

Retirement TODAY

ND Teachers' Fund for Retirement

JULY 2013

100 Years of Service to ND Educators

NDTFFR
CELEBRATES
100
YEARS
1913-2013

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2013 marks the 100th anniversary of the ND Teachers' Fund for Retirement (TFFR). With nearly 20,000 active and retired members, TFFR has a long tradition of dedicated service to North Dakota's education community.

Our roots

Over a century ago, North Dakota recognized the need to establish a state pension plan for public school teachers. Senator Harrison Bronson from Grand Forks was asked by the state's professional teachers' organization (NDEA) to introduce Senate Bill 85 into the 1913 state legislature. Assisting him in garnering legislative support for the teacher pension bill was State Superintendent Edwin Taylor. Six weeks later, with only minimal changes and a combined vote of 144 to 10 in its favor, the bill had cleared both houses and on March 11, 1913 was signed into law by Governor Louis B. Hanna. The Teachers' Insurance and Reserve Fund (or TIRF as it was known at that time) was officially established on July 1, 1913.

TFFR was established before there were televisions, computers, or cell phones. Richard "Red" Skelton was born the same year TFFR started receiving contributions from the first 112 members and their employers. By 1917, there were 156 elective members and over 3,600 compulsory members. Today there

are over 10,000 active contributing members.

In December 1915, the first four retirees began drawing annual payments of \$350, \$380, \$405, and \$693. By mid 1917, the pension list had grown to 17 retirees with an annual liability of \$7,716. Last year, TFFR paid out \$146 million in benefits to nearly 7,500 retired members and beneficiaries.

Over the years, assets have grown, too. One year after beginning, TFFR assets were \$10,970. Today, assets total \$1.8 billion.

During its 100-year history, the Fund has seen many changes and weathered many storms. From the Great Depression to the Great Recession, TFFR has survived considerable financial turbulence and has continued to change with the times. Major legislative changes took place in 1941, 1947, and 1959, and finally, in 1971, it emerged as the present ND Teachers' Fund for Retirement (TFFR). While benefit and contribution levels have changed over the years, the basic defined benefit plan has remained intact.

From the beginning, TFFR has been dedicated to ensuring ND educators have a reliable source of income

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Memo to Members

TFFR: 100 Years Strong

100 years is a long time. At least that's what I was thinking when I was with my mother and her good friend a few months ago attending mom's 1st grade teacher's 100+ birthday party. As I listened to conversations among the many guests (most of whom were age 75+), I thought about how much has changed in our schools, towns, state, and world over the past century. But I was also reminded of three things that have not changed: (1) the importance of family and friends in celebrating milestone events; (2) the importance of caring and qualified teachers on our children's education; and (3) the importance of retirement security.

Today there are nearly 7,500 retired members and beneficiaries receiving pension benefits from the TFFR trust fund. Of that number, there are 15 who are over age 100 – 15 individuals who can look back on TFFR's past, yet can only imagine what the future might hold. I am sure each one of our retirees has a story to tell, and I hope to get the opportunity to hear them one day.

Just think – 100 years ago, a small group of teachers got together in Grand Forks, discussed the need for a pension plan for teachers, and developed plans and model legislation to create a statewide pension fund. They were common people with a common purpose, who sought to build a retirement plan for educators step by step.



Fay Kopp
Interim Executive Director –
Chief Retirement Officer

I think R.L. Sharpe got it right in his poem, "A Bag of Tools" (circa 1809), when he wrote:

*Isn't it strange that princes and kings,
And clowns that caper in sawdust rings,
And common people like you and me,
Are builders for eternity?
To each is given a bag of tools,
A shapeless mass, a book of rules;
And each must build - ere life has flown -
A stumbling block, or a stepping stone.*

I am proud of the retirement plan built by "common people like you and me." What started as "a shapeless mass," became the law, and has served as "a stepping stone" to financial independence for thousands of ND teachers. TFFR active and retired members, school boards, trustees, and legislators have all been instrumental in supporting the goal of retirement security. While the challenges have been great, so have the rewards.

TFFR has a long tradition of dedicated service and helping educators prepare for the future. The TFFR Board and staff are committed to preserving this legacy of trust and retirement security for current and future generations of ND educators.

Oh, and in case I didn't mention it, the cake at Henrietta's 100+ birthday party was delicious.

100 Years of Service

From page 1

during retirement. Still today our mission is "to advocate for, develop, and administer a comprehensive retirement program for all trust fund members within the resources available."

Our future

As we look to the future, TFFR remains committed to achieving the highest standards in public pension administration and ensuring retirement security for ND educators.

TFFR will continue to deliver benefits efficiently while prudently managing the assets held in trust for the people we serve. 100 years of service to our state's teachers and administrators is an accomplishment we are proud of, and we look forward to serving our members for many years to come.

ND Teachers' Fund for Retirement:

The year was 1913

- Woodrow Wilson became 28th U.S. President.
- 16th amendment authorizing federal income tax ratified.
- 1st crossword puzzle appeared in the New York World newspaper.
- Henry Ford developed the first moving assembly line.
- 1st prize inserted into a Cracker Jack box.
- Pension plan for ND teachers was formed.

