

## C. Program Policies

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**Policy Type:** TFFR Program

**Policy Title:** Board Agenda

It shall be the policy of the TFFR Board of Trustees that any individual or organization who desires to appear on the agenda of a scheduled meeting should notify the Deputy Executive Director/Chief Retirement Officer in writing at the administrative office ten working days prior to the meeting date. Subject to approval by the Board President, the individual will be placed on a board meeting agenda.

**TFFR Board Adopted:** March 27, 1977.

**Amended:** July 16, 1998; November 18, 1999, September 25, 2008.

**Policy Type:** TFFR Program

**Policy Title:** Board Meetings

It shall be the policy of the TFFR Board of Trustees to conduct a minimum of six board meetings each year. Meetings will generally be scheduled for the day preceding the SIB meetings beginning in July of each year, unless a different day is determined.

Special board meetings may be called in accordance with NDCC 15-39.1-06.

Eligible TFFR Board members will be paid for a full day for each board or committee meeting attended that lasts for two or more hours at the rate provided in NDCC 15-39.1-08, hereafter referred to as the payroll amount. Meetings lasting less than two hours will be compensated at one half the payroll amount. Mileage and travel expense reimbursement will be paid as provided in NDCC 44-08-04 and 54-06-09 for attending board or committee meetings.

**TFFR Board Adopted:** May 27, 1993.

**Amended:** July 16, 1998; September 22, 2011, September 25, 2014.

**Policy Type:** TFFR Program

**Policy Title:** Board Members' Code of Conduct

The following shall be the Code of Ethical Responsibility for the TFFR Board of Trustees:

1. Board members owe a duty to conduct themselves so as to inspire the confidence, respect, and trust of the TFFR members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. Board members shall perform the duties of their offices impartially and diligently. Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members shall be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by Board members. Board members shall not allow their family, social, professional, or other relationships to influence their judgment in discharging their responsibilities. Board members shall refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the board member shall immediately disclose the conflict to the Board. Conflicts of interest to be avoided include, but are not limited to: receiving consideration for advice given to a person concerning any matter over which the board member has any direct or indirect control, acting as an agent or attorney for a person in a transaction involving the board, and participation in any transaction for which the board member has acquired information unavailable to the general public, through participation on the board.

“Conflict of Interest” means a situation in which a board member has a direct and substantial personal or financial interest in a matter which also involves the member’s fiduciary responsibility.

4. The Board shall not unnecessarily retain consultants. The hiring of consultants shall be based on merit, avoiding nepotism and preference based upon considerations other than merit that may occur for any reason, including prior working relationships. The compensation of such consultants shall not exceed the fair value of services rendered.
5. Board members shall abide by NDCC 21-10-09, which reads: “No member, officer, agent, or employee of the state investment board shall profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section shall be guilty of a class A misdemeanor.”
6. Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities.

**Policy Type:** TFFR Program

**Policy Title:** Board Members' Code of Conduct

7. Political contributions are regulated under NDCC 16.1-08-03 and are not restricted under this ethics policy.
8. All activities and transactions performed on behalf of the public pension funds must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
9. Prohibited transactions. Prohibited transactions are those involving self-dealing. Self-dealing refers to the fiduciary's use of plan assets or material, non-public information for personal gain; engaging in transactions on behalf of parties whose interests are adverse to the plan; or receiving personal consideration in connection with any planned transaction.
10. Violation of these rules shall result in an official reprimand from the TFFR Board. No reprimand shall be issued until the board member has had the opportunity to be heard by the Board.
11. Board members are required to affirm their understanding of this policy annually, in writing, and must disclose any conflicts of interest that may arise.
12. RIO Deputy Executive Director/Chief Retirement Officer is required to affirm his/her understanding of RIO Administrative Policy – Code of Conduct for RIO Employees – annually, in writing, and must disclose any conflicts of interest that may arise.

**TFFR Board Adopted:** September 15, 2005.

**Amended:** September 22, 2011.

**Policy Type:** TFFR Program

**Policy Title:** Deductions from Annuity Checks

It shall be the policy of the TFFR Board of Trustees to allow retirees and beneficiaries receiving annuity payments to have payroll deductions subtracted from their monthly payments.

To initiate, change, or stop a deduction, the retiree must notify the administrative office in writing at least ten working days prior to the date the monthly benefit is issued. All deductions withheld will be forwarded to the appropriate entity within three working days after the first of the month or as required by federal/North Dakota state law. Authorization forms are to be kept on file at the administrative office.

