

REPORT Card

ND TEACHERS' FUND FOR RETIREMENT

AUGUST 2016

Actuarial Audit Results Positive

Due diligence in managing a pension plan requires that plan fiduciaries exercise prudence in selecting actuarial consultants and monitoring the quality of their work. An actuarial audit is a valuable tool for monitoring the actuarial services performed on behalf of the pension plan. An actuarial audit involves engaging the services of an outside actuary to scrutinize the work of the plan's consulting actuary. TFFR Board policy requires an actuarial review or audit to be performed at least every five years.

The TFFR Board recently selected an independent actuarial consulting firm, Cavanaugh Macdonald Consulting, to conduct an audit of the plan's consulting actuary, Segal Consultants. The auditor reviewed the actuarial assumptions and methods used; data, valuation results and valuation report; GASB reporting; and funding projection model. The results of the actuarial audit were presented to the TFFR Board on July 21, 2016. The report is available on the TFFR website.

The audit report states: "We generally find the actuarial valuation results to be reasonable and accurate based on the assumptions

and methods used. The valuation was performed by qualified actuaries and was performed in accordance with the principles and practices prescribed by the Actuarial Standards Board."

The auditing actuary noted a few issues where they believe there are opportunities for improvement which Segal will consider during the 2016 actuarial work cycle.

We are pleased with the results of the audit and that the auditor was able to validate the actuarial work. This audit enhances the credibility of the actuarial valuation process by providing independent assurance that it was performed accurately and in accordance with actuarial standards.

TFFR Board of Trustees

Mike Gessner, President, Active Trustee

Toni Gumeringer, Active Trustee

Rob Lech, Active Trustee

Mike Burton, Retired Trustee

Mel Olson, Retired Trustee

Kirsten Baesler, State Superintendent

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RIO Administrative Office

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Fay Kopp, Deputy Director/
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Shelly Schumacher, Editor

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Articles are for general information only and are not intended to provide specific advice or recommendation. Other forms of this newsletter are available on request.



TFFR Member Online

TFFR Member Online is coming soon! Watch for more details on how to access your TFFR account information on this secure Internet application. You will need your Person ID number found at the top of your annual statement to log into your TFFR Member Online account. Member annual statements are sent out every August. TFFR Member Online will allow you to view your current account value and reprint your last annual statement. Information about your salary and service history will also be available.

Memo to Members



Fay Kopp
NDTFFR Chief Retirement Officer
NDRIO Deputy Executive Director

TFFR: It Takes a Village

Like many of you, I was raised in a small town. So it comes as no surprise that family, friends, neighbors, teachers, and other local personalities had a big impact on me growing up. After graduating from college, I remember packing a suitcase and loading up a few brown boxes, bookshelves, and a bed to move away from the place I still call home. Maybe that's when I first began to understand the meaning of the ancient African proverb, "It takes a village to raise a child."



It also takes a village to keep your TFFR retirement plan operating efficiently, financially sound, and in compliance with state and federal laws, rules and regulations. So who is part of that community looking out for TFFR?

- For starters, it includes the 7-member TFFR Board of Trustees who is responsible for setting overall policy for the plan. It also includes the 11-member State Investment Board who is responsible for investing TFFR assets. These trustees are bound by a set of fiduciary standards. For example, trustees must administer the TFFR trust solely in the interests of the beneficiaries (you, the members), and must avoid conflicts of interest. Trustees must act impartially in investment, management, and distribution of the trust funds. They must also administer and invest the trust like a prudent person would by exercising reasonable care, skill, and caution, and by incurring only reasonable costs. Trustees may delegate, but they must do so prudently and closely monitor delegated functions.
- The staff of the Retirement and Investment Office (RIO) is also part of that village. Staff is responsible for administering an accurate, prompt, and efficient pension benefits program and delivering high quality, friendly service to members and employers. Staff also adheres to a code of conduct designed to inspire the confidence, respect, and trust of our members, employers, and the public.
- Consultants and advisors are hired to assist the boards and staff in carrying out TFFR's mission. Actuaries calculate pension liabilities and monitor the funding progress of the plan; auditors confirm the accuracy of financial statements and internal controls; attorneys provide tax and legal advice; investment managers implement specific investment mandates; an investment consultant conducts performance measurement and provides specialized expertise; and the custodian bank safe-keeps assets and settles trades.
- On behalf of their membership, stakeholder groups like ND United, ND Council of Educational Leaders, ND Retired Teachers Association, ND School Board Association, and ND Association of School Business Officers, are also monitoring TFFR activities, legislation, and finances.
- Finally, the Governor, state legislators, school boards, and other elected and appointed state and local officials have a strong interest in TFFR plan benefits, contribution rates, and funding levels. They are members of that valued community who have a significant impact on TFFR.

I often go back to that little town where I grew up, look out the windows of that old white farm house, and am thankful for my village of support. Please be assured that the caretakers of TFFR will continue to be transparent and will do our best to deserve your trust. As always, I invite you to share your thoughts and suggestions with me.

TFFR Trustee News

Franz Leaves Board

The TFFR Board and staff would like to thank Kim Franz for her 10 years of dedicated service as a TFFR Board trustee. Mrs. Franz was



a strong supporter of efforts to strengthen TFFR's funding structure and safeguard the financial integrity of the fund in order to provide lifetime retirement security for ND educators. We greatly appreciate her insight and commitment to excellence in pension administration.