Then and Now

	<u>1913</u>	<u>2013</u>
Fund Name	Teachers' Insurance & Retirement Fund (TIRF)	Teachers' Fund for Retirement (TFFR)
Assets	\$10,970 ⁽¹⁾	\$1.8 Billion
Fund investments	Commercial bank CDs ⁽²⁾	Domestic/international stocks, bonds, real estate
Number Actives	112 ⁽³⁾	10,030
Average Annual salary	\$339	\$52,000
Member Contribution rate	1% - 1st 10 years (max \$20) 2% - Next 15 years (max \$40)	9.75%
Employer Contribution rate	10 cents per pupil/year	10.75%
Number Retirees	4 ⁽⁴⁾	7,455
Average Annual Payment	\$457 ⁽⁴⁾	\$20,630
Total Annual Payments	\$1,828 ⁽⁴⁾	\$146 million
Board of Trustees	3 appointed by Governor State Superintendent State Treasurer	5 appointed by Governor State Superintendent State Treasurer

Notes: (1) Assets as of 8/1914. (2) Fund investments as of 1915. (3) Active membership as of 1/1914. (4) Retired members and payments as of 12/1915.

Looking Back at TFFR's History

World Events

TFFR Milestones

1910s

World War I
The Titanic sinks
First Oreo cookie produced

1913 TIRF was created.
1913 First trustee, Peter Berg, was appointed.
1915 Initial funds invested in government bonds and bank CDs.

1910s

1920s

Prohibition
Babe Ruth hit home run record
First Mickey Mouse cartoon

1920 6,750 active members and 32 retirees.
1920 Began investing in school construction bonds.
1925 Actuary hired to study financial solvency.

1920s

1930s

Great Depression
Social Security Act passed
First Monopoly game sold

1930 Investments total nearly \$1 million.
1938 First Executive Secretary, Minnie Nielson, hired.
1938 TIRF office established in Valley City.

1930s

1940s

World War II
Cold War began
Slinky goes on sale

1941 Major legislative changes made.
1944 First member handbook created.
1947 Legislative overhaul of benefits and contributions.

1940s

1950s

Korean War
Color TV invented
Disneyland opens

1950 TIRF office moved to Mandan.
1951 9,000 active members and 382 retirees.
1951 Investment portfolio totaled nearly \$5 million.

1950s

1960s

Vietnam War
Civil Rights Movement
Woodstock Music Festival

1963 \$800,000 paid out annually to retired teachers.
1963 State Investment Board (SIB) begins investing TIRF funds.
1969 State law allowed investment in common stocks.

1960s

1970s

Watergate Scandal
Pocket calculators introduced
Star Wars movie hits theaters

1970 Office converted member records to computers.
1971 TIRF laws rewritten; name changed to TFFR.
1977 TFFR office moved to Bismarck.

1970s

1980s

Cold War ends
Mount St. Helens erupts
Personal computers introduced

1983 First member newsletter distributed.
1984 Formal investment policy adopted.
1989 Retirement and Investment Office (RIO) created to administer TFFR and SIB programs.

1980s

1990s

Gulf War
Columbine High School massacre
Internet opens worldwide communications

1990 Member preretirement seminars offered.
1997 Over 10,000 active members and 4,585 retirees.
1998 Fund assets reached \$1 billion.

1990s

2000s

9/11 terrorist attack
Hurricane Katrina
Financial Crisis - Great Recession

2001 TFFR reached 100% funded status.
2007 Fund assets exceeded \$2 billion.
2011 Legislation enacted to return TFFR to fully funded status over long term.

2000s

2013 Approved Legislation

SB 2061 – TFFR Administrative Changes (sponsor TFFR Board)

- Updated the definition of actuarial equivalent to more clearly describe its use in pension calculations.
- Defined normal retirement age as the age a member becomes eligible for monthly lifetime unreduced retirement benefits as currently described in state statutes.
- Clarified vesting provisions for compliance with federal statutes or rules.
- Incorporated other federal tax law changes to maintain compliance with federal statutes or rules.
- Added savings clause which allows TFFR Board to adopt terminology to comply with federal statutes or rules subject to approval of the legislative employee benefits programs committee.

HB 1230 (sponsor Rep. Louser)

- Maintains the TFFR member and employer contribution rates approved by the 2011 Legislature until the Fund reaches 100% funded ratio at which time contribution rates will reduce to 7.75% for members and 7.75% for employers.

Latimer and Toso Leaving Board

After nine years of distinguished service on the TFFR Board, Dr. Lowell Latimer did not seek re-appointment when his term ended on June 30, 2013. Mr. Bob Toso retired from Jamestown Public Schools on June 30, 2013. Mr. Toso diligently served on the TFFR Board and the State Investment Board for six years representing active school administrators. The Board and staff wish Dr. Latimer and Mr. Toso many happy years of retirement.



Lowell Latimer



Bob Toso

Olson and Lech Appointed to Board

Governor Dalrymple has appointed Mel Olson and Rob Lech to the TFFR Board effective July 1, 2013. Mr. Olson retired in 2000 with 36 years of service. He represents retired teachers on the Board and his five year term began July 1, 2013. Mr. Lech is the Superintendent of Jamestown Public Schools. He was appointed to the Board to represent school administrators and will complete the term of Mr. Toso which ends June 30, 2015. Mr. Lech will also serve on the State Investment Board. Welcome aboard!



Mel Olson



Rob Lech



**NORTH DAKOTA
RETIREMENT AND
INVESTMENT OFFICE**

*Teachers' Fund for Retirement
State Investment Board*

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Did You
Know?

- Average age of a TFFR retiree is age 71.
- Over 400 current TFFR retirees are over age 90.
- Average age of member at retirement was age 59.
- 99% of monthly retirement benefits are paid via direct deposit.
- 81% of TFFR retirees have a ND address.
- The most retirees live in Cass County and the least in Billings County.