

Group Benefit Presentation

Teachers' Fund for Retirement

Fall 2026

TFFR Plan

WHAT IS TFFR?

The Teachers' Fund for Retirement (TFFR) is a **defined benefit plan** for North Dakota public school educators.

Under Internal Revenue Code, it's a **401(a)**, a tax-exempt pension plan where benefits are defined by state law.



WHO IS RESPONSIBLE FOR TFFR?



The TFFR Board of Trustees has statutory responsibility, overseeing program administration.

The North Dakota Retirement and Investment Office manages the program.

- Retirement Services
- Investment Management

HOW IS IT FUNDED?

TFFR is funded on an actuarial reserve basis. While the members are working, contributions are invested to pay for future retirement benefits.

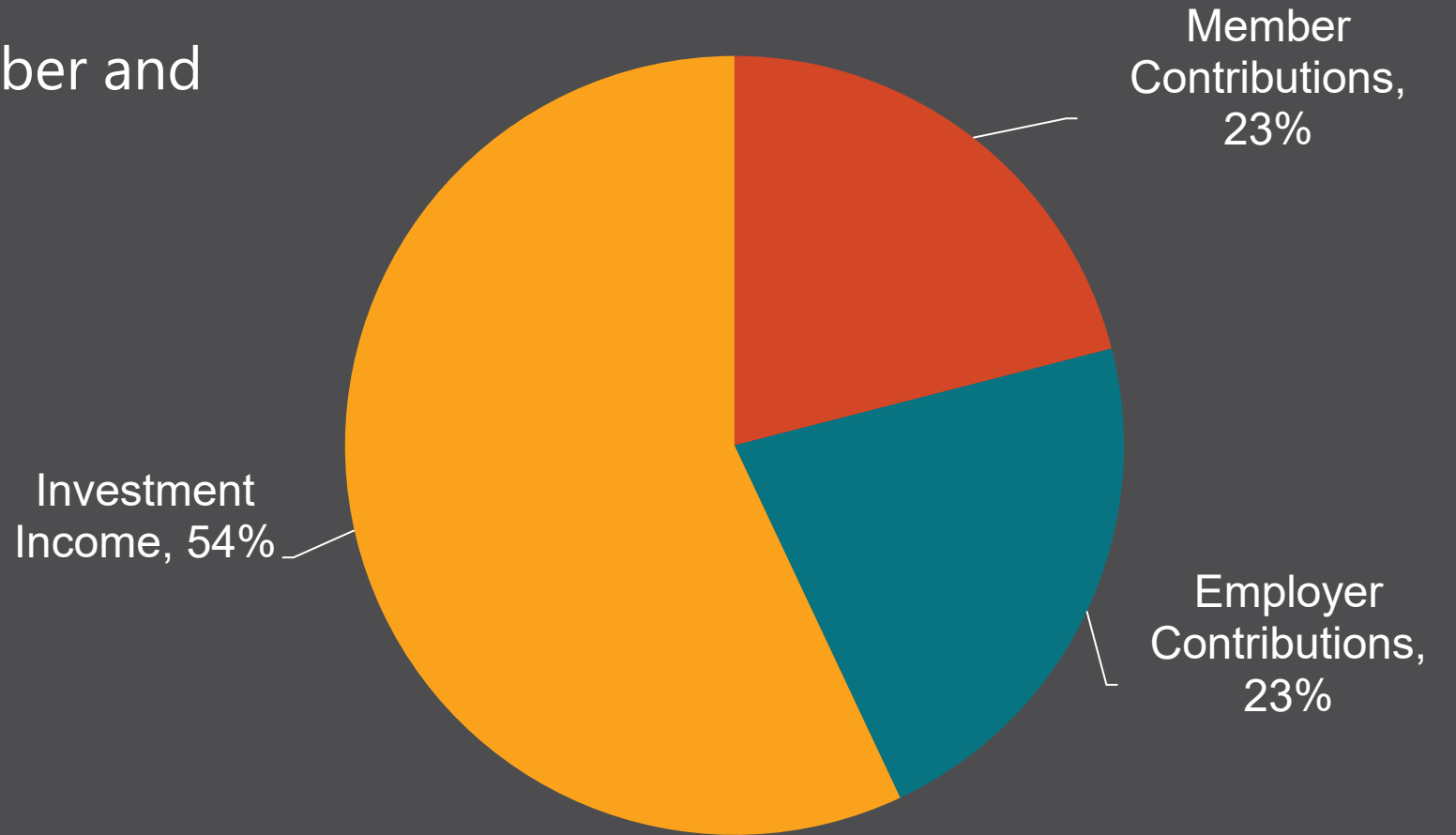
Funding comes from three sources:

