

**Retirement 101**  
Teachers' Fund for Retirement  
Fall 2024



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**TEACHERS' FUND FOR RETIREMENT BOARD**

The Teachers' Fund for Retirement (TFFR) Board of Trustees has statutory responsibility for the retirement program for North Dakota public school educators.

*Mission: to administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.*



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**RETIREMENT AND INVESTMENT OFFICE**

The Retirement and Investment Office (RIO) coordinates the activities of the State Investment Board and the Teachers' Fund for Retirement.

**Mission:** to provide prudent and transparent investment services for our client funds and support North Dakota public school educators with responsible benefit administration.



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**WHO WE ARE?**

<p><b>TFFR Board of Trustees</b></p> <p>Dr. Rob Loch, President Represents School Administrators</p> <p>Mike Burton Represents Retired Members</p> <p>Cody Mickelson Represents Active Members</p> <p>Scott Evanoff Represents Retired Members</p> <p>Alexis Rasset Represents Active Members</p> <p>Thomas Beadle State Treasurer</p> <p>Kirsten Baesler State Superintendent</p>	<p><b>RIO staff who directly serve TFFR members</b></p> <p>Jan Murtha Executive Director</p> <p>Chad Roberts Deputy Executive Director/Chief Retirement Officer</p> <p>Denise Weeks TFFR Retirement Program Manager</p> <p>Jayme Heick and Denise Leingang-Sargeant TFFR Retirement Specialists</p> <p>Mensah Anyide-Ocloo Membership Specialist</p> <p>Rachelle Smith and Derrick Levey TFFR Administrative Assistants</p> <p>Sarah Mudder Communications and Outreach Director</p>
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**RETIREMENT AND INVESTMENT OFFICE**

**Contact Us**

- Phone: 701-328-9885 or 800-952-2970
- Fax: 701-328-9897
- Email: [rio@nd.gov](mailto:rio@nd.gov)
- Website: [www.rio.nd.gov](http://www.rio.nd.gov)

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.



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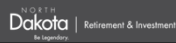
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### TYPE OF PLAN

TFFR is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code. In simpler terms, TFFR is a tax-exempt pension plan where benefits are defined by state law.

North Dakota Century Code §15-39.1-35 and Title 82 of the North Dakota Administrative Code contain the actual language governing the fund.



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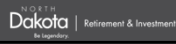
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### TYPE OF PLAN (CONTINUED)

The TFFR plan is funded on an actuarial reserve basis. That is, money is invested for future retirement benefits while members are actively teaching.

Benefit funding comes from three sources.



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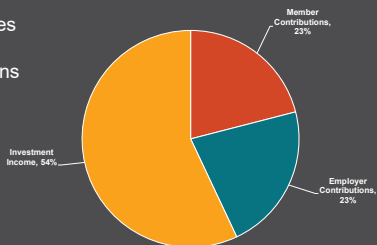
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### TFFR REVENUE SOURCES (FY 2022-23)

Benefit funding comes from member and employer contributions and investment earnings.



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### WHAT IS THE DIFFERENCE BETWEEN A DEFINED BENEFIT AND A DEFINED CONTRIBUTION PLAN?

**Defined Benefit Plan (DB)** – the benefit is defined, but the contribution is not (i.e., TFFR).

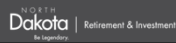
- Employer bears most plan risks.
- Focus is on benefit security.

**Defined Contribution Plan (DC)** – the contribution is defined, but the benefit is not (i.e., 401k, 403b, 457 plans)

- Employee bears plan risks.
- Focus is on wealth accumulation.

**Types of plan risks:**

- Investment
- Inflation
- Contribution
- Longevity




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### MEMBERSHIP

**Individual Membership**

- Must be licensed to teach in North Dakota and under contract with a TFFR employer.
- Tier 1 Grandfathered – members who had TFFR credit on July 1, 2008, and were within 10 years of normal retirement as of June 30, 2013.
- Tier 1 Non-grandfathered – members who had 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.

**Dual Membership**

- You may qualify as a dual member if you have service credit in TFFR and the Public Employees Retirement System (defined benefit only) or Highway Patrol Retirement System.

**20-year Military Retiree Exemption**

- 2023 Legislation exempts a 20-year military retiree, optional.




