

TFFR EMPLOYER REPORTING OVERVIEW

Business Manager Workshops
May 2019

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Teachers' Fund for Retirement (TFFR)

TFFR - Topics to Cover

- Background
- Employer Responsibilities
- Employer Models
- Reporting Requirements

TFFR Employer Background

TFFR Participating Employers

■ School Districts/REAs	178
■ Special Ed Units	19
■ Vocational Centers	4
■ Counties	6
■ State Agencies/Institutions	5
■ Other – Closed groups	<u>1</u>
2018-19 Total Employers	213

Employer Responsibilities

Employer Responsibilities

1. Identify Employees Eligible for TFFR
2. Report Eligible Salary
3. Collect and Pay Contributions

Employer Responsibilities

- Identify Employees Eligible for TFFR
 - Licensed by ESPB
 - Under Contract or Written Agreement

Employer Responsibilities

- Report Eligible Salary in Correct Fiscal Year

- Earnings for Performance of Duties

- Teaching, Supervisory, Administrative, Extra-curricular
 - Performance or Merit Pay
 - Advisor/Director/Monitor/Supervisor
 - Adult education
 - Assessments for hearing and speech
 - Classroom set up (only your own)
 - Information Technology coordination
 - In-staff subbing
 - Professional Development (not reimbursement for expenses or tuition)
 - Mentoring
 - Music accompanist
 - Paid leave
 - REA, consortium type work
 - Summer school/summer programs
 - Travel time between schools (not mileage)
 - Curriculum writing
 - Drivers Ed
 - Dual credit classes
 - Grant writing (not if % of grant)

Employer Responsibilities

■ Do not Report Ineligible Salary

- Benefits or payments converted to salary
- Bonuses
- Computer tech support (unless technology coordinator duties)
- Early retirement incentive pay, severance pay, or other payments conditioned on or made in anticipation of retirement or termination
- Equipment maintenance and repair, jobsite prep and finish work, construction project management and similar nonteaching duties (if not included on member's regular teaching contract)
- Fringe benefits including insurance programs, annuities, transportation allowances, housing allowances, meals, lodging and expense allowances
- Teacher's aide, ticket taking, janitorial, bus driving, referee
- Unused leave
- Back loaded salary structures
- Other benefits or payments not defined above that the TFFR Board determines to be ineligible TFFR salary

Employer Responsibilities

- Collect & Pay Contributions

	Employer	Member	Total
7/1/12	10.75%	9.75%	20.5%
7/1/14	12.75%	11.75%	24.5%

Note: 2011 legislation increased rates effective 7/1/12 and 7/1/14 to improve TFFR funding level. Increased rates will be in effect until TFFR reaches 100% funded ratio; then rates will be reduced to 7.75% each.

