



North Dakota

WHEN IT COMES TO PUBLIC SECTOR PENSIONS, North Dakota's system for its teachers is somewhat less well funded than the state's public employees system (75% funded in 2006 compared with 89% funded, respectively). The state has slipped in meeting its annual required contribution for both plans in recent years, paying only about two thirds of the amount in 2005 and again in 2006. The legislature took several actions in 2007 to improve the long-term funding status of the teachers' fund, however (see below). On the non-pensions side, North Dakota has a very modest bill coming due for retiree health benefits, and was one of only 13 states that had set aside any funds for its long-term obligation as of 2006.

PENSIONS

TOTAL BILL COMING DUE: **\$3.7 billion**¹

FUNDS SET ASIDE: **\$3 billion**

PORTION UNFUNDED: **\$700 million**

PERCENT FUNDED: **81 as of 2006**²

TEN YEAR FUNDING HIGH: **108% in 2000**

TEN YEAR FUNDING LOW: **81% in 2006**


HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Both of North Dakota's largest funds assumed 8% interest in 2006—the same as the 50-state median—but the teachers' fund assumed a higher real rate of return (5%) due to a lower inflation assumption. All of the state's pension plans use a five-year smoothing period, which is similar to most states. The amortization period conforms to accounting standards..


¹ Pension funds include public employees, highway patrolmen, employees of job service and teachers.

² 50-state mean was 82%.

KEY:  Top Performer

 Needs Improvement

 Below Par

 Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states' retiree benefit obligations by Pew's Center on the States. The full report and 50 state fact sheets can be found at www.pewcenteronthestates.org.

OTHER BENEFITS

TOTAL BILL COMING DUE: **\$83 million**

FUNDS SET ASIDE: **\$34 million**

PORTION UNFUNDED: **\$49 million**¹

PERCENT FUNDED: **41 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

1 9% of covered payroll, compared to a national median of 135%.

REFORMS: In 2007, North Dakota increased employer contribution rates for its teachers' retirement system and made changes in vesting, final salary calculation and service requirements for new members after July 1, 2008. This includes a shift from a rule of 85 to a rule of 90, meaning that for new employees, age and years of service need to add up to 90 for retirement benefits under normal conditions. The service requirements for early retirement were also increased.



The Pew Charitable Trusts applies the power of knowledge to solve today's most challenging problems. Our Pew Center on the States identifies and advances effective policy approaches to critical issues facing states.

2005 Market Street, Suite 1700 | Philadelphia, PA 19103 | www.pewtrusts.org