<ul style="list-style-type: none"> Employer and employee contributions increased to 7.75%. Allow rollovers to purchase service credit. Expand TFFR Board to 7 members. 	Multiplier increased to 1.75% FAS X 1.75% X years of service	\$30 month increase.	\$30.00	4.1%	1997-\$729 1996-\$719
1995	<ul style="list-style-type: none"> Allow members to rollover refunds from TFFR to IRA or qualified plan. 	No Change	No Increase	-0-	-0-	1995-\$690 1994-\$663