- Member Contributions – 11.75% of salary
- Employer Contributions – 12.75% of salary
- Investment Earnings



FUNDING SOURCES

TFFR is funded through Member and Employer Contributions and Investment Earnings.



MEMBERSHIP AND TIERS

- Must be licensed to teach in North Dakota and under contract with public school or state institution for teaching, supervisory, administrative or extracurricular services .
- Tiers and Grandfathering Status
 - Tier 1 Grandfathered – TFFR credit on July 1, 2008, and were within 10 years of normal retirement as of June 30, 2013
 - Tier 1 Non-grandfathered – TFFR credit on July 1, 2008, and were more than 10 years from normal retirement as of June 30, 2013
 - Tier 2 – new and returning refunded members on or after July 1, 2008
- Exemption - 20-year military retiree

REPORTABLE SALARY

Eligible Retirement (Reportable) Salary:

- Administration
- Teaching
- Supervisory
- Extracurricular duties during the school year
- Salary reduction or deferral amounts under 26 USC 125:
 - 132(f) – certain fringe benefits
 - 403(b) – tax-advantaged retirement plans
 - 457 – retirement savings plan



NOT REPORTABLE SALARY

Retirement salary does **not** include:

- Amounts received in lieu of previously employer-provided benefits or payments
- Bonuses
- Bus driving
- Early retirement incentive or severance pay
- Fringe benefits (i.e., allowances, meals or lodging)
- Insurance programs
- Janitorial pay
- Referee pay/ticket taking
- Teacher's aid pay

WHO CAN BE BENEFICIARIES?

You may name:

- Spouse as only primary beneficiary, unless consent is provided
- Any person, organization, church, charity or estate, if not married or if you have written spousal consent.

If you name more than one primary beneficiary, they are not eligible for a lifetime monthly annuity.

Contingent beneficiaries are not required.

DIVORCE

TFFR benefit is generally considered to be a **marital asset** subject to valuation and division in a divorce.

- Division requires a **Qualified Domestic Relations Order (QDRO)** approved by the TFFR Board **before** being signed by the judge.

Former spouse (i.e., alternate payee) may:

- Receive a lump sum only if you take a refund at termination.
- Elect a monthly lifetime benefit based on your accrued benefit at divorce.
- Receive a benefit even if you continue working.

Your benefit is reduced based on the actuarial value of the alternate payee's benefit.



SERVICE CREDIT AND VESTING

Earned Service Credit

- 700 compensated hours = 1 service credit
- If less than 700 hours, credit is prorated.
 - Example: $650 \text{ hours} / 700 = .929$ service credit

Dual Membership

- Service credit in TFFR and the Public Employees Retirement System's Main Plan (defined benefit only) or Highway Patrol Retirement System
 - Included for vesting and eligibility.

Vesting – when achieved, entitled to lifetime benefit.

- Tier 1 requires 3 years of TFFR service credit.
- Tier 2 requires 5 years of TFFR service credit.

