

EMPLOYER COMPLIANCE AUDITS

Teachers' Fund for Retirement (TFFR) Internal Audit staff conducts employer reporting compliance audits to ensure that retirement salaries reported to TFFR comply with TFFR's definition of salary for pension purposes. The audit also reviews the calculation of service hours and eligibility for TFFR membership.

When your school district is notified that an audit of TFFR reporting is in process, you will be asked to reconcile previous years' annual salaries for a sample of TFFR members. You will need to provide copies of contracts, teaching licenses, payroll records, master contracts, and salary schedules. In addition, you will be asked several questions regarding your TFFR reporting practices dealing with summer programs, re-employed retirees, and part time teachers.

If errors are found, the audit sample may be expanded. Once the audit is complete, the employer will receive a TFFR Compliance Audit Report listing all findings and an audit opinion of in compliance, generally in compliance, or out of compliance. Material findings will be corrected, and the employer will be refunded any overpayment of contributions or billed for any shortage of contributions plus interest.

TFFR employer reporting continues to become more and more complex, and the audit program is a tool to help TFFR and employers make sure that pensionable salary and service are correctly reported. The assistance business managers provide in the TFFR compliance audit process is vital to the accuracy of the retirement program.



TEST YOUR KNOWLEDGE

In general, are the following payments reportable to TFFR? Please see back page for answers.

1.	Teacher's Aide	Y	N
2.	Driver's Education	Y	N
3.	Summer School	Y	N
4.	Bus Driving	Y	N
5.	Ticket Taking	Y	N
6.	In-staff Subbing	Y	N
7.	Unused Leave	Y	N

TEACHING LICENSE REQUIREMENTS

Questions continue to be asked about TFFR eligibility if a teacher or re-employed retiree loses or forfeits their teaching license. The following Q & A clarifies how TFFR treats these situations and provides guidance for employers.

If a NON-RETIRED teacher or administrator is employed by a participating TFFR employer in a position that does not require a teaching license and the teacher or administrator loses or forfeits their teaching license, should that employee still be reported to TFFR?

- **No.** For purposes of TFFR participation, state law (NDCC 15-39.1-04(11)) defines a teacher as an individual who is licensed by ESPB and contractually employed in teaching, supervisory, administrative, or extra-curricular services by a TFFR participating employer. Therefore, if a teacher or administrator loses or forfeits their teaching license, the employee is not eligible to participate in TFFR as an active, contributing member.

If a RETIRED teacher or administrator is employed by a participating TFFR employer in a position that does not require a teaching license and the retired teacher or administrator loses or forfeits their teaching license, is the retiree still subject to TFFR retiree return to work limitations?

- In most cases, yes. State law (NDCC 15.39-1-19.1) allows retirees who are receiving TFFR retirement benefits to return to covered employment under certain limitations. If the retiree exceeds the limitations, TFFR must discontinue payment of retirement benefits. The reporting requirement of being licensed by ESPB and contractually employed that applies to active members does not apply to reemployed retired members. A retiree must only “return to covered employment.” To determine if a retired teacher or administrator has “returned to covered employment,” TFFR considers the following:

1) Is the retiree employed by a participating TFFR employer? Participating TFFR employers include school districts, state institutions, multidistrict special education units, area career and technology centers, regional education associations, and other employers defined in state law.

2) Is the retiree performing teaching, supervisory, administrative, or extra-curricular duties? It does not matter if the retiree has a written agreement or if the position requires a teaching license. TFFR may need to review the job description and other employment information to assist in determining the type of position it is. In most cases, the TFFR retiree is employed in teaching, supervisory, administrative, or extra-curricular

duties and is subject to TFFR retiree return to work limitations. However, if a TFFR retiree is employed as a bus driver, cook, or maintenance worker, for example, the retiree is not subject to TFFR retiree return to work limitations.

If the answer to questions 1 & 2 is “yes,” the retiree has returned to covered employment and is therefore subject to TFFR retiree return to work limitations.

Please contact the TFFR office if you have questions about whether or not employees should be reported to TFFR.

NEW MEMBER REPORTING REQUIREMENTS

A [Member Action form](#) must be completed when a participating employer hires a new teacher. The form is also required if you rehire a teacher after a break in employment with your school district of one year or more. This form provides TFFR with important information including the member’s legal name, social security number, birth date, current mailing address, and beneficiary information. Designating a beneficiary(ies) allows the member to direct payment of survivor benefits in the event of the member’s death.

This form should also be used to notify TFFR of the following:

- A change in name or address
- An update to the beneficiary designation
- Taking or returning from a leave of absence

If TFFR does not receive the Member Action form within thirty days from the date the member is first reported to TFFR, the employer may be assessed a \$250 penalty for late reporting.



EMPLOYERS USING TFFR EMPLOYER ONLINE REPORTING

It is not necessary to send TFFR a paper copy of your monthly report if you upload the report using TFFR Employer Online reporting. All the information we need to process the report will be on your upload. If you are aware of changes that need to be made to the uploaded information, please document the changes and email or send the documentation with your check. You may also contact TFFR to request deletion of the upload and then upload a corrected report.

TEACHER/LEGISLATIVE INFORMATION

The 2013 legislative session is quickly approaching. If any of your TFFR employees are serving in the 2013 Legislative Assembly, please submit a member action form indicating the legislative leave of absence. The options available for reporting these members to TFFR are summarized below.

- The teacher/legislator and employer may enter into an agreement by which payment for any lost service and salary is made as though the teacher was not on a legislative leave of absence. Under such an agreement, member and employer contributions are calculated using the teacher's annual salary without reduction for the leave of absence. One important benefit in selecting this option is that the teacher's entire salary is reported to TFFR. This is beneficial if the member

retires, becomes disabled, or passes away in the next few years following the legislative service.

- If an agreement is not made, do not report the teacher to TFFR for the unpaid days. If a teacher is compensated for 700 hours or more, they still earn a full year of service credit. If an active member who serves in the ND Legislature earns less than 700 hours, the teacher is allowed to purchase service credit lost while in attendance at legislative sessions and/or legislative committee meetings.

Answers to test on front page:

1. No
2. Yes
3. Yes
4. No
5. No
6. Yes
7. No



Happy Halloween