PERS Employer Outreach, Communication & Education

Welcome!

Employer Outreach Presentation

Fall 2011

V6 19 October 11

Agenda

- Eligibility
  - EDX Release 6.0 validations
  - Eligibility review and examples
- Salary
  - Contribution history
  - “Earned when Earned”
  - Paid Leave vs Lump Sum Accrued Leave Payment
  - When to use wage code 08
  - Salary Breakdown (SBD) vs Salary Certification
- Data verification update
- Reporting elected officials
- Reporting retirees

Eligibility

- EDX Release 6.0 validations
  - Installed 29 June 2011
  - Prohibits posting DTL2-01 records to non-qualifying positions and posting DTL2-02 records to qualifying positions
- Why were these changes made?
  - Increase accuracy in reporting salary and service
    - Affects data verification requests
    - Affects online data available to members
    - Affects benefit calculation
    - Affects vesting, Loss of Membership (LOM)
  - Growing workload and limited staff requires additional system restrictions to guarantee accurate reporting

Eligibility

- After EDX Release 6.0 installation
  - Reports formerly posting now suspend
  - Many fail to meet the 85% rule and post no records
- PERS response: Account correction
  - 18000+ accounts affected for 2011
  - Start with employers with greatest number of affected reports.
    - Single employment
    - Majority of records are DTL2-02 (non-qualifying wages)
  - Begin with 2011 records for chosen accounts
  - Change active service positions to non-qualifying
    - EDX automatically "flips" any DTL2-01 records to -02 and generates a contribution refund
    - Employers **do not** need to "back out" and re-enter records; the system does it automatically

Eligibility

- "Eligibility" means eligible for program membership
  - OPSRP Pension, IAP, Tier1/Tier2
- To become a program member, you must:
  - Be employed in a "qualifying" position, <u>and</u>
  - Complete a "waiting time" with <u>one employer</u>, <u>and</u>
    - Six full calendar months
    - No break greater than 30 working days
  - Continue the "employer-employee" relationship with the "waiting time" employer <u>after</u> completion of the "waiting time"

Eligibility

- What makes a position “qualifying”?
  - The “qualification” basic rules:
    - 600 hours of service in a calendar year qualifies
      - Concurrent employment

OR

    - Less than 600 hours in a full calendar year of employment does not qualify
  - Exceptions to the “qualification” basic rules:
    - “Partial year” exceptions
    - “Short segment “ exceptions
  - Each calendar year is evaluated separately

Eligibility

- With EDX 4.2, <u>the employer</u> determines “Hire Intent”
  - Would a person in this position normally work 600 hours or more in a calendar year?
- How “Hire Intent” is reported:
  - “Qualifying”
    - DTL1: Status code “01”
    - DTL2: Wage code “01”
  - “Non-qualifying”
    - DTL1: Status Code “15”
    - DTL2: Wage Code “02”
  - Non-qualifying hire intent, overridden by service (600+ hrs) in any calendar year, changes only for that calendar year

Eligibility

- “Hire Intent”
  - DTL1 status code 01 or status code 15
  - Determines intent for the job segment and position
    - *Hire intent for the job segment* **<u>never changes</u>**
      - **<u>Expectation of present and future service</u>**
    - *Qualification status for a position* **<u>could change annually</u>**
      - **<u>Actual service in a calendar year</u>**
    - Use of these terms may be reviewed in the future

Eligibility

- Hire Intent example #1:

You hired an active member as a substitute teacher effective March 1, 2011 into a position which you **<u>expect will never attain 600 hours service with you in any calendar year, so you used status code 15 for the DTL1 submitted for this new hire</u>**. As expected, this person works only 500 hours for the remainder of the spring 2011 and fall 2011 terms.

In 2012 you use this person as a substitute more than you planned. This member exceeds 600 hours for calendar year 2012 at the end of April 2012 and your DTL2-02 records then start to suspend. Validations active with EDX Release 6.0 won't let you post wage code 01 records to a non-qualifying position, so you can't just back out the posted wage code to 02 records, change to wage code 01, add contributions and resubmit the records. What should you do?