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### TFFR PENSION BENEFIT SUMMARY BY TIER

	Tier 1 Grandfathered	Tier 1 Non-Grandfathered	Tier 2 All Members
<b>Vesting Period</b>	3 years	3 years	5 years
<b>Unreduced Retirement Eligibility</b>			
Minimum Age	No	60	60
AND Rule	Rule of 85	Rule of 90	Rule of 90
OR Normal Retirement Age	65	65	65
<b>Reduced Retirement Eligibility</b>			
Minimum Age	55	55	55
Reduction Factor	6%	8%	8%
<b>Retirement Formula Multiplier</b>			
x FAS	3 year FAS	3 year FAS	5 year FAS
x Service Credit	Total Years	Total Years	Total Years

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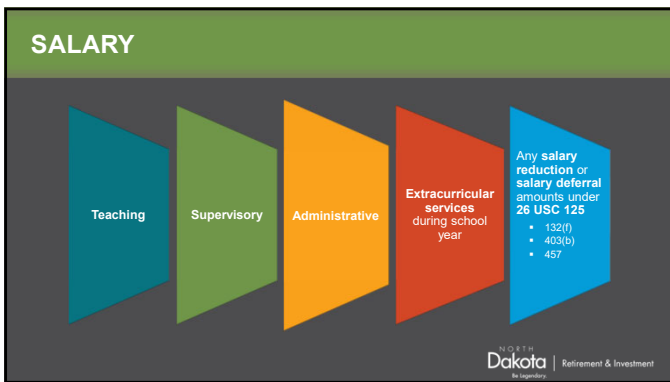
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- ### SALARY (CONTINUED)
- Salary does NOT include:
- Amounts received in lieu of previously employer-provided benefits or payments.
  - Bonuses.
  - Bus driving.
  - Early retirement incentive or severance pay.
  - Fringe benefits (i.e., allowances, meals or lodging).
  - Insurance programs.
  - Janitorial pay.
  - Referee pay/ticket taking.
  - Teacher's aid pay.
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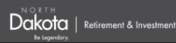
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### BENEFICIARY

You may name the following:

- If married, your spouse.
- If not married or, if you have written consent from your spouse, any person, organization, church, charity or estate.
- If more than one beneficiary, they are not eligible for a lifetime monthly annuity.

You may name contingent beneficiaries, not required.



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### DIVORCE

TFFR benefits are generally considered a marital asset and subject to valuation and division in a divorce.

- Division of benefits can only occur if a Qualified Domestic Relations Order (QDRO) is approved by the TFFR Board before its signed by the judge.
- QDRO model has been established by TFFR and specific language must be used in preparing the order.
- Former spouse (i.e., alternate payee) may only receive a lump sum payment from TFFR if you elect a refund upon termination of employment.
- Alternate payee can elect to receive a monthly benefit for life based on the accrued benefits at the time of divorce.



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### DIVORCE (CONTINUED)

Monthly benefit to the alternate payee can begin when:

- You reach normal retirement.
- You reach early retirement (age 55).
- The alternate payee reaches a certain date (must be after you reach age 55).
- You retire.

Alternate payee can begin benefits and you can continue working.

The actuarial value of the alternate payee's current and future benefits will reduce your benefit.

If TFFR is not to be divided, the divorce decree should state that you retain sole ownership of the retirement account.



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**SERVICE CREDIT**

Earned Service Credit

- 700 compensated hours = 1 year
- If compensated for less than 700 hours, service credit is granted in proportion to 700 hours.
  - Example: 650 hours/700 = .929 year

Vesting – entitled to lifetime benefit when eligible.

- Tier 1 requires 3 years of TFFR service.
- Tier 2 requires 5 years of TFFR service.
- Public employment included for vesting and eligibility.

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**PURCHASE OF SERVICE CREDIT**

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.

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### 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.



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### REFUND OF ACCOUNT VALUE

- Employee contributions plus 6% interest
- Cease covered employment
- 120 day waiting period
- Taxable portion is eligible for direct rollover



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### RETIREMENT BENEFIT

**Eligibility**

- **Vested member**
  - T1 – 3 years of service credit
  - T2 – 5 years of service credit
- **Cease covered employment**

**Retirement Classifications**

- **Unreduced retirement**
  - TIG = Rule of 85
  - TING = Rule of 90, minimum age 60
  - T2 = Rule of 90, minimum age 60
  - Age 65
- **Reduced retirement**
  - Age 65
- **Deferred retirement**
  - Inactive vested member defers retirement benefits until a later date



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### BENEFIT FORMULA

Final Average Salary\* x 2.0% x Service = Monthly Single Life Annuity

What percent of your Final Average Salary (FAS) will you receive under the 2.0% multiplier?

