

**2021 HOUSE EDUCATION**

**HB 1174**

# 2021 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Coteau AB Room, State Capitol

HB 1174  
1/18/2021

Relating to teachers' fund for retirement eligibility benefits.
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**Chairman Owens** called the meeting to order at 3:45 PM. Roll call: Reps. Owens, Schreiber-Beck, Heinert, Hoverson, D. Johnson, M. Johnson, Longmuir, Marschall, Pyle, Richter, Zubke, Hager and Guggisberg present with Rep. Simons absent.

**Discussion Topics:**

- TFFR Board administrative and technical changes
- RMD age change

**Rep. Kempenich** introduced the bill.

**Janilyn Murtha, Deputy Executive Director, RIO**, #1124 and #1125.

**Chairman Owens** closed the hearing at 3:51 PM.

*Bev Monroe, Committee Clerk*



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Via Email

October 27, 2020

Ms. Janilyn Murtha  
Deputy Executive Director/Chief Retirement Officer  
ND Retirement & Investment Office  
3442 E. Century Avenue  
Bismarck, ND 58507-7100

**Re: Technical Comments on Proposed Bill (SECURE Act)**

Dear Jan:

As requested, we have reviewed the proposed bill that addresses the change in the Required Minimum Distribution (RMD) age as a result of the SECURE Act. This bill makes a technical and administrative change to the Teachers' Fund for Retirement (TFFR).

The proposed bill changes the RMD for participants that attain age seventy and one-half after December 31, 2019.

- Participants that attain age seventy and one-half prior to January 1, 2020, the RMD is no later than April first of the calendar year following attainment of age seventy and one-half or April first of the calendar year following the year the member terminates covered employment, whichever is later.
- Participants that attain age seventy and one-half after December 31, 2019, the RMD is no later than April first of the calendar year following attainment of age seventy-two or April first of the calendar year following the year the member terminates covered employment, whichever is later

The change made by the bill does not impact the actuarial position of the fund. The change has no material impact on the liabilities or costs.

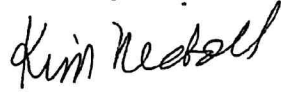
#### **General Comments**

The signing actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Ms. Janilyn Murtha  
ND Retirement & Investment Office  
October 27, 2020  
Page 2

Please do not hesitate to contact us with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Nicholl". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Kim Nicholl, FSA, MAAA, EA  
Senior Vice President and Actuary

A handwritten signature in black ink, appearing to read "Matthew A. Strom". The signature is cursive and includes a long horizontal line at the end.

Matthew A. Strom, FSA, MAAA, EA  
Consulting Actuary

**House Bill 1174****North Dakota Retirement and Investment Office (RIO)  
Testimony in Support of HB 1174 to the House Education Committee  
Janilyn Murtha, Deputy Executive Director/ Chief Retirement Officer (TFFR)**

The Teachers' Fund for Retirement (TFFR) is a qualified defined benefit public pension plan established under N.D.C.C. Ch. 15-39.1. The program is managed by a seven-member board of trustees which consists of the State Treasurer, State Superintendent, with two active teachers, two retired teachers and one school administrator all appointed by the Governor. The program is administered by the ND Retirement and Investment Office.

The plan covers North Dakota public school educators. Benefit funding comes from member and employer contributions and investment earnings. Under N.D.C.C. 15-39.1-34(1) the plan must be administered in compliance with federal tax law.

The 2019 SECURE Act required changes to the required minimum distribution rules for retirement plans. Required Minimum Distributions (RMD's) refers to the minimum amount that a retirement plan account owner must withdraw once they reach a certain age. The 2019 Secure Act changed that age from 70 and  $\frac{1}{2}$  to 72. Specifically, the federal law change requires that if you reached the age of 70 $\frac{1}{2}$  in 2019 the prior rule applies; but if you reach age 70  $\frac{1}{2}$  in 2020 or later you must take your first RMD by April 1 of the year after you reach 72<sup>1</sup>.

The proposed amendments to N.D.C.C. 15-39.1-10 incorporates the new RMD language so that the TFFR program may remain in compliance with federal tax law.

For your reference this language mirrors the change proposed to the PERS plan in Section 5 of SB 2044. This bill was reviewed by plan actuaries who found no impact to the actuarial position of the fund, or material impact to liabilities or costs (Attached.)

The TFFR Board respectfully requests the proposed amendments to N.D.C.C. 15-39.1-10 be approved.

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<sup>1</sup> <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions#>.

# 2021 HOUSE STANDING COMMITTEE MINUTES

## Education Committee Coteau AB Room, State Capitol

HB 1174  
1/19/2021

Relating to teachers' fund for retirement eligibility benefits.
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**Chairman Owens** called the meeting to order at 9:17 AM. Roll call: Reps. Owens, Schreiber-Beck, Heinert, Hoverson, D. Johnson, M. Johnson, Longmuir, Marschall, Pyle, Richter, Zubke, Hager, Simons and Guggisberg present.

**Rep. Zubke** made a motion for a **Do Pass**, seconded by **Rep. M. Johnson**.

Roll call vote:

Representatives	Vote
Representative Mark S. Owens	Y
Representative Cynthia Schreiber-Beck	Y
Representative Ron Guggisberg	Y
Representative LaurieBeth Hager	Y
Representative Pat D. Heinert	Y
Representative Jeff A. Hoverson	Y
Representative Dennis Johnson	Y
Representative Mary Johnson	Y
Representative Donald Longmuir	Y
Representative Andrew Marschall	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Luke Simons	Y
Representative Denton Zubke	Y

Motion carried 14-0-0.

**Rep. Longmuir** is the carrier.

Chairman Owens closed the hearing at 9:19 AM.

*Bev Monroe, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1174: Education Committee (Rep. Owens, Chairman)** recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1174 was placed on the Eleventh order on the calendar.

**2021 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1174**



# 2021 SENATE STANDING COMMITTEE MINUTES

## Government and Veterans Affairs Committee Room JW216, State Capitol

HB 1174  
3/4/2021

A BILL relating to teachers' fund for retirement eligibility benefits.
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**Chair Vedaa** opened the hearing at 9:30 AM with Sen Vedaa, Meyer, Elkin, K Roers. Weber, Wobbema, and Marcellais present.

### Discussion Topics:

- Meeting federal requirements
- Change in taxes

**Rep Kempenich, Dist 39** - introduced the bill

**Jan Murtha ND Retirement Investment Board** - testified in favor #7276, #7277

**Sen Wobbema:** I move a **Do Pass**

**Sen Weber:** I second

**Roll Call Vote: 7 -- YES 0 -- NO -0—ab Motion Passed**

Senators	Vote
Senator Shawn Vedaa	Y
Senator Scott Meyer	Y
Senator Jay R. Elkin	Y
Senator Richard Marcellais	Y
Senator Kristin Roers	Y
Senator Mark F. Webber	Y
Senator Michael A. Wobbema	Y

**Sen Wobbema will carry the bill**

Adjourned at 9:39 AM

*Pam Dever, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1174: Government and Veterans Affairs Committee (Sen. Vedaa, Chairman)**  
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB  
1174 was placed on the Fourteenth order on the calendar.



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Kim Nicholl, FSA, MAAA, EA  
Senior Vice President and Actuary



Matthew A. Strom, FSA, MAAA, EA  
Consulting Actuary

**House Bill 1174**

**North Dakota Retirement and Investment Office (RIO)**

**Testimony in Support of HB 1174**

**Janilyn Murtha, Deputy Executive Director (RIO)/ Chief Retirement Officer (TFFR)**

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