You should send your ESC account representative a Demographic Correction Request (DCR) requesting the position be changed from non-qualifying to qualifying for 2012. **<u>Don't back out the now-incorrect wage code 02 records</u>**. When your account representative makes the change, EDX will **<u>automatically change</u>** the records to wage code 01, calculate contributions as 6% of total subject salary, and invoice you for the contributions.

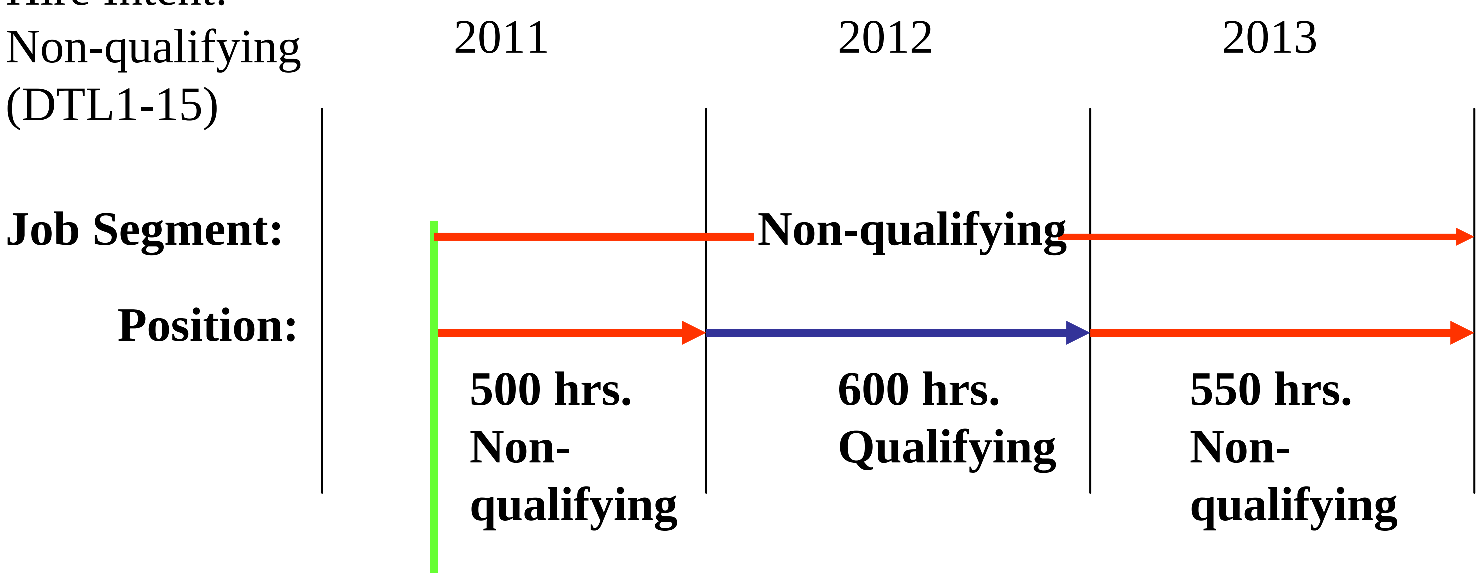
You believe that you will not use this person more than 600 hours in 2013 and don't wish to continue withhold contributions beginning January 1, 2013. What should you do?

Send your ESC account representative a DCR asking that the 2013 position be changed from qualifying to non-qualifying. As it turns out, this person works only 550 hours in 2013 and your DTL2-02 records post for the entire calendar year.

Eligibility

Hire Intent example #1

Hire Intent:
Non-qualifying
(DTL1-15)



Hire Date: 3/1/2011

Eligibility

- Hire Intent example #2:

You hired an active member as a substitute teacher effective April 1, 2011 into a position which you expect will never attain 600 hours service with you in any calendar year. You also know this person is working for three other school districts in 2011 and has reached 600 hours total service in 2011. How should you report this new hire?

<u>Based on the expectation of employment with you alone</u>, you should report this individual using DTL1 status code 15, non-qualifying. <u>However, your first DTL2-02 records suspend since the individual already has 600 hours total service for 2011</u>. What should you do?