Years of Service	Percent of FAS
10	20%
15	30%
20	40%
25	50%
30	60%
35	70%
40	80%

\*Tier 1 Members FAS – 3 high fiscal year salaries + 36  
\*Tier 2 Members FAS – 5 high fiscal year salaries + 60



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### BENEFIT OPTIONS


Refund of  
Account Value

Single Life Annuity

100% Joint  
and Survivor  
50% Joint  
and Survivor

10 Year Certain  
and Life  
20 Year Certain  
and Life

Partial Lump Sum



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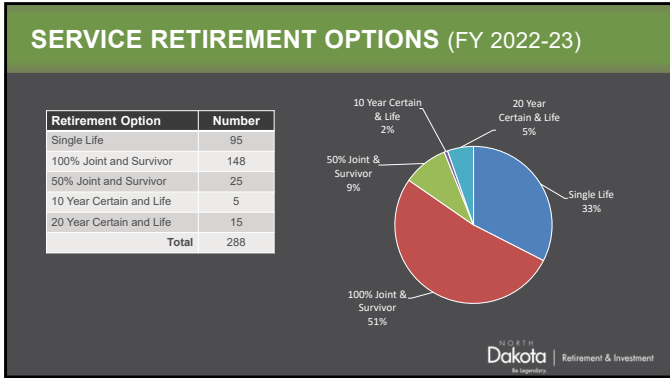
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### DISABILITY BENEFITS

1. Eligibility
  - a. 5 years of service credit.
  - b. Active member of TFFR when disability occurs.
  - c. Application filed within 36 months from last date of employment.
  - d. Disability must result in the inability to perform the duties of a teacher.
  - e. Certified eligible by TFFR Board of Trustees
  - f. Disability must be total but can be temporary (at least 12 month).
2. Disability Formula
  - a.  $FAS \times Service\ Credit\ (actual\ years) \times 2.0\% = Disability\ Single\ Life\ Annuity.$
  - b. No age reduction.
  - c. Benefit options available.

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### NAMING YOUR BENEFICIARY

- Designate beneficiary in writing
- Spouse as only primary beneficiary unless spousal consent provided

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**SURVIVOR BENEFITS**

1. Eligible survivors
  - Designated beneficiary.
  - Surviving spouse.
  - Estate.
2. Death prior to retirement
  - Nonvested member – refund of account value.
  - Vested member
    - Refund of account value.
    - Monthly benefit for life (if only one beneficiary designated).
3. Death after retirement
  - Benefit is paid based on the plan selected at retirement.

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**Working After Retirement**

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**WORKING AFTER RETIREMENT**

1. If a retired TFFR member returns to work with a TFFR employer, the member **must have** one month of separation from service.
2. The one-month separation period **cannot** include any kind of relationship or employment with a TFFR participating employer.
3. Returning to work before meeting the one-month separation, **could result** in all TFFR benefits being paid back to RIO.
4. If you return to TFFR covered employment, notify RIO in writing each year you return. Failure to notify RIO may result in the loss of one month of retirement benefits.

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**WORKING AFTER RETIREMENT**

**Employment Limitations**

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.

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**WORKING AFTER RETIREMENT**

**Employment Limitations, continued**

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. If you retire after Jan. 1, 2001, a one-year waiting period is required.
  - d. Must reapply for this exemption 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.

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**WORKING AFTER RETIREMENT**

**Employment Limitations, continued**

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.

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**COMMUNICATIONS AND OUTREACH**

Website

- TFFR Member webpage resources include:
  - Member Handbook
  - Brochures – Purchasing Service Credit and Return to Work
  - Forms – beneficiary, address, tax withholding, etc.

Social Media

- YouTube – resources for TFFR members and employers

Newsletters

- Active Member – direct email and online
- Retired Member – direct mail, email and online

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**COMMUNICATIONS AND OUTREACH**

Retirement Education Workshops

- Introduction to retirement process.

Group Benefit Counseling

- Personalized TFFR benefit information and a discussion of benefit options.
- Discuss the process and paperwork required to begin TFFR benefit.

Individual Benefit Counseling

- Virtual appointments or in-person (Bismarck office).

Questions

- Contact RIO 701-328-9885, 800-952-2970 or [rio@nd.gov](mailto:rio@nd.gov).
- Schedule a virtual appointment, [www.rio.nd.gov](http://www.rio.nd.gov)

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**PENSION ACCOUNT ACCESS**

TFFR member account


- Go to [www.rio.nd.gov](http://www.rio.nd.gov) and select Member Login.
- Enter Personal ID and Password.
- If you need assistance, contact RIO.

Active (non-retired) members can access:

- Member Account Value.
- Annual Statement.
- Salary and Service details by fiscal year.
- Refund and Purchase of Service details.

Retired members and beneficiaries in payment can access:

- Retirement account details.
- Pension payment and deduction details.



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**PENSION ACCOUNT ACCESS**

RIO is launching a new Pension Administration System called **MyTFFR** in December 2024.

- Similar to an online banking system.
- You will be able to update your account information online including mailing address, beneficiaries, banking (retired members), etc.
- Initiate retirement applications, service credit purchases, generate benefit estimates for different annuity options, and schedule appointments.

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**WORKSHOP WRAP UP AND EVALUATIONS**

Thank you for attending our workshop. We'd like your thoughts about the event.

You will receive a survey via email, <https://www.surveymonkey.com/t/NZYPYX9>.




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