

TFFR Retirement Guide

Dear TFFR Member:

The following Retirement Guide contains:

- 1) Information about your retirement account.**
- 2) Detailed instructions on how to apply for your retirement benefits.**

Make sure to review information on all of the attached links within this document. If you have recently attended a group counseling session, you were provided an account summary and benefit estimate. If you do not have a recent TFFR account summary and a benefit estimate, please contact TFFR for this information before proceeding.

The purpose of this retirement guide is to give you a basic understanding of the steps you need to take to receive your pension benefits from TFFR and to help you make informed decisions along the way. The [TFFR Retirement Planning Checklist](#) may also be helpful.

This publication is intended to provide general information and may not be considered a legal interpretation of law. Statements contained in this publication do not supersede the North Dakota Century Code or Administrative Code or restrict the authority of the TFFR Retirement Board. The information in this publication is subject to change.

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INFORMATION ABOUT YOUR RETIREMENT ACCOUNT

TFFR Benefit Structure

The [ND TFFR Fast Facts](#) document contains an overview of the current funding status of the TFFR plan and summarizes the TFFR benefit structure by member tier. The TFFR retirement benefit calculation is as follows:

Final Average Salary (FAS) x Service Credit x 2% = Single Life Annuity

Tier 1 Member – FAS = three high fiscal year salaries / 36 months

Tier 2 Member – FAS = five high fiscal year salaries / 60 months

Your TFFR member tier status (Tier 1 Grandfathered, Tier 1 Non-grandfathered, or Tier 2) can be found on your account copy, benefit estimate, or by logging into [TFFR Member Online](#) and selecting Account Summary.

TFFR Member Online

The security of confidential and sensitive personal information is very important to TFFR. Logging in to the state's system provides a secure environment in which you can view your TFFR account. To access your TFFR account information including your account value, annual statement, and salary and service detail, follow these next steps.

1. Click [here](#) to log into TFFR Member Online (add this link to favorites/bookmarks for future reference).
2. Enter your Personal North Dakota Login.
 - a. For example, if you have a Personal ND login for ND Teach, STARS, DOT, or a Hunting/Fishing License, you can use that here.
 - b. If you are unsure or do not have a personal ND Login, please create one by clicking "Register Now" and fill out only the required fields denoted with an asterisk (*).
3. Once you log in successfully with your Personal ND Login and password, you will be prompted for personal identifying information including your TFFR Person ID number. ***This information will be entered the first time you access TFFR Member Online Services. Future visits will only require you to enter your Personal ND Login and password.***

Your TFFR Person ID can be found on your TFFR annual statement or any recent correspondence from TFFR. It cannot be provided to you over the phone or by email. If you do not have your Person ID, you may call the TFFR office, and the number will be mailed to your address we have on file.

Your TFFR Account Information

Before retiring, it is very important to review your TFFR information. Whether you are looking at a printed Account Copy or at your Member Online Account, please check your name, address, date of birth, beneficiary designation, beneficiary date of birth, salary/service credit history, and member Tier status. Your account value includes taxed member contributions, tax-deferred member contributions, and 6% interest. If you have taxed member contributions, you will recover this amount tax free in retirement. Please see the [Taxation-Retirement Benefits](#) document for additional information.

If you are an active teacher, the last entry in the *salary/service* detail (second page of the printed Account Copy or found in the Salary/Service Detail of the Online Account) may not be complete for the current year. Your payroll amounts (salary and contributions) are posted to TFFR each month and the service credit for the current year will post at the end of the school year. If you find any discrepancies in your work history, please notify TFFR immediately.

If you are a dual member, please contact TFFR for additional information on the impact your NDPERS account has on your TFFR benefit.

HOW TO APPLY FOR MONTHLY TFFR RETIREMENT BENEFITS

Retirement Benefit Estimates

Call the TFFR office to request a benefit estimate if you haven't already done so. Before you call, have your TFFR Person ID, current year contracted salary amount, extracurricular amounts (if applicable), and your last date of employment available.

