

EMPLOYER CONTRIBUTION RATES INCREASING JULY 1, 2014

Legislation effective July 1, 2014, will increase both member and employer contributions by 2% each.

	<u>Current</u>	<u>Effective 7/1/2014</u>
Member	9.75%	11.75%
Employer	10.75%	12.75%

This increase applies to salary earned by all active members and re-employed retirees.

Prior to running your July 2014 payroll and after you have completed any payroll for the prior fiscal year, please make sure to modify your payroll software to increase the TFFR contribution rates. Contact your software vendor if you need assistance in implementing these changes.

NEW EMPLOYER PAYMENT PLAN FORM REQUIRED

Every TFFR employer must complete a new [Employer Payment Plan form](#) by May 1, 2014. If negotiations for 2014-15 are not complete by this date, please contact TFFR.

Current Model 2 employers picking up 9.75% of the member contribution will default to a Model 2 Partial if negotiations are not complete by July 1. This means the 2% increase in the member contribution rate

should be deducted from the member's pay and reported to TFFR as tax deferred dollars unless a new form is submitted indicating a different arrangement.

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, 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.

GASB FINANCIAL REPORTING CHANGES

The Government Accounting Standards Board (GASB) recently approved two new statements which will change accounting and financial reporting of public employee pensions by state and local governments.

Statement 67 replaces the financial disclosure requirements for public plans like TFFR and PERS effective for plan years beginning July 1, 2013. Statement 68 replaces the disclosure requirements for participating employers of public plans effective for fiscal years beginning on or after June 15, 2014.

The new statements require employers/school districts to report a proportionate share of the retirement plan's net pension liability and pension expense (including deferred outflows and inflows of resources) on the employer's financial statements. This is significant because the employer's share of the collective net pension liability will appear on the face of the employer's financial statements for the

first time. In many cases this amount will be material. Also much more pension related information will be included in the employer's Note Disclosures and Required Supplementary Information portion of the financial statements.

The following schedules will be calculated by TFFR's actuary and provided annually to employers.

- Schedule of Employer Allocations
- Schedule of Pension Amounts by Employer

TFFR and PERS have been working on an implementation and training plan with the State Auditor's Office and the pension plan's actuary and auditors. A small focus group planning session will be held this summer with representatives from schools, cities, counties, and the State. Education sessions for all employers are projected to be held in 6-8 months.

What can you do now?

- Visit with your auditor about how GASB 68 will be implemented and the impact it will have on your financial statements.
- Communicate this information to your Superintendent and Board.
- Visit the GASB website for additional information – www.gasb.org -GASB Toolkit contains implementation guide, videos, and articles.



FISCAL YEAR-END REMINDERS CHECKLIST

- ✓ **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.)
- ✓ 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.
- ✓ Salary for summer programs must also be reported when **earned** and not when paid. Report June work on the June report and July work on the July report.
- ✓ Payments for unused vacation and/or sick leave should **not** be reported to TFFR.
- ✓ If you do not have contributions to report for a month, written notification to TFFR is required. Just drop us an email at tdvolkert@nd.gov.



JUNE-JULY REPORTING OF HOURLY WAGES

The following is a common error we see when a TFFR member works in June at an hourly wage.

- In July, an employee submits a salary request (time sheet) for hourly work done in June. These wages are paid in July and get reported on the July TFFR report in error.

Salary must be reported in the fiscal year earned, not when paid. Also, if you report salary earned in June on your July report in error and the contribution rates increased in July, you will have overpaid contributions.

If the salary was reported in the wrong year, please let us know. We will move the salary back to the correct fiscal year and issue you a refund if contributions were overpaid.

Even better, if you recognize that the pay belongs in a prior year, before adding it to your regular July payroll, please contact TFFR to discuss the best way to report the pay correctly.

If you have any questions, please contact the TFFR office.

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 2014 compensation limit is \$260,000. If you have any TFFR employees who will earn 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

The [March 2014 Your Vested Interest newsletter](#) was recently published and can be viewed on the TFFR website



BUSINESS MANAGER WORKSHOPS

The ND Teachers Fund for Retirement will once again be a presenter at the following regional Business Manager Workshops. We will be sharing information on the upcoming GASB financial reporting changes, TFFR reporting requirements, and other important information.

- Minot - May 5, 2014
- Devils Lake - May 6, 2014
- Valley City - May 7, 2014
- Dickinson - May 8, 2014

We look forward to seeing and visiting with you!

May 2014

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5 MINOT	6 DEVILS LAKE	7 VALLEY CITY	8 DICKINSON	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26 Memorial Day	27	28	29	30	31