

NDTFFR Legislative Proposal – Bill No. 15.0140.01000**LEGISLATIVE COUNCIL EMPLOYEE BENEFITS PROGRAMS COMMITTEE
June 5, 2014****Fay Kopp, Deputy Executive Director - Chief Retirement Officer
ND Retirement and Investment Office - ND Teachers' Fund for Retirement**

Bill No. 140 was submitted by the TFFR Board. The bill makes a number of technical updates to TFFR statutes. These changes are not expected to have an actuarial effect on the plan, and are not being submitted for funding improvement purposes.

In general, the bill updates certain dates to stay current with federal Internal Revenue Code (IRC) tax law changes as they relate to qualified governmental pension plans. The proposed amendments are intended to prevent a change in the federal IRC from automatically triggering a change in ND law. Please note that on May 30, 2012, the IRS made a favorable determination on the ND TFFR plan based on its application in 2010. The plan will be submitted for IRS review again in 2015.

Section 1. NDCC 15-39.1-04 (10) Definitions: Eligible Retirement Salary

Updates reference to federal tax law changes in effect on August 1, 2015 to comply with IRS qualification requirements. Increases the maximum annual compensation limit that can be used in benefit calculations (\$260,000 in 2014). No active TFFR member currently has a salary large enough to be affected by this limit.

Section 2. NDCC 15-39.1-10(4) Eligibility for benefits

Updates reference to federal tax law changes in effect on August 1, 2015 to comply with IRS qualification requirements. Provision relates to minimum distribution requirements requiring payment of retirement benefits at age 70.5 or termination of employment, whichever is later.

Section 3. NDCC 15-39.1-10.6 Benefit limitations

Updates reference to federal tax law changes in effect on August 1, 2015 to comply with IRS qualification requirements. Increases the Section 415 maximum annual benefit limit (\$210,000 in 2014). To date, no retiree's benefit has exceeded the annual benefit limit.

Section 4. NDCC 15-39.1-20 Withdrawal from Fund

Updates reference to federal tax law changes in effect on August 1, 2015 to comply with IRS qualification requirements. Provision relates to the requirement that a member or a member's beneficiary may elect to have any portion of an eligible rollover distribution paid to an eligible retirement plan permitted under IRC.

This concludes my testimony regarding the study bill submitted by the TFFR Board. I would be happy to respond to your questions. Thank you.