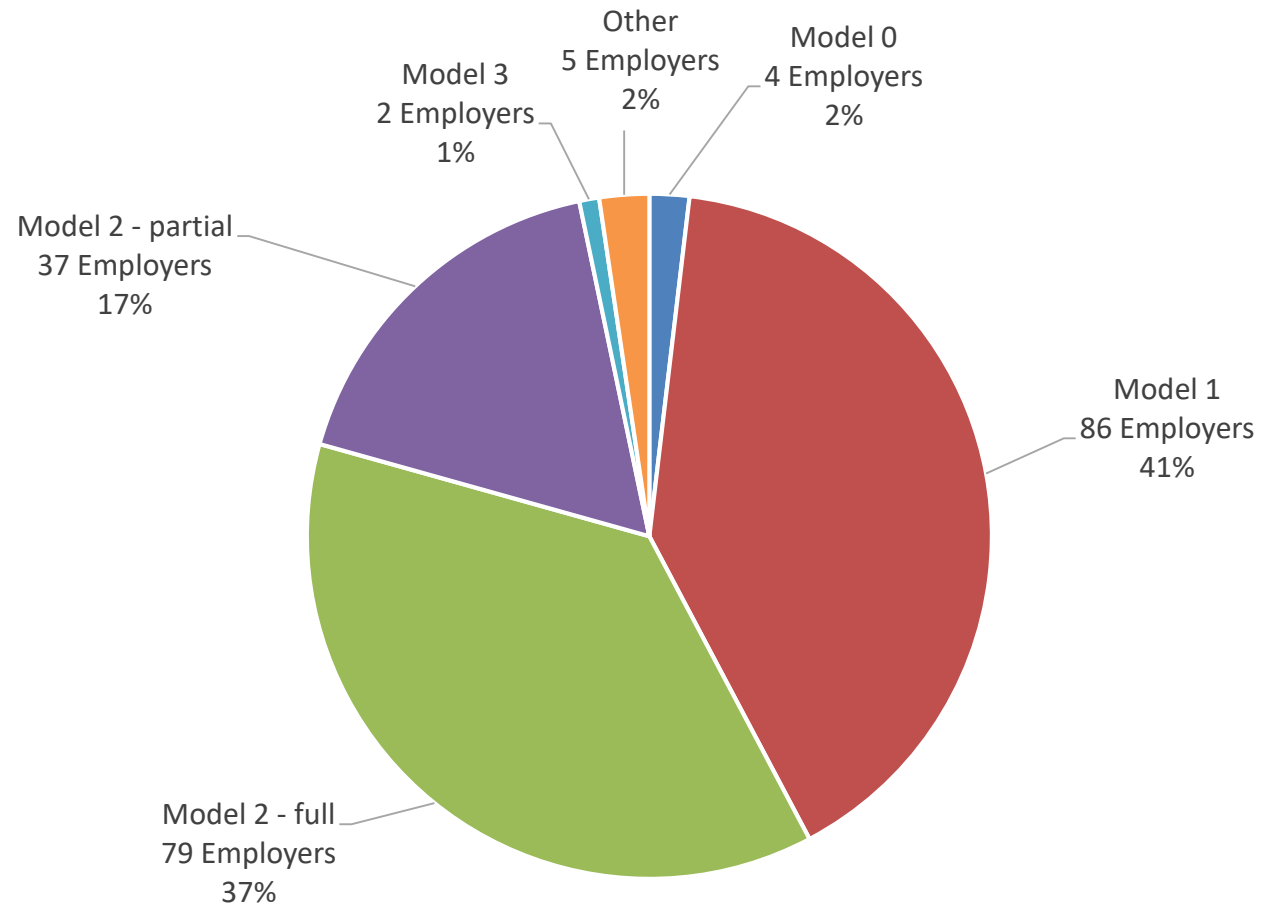
TFFR Employer Models

TFFR Employer Models

Payment of member contributions on a tax deferred basis can be made through a: (1) salary reduction or (2) salary supplement.

- **No Model:** Member/employee contribution is paid by employee and remitted by employer as **taxed** dollars.
- **Model 1:** Member/employee contribution is paid by employee as a salary reduction and remitted to TFFR by employer as **tax deferred** dollars.
- **Model 2 All:** Member/employee contribution is paid by employer as a salary supplement and remitted to TFFR by employer as **tax deferred** dollars.
- **Model 2 Partial %:** A portion of the member/employee contribution is paid by employer as a salary supplement and remitted by employer as **tax deferred** dollars. The remaining employee contribution is paid by employee as a salary reduction and remitted by employer as **tax deferred** dollars.
- **Model 3 \$:** Option is no longer used effective 7-1-2019.
- **Other:** Includes state agencies

TFFR Employer Models 2018-19



Model 1 - Employer Remittance of ALL the Member Contributions as a Salary Reduction

Contract/Additional TFFR Salary Earned by Member	\$20,000.00
Retirement Salary	\$20,000.00
Employer Contributions	\$2,550.00 (Retirement Salary of \$20,000 x 12.75%)
Tax-Deferred Member Contributions Withheld from Member's Pay and Remitted by the Employer as a Salary Reduction	\$2,350.00 (Retirement Salary of \$20,000 x 11.75%)
Taxable Salary Reported for Income Tax Purposes	\$17,650.00 (Contract Salary of \$20,000 less \$2,350 Tax-Deferred Member Contributions)
Taxable Salary Reported to Social Security	\$20,000.00

Model 2 (ALL) — Employer Payment of ALL the Member Contributions as a Salary Supplement

Contract/Additional TFFR Salary Earned by Member	\$20,000.00
Retirement Salary	\$22,662.89 (Contract Salary of \$20,000/.8825[1-.1175])
Employer Contributions	\$2,889.52 (Retirement Salary of \$22,662.89 x 12.75%)
Tax-Deferred Member Contributions Paid by the Employer as a Salary Supplement	\$2,662.89 (Retirement Salary of \$22,662.89 x 11.75%)
Taxable Salary Reported for Income Tax Purposes	\$20,000.00
Taxable Salary Reported to Social Security	\$20,000.00

Model 2 (Partial) — Employer Payment of A PERCENTAGE of Member Contributions as a Salary Supplement

Example: Employer agrees to pay 7.75% of member contribution as a salary supplement. The remaining 4% will be deducted from the member's pay. All contributions will be tax-deferred.