The following deductions are available to retirees and beneficiaries receiving monthly annuity benefits:

- Health, life, and other insurance premiums payable to the NDPERS.
- Annual dues payable to the NDRTA and the ND United Retired organization.
- Federal and North Dakota income tax withholdings.
- Court ordered payments including child support orders, Qualified Domestic Relations Orders (QDRO), IRS tax levies, federal garnishments, and other court ordered payments, subject to approval by the Attorney General's office.

Additional deductions may be added upon approval by the board.

**TFFR Board Adopted:** May 27, 1993.

**Amended:** July 16, 1998; March 23, 2000, September 25, 2008.

**Policy Type:** TFFR Program

**Policy Title:** Disclosure of Confidential Information  
for Treatment, Operational, or Payment Purposes

The TFFR Board of Trustees has determined that confidential information for treatment, operational, or payment purposes under NDCC 15-39.1-30(12) includes:

1. Information related to enrollment, participation, benefits, or contributions may be shared with participating employers or TFFR contractors for purposes of maintaining a member's participation and benefits in the TFFR program. Such sharing of information is limited to that information which is necessary to assure that a member's participation and benefits are properly handled. All such information remains confidential whether in the possession of TFFR, its participating employers, or its contractors.
2. Information necessary for the administration and operation of the program may be shared with TFFR attorneys and consultants. To the extent such information is shared, it remains confidential.
3. Information relating to the death benefits and beneficiary designations of a deceased member or beneficiary may be shared with an ex-spouse if listed as a beneficiary on a designation of beneficiary form, subsequent to the death of the applicable member or beneficiary, but in advance of a final determination regarding the applicable beneficiary, only to the extent necessary to accurately identify the appropriate beneficiary.
4. Information relating to the death benefits and beneficiary designations of a member or beneficiary may be shared with any other person if the beneficiary is unknown or unable to be located, only to the extent necessary to accurately identify the appropriate beneficiary or to close an account subsequent to the death of a member or beneficiary.

All other requests for confidential information under this policy must first be submitted to the Deputy Executive Director/Chief Retirement Officer and then reviewed by the TFFR Board of Trustees.

**TFFR Board adopted:** September 25, 2014

**Policy Type:** TFFR Program

**Policy Title:** Disclosure to Membership

It shall be the policy of the TFFR Board of Trustees that member handbooks, member statements, and financial reports be prepared and made available to TFFR members.

- Member Handbooks (Summary Plan Descriptions)

A member handbook will be developed and will include information about membership, contribution rates, service credit, benefit provisions for service retirement, disability retirement, and survivor benefits, eligibility for benefits, and how to apply for benefits. The handbook will be updated within 6 months of adoption of any significant legislative changes made to the plan.

Members will be notified in writing that the member handbook is available on the RIO website.

- Member Statements

All active and inactive members will be mailed a statement to their home within six months of fiscal year end reporting the status of their member account as of June 30 of the current year. The information to be reported annually will include: member's name, address, personal identification number, date of birth, beneficiary on file, value of account, retirement salary reported for current year, service credit earned during the current year, accumulated service credit, date of eligibility for unreduced benefits, retirement benefit estimate, and other information pertinent to the teacher's account.

All retired members and beneficiaries receiving monthly benefits will be mailed a statement to their home annually. The information will include: retired member's name, address, personal identification number, beneficiary on file, value of account, accumulated service credit, retirement date, retirement option, benefits received life-to-date, current monthly benefit, and adjustments to benefit (if applicable).

- Annual Financial Report

An annual financial report will be published within six months following every fiscal year end. The report will include financial, actuarial, and investment information about the plan. It will be available on the RIO website, and can be provided to any TFFR member, benefit recipient, or the public upon request.

**TFFR Board Adopted:** July 16, 1998.

**Amended:** July 18, 2002; September 20, 2007, September 23, 2010.

**Policy Type:** TFFR Program

**Policy Title:** Employer Payment Plan Models

The TFFR board has developed models relating to employer payment of member contributions. The models are outlined in employer instructions prepared by the fund. Special provisions apply to state agencies and institutions, and employers that have not adopted a model.

Employers must select the employer payment plan model under which they will pay member assessments on a form provided by the administrative office. The model selected by the employer can only be changed once each year at the beginning of the fiscal year.

Effective July 1, 2003, employers may no longer select Model 3. Any employers currently paying member contributions under this model may continue as a closed group, but Model 3 will no longer be available to other employers.

Effective July 1, 2007, the portion of member contributions deducted from the member's salary can be made on a tax deferred basis for state agencies and institutions (Model 4).

Effective July 1, 2012, the portion of member contributions deducted from the member's salary can be made on a tax deferred basis under all models (Model 1, 2, 3, 4).

