

1 HB 1022 - Retirement and Investment Office Budget Bill

2 Testimony in Support

3 Chair Dever and members of the Senate Appropriations - Human Resources Division
4 Committee. My name is Dr. Robert Lech and I serve as the Superintendent of the Jamestown
5 School District, the President of the Teachers' Fund for Retirement, and the Vice-Chair of the
6 North Dakota State Investment Board. Additionally, I was appointed by Governor Burgum
7 as the superintendent representative for the Teacher Recruitment and Retention Task Force.
8 I am providing written testimony today in support of HB 1022, which is the budget bill for
9 the North Dakota Retirement and Investment Office.

10 My testimony supports the existing draft of the HB 1022. I also believe the \$35,000 removed
11 for retirement education in the House amendments must be returned to HB 1022. It is
12 critical to recognize that the \$35,000 is special funds and not an additional general fund
13 appropriation. Essentially, HB 1022 is requesting to utilize its own funds, consisting of
14 member contributions and investment income, to provide this retirement education to these
15 same members.

16 The Teachers' Fund for Retirement (TFFR) board has identified retiree education, as a key
17 strategic initiative that will improve understanding of the value of the TFFR plan, the
18 importance of considering total compensation as opposed to a simple salary comparison,
19 and appropriate retirement planning for these critical public servants. These ideas also align
20 with many of the recommendations from the Teacher Retention and Recruitment Task Force.

21 An improved understanding of total compensation is a simple, but effective, retention and
22 recruitment strategy. Educators often view their salary as their primary compensation, likely
23 understating the substantial value of their pension benefits. This can influence career
24 decisions, commitment to the profession, satisfaction with the compensation structure and
25 how that total compensation compares with private and public peers.

26 The TFFR plan provides a foundational income in retirement, but it may not fully cover a
27 retiree's needs, especially when considering inflation, rising healthcare costs and needs, and

1 changes in lifestyle. The TFFR board believes that this very small commitment of pension
2 funds would be well invested by educating teachers on how to augment their monthly
3 annuity with savings, investments, and other financial planning strategies.

4 HB 1022 provides the overall structure necessary to successfully operate the Retirement and
5 Investment Office. It is imperative to the TFFR strategic goals that the \$35,000 in special
6 funds (i.e. pensioner's own funds) to provide retirement education be amended back into HB
7 10222 and given a Do Pass recommendation.