

**LEGISLATIVE EMPLOYEE BENEFITS PROGRAMS COMMITTEE****April 27, 2010****Fay Kopp, Deputy Director/Retirement Officer  
ND Retirement and Investment Office - ND Teachers' Fund for Retirement****TFFR Legislative Proposal – Bill No. 55**

Bill No. 55 was also submitted by the TFFR Board. This proposal includes all of the same provisions that are in Bill No. 54 (employee, employer, and re-employed retiree contribution increases and benefit changes relating to disability, unreduced retirement eligibility, and reduced benefit calculation).

In addition to the base funding improvement changes, Section 8 of Bill No. 55 also includes a request for a one- time \$75 million appropriation from the State's General Fund to be transferred from OMB on 6/30/12 to further reduce TFFR's unfunded liability.

Chart 3 shows the estimated impact of Bill No. 55 and illustrates the effect of the additional \$75 million lump sum payment on TFFR funding levels under variable investment return rates for the 2009-10 fiscal year. As you can see, if TFFR earns at least 16% this year, plus 8% returns in the future, funding levels are projected to reach nearly 90% at the end of the projection period which would allow employee and employer contribution rates to be reduced to their previous levels. A 24% return this year, plus 8% returns in the future, would increase funding levels to 90% sooner, which would allow contribution rates to be reduced sooner. These charts are actuarial projections based on the 2009 actuarial valuation, adjusted for assumption changes made in the 2009 Experience Study.

Because of the \$75 million lump sum payment, Bill No. 55 improves TFFR funding levels sooner, and to a greater extent, than Bill No. 54.

Chart 1

### Projected TFFR Funded Ratios (AVA) Current Plan - No Changes

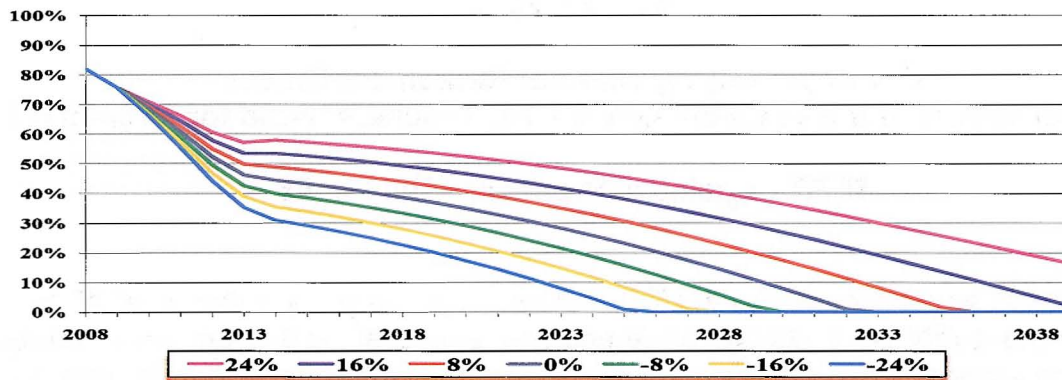


Chart 2

### Projected TFFR Funding Ratio (AVA) Bill No. 54 – Contribution Increases and Benefit Changes

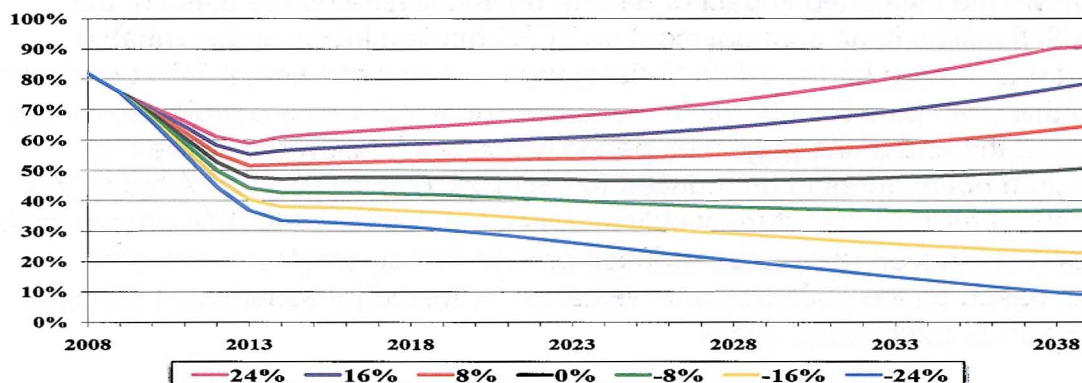


Chart 3

### Projected TFFR Funded Ratios (AVA) Bill No. 55 – Contribution Increases and Benefit Changes PLUS \$75 million State Appropriation