Retirement Process Timeline

Return the **Retirement Application** with the applicable documents to our office at least 120 days prior to your retirement date.

Step 1 – COMPLETE RETIREMENT APPLICATION

The [Retirement Application](#) (fillable) –is required for all retirees and is Step 1 of the 2-step retirement process.

Section A: Personal Information

Person ID is found on your annual statement and any correspondence you have received from the TFFR office.

Section B: Employment Information

Complete if active TFFR member. If not, skip and proceed to section C.

Section C: Regular Retirement Information

If you are unsure of your retirement date, please contact the TFFR office to discuss your options. If the last day of employment is the 1st-14th, the retirement date is the 15th day of the month. If the last day of employment is the 15th-31st, the retirement date is the 1st of the following month.

You will receive a regular retirement enrollment form where you will select your benefit payment option. If you are interested in the Partial Lump sum option or the Level Income option, additional retirement enrollment paperwork will be sent along with the regular retirement enrollment form. Please refer to Step 2-Complete Enrollment for Retirement Benefits section in this guide for more information regarding these options.

Section D: Required Documents

Submit legible **photocopies** of the applicable documents along with your retirement application.

- Proof of age – birth or baptismal certificate, military discharge, passport, or Real ID.
- Proof of beneficiary age – if one beneficiary is named and you are considering a joint and survivor option. Acceptable proof same as above.

The following documents are also needed if you are currently employed.

- Teaching contract(s) for current school year – including extra duty pay or additional salary.
- Letter of resignation.
- Employer's acceptance of your resignation (letter from employer or school board minutes) and/or early retirement incentive agreement (if applicable).
- Notify your employer of your intent to retire. Have your employer complete a [Salary Verification – Pending Retiree form SFN 59158](#). Your employer will estimate your final salary on this form. Please read the [Estimated Retirement Fact Sheet](#) which explains how this estimated salary will be used to calculate your initial retirement benefit.

NOTE: Member must complete purchase of service credit agreements before retirement. See [Purchase of Service brochure](#) for additional information.

Section E: Designation of Beneficiary

Complete this section with the name(s) of your beneficiary(ies). Even if you do not change your beneficiary, you must still complete this section. If you plan to select a joint and survivor option, you may only designate one primary beneficiary, and the beneficiary cannot be changed after retirement. If your spouse is not your beneficiary and there is more than ten years' difference in age, the 100% joint and survivor option is not available. If you name your estate or multiple beneficiaries, the joint and survivor options are not available.

Complete each section unless optional. If you need additional space to name multiple beneficiaries, attach a separate sheet. If you are married and do not designate your spouse as the only primary beneficiary, your spouse must sign page 3 of the Retirement Application to provide consent to name an alternate primary beneficiary.

Your beneficiary designation is subject to the governing statutes and rules and regulations established by the Board of Trustees of the ND Teachers' Fund for Retirement (TFFR). The acceptance of this designation does not establish that a survivor benefit will be payable. Whether or not a benefit is

payable and the amount, will be determined at the time of death under laws and regulations then applicable.

This designation of beneficiary revokes any prior form. Please keep your designation current by updating your beneficiary if you marry, divorce, or if your spouse or other beneficiary dies.

Naming a Primary Beneficiary

TFFR members designate a beneficiary(ies) in writing for the purpose of directing payment of a claim due to a member's death.

If you are married*, you must name your spouse as beneficiary or provide written spousal approval to name an alternate beneficiary. If you are not married, or if you have written spousal consent, you can name any person (up to 10), organization, church, or charity as beneficiary of your retirement account. Also, if more than one person is named as beneficiary, they will share equally in the survivor benefit unless specific percentages are designated. If specific percentages are designated, they must equal 100%.

*Same gender marriages are recognized as legal marriages in all states. Married same gender couples receive all the legal rights and benefits afforded to married opposite gender couples.