SERVICE CREDIT PURCHASE

Active members may purchase service credit for:

- Refunds previously taken from TFFR
- Air time
- Out-of-state teaching
- Non-public school teaching
- Leave of absence
- Legislative service
- Military service
- Government agency teaching



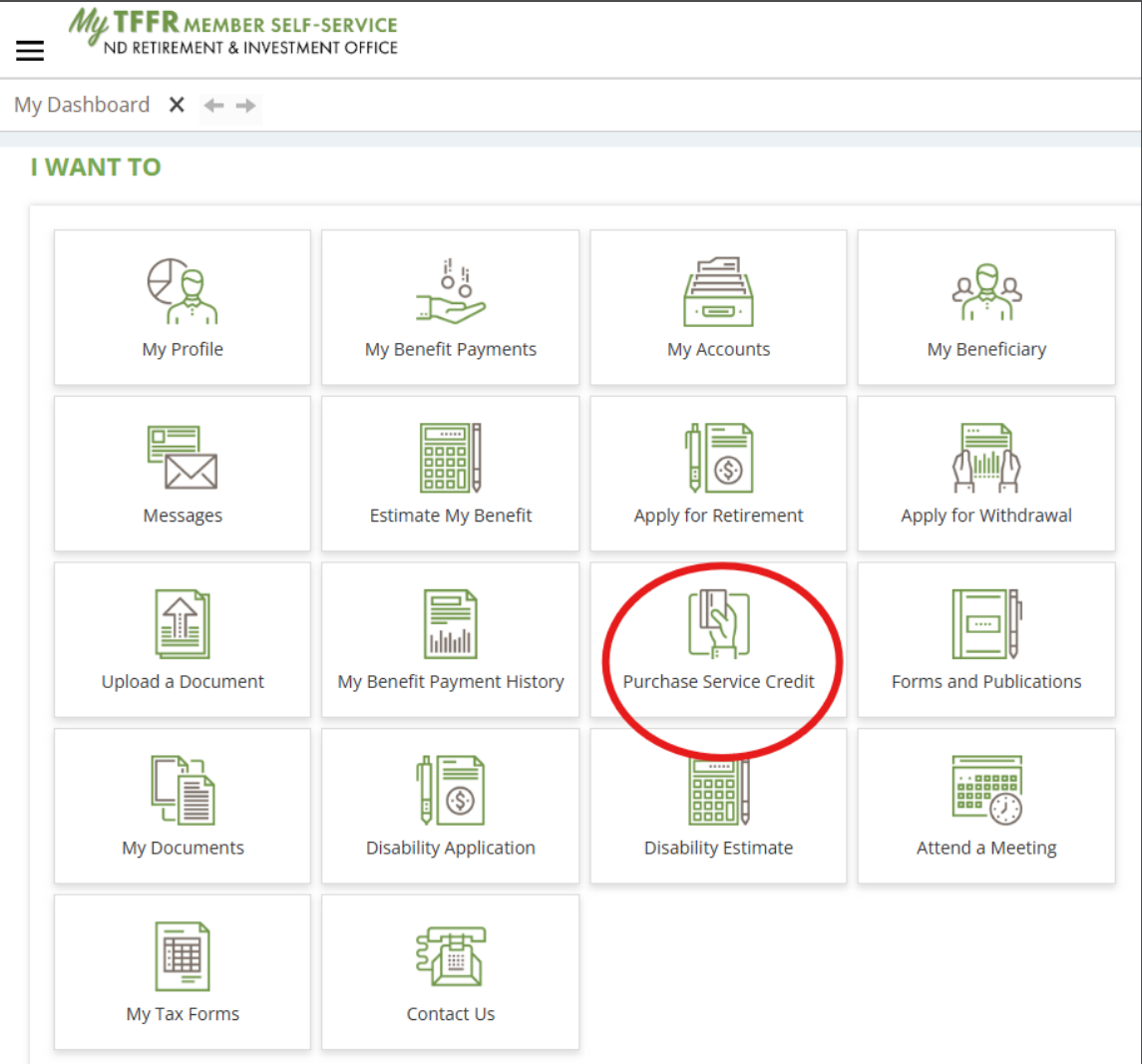
COST TO PURCHASE

Actuarial Equivalent Calculation

1. Current Final Average Salary.
2. Current and Retirement Age.
3. Number of Years to Normal Retirement.
4. Increase in Benefits Resulting From Purchase.
5. Loss of Contributions from Earlier Retirement Eligibility.