**TFFR Board Adopted:** July 16, 1998.

**Amended:** March 13, 2003; September 22, 2011.

**Policy Type:** TFFR Program

**Policy Title:** Employer Reporting Errors

It is the policy of the TFFR Board of Trustees that when an unintentional error in the reporting of retirement contributions by a TFFR participating employer is discovered during an employer audit, the following guidelines will apply:

- The employer will be billed for all material shortages due plus interest or refunded for all material overpayments.
- Materiality limit to be used in determining if a member's account will be corrected is an aggregate total of \$300 in salary per individual member per year, unless otherwise determined by the Deputy Executive Director-Chief Retirement Officer.
- The interest charged to the employer will be the actuarial investment return assumption .
- The time period will be from the onset of the error or three years prior to the beginning of the current school year.
- Failure of the employer to pay the required shortages or provide required information will constitute "failure to make required reports and payments" and require application of section 15-39.1-23, NDCC.
- The TFFR board reserves the right to negotiate with an employer in special situations.
- The employer must respond in writing to the audit finding(s) and/or recommendation(s) within 30 days of the report.
- NDRIO will conduct a follow-up review of the audit finding(s) and/or recommendation(s) once one year of unaudited salary is available or as determined by the Deputy Executive Director/Chief Retirement Officer.

**TFFR Board Adopted:** February 22, 1996.

**Amended:** July 16, 1998; January 24, 2002; April 15, 2004; July 14, 2005; September 20, 2007, September 26, 2013, September 22, 2016.

**Policy Type:** TFFR Program

**Policy Title:** Employer Reports

It shall be the policy of the TFFR Board of Trustees to require all participating employers to file reports and make payment of member and employer contributions on a monthly basis to the RIO. Both payment and report are due by the 15<sup>th</sup> day of the month following the end of the reporting period. Effective July 1, 2014, reports must be submitted in one of the following formats: 1) paper reports, 2) internet, unless another method is approved by the Deputy Executive Director/Chief Retirement Officer.

The administrative office will monitor late TFFR employer reports and payments and establish procedures for minor processing delays. Except for unintentional reporting errors, employers that do not meet the established deadlines for filing required reports shall be assessed a civil penalty as required in NDCC 15-39.1-23 unless the Deputy Executive Director/Chief Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:

- Death, surgery, or illness of the individual responsible for TFFR reports or their family.
- “Acts of God” that require an employer to close school such as blizzards, storms, or floods.
- Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

The request for a waiver must be in writing and signed by the administrator.

In all late situations, member and employer contributions will be collected from the employer at the earliest date possible. Employers cooperating with TFFR to resolve the late filing of a report shall not have their state apportionment money (foundation payments) withheld, but will be assessed interest as required in NDCC 15-39.1-23.

**TFFR Board Adopted:** August 29, 1996.

**Amended:** July 16, 1998; November 18, 1999; March 22, 2001; September 20, 2007, September 26, 2013, September 22, 2016.

**Policy Type:** TFFR Program

**Policy Title:** Head Start Program Employees

It shall be the policy of the TFFR Board of Trustees that employees of a Head Start Program who are certified to teach and contracted with a school district or other participating employer, are members of TFFR if the following conditions are met:

- Grantee agency for the Head Start Program is the school district which is governed by the local school board.
- Head Start Program employees are on the school district teaching or administrative faculty in positions such as coordinator, director, teacher, or home visitor.
- Head Start Program employees are on the school district salary schedule and negotiate for salary and benefits like other school district teaching faculty.

**TFFR Board Adopted:** November 20, 1997.

**Amended:** September 26, 2013.

**Policy Type:** TFFR Program

**Policy Title:** Information Dissemination

It is the policy of the TFFR Board of Trustees to allow member and employer interest groups and other approved third parties to send specific information to the TFFR membership using a “blind mailing” method. The information to be mailed and third party organization must be approved by the RIO Deputy Executive Director/Chief Retirement Officer in advance. Member and employer interest groups include, but are not limited to, North Dakota Council of Educational Leaders (NDCEL), ND United, NDRTA, and North Dakota School Boards Association (NDSBA).

Under the “blind mailing” method, the third party must submit information or materials they wish to send to TFFR members. The third party must sign an agreement that they will not use the mailing to engage in partisan political activities.

If approved, the third party will forward the materials to an independent mailing company approved by TFFR. The mailing company must sign a “no disclosure” agreement with TFFR.

TFFR will then supply membership mailing information to the mailing company. The mailing company will combine the material from the third party with the mailing list and send to TFFR members. The cost of the mailing will be paid by the third party.

