

## TFFR Employer Reporting Changes Effective July 1, 2014

### ***TFFR EMPLOYER ACTION REQUIRED***

The following outlines the employer reporting changes effective July 1, 2014. Please contact your payroll software vendor to make sure all required changes are programmed and tested prior to running your July 2014 payroll. Since the changes impact the payroll of individual teachers, we also encourage you to communicate these changes to them.

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

- Employer contribution rates increase from 10.75% to 12.75%.
- Member contribution rates increase from 9.75% to 11.75%.
- Employer contribution increase has no impact on the retirement salary calculation.
- Retirement salary calculation is impacted if amount of employer pick up of member contribution is changed.
- Link - [Examples of employer payment plans \(Models 1, 2, 3, 4\)](#)

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

- Every TFFR employer must complete and return a new Employer Payment Plan form by May 1, 2014.
- Link - [Employer Payment Plan form](#).

#### **Impact of Delayed Negotiations**

- 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.
- Current Model 2 employers picking up 9.75% member contribution will default into a Model 2 Partial if negotiations are not completed by July 1 to address the 2% increase in the member contribution.

## **Salary Verification-Pending Retiree Form**

To assist TFFR in the salary verification process prior to a teacher retiring, complete the [Salary Verification-Pending Retiree form](#). Employers should submit this form by March 1 for each person retiring. This form provides TFFR with salary detail for the current fiscal year and is used to estimate the teacher's final salary. This estimated salary is used to calculate the initial retirement benefit. Once the employer has reported all salary for the retiree, the retirement benefit is recalculated and corrected, if needed.

## Tax Treatment of TFFR Contributions

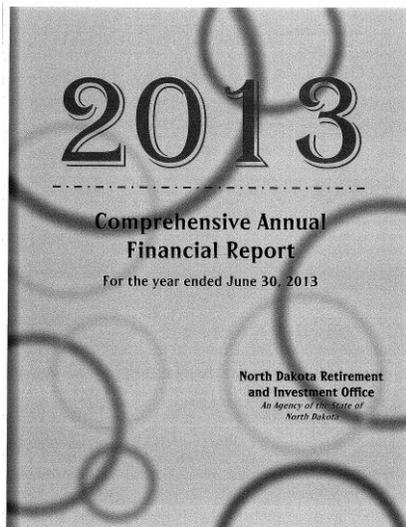
Employers may report TFFR contributions on the W-2 form. TFFR is a 401(a) defined benefit plan and its contributions are mandatory, not elective. Under all models, the amount of TFFR contributions withheld or paid by the district is not required on the W-2 form. However, if the district places this information on the W-2, it belongs in Box 14.

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name		11 Nonqualified plans		12a	
		13		12b	
f Employee's address and ZIP code		14 Other		12c	
15 State Employer's state ID number		16 State wages, tips, etc.		17 Local wages, tips, etc.	
		18 Local wages, tips, etc.		19 Local income tax	
				20 Locality name	

Form **W-2 Wage and Tax Statement** 2013 Department of the Treasury—Internal Revenue Service  
Copy 1—For State, City, or Local Tax Department

## 2013 Annual Financial Report Available

For a complete review of the financial, investment, and actuarial conditions of the State Investment Board (SIB) and the Teachers' Fund for Retirement (TFFR), please view the Retirement and Investment Office (RIO) [2013 Comprehensive Annual Financial Report](#) (CAFR).



## Report Card Highlights

Please view the [January 2014 Report Card newsletter](#) that was recently published. The newsletter contains updates on the following:

- Summary of 2013 Actuarial Report
- July 2014 Pre-Retirement Seminar Schedule

## Attention Software Unlimited Users

It appears that there may have been some confusion after a recent Software Unlimited seminar. The *Last Date Worked and Hours* does not need to be on each monthly TFFR report.

When submitting your TFFR monthly report, please **DO NOT** check the box in the retirement reporting options that says to *Include Last Date Worked and Hours*. This option should **only** be selected for the June report that is generated at the **end of the fiscal year**. If you have a teacher that is done working mid-year and are reporting the teacher's final pay, then enter the last day worked and hours for just that one person. When a report is submitted with the last day worked and hours for all teachers and TFFR posts this report, it closes out the current fiscal year. When you submit your next monthly report, the system will no longer accept additional salary and contributions.

Please check your payroll set up and correct this for future TFFR reporting. If your report continues to include the *Last Day Worked and Hours* in error, your TFFR report will be rejected and you will be asked to resend a corrected report. If you have any questions, please contact our office.

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