

## NDRTA Legislative Initiative

Study to provide supplemental payments to retired educators – **Call to Action!**  
Ken Tupa, NDRTA

The last annuity increase for ND retired educators was approved by the Legislature in 2001. On average, the annuity increase was \$78 a month. Also part of the 2001 legislation was a very modest increase in 2002 of \$7.50 a month on average. Retired educators have seen their annuities stand still for the past six years for several reasons, including fluctuating investment returns from the Teachers Fund For Retirement (TFFR), increased number of retirees drawing annuities from TFFR and fewer active teachers today than in years past.



*Bill Sponsor  
Senator David O'Connell*

The NDRTA launched a legislative initiative in 2008 to bring attention to the need for retired educators to receive a cost of living supplement. The form of the supplemental increase payment has taken shape in a legislative study bill (Bill No. 109) sponsored by Senator David O'Connell of Lansford. Senator O'Connell has championed the need to provide an increase for retired teachers saying "Many of the state's re-

tired teachers taught for very little compensation and live on fixed incomes." "The cost of living continues to rise and like we've done for active and retired state employees and active teachers, we need to do something for our retired teachers."

Bill No. 109 would provide a supplemental payment to retirees and beneficiaries receiving an annuity as of June 30, 2009. The payment would be determined by a formula of \$4 multiplied by years of service credit plus \$3 multiplied by the number of years retired, then multiplying the total by twelve (12 months in a year). The study bill would provide for an \$11 million appropriation from the state general fund to pay for the annuity increase. Historically, annuity increases for retired educators have been funded by investment margin from the TFFR. Funding the supplemental increase from the state general fund surplus means there would be no negative actuarial impact to the TFFR.

Bill No. 109 is currently being studied by the Legislative Employee Benefits Committee and has been reviewed by TFFR's fund actuary to determine costs and assess any administrative concerns with providing the benefit. In a letter from the TFFR actuary to the Employee Benefits Committee chair, Representative Bette Grande, Fargo, in July, 2008, a few concerns have been raised about the proposed Bill No.

109 and IRS treatment of payments that are supplemental to a regular annuity payment. The bottom line is that if a supplemental payment is greater than 10% of the annual annuity of the retired teacher, then it must be treated as eligible for rollover to an IRA or other qualified plan, and would be subject to 20% withholding regardless of the retiree's withholding status. In other words, this provision would create an administrative difficulty and might potentially be cost prohibitive and create significant delay in the process.

In short, the current proposed formula of \$4 plus \$3, multiplied by twelve, may bring into question the ability of TFFR to provide such a supplemental payment using that particular formula.

At this point, the Employee Benefits Committee is continuing to study the bill. NDRTA and Senator O'Connell have met with the Governor's office to request the funding for Bill No. 109 in Governor Hoeven's budget. As we move toward the next legislative session, NDRTA will continue working with the bill sponsor (Senator O'Connell), TFFR, and the Legislative Committee to find a formula and language that will provide a supplemental payment to retired educators taking into account years of service and years retired. Of the need to find a workable solution to provide retired educators with a supplemental annuity payment, Senator O'Connell said, "We cannot forget about the teachers that taught our teachers."

### **NDRTA Needs Your Help!!!**

**While NDRTA continues to work on the formula and language for Bill No. 109, all retired educators are encouraged to contact their local legislators and the Governor's Office to voice support for the supplemental payment.**

You will find the Governor's Office and Legislator's contact information on the web at:

ND Senate: [www.legis.nd.gov/assembly/60-2007/senate/](http://www.legis.nd.gov/assembly/60-2007/senate/)

ND House: [www.legis.nd.gov/assembly/60-2007/house/](http://www.legis.nd.gov/assembly/60-2007/house/)

Governor's Office : [www.governor.state.nd.us](http://www.governor.state.nd.us)

**Please email or write the Governor's office and your local legislators asking them to support Bill No. 109 for a supplemental payment for ND retired teachers.**

If you do not have access to the internet and would like contact information for the Governor's office and your local legislators, please contact the NDRTA state office at 701-221-7766.