**TFFR Board Adopted:** July 15, 1999.

**Amended:** November 15, 2001.

**Policy Type:** TFFR Program

**Policy Title:** Level Income Option

It shall be the policy of the TFFR Board of Trustees to allow members who select the level income retirement option:

1. To level to age 62 or normal retirement age (including any fractional age from age 65 to 67).
2. To combine the level income option with the service retirement options offered (single life annuity, 100% and 50% joint and survivor, 10 and 20 year term certain and life annuity).
3. To reduce a member's retirement benefit the second month following the month the member reaches age 62 or normal retirement age.
4. To apply postretirement legislative benefit increases to the teacher's non-level income monthly retirement benefit.

**TFFR Board Adopted:** May 29, 1997.

**Amended:** July 16, 1998; July 24, 2003.

**Policy Type:** TFFR Program

**Policy Title:** Military Service Credit

It shall be the policy of the TFFR Board of Trustees that a teacher purchasing military service be credited with a full year of credit if the service was rendered for at least 175 school days or a period of nine months within any fiscal year.

**TFFR Board Adopted:** December 5, 1980.

**Amended:** July 16, 1998.

**Policy Type:** TFFR Program

**Policy Title:** Outreach Program Facilities

It shall be the policy of the TFFR Board of Trustees that school district facilities used for TFFR outreach programs must meet ADA requirements. In addition, authorized school district employees must be present to direct guests to the proper meeting room and lock the building at the close of the program. RIO employees who are conducting outreach programs for TFFR members are not allowed to be in school district buildings without the presence of an administrator, teacher, or other authorized school district employee.

RIO staff will not be able to conduct outreach programs at that site if the above conditions are not met.

**TFFR Board Adopted:** April 22, 1999.

**Policy Type:** TFFR Program

**Policy Title:** Payment of Benefits

It shall be the policy of the TFFR Board of Trustees to distribute payments for benefit claims (annuities, refunds/rollovers) once per month. Distributions will be mailed on the last working day of the previous month payable on the first working day of each month.

In order for a teacher to assure receipt of a benefit payment on the first working day of the month, the required information and forms must be filed with the administrative office at least ten working days prior to the distribution date.

The Deputy Executive Director/Chief Retirement Officer may authorize special payments to pay benefit claims due to unforeseen circumstances that delay the processing of the claim.

Payments to a teacher approved for a refund/rollover will include all contributions and interest paid by a teacher for the purchase and repurchase of service credit. This is in addition to the entitled refund of member contributions plus interest. The Deputy Executive Director/Chief Retirement Officer may waive the 120-day waiting period for refunds/rollovers based on necessary documentation.

**TFFR Board Adopted:** May 27, 1993.

**Amended:** July 6, 1998; November 18, 1999; September 20, 2007; September 22, 2011.

**Policy Type:** TFFR Program

**Policy Title:** PERS Retirement Plan Election (DPI & CTE)

NDCC 15-39.1-09(3) allows new employees of the Department of Public Instruction (DPI), who are eligible for TFFR coverage and hired after January 6, 2001, excluding the State Superintendent of Public Instruction, to elect to become participating members of ND Public Employees Retirement System (PERS).

NDCC 15-39.1-09(4) allows new employees of the Department of Career and Technical Education (CTE) who are eligible for TFFR coverage and hired after July 1, 2007, to elect to become participating members of PERS.

It is the policy of the TFFR Board of Trustees to allow the PERS retirement plan election by eligible new DPI and CTE employees under the following guidelines:

- 1) Any new employee who is required to participate in TFFR under NDCC 15-39.1-04(11)(b) and who is entered onto the payroll of DPI after January 6, 2001 (except the Superintendent of Public Instruction), or CTE after July 1, 2007, is eligible to make the election to become a participating member of NDPERS.
- 2) If eligible, the new employee must complete the “NDPERS/TFFR Membership Election” form within ninety days of hire. Until this election is made, the employee will be enrolled in the NDPERS retirement plan. If no election is made, the employee will be transferred to TFFR.
- 3) If the new employee is a former DPI employee or is retired from DPI and receiving TFFR benefits, the employee must have a one-year break in service to be eligible to elect participation in PERS. If the new employee is a former CTE employee or is retired from CTE and receiving TFFR benefits, the employee must have a one-year break in service to elect participation in PERS.
- 4) If the new employee is a TFFR retiree (but not a former DPI or CTE employee), the retiree may elect participation in PERS upon date of hire. The retiree is not subject to the one-year waiting period and is not subject to the TFFR retiree annual hours limit.