RIO may accept tax deferred money by direct rollover from eligible retirement plans including IRAs (not Roth IRA), qualified 401(a) and 401(k) plans, 403(b) tax-sheltered annuity plans, and 457 governmental plans.

CREATING A SERVICE CREDIT ESTIMATE



Benefit

RETIREMENT ELIGIBILITY AND CLASSIFICATIONS

Eligibility

- Must be a vested member
- Must cease covered employment

Classifications

- Deferred retirement - vested members can go inactive, deferring retirement to a later date
- Reduced retirement – available at age 55
- Normal/Full (unreduced) retirement
 - Tier 1 Grandfathered = Rule of 85
 - Tier 1 Non-Grandfathered = Rule of 90, minimum age 60
 - Tier 2 = Rule of 90, minimum age 60
 - Age 65

BENEFIT FORMULA

$$\begin{array}{ccccccc} \text{Monthly} & & & & & & \text{Single} \\ \text{FAS}^* & \times & \text{Service} & \times & 2.0\% & = & \text{Life} \\ & & \text{Credit} & & & & \text{Annuity} \end{array}$$

*Tier 1 Members Final Average Salary (FAS) is 3 high fiscal year salaries ÷ 36

*Tier 2 Members Final Average Salary (FAS) is 5 high fiscal year salaries ÷ 60

BENEFIT OPTIONS

- Refund of Account Value
- Single Life Annuity
- 100% Joint & Survivor or 50% Joint & Survivor
- 10-Year Certain & Life or 20-Year Certain & Life
- Partial Lump Sum



REFUND OF ACCOUNT VALUE

What does it include?

- Employee contributions, 11.75% of salary
- Interest earned, 6% guaranteed

Why does it matter?

- If you leave employment – rollover or refund
- If you pass away – beneficiaries may receive



SINGLE LIFE ANNUITY

- Payable for life
- No monthly provision for a beneficiary
- If the member dies before receiving the full account value, beneficiary(ies) will receive a lump-sum payment of the balance.



JOINT & SURVIVOR OPTIONS

- Both options are payable for life.
- Actuarially reduced based upon your age & beneficiary age.
- Can only be used with one primary beneficiary.
- If beneficiary pre-deceases you, your benefit “pops-up” to the higher Single Life Annuity amount.
- 100% Joint & Survivor
 - If the beneficiary is your spouse, they can be any age. If not the spouse, the beneficiary must be within 10 years of your age.
- 50% Joint & Survivor
 - Beneficiary can be any age.

