
TFFR Employer Reporting Changes Effective July 1, 2012

TFFR EMPLOYER ACTION REQUIRED

The following outlines the employer reporting changes effective **July 1, 2012**. We encourage you to contact your payroll software vendor to make sure all required changes are programmed and tested prior to running your July 2012 payroll. Since the changes impact the payroll of your teachers, please also discuss these changes with your teachers and help them understand the impact on individual pay checks.

1) Member and Employer Contribution Increases

- Employer contribution rates increase from 8.75% to 10.75%.
- Member contribution rates increase from 7.75% to 9.75%.
- 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) Payment of Member Contributions on Re-employed Retirees

- Both employer and member contributions must be paid on all salary earned by re-employed retirees based on employer payment model.

3) Taxation of Member Contributions under Model 2 Partial and Model 3 Partial

- Change tax treatment of member contributions under Model 2 partial and Model 3 partial so the portion of the member contributions paid by the member is deducted from pay on a tax deferred basis, instead of an after tax basis.
- Link - [Examples of employer payment plans \(Models 1, 2, 3, 4\)](#). (See pages 7-8.)

4) New Employer Payment Plan Form Required

- Every TFFR employer must complete a new Employer Payment Plan form by May 1, 2012.
- 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 7.75% 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.

Report Card Highlights

Please view the recently published [January 2012 Report Card newsletter](#) for the following:

- Summary of 2011 Actuarial Report
- Notice of Administrative Rule Changes
- 2011 Legislation Implementation Details
- July 2012 Pre-Retirement Seminar Schedule

2011 Annual Financial Report Available

Please view the Retirement and Investment Office [2011 Comprehensive Annual Financial Report](#) (CAFR) for a complete review of the financial, investment, and actuarial conditions of the State Investment Board and the Teachers' Fund for Retirement.

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 wishes to place this information on the W-2, it belongs in Box 14.

Salary Verification-Pending Retiree Form

To assist TFFR in the salary verification process prior to a teacher retiring, please complete the [Salary Verification-Pending Retiree form](#). Employers should complete and 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.