**TFFR Board Adopted:** January 25, 2001.

**TFFR Board Amended:** September 20, 2007.

**Policy Type:** TFFR Program

**Policy Title:** Retirement Benefit Payments

It is the policy of the TFFR Board of Trustees that new retirees will have their initial retirement benefit payment calculated using either estimated or final salary and service credit information:

- Estimated salary and service credit information

The member's initial retirement benefit is calculated using 90% of the estimated current year salary for final average salary calculation purposes. If the final information reported by the employer is different than the estimated information, the member's monthly retirement benefit will be adjusted retroactive to the member's retirement date. Using estimated information allows a member to begin receiving retirement benefits sooner, but results in correction of benefits at a later date retroactive to the member's retirement date.

- Finalized salary and service credit information

The member's retirement benefit is calculated using finalized current year salary and service credit information. After salary, service credit, and last date of employment are reported by the employer and verified by TFFR, the member's retirement benefit is calculated and claim is processed. Using finalized information delays a member's first retirement benefit payment, but when payment is made, it is retroactive to the member's retirement date.

Under all circumstances, if any change or error in the records of TFFR or a participating employer or if any calculation results in a member receiving more or less in benefits than the member is entitled to receive, TFFR will correct the error and adjust the benefit (NDCC 15-39.1-31 and 32).

**TFFR Board Adopted:** March 15, 2007.

**Policy Type:** TFFR Program

**Policy Title:** Travel

It is the policy of the TFFR Board of Trustees that the Board President is authorized, in consultation with the RIO Deputy Executive Director/Chief Retirement Officer, to grant approval for travel outside of the continental United States by TFFR board members and to keep the board informed on travel requests.

**TFFR Board Adopted:** September 27, 2001.

**Policy Type:** TFFR Program

**Policy Title:** Voiding Checks

It shall be the policy of the TFFR Board of Trustees to void any uncashed benefit checks for the payment of retirement, disability, survivor, and refund benefits after six months. Should the payee request payment after six months, the RIO will re-issue a check, but without additional interest.

**TFFR Board Adopted:** November 21, 1996.

**Amended:** July 16, 1998.

**Policy Type:** TFFR Program

**Policy Title:** Ineligible TFFR Salary

The TFFR Board desires to provide guidance to TFFR employers regarding how eligible salary shall be determined for payments made to licensed teachers for performing certain duties.

NDCC 15-39.1-04(10)(h) provides that eligible salary does not include “*other benefits or payments not defined in this section which the board determines to be ineligible teachers’ fund for retirement salary.*”

It is the policy of the TFFR Board of Trustees that effective July 1, 2016, additional payments made by a TFFR participating employer to a licensed TFFR member for equipment maintenance and repair, jobsite prep and finish work, and similar types of nonteaching duties are not eligible salary for TFFR purposes if the duties are not included on the member’s regular teaching contract(s).

This policy does not prohibit the Board from making an eligible salary determination for an individual member pursuant to N.D.A.C. § 82-04-02-01.

**TFFR Board Adopted:** April 21, 2016

**Policy Type:** TFFR Program

**Policy Title:** Board Appeals

It is the policy of the TFFR Board of Trustees to allow any member, beneficiary, employer, or affected individual to appeal a determination made by the Chief Retirement Officer regarding TFFR eligibility, benefits, or other plan provisions with which the individual does not agree.

The affected individual must file a written request for board review within thirty days after notice of the determination of the Chief Retirement Officer has been mailed to the affected individual. If a request for board review is not filed within the thirty-day period, the decision of the Chief Retirement Officer is final. The request for board review must include the decision being appealed, the reason(s) the individual believes the decision should be reversed or modified, and any relevant documentation.

To review the matter, an appeal hearing will be scheduled as part of a regularly scheduled board meeting. A summary of the relevant facts and documentation will be presented. The affected individual and/or designee may attend and speak at the hearing. After review of the facts, documentation, and testimony, the Board will make its decision. The Board's decision will be communicated in writing to the affected individual within 30 days of the decision.

Any individual aggrieved by a decision of the Board may initiate a formal administrative action against the Board in accordance with ND Administrative Code Chapter 82-10 and ND Century Code Chapter 28-32.

**TFFR Board Adopted:** October 27, 2016.

**Policy Type:** TFFR Program

**Policy Title:** Board Communications

It is the policy of the TFFR Board of Trustees that the Board President and Chief Retirement Officer are authorized to represent the Board on retirement program issues and in announcing board positions and decisions, unless otherwise determined by the Board.

Board members may respond to general inquiries about the TFFR retirement program, however specific questions from members, beneficiaries, employers, and the public should be referred to the Chief Retirement Officer or the Retirement and Investment Office to provide more detailed information about the retirement program.

**TFFR Board Adopted:** October 27, 2016.