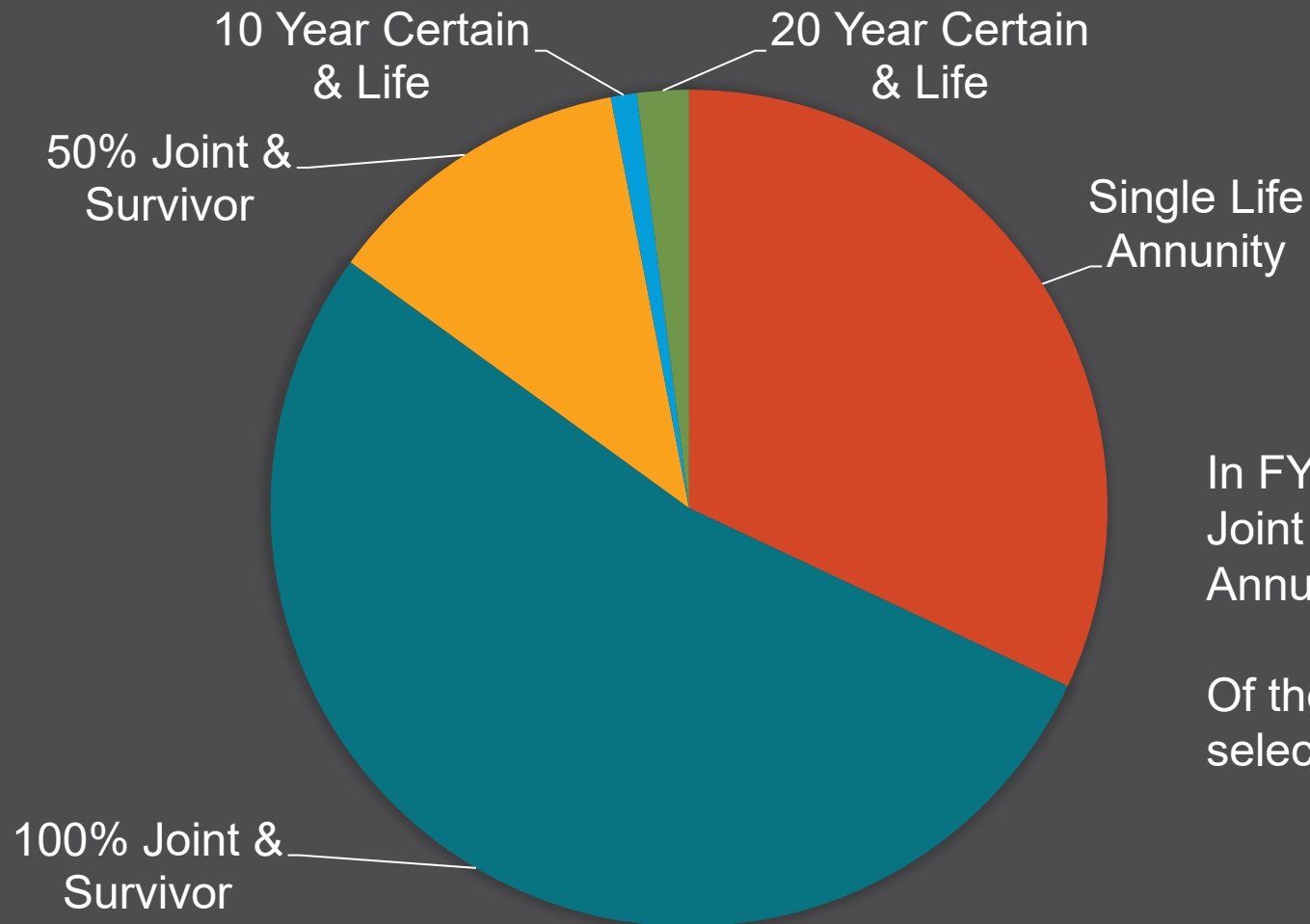
10-YEAR OR 20-YEAR TERM CERTAIN & LIFE

- Both options are payable for life
- No pop-up feature
- 10-Year Term Certain & Life
 - If you should die within 10 years of your retirement date, your beneficiary(ies) will continue to receive the benefit in the same amount for the remainder of the 10-year period.
- 20-Year Term Certain & Life
 - If you should die within 20 years of your retirement date, your beneficiary(ies) will continue to receive the benefit in the same amount for the remainder of the 20-year period.

PARTIAL LUMP SUM OPTION (PLSO)

- Provides a cash payment in exchange for an actuarially reduced benefit.
 - Lump sum = 12 times Single Life Annuity.
 - Payable portion may be rolled over.
- Still need to choose a benefit option.

SERVICE RETIREMENT OPTIONS



In FY2025, most retirees (53%) chose the 100% Joint & Survivor annuity, followed by Single Life Annuity (32%) and 50% Joint & Survivor (12%).

Of the 184 retirements that fiscal year, 11 selected the Partial Lump Sum Option.