Naming a Contingent Beneficiary (Optional)

Naming a contingent beneficiary(ies) is optional. If this section is not completed, survivor benefits will be paid in the order provided by state law (surviving spouse, estate). Benefits will be paid to your contingent beneficiary only if your primary beneficiary is deceased.

Death Benefits

If a member's death occurs prior to retirement, the beneficiary(ies)/survivor(s) of a nonvested member (Tier 1 member—less than three years of service credit; Tier 2 member—less than five years of service credit) will be eligible for a refund of account value (member contributions plus interest). Survivors of vested members will be eligible for: 1) refund of account value; 2) monthly reduced annuity for life under 100% Joint and Survivor option (not available if more than one beneficiary is named).

If a member's death occurs after retirement, the death benefit (if any) paid to your beneficiary(ies)/survivor(s) is based on the plan you select at retirement.

Section F: Federal and ND State Income Tax Withholding Election

Federal Income Tax Withholding

The taxable portion of your TFFR pension benefit is subject to federal income tax withholding. You must complete IRS Form W-4P to withhold federal income tax. By completing IRS Form W-4P, you can also elect not to have income tax withheld or have an additional amount withheld.

If you do not complete IRS Form W-4P, TFFR is required to withhold federal income tax as if you are filing status is “Single” with no adjustments in steps 2 through 4 on the IRS Form W-4P. Your current withholding election (or your default rate) remains in effect unless you submit IRS Form W-4P. We are not required to withhold North Dakota state income tax.

North Dakota Income Tax Withholding

For North Dakota residents, your TFFR pension benefit is subject to state income taxes. If you are not a North Dakota resident, the benefits are taxable in the state in which you live. TFFR can only withhold state income tax for North Dakota.

1. You can elect not to have North Dakota state income tax withheld.
2. You can have a fixed dollar amount of North Dakota state income tax withheld from your TFFR pension payment by completing line 2.

Personal income tax questions should be directed to your tax advisor, accountant, or IRS center.

Section G: Authorization for Direct Deposit

Direct deposit is the **required** method of payment for new retirees. It is a safe, fast, and cost-effective way of receiving your monthly benefit. Your annuity check is electronically transferred to your bank account on the first working day of every month. Complete this section and attach a voided check.

Section H: Member Signature and Spousal Consent Signature (if applicable)

Sign and date the Retirement Application. If you are married and you have named someone other than your spouse as primary beneficiary, your spouse also needs to sign and date this form.

Once your application is complete, print and submit along with required documents to the TFFR office by fax, e-mail, or regular mail. Upon receipt of your retirement application and supporting documents, TFFR will review your account including salaries and service credit. We may contact your employer for salary verification. TFFR will use the salary information you submit to estimate your final salary and service credit.

Step 2 – COMPLETE ENROLLMENT FOR RETIREMENT BENEFITS

About one month before your benefits begin, you will receive a letter and your TFFR retirement enrollment form to select your benefit payment option. The enrollment form needs to be completed and returned by the due date indicated in the letter. If the enrollment form was prepared using 90% of the estimated last salary, an adjustment to your monthly benefit will be made retroactive to your retirement date. This adjustment will occur once your employer reports your final salary amounts and a comparison is done between the estimated salary and actual reported salary.

You will be asked to select one of the following options regarding payment of your monthly benefits. Each option provides you with lifetime retirement payments that vary with the degree of survivor benefits available. Under all payment options, you are guaranteed to receive no less than your account value.

The option you choose is irrevocable and cannot be changed after your first benefit payment has been issued. If you pass away before accepting this benefit, your retirement application will be void and your beneficiary would be eligible for survivor death benefits the first of the month following your passing.

Benefit Payment Options

Single Life Annuity

The single life annuity amount is payable to you for life. There is no monthly provision for your beneficiary(ies) under this option. However, should you die before receiving your account value, your beneficiary(ies) will receive a lump-sum payment of the balance.

