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## RETIREMENT COMMITTEE

Friday, September 23, 2022  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 8:02 a.m.

**Members present:** Representatives Mike Lefor, Joshua A. Boschee, Jason Dockter, Scott Louser, Austen Schauer, Vicky Steiner, Greg Stemen; Senators Howard C. Anderson, Jr., Karen K. Krebsbach, Doug Larsen, Tim Mathern, Shawn Vedaa

**Members absent:** Representative Rick Becker; Senator Kristin Roers

**Others present:** Senator Joan Heckaman, New Rockford, member of the Legislative Management  
Senator Dick Dever, Bismarck  
See [Appendix A](#) for additional persons present.

**It was moved by Representative Boschee, seconded by Representative Schauer, and carried on a voice vote that the minutes of the July 21, 2022, meeting be approved as distributed.**

Ms. Rebecca A. Sielman, Mr. Scott F. Porter, and Mr. Jack M. Chmielewski, Principal and Consulting Actuaries, Milliman, Inc., presented information ([Appendix B](#)) regarding alternative financial models for the Public Employees Retirement System (PERS) main system retirement plan. Ms. Sielman reviewed 14 defined benefit, defined contribution, and actuarially determined employer contribution retirement plan scenarios and noted:

- The scenarios include assumptions of investment returns of either 6.5 or 5.5 percent and the effect on the funded ratio of the PERS main system retirement plan if \$100 million was transferred to the PERS fund during the 2023-25 biennium;
- Changing the main system retirement plan to require new employees to enter a defined contribution plan that includes 6 percent employee contributions and actuarially determined contributions from employers would result in the plan being 98 to 103 percent funded by 2041, depending on investment returns; and
- The current employer actuarially determined contribution rate is approximately 16 to 17 percent of covered payroll.

Mr. Leonard Gilroy, Vice President, and Mr. Ryan Frost, Policy Analyst, Reason Foundation, presented information ([Appendix C](#)) regarding alternative financial models for the PERS main retirement plan. They noted:

- An option for the main system retirement plan is to require new hires to participate in a defined contribution plan with 6 percent employer contributions and 7 percent employee contributions, provide a one-time transfer of \$100 million into the PERS fund for the main system defined benefit retirement plan, and to use an actuarially determined employer contribution model with a closed 20-year amortization period for the defined benefit plan; and
- Using an actuarially determined employer contribution model is necessary for the main system retirement plan to reach full funding and will save the state billions of dollars in long-term costs.

Ms. Zeny Agullana, Senior Director, State Government Relations, and Mr. Benny Goodman, Vice President, Individual, Institutional and Endowment Services, TIAA, presented information ([Appendix D](#)) regarding defined contribution best practices. Mr. Goodman reviewed fixed and variable annuities and retirement benefit scenarios under a defined contribution plan.

Ms. Corinne Bennett, Jamestown, presented information ([Appendix E](#)) in opposition of new employees being required to participate in a defined contribution plan and closing the defined benefit plan.

Chairman Lefor presented information ([Appendix E](#)) regarding options for the main system retirement plan, potential sources of revenue, and information on actuarially determined employer contribution models.

Chairman Lefor requested the Legislative Council staff to prepare a bill draft to:

- Close the main system defined benefit plan to new hires beginning January 1, 2024;
- Provide a one-time transfer of \$100 million into the PERS fund to reduce the unfunded liability of the main system defined benefit retirement plan;
- Create a defined contribution plan with 7 percent employee and 7.12 percent employer contribution rates; and
- Require employer contribution rates for the defined benefit retirement plan to be based on the actuarially determined employer contribution.

Chairman Lefor called on Mr. Scott Miller, Executive Director, Public Employees Retirement System, for comments regarding testimony presented during the meeting and the committee's discussion, and requested PERS, Retirement and Investment Office, TIAA, and the Reason Foundation collaborate with the Legislative Council staff on preparation of the bill draft.

No further business appearing, Chairman Lefor adjourned the meeting at 10:50 a.m.

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Jennifer S. N. Clark  
Senior Counsel and Code Revisor

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Levi Kinnischtzke  
Senior Fiscal Analyst

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