A photograph showing the back of a person with brown hair, wearing a light blue button-down shirt, sitting in a silver metal wheelchair. They are walking through a glass door into a bright, modern office. In the background, other people are visible working at desks. The lighting is natural, coming from large windows.

DISABILITY BENEFIT

Eligibility

- 5 years of service credit
- Active member when disability occurs
- Application w/in 36 months of employment
- Unable to perform the duties of a teacher
- Certified eligible by TFFR Board of Trustees
- Must be total, can be temporary

Disability Formula

- $\text{FAS} \times \text{Service Credit} \times 2.0\% = \text{Disability Single Life Annuity}$
- No age reduction
- Beneficiary options are available

SURVIVOR BENEFITS

Death prior to retirement

- Nonvested member
 - Refund of account value
- Vested member
 - Refund of account value
 - If only one beneficiary designated, monthly benefit for life

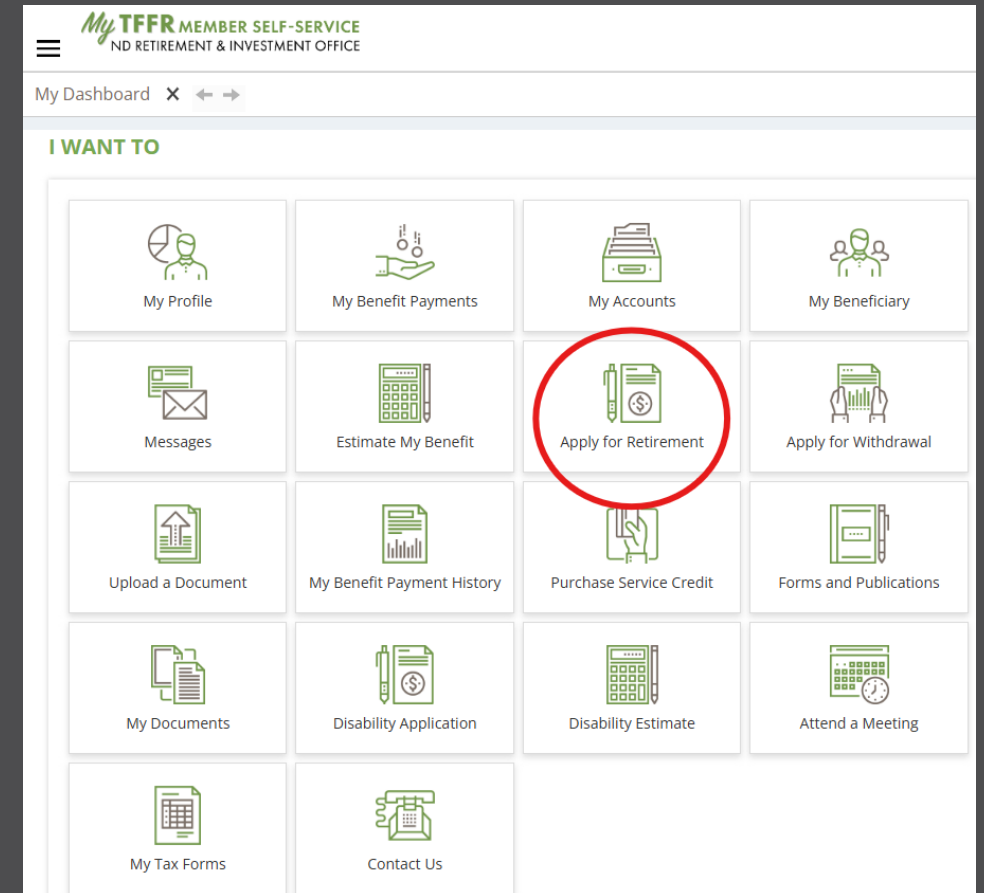
Death after retirement

- Benefit is paid based on the retirement option selected



RETIREMENT PROCESS

1. Learn about your Annuity Options and run a Benefit Estimate
2. Notify your employer of your resignation
3. Review and update your *MyTFFR* account
 - Member information
 - Relationships and beneficiaries
4. Prepare to complete an application
 - Determine your retirement date
 - Gather the required documents electronically
 - Find your bank information and know your tax status



HEALTH INSURANCE AFTER RETIREMENT

If you are receiving a TFFR benefit, within 31 days of becoming Medicare eligible, you may be eligible to enroll in NDPERS retiree insurance plans.