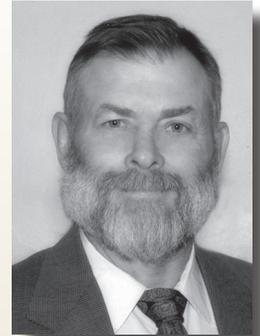
Gumeringer Appointed

Governor Dalrymple has recently appointed Antonia "Toni" Gumeringer to the TFFR Board to complete the unexpired term of Kim Franz. Mrs. Gumeringer is currently a Speech Language Pathologist in Bismarck, and represents active teachers on the Board. Her term is July 1, 2016 to June 30, 2019. We welcome Toni to the Board.



Gessner Re-Appointed

Governor Dalrymple has re-appointed Mike Gessner to another five-year term on the TFFR Board. A math teacher from Minot, he has served on the Board since 2005, and is currently President. Mr. Gessner also represents TFFR on the State Investment Board and Audit Committee. We appreciate his contributions and commitment to serve ND educators as a TFFR and SIB trustee.



2016-17 Group Benefits Counseling Schedule

Don't miss the opportunity to attend this valuable TFFR retirement education session. Group Benefits Counseling Sessions are geared toward members within five years of retirement; but all TFFR members are invited to attend. During the 60-90 minute group session, you will receive personalized TFFR information. The TFFR presenter will explain the different benefit options and detail the process and paperwork required to begin TFFR benefits. There will also be time for questions. The 4 pm session is for host school teachers only, and will also include health insurance options available at retirement from the host school district.

Watford City • September 15, 2016

4:00 – 5:30 (McKenzie County teachers only)
6:00 – 7:00 (open to all TFFR members)

West Fargo • September 19, 2016

4:00 – 5:30 (West Fargo teachers only)
6:00 – 7:00 (open to all TFFR members)

Devils Lake • September 20, 2016

4:00 – 5:30 (Devils Lake teachers only)
6:00 – 7:00 (open to all TFFR members)

Valley City • September 27, 2016

4:00 – 5:30 (Valley City teachers only)
6:00 – 7:00 (open to all TFFR members)

Grand Forks • September 28, 2016

4:00 – 5:30 (Grand Forks teachers only)
6:00 – 7:00 (open to all TFFR members)

Minot • October 3, 2016

4:00 – 5:30 (Minot teachers only)
6:00 – 7:00 (open to all TFFR members)

Jamestown • October 11, 2016

4:00 – 5:30 (Jamestown teachers only)
6:00 – 7:00 (open to all TFFR members)

Dickinson • October 13, 2016

4:00 – 5:30 (Dickinson teachers only)
6:00 – 7:00 (open to all TFFR members)

Bismarck • December 6, 2016

4:00 – 5:30 (Bismarck teachers only)
6:00 – 7:00 (open to all TFFR members)

To register, call the Administrative Office at 1-800-952-2970 or 701-328-9886. You will be asked for your current salary, so please have that available. Your spouse is also encouraged to attend these sessions. Space is limited, so please call early to reserve your spot. Confirmation of the location will be sent to you before the scheduled session.



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INVESTMENT OFFICE**
*Teachers' Fund for Retirement
State Investment Board*

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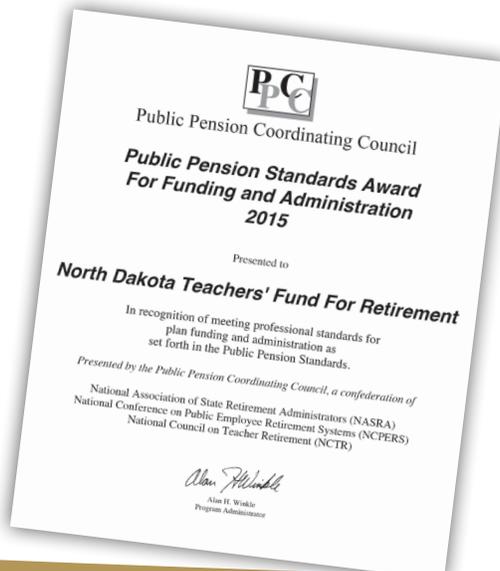
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2017 Legislative Proposals

Any legislative proposals affecting public employee retirement plans are required by state law to be studied by the Legislative Management Employee Benefits Programs Committee. The Committee established April 1, 2016 as their deadline for accepting study bills. To date, no proposals affecting the TFFR plan have been submitted to the Committee by the TFFR Board or other interested parties. While legislative proposals may be filed during the 2017 legislative session, such proposals will still be required to undergo study by this interim legislative committee.

TFFR Receives Award

TFFR has received the 2015 Public Pension Coordinating Council Recognition Award. This award is designed to recognize and commend public employee retirement systems that meet professional standards for both pension plan administration and funding.



Webcast Library Under Construction

A wealth of information about the TFFR plan is available on the Retirement and Investment Office (RIO) website at www.nd.gov/rio/tffr. The TFFR section contains the member handbook, employer guide, brochures, publications, presentations, forms, and legislation, as well as actuarial, audit, financial, and investment reports. The website also includes board members, board meeting schedule, and board meeting minutes and materials. We continue to add additional materials to our website in an effort to provide increased transparency and accessibility of information for members, employers, and other interested parties.

We are pleased to announce our first webcast tutorial entitled "How to Apply for Retirement Benefits" has been added to the TFFR website. This ten minute presentation highlights the steps and paperwork required to begin the retirement application process. Look for many more short informational tutorials to be added to our webcast library in the coming year. If you have any topics you would like us to cover, please contact the TFFR Member Services Division.