



# ND Retirement and Investment Office

Teachers' Fund for Retirement  
State Investment Board

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## MEMORANDUM

To: TFFR Employers  
From: Shelly Schumacher, TFFR Retirement Program Manager  
Date: December 19, 2013  
Subject: Employer Survey Regarding Financial Reporting of TFFR Pension Data  
Employer Reporting Changes Effective July 1, 2014

Please review the new Government Accounting Standards Board (GASB) changes to accounting and financial reporting of pensions which will impact all TFFR employers/school districts. Also note the following TFFR employer reporting changes effective July 1, 2014. If you have any questions, contact the administrative office. Thank you.

### **Employer Survey Regarding Financial Reporting of TFFR Pension Data**

GASB has approved two new standards that will change the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans (TFFR). Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions (school districts and other participating employers).

The guidance contained in these statements will change how state and local governments calculate and report the costs and obligations associated with pensions. It is designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments.

Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for most government employers. The new Statements also replace the requirements of Statement No. 50, *Pension Disclosures*, for those governments and pension plans. The provisions for Statement 68 are effective for fiscal years beginning after June 15, 2014. For more information, see <http://www.gasb.org/home> and [GASB Summary Statement No. 68](#).

TFFR is working with its actuary and auditor to understand how the GASB changes will impact TFFR and participating employers/school districts. Although employers are ultimately responsible for implementing these new standards in preparing their financial statements, TFFR will provide certain pension information and disclosures to assist you. Therefore, TFFR needs to better understand your current financial reporting practices. ***Please complete and return the attached survey to TFFR by February 1, 2014.***

## **TFFR Employer Reporting Changes Effective July 1, 2014**

### **1) Member and Employer Contribution Increases**

As a result of legislation passed in 2011, employer contribution rates will increase from 10.75% to 12.75%. Member contribution rates will increase from 9.75% to 11.75%. Please review the attached examples of the employer payment plans (Models 1, 2, 3, 4) effective July 1, 2014. The increase in the employer rate will have no impact on the retirement salary calculation under Model 2. However, the retirement salary calculation will be impacted if a Model 2 employer changes the portion of the member contributions that are being paid by the employer as a salary supplement. We encourage you to contact your payroll software vendor to make sure all the required changes are entered prior to running your July 2014 payroll.

### **2) New Employer Payment Plan Form Required**

Due to the contribution increases, every TFFR employer must complete a new Employer Payment Plan form effective July 1, 2014. Even if you did not modify your model selection, a new form is required. Attached is an Employer Payment Plan form. **The new form must be completed and returned by May 1, 2014.** However, if you have not yet negotiated for the 2014-15 year, please inform our office by May 1, and send in the form after negotiations are complete. Keep in mind that employer payment models must begin on July 1. If negotiations are delayed and a change in model is agreed to after the fiscal year begins, employer and member accounts will need to be adjusted retroactively. In addition, tax reports may need to be amended if the change is implemented after W-2's have been sent.

Attachments: Employer Financial Reporting Survey  
Employer Payment Plan Model Examples  
Employer Payment Plan Form