- [Non-NDPERS Retiree Insurance Guide](#)
- [What is Medicare and who can get it?](#)

[ND State Health Insurance Assistance Program](#) - help with Medicare

[ND Navigators](#) - help finding affordable health insurance

These resources are available on RIO's website, rio.nd.gov. Select the TFFR Member tab and scroll down to Retirement Resources

Working After Retirement

EMPLOYMENT LIMITATIONS



After you retire, you may return to TFFR-covered employment under certain employment limitations.

- Must have a **one-month** break from all TFFR employment or relationships.
- Returning before the one-month break may require **repaying** all benefits.
- Notify RIO **each year** you return to TFFR-covered employment to avoid losing one month of benefits.

GENERAL RULE

1. General Rule – Annual Hour Limit

- a. Maximum Number of Hours in FY (July 1-June 30) based on Length of Contract.
 - i. 9-month contract = 700 hours
 - ii. 10-month contract = 800 hours
 - iii. 11-month contract = 900 hours
 - iv. 12-month contract = 1,000 hours
- b. Excludes in-staff subbing, extracurricular duties and professional development.
- c. Employer and employee contributions are paid on retirement salary, excluding in-staff subbing, extracurricular duties, and professional development. Does not impact monthly benefit.

CRITICAL SHORTAGE AREA

2. Exception A – Critical Shortage Area

- a. Critical Shortage Areas are determined by Education Standards and Practices Board.
- b. Can exceed the Annual Hour Limit without losing retirement benefits.
- c. A one-year waiting period is required.
- d. Must reapply for this exception annually.
- e. Excludes in-staff subbing, extracurricular duties and professional development.
- f. Employer and employee contributions are paid on retirement salary, excluding in-staff subbing, extracurricular duties, and professional development. Does not impact monthly benefit.

BENEFIT SUSPENSION AND RECALCULATION

3. Exception B – Benefit Suspension and Recalculation

- a. Can exceed the Annual Hour Limit.
- b. Benefits are suspended the first month following the month you reach the limit.
- c. Employer and employee contributions are paid on all retirement salary before and after the benefit suspension.
- d. Upon subsequent retirement, your benefits will be recalculated using all the years you were reemployed.

Outreach

TOOLS & RESOURCES

- TFFR Member Webpage
 - Member Handbook
 - Frequently Asked Questions
 - Presentations
 - Newsletters (see Publications tab)
- *My*TFFR Member Self-Service
 - Update your contact information
 - Designate account beneficiaries
 - Purchase service credit
 - Estimate your retirement benefit
 - Apply for retirement or a withdrawal of account (refund)



CONTACT US

North Dakota Retirement and Investment Office

- Phone: 701-328-9885 or 800-952-2970
- Email: rio@nd.gov
 - Important: Do not send personal or confidential information, such as your Social Security number or date of birth, by email.
- Website: www.rio.nd.gov
 - To send a secure message, log in to [MyTFFR Member Self-Service](#) and use the “Contact Us” tile on your Dashboard.

Business hours are Mon-Fri, 8:00 a.m.-5:00 p.m.

Office hours are Mon-Thu, 8:00 a.m.-5:00 p.m.; Fri 8:00 a.m.- 12:00 p.m.

To ensure availability, contact RIO for an appointment.

WORKSHOP EVALUATION

Thank you for attending!

Please share your thoughts about today's presentation.

Scan the QR code to complete the event evaluation.



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