

### Business Manager Workshops

Representatives from the ND Teachers' Fund for Retirement will be presenting a legislative update at the regional Business Manager Workshops. The cities and dates are:

**Grand Forks – May 9, 2011**

**Valley City – May 10, 2011**

**Mandan – May 11, 2011**

**Minot – May 12, 2011**

We look forward to seeing and visiting with you!

### TFFR Legislation Approved

The 2011 Legislative Assembly approved two bills submitted by the TFFR Board. HB1133 makes administrative and technical changes to the definition of beneficiary, eligible retirement salary, and death benefits. HB1134 increases employer and employee contributions and modifies benefits to address TFFR's funding shortfall.

#### **HB 1134**

- Increases employee and employer contributions 4% each over 2 biennium

	<u>Current</u> <u>7/1/2011</u>	<u>Effective</u> <u>7/1/2012</u>	<u>Effective</u> <u>7/1/2014</u>
Employee	7.75%	9.75%	11.75%
Employer	8.75%	10.75%	12.75%

- Requires re-employed retirees to pay employee contribution rates beginning 7-01-12.
- Modifies disability benefits beginning 7-01-13.
- Modifies eligibility for unreduced retirement benefits and reduction factor for reduced retirement benefits for non-grandfathered employees (members that are more than 10 years away from retirement eligibility) beginning 7-01-13.

## Reminder

Member and Employer contribution rates will remain the same for the 2011-12 fiscal year.

Employee contribution rate 7.75%

Employer contribution rate 8.75%

### Fiscal Year-End Reminders

- Salary needs to be reported when **earned** and not when paid. Members contracted over 9 months, but paid over 10, 11, or 12 months, must be expensed out on the June report which is due July 15.
- All member records including re-employed retirees must be closed with compensated hours and last date worked. Compensated hours should be capped at 700 hours for active members. However, do not cap the hours reported for re-employed retirees and report actual compensated hours even if it exceeds 700 hours. (For re-employed retirees, include in-staff subbing hours and exclude extra-curricular and professional development hours.)
- Payments for unused vacation and/or sick leave should not be reported to TFFR.
- An *Employer Payment Plan* form must be filed if an employer is changing models. The new model must be implemented at the beginning of a fiscal year (July 1) and must cover all TFFR members. Administrators cannot be covered under a different model. The form should be sent no later than August 15.
- If you do not have contributions to report for a month, written notification to TFFR is required.

## **TFFR Pre-Retirement Seminars**

TFFR's 2011 statewide pre-retirement seminars have been scheduled and every teacher is invited to register. The full day pre-retirement planning seminar covers TFFR benefits, financial planning, estate planning, Social Security benefits, PERS health insurance, and adjusting to retirement.

**Grand Forks - July 12, 2011**

**Dickinson - July 13, 2011**

**Bismarck - July 26, 2011**

Your help in marketing these seminars is always appreciated. To register, teachers should call the TFFR office at 1-800-952-2970 or 328-9886 or [register online](#).



## **Summer Programs**

Summer programs, such as summer school and driver's education, are generally reportable to TFFR because the teachers are under contract with the school district. To ensure proper documentation, school districts should issue written agreements for summer programs. In some cases, the district may not issue summer school contracts to any of its summer school teachers, but hires all their summer school teachers from within the district. If so, the summer school teaching is reportable to TFFR because the teachers are already contracted with the district. However, if the district does not issue summer school contracts and hires a summer school teacher from outside the district, the non-contracted teachers from outside the district are not reportable to TFFR.

Summer programs are reportable in the fiscal year in which the pay is earned. Salary earned for most summer programs (including driver's education) will be reported in two fiscal years.

*Example: A licensed teacher is contracted to teach a summer program from June 1 through July 15 (20 days in June and 10 days in July). The employer needs to report the salary and hours earned from June 1 to June 30 on the June report (due July 15) and the salary and hours earned from July 1 to July 15 on the July report (due August 15) regardless of when the salaries were paid.*

## **IRS Compensation Limit**

Annually, the IRS issues a compensation limit that impacts the salary that can be reported to TFFR for benefit calculation purposes. The 2011 compensation limit is \$245,000. If you have any TFFR employees that will be earning in excess of this amount, please contact Shelly Schumacher, TFFR Retirement Program Manager, to discuss how to handle salary reporting for these employees.

## **Vested Interest Newsletter**

Please view the recently published [March 2011 Your Vested Interest newsletter](#) for an investment performance update.