Contract/Additional TFFR Salary Earned by the Member	\$20,000.00
Retirement Salary	\$21,680.22 (Contract salary \$20,000/.9225[1-.0775])
Employer Contributions	\$2,764.23 (Retirement Salary of \$21,680.22 x 12.75%)
Tax-deferred Member Contributions Paid by Employer as a Salary Supplement	\$1,680.22 (Retirement salary \$21,680.22 x 7.75%)
Tax-Deferred Member Contributions Withheld from Member's Pay and Remitted by the Employer as a Salary Reduction	\$867.21 (Retirement salary \$ 21,680.22 x 4%)
Taxable Salary Reported for Income Tax Purposes	\$19,132.79 (Contract Salary of \$20,000 less \$867.21 Tax-Deferred Member Contributions)
Taxable Salary Reported to Social Security	\$20,000.00

Model Comparison

Model 1

Contract TFFR Salary \$22,662.89

Retirement Salary **\$22,662.89**

Employer Contributions \$2,889.52
(Retirement salary of \$22,662.89 x 12.75%)

Tax-Deferred Member Contributions \$2,662.89
Withheld from Member's Pay
(Retirement salary of \$22,662.89 x 11.75%)

Taxable Salary Reported for Income Tax Purposes (Contract salary \$22,662.89 less \$2,662.89 Tax-Deferred Member Contributions) \$20,000.00

Taxable Salary Reported to Social Security \$22,662.89

Model 2 (ALL)

Contract TFFR Salary \$20,000.00

Retirement Salary **\$22,662.89**

(Contract salary of \$20,000/1.0 - .1175)

Employer Contributions \$2,889.52
(Retirement salary of \$22,662.89 x 12.75%)

Tax-Deferred Member Contributions \$2,662.89
Paid by the Employer
(Retirement salary of \$22,662.89 x 11.75%)

Taxable Salary Reported for Income Tax Purposes \$20,000.00

Taxable Salary Reported to Social Security \$20,000.00

**Model Change Effect on Individual Payroll
Compares Model 2 @ 11.75% to Model 1**

Federal Tax	Y	[Enter Y if yes, N if no]		
State Tax	Y	[Enter Y if yes, N if no]		
Withholding Status	M	[S for single, M for married]		
# of exemptions	0			
	Proposed Model 1		Current Model 2	
	With Salary Inc		11.75%	
Yearly Contracted Salary	22,662.89		20,000.00	
TFFR Yearly Retirement Salary	22,662.89		22,662.89	Contract Salary / (1 minus % of pick-up amount)
Pay Periods	12		12	
Monthly Contract Salary	1,888.57		1,666.67	
TFFR Monthly Retirement Salary	1,888.57		1,888.57	
Member Contributions	221.91	Deducted from Pay (tax-deferred)	221.91	Paid by Employer (tax-deferred)
			-	Deducted from Pay (tax deferred)
Taxable Salary (Fed & State)	1,666.67		1,666.67	
Monthly Contract Salary	1,888.57		1,666.67	
Deductions:				
TFFR Contributions	221.91		0.00	
Federal Tax	99.97		99.97	
State Tax	19.61		19.61	
Social Security	117.09	6.2% X Monthly Contract Salary	103.33	
Medicare	27.38	1.45% X Monthly Contract Salary	24.17	
Net Salary	1,402.61		1,419.59	

TFFR Employer Models

- Employer Must Follow Same Model for all TFFR Members
- Model Change Must be Effective July 1

Reporting Requirements

Reporting Requirements

■ Forms Required

- Member Action Form (new and returning refunded members)
- Designation of Beneficiary
- Reemployed Retiree Form (each year retiree is reemployed)
- Notification of School District Changes
- Salary Verification – Pending Retiree

■ Monthly Report of Earnings & Payment of Contributions

- Due 15th of Following Month
- Penalty & Interest on Late Reporting
- ACH

■ Accuracy of Reporting

- Member Annual Statements
- Annual Employer Summary Report
- School District Compliance Reviews
- Annual Reasonability Reports
- Salary/Service Review During Counseling Sessions
- Review of Salary/Service at Retirement

QUESTIONS

