

## Are You Ready for TFFR Changes?

The 2011 Legislative Assembly approved HB1134 which increases employer and employee contributions and requires payment of employee contributions on all salary earned by re-employed TFFR retirees. Prior to running your July 2012 payroll, make sure you have modified your payroll software to address these changes. Please contact your software vendor for assistance. Additional detail regarding the employer reporting changes is included in the [TFFR Employer Reporting Changes memo](#) sent to all employers in November 2011.

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.

## TFFR Eligible Salary Determinations

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

TFFR staff continues to address questions concerning whether or not certain payments or salary structures paid to teachers and administrators are reportable to TFFR. Please take a minute to review the recent [Salary Memo](#) sent to all employers on March 20, 2012. It is in the best interest of all parties to have the question of TFFR reporting addressed before negotiations are settled and the payment is made. Therefore, do not hesitate to call our office to discuss changes to your salary structure. Keep in mind that TFFR eligible salary determinations are for TFFR purposes only. They do not impact the ability of school districts to make special payments.

## New Employer Payment Plan Form Required

Every TFFR employer must complete a new [Employer Payment Plan form](#) by May 1, 2012. If negotiations for 2012-13 are not complete by this date, please contact TFFR.

Current Model 2 employers picking up 7.75% of the member contribution will default to a Model 2 Partial if negotiations are not complete by July 1. This means the



April Showers!



May Flowers!

It must be time for the Business Manager Workshops!

TFFR staff will present a legislative update and other important information at the regional Business Manager Workshops. The cities and dates are:

Minot - April 30, 2012  
Devils Lake - May 1, 2012  
Valley City - May 2, 2012  
Dickinson - May 3, 2012

We look forward to visiting with you!

## Fiscal Year-End Reminders Checklist

Before you send your June 2012 TFFR report, please review the report for the following:

- ✓ **All member records, including re-employed retiree records, 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. Please see the "Summer Programs" article for additional information.
- ✓ 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.

## 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.

As noted in the Fiscal Year End Reminders, 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 4 through July 20 (20 days in June and 14*

*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 20 on the July report (due August 15) regardless of when the salaries were paid.*

Many employers continue to report summer pay incorrectly. Some employers have found it helpful to set up summer program pay to match the TFFR reporting requirement. This is an example of the text one employer added to the bottom of their summer contracts:

Job Code: Summer/Elem/120 hours

June Pay Date:	June 30, 2012	Hours: 80	Amount: \$3,587
July Pay Date:	July 30, 2012	Hours: 56	Amount: \$2,510

## 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 2012 compensation limit is \$250,000. 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 2012 Your Vested Interest newsletter](#) for an investment performance update.

## TFFR Pre-Retirement Seminars

TFFR's 2012 statewide pre-retirement seminars have been scheduled. All teachers are invited to register for this full day pre-retirement planning seminar that covers TFFR benefits, financial planning, estate planning, Social Security benefits, PERS health insurance, and adjusting to retirement.

Fargo - July 11, 2012 (full)  
Minot - July 12, 2012

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.

HAVE A

**"FUN" TASTIC**

**SUMMER!**