100% Joint and Survivor

The single life annuity amount is actuarially reduced (based on your age and your designated beneficiary's age) and is payable to you for life. Only one designated beneficiary can be named, and if a non-spouse beneficiary is named, this option is only available if the beneficiary is not more than ten years younger than you. At your death, your designated beneficiary will receive 100% of your monthly benefit for the rest of the beneficiary's life.

50% Joint and Survivor

The single life annuity amount is actuarially reduced (based on your age and your designated beneficiary's age) and is payable to you for life. Only one designated beneficiary can be named. At your death, your designated beneficiary will receive 50% of your monthly benefit for the rest of the beneficiary's life.

Pop-Up Provision - If you elect a joint & survivor option and your beneficiary precedes you in death, your benefit will revert (pop-up) to the single life annuity amount effective the first of the month following your beneficiary's date of death.

Ten-Year Term Certain and Life

The single life annuity amount is actuarially reduced and is payable to you for life. No monthly survivor payments will be paid if you have received all payments in the guaranteed period. If you die within 10 years of your retirement date, your designated beneficiary(ies) will continue to receive monthly benefits of the same amount until the end of the ten-year period.

Twenty-Year Term Certain and Life

The single life annuity amount is actuarially reduced and is payable to you for life. No monthly survivor payments will be paid if you have received all payments in the guaranteed period. If you die within 20 years of your retirement date, your designated beneficiary(ies) will continue to receive monthly benefits of the same amount until the end of the twenty-year period.

Level Income Option

Under this option, the annuity amount is actuarially supplemented with a percentage of your projected Social Security benefits. At the pre-selected age (62 or normal Social Security age), your monthly TFFR retirement benefit will be reduced for life by the full amount of the Social Security benefit you estimated at retirement regardless of the actual amount you receive from Social Security. This option allows a retiree to receive a higher retirement benefit from TFFR until the retiree is eligible for Social Security benefits.

To apply for the level income option, you must provide TFFR with a current written estimate of Social Security benefits (using your age when you retire from teaching and no estimated future earnings).

Example:

Calculation of Level Income Supplement

TFFR Retirement Age 55

Estimated Social Security Benefit = \$1,200 at age 62

\$1,200 x 52% (Level Income factor) = \$624.00

TFFR Single Life Annuity Non-Level Income	\$3,000.00
Level Income Supplement	<u>+ 624.00</u>
Level Income Single Life Annuity (before age 62)	\$3,624.00
At age 62 TFFR annuity is reduced by	<u>-1,200.00</u>
Level Income Single Life Annuity (after age 62)	\$2,424.00

Partial Lump Sum Option (PLSO)

Members eligible for normal retirement have this option available. Under this option you will receive a lump sum payment equal to 12 times the amount of the single life annuity in addition to a reduced monthly benefit.

You may rollover the lump sum to an IRA or another eligible retirement account and defer any income tax owed or have it paid to you and subject to federal and state income tax. If the taxable portion of the lump sum is not rolled over, TFFR is required to withhold 20% for federal tax.

Example:

Normal retirement - Single Life Annuity benefit is \$3,000/month

PLSO distribution of \$36,000 (\$3,000 x 12) and a lifetime benefit of \$2,700/month. Generally, the actuarial reduction for a PLSO is approximately 10%

Post Retirement Benefit Increases

The TFFR plan does not contain provisions for automatic cost of living benefit adjustments.

Employment After Retirement

After you retire, you may return to TFFR covered employment under certain employment limitations. The limits apply to TFFR covered employment except for extra-curricular duties and professional development, and do not apply to:

- Teaching in public colleges and universities
- Teaching in private schools
- Employment outside of education
- Employment outside of ND

Non-contracted substitute teaching does not apply to the annual hour limit.

In all cases, the employer and the retiree must notify TFFR by completing a “TFFR Retired Member Employment Notification” form within 30 days of your employment. This form, along with a copy of the retiree’s contract or employment agreement, must be submitted each year the retiree is employed. Failure to do so could result in the retiree losing retirement benefits.

See the [Working After Retirement](#) brochure for a description of all the retiree re-employment alternatives.