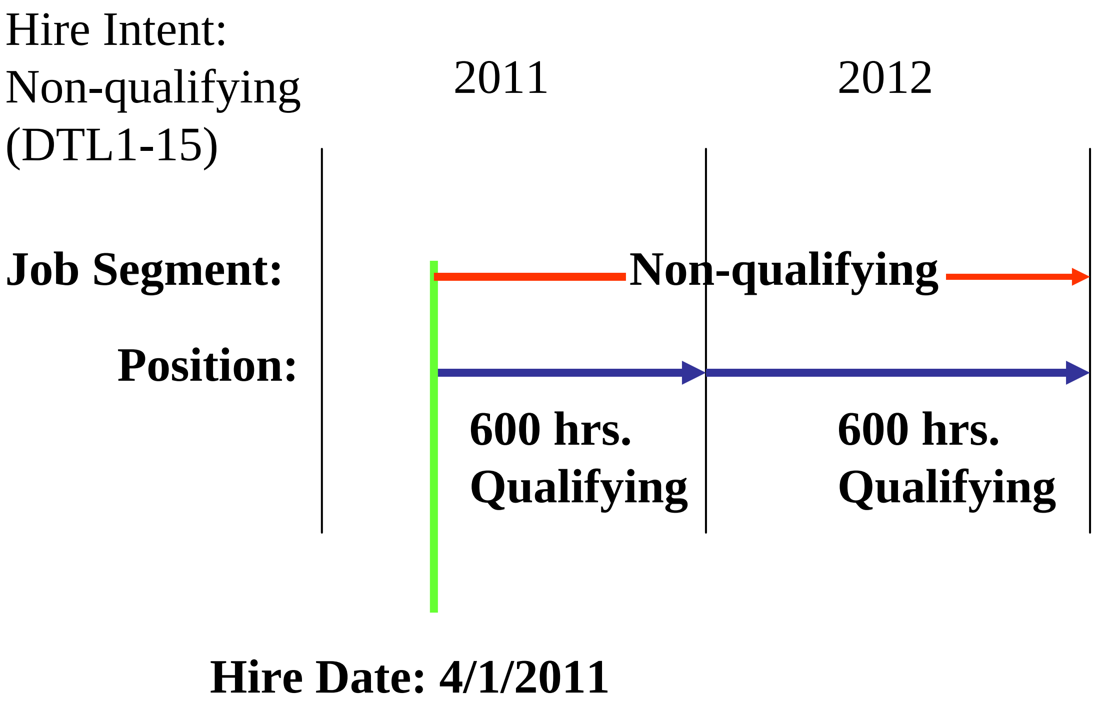
You should send your ESC account representative a Demographic Correction Request (DCR) requesting the position with you be changed from non-qualifying to qualifying for 2011. **<u>Don't back out the incorrect wage code 02 records</u>**. When your account representative makes the change, EDX will automatically change the records to wage code 01, calculate contributions as 6% of total subject salary, and invoice you for the contributions.

You believe that you will not use this person more than 600 hours in 2012, but you know employment with other school districts will continue, again totaling 600 hours service for 2012. What should you do?

If you are sure of 2012 total employment, you can leave the position as qualifying for 2012. Should the situation change in 2012, and this individual attains less than 600 hours total service, you can ask your ESC account representative to change the position to non-qualifying. The system will then "flip" DTL2-01 records to -02 and generate a contribution refund for 2012.

Eligibility

Hire Intent example #2



Eligibility

Date of Birth: 03/31/1981

Contribution Start Date: 07/01/2010

This member was an active member prior to employment with this employer; no waiting time was required.

Hire Intent	Start Date	Last Day Service	Term / End Date	Gross Unused Sick Leave	Transferred Unused Sick Leave	Job Class	Position Type	Plan	Average OT Hours	Contract No. of Months	Verify	Verified Date	User ID
NQ	05/26/2011												
	05/26/2011					General Service	Active Service	OPSRP	100		☐		
NQ	02/03/2011	04/29/2011	04/29/2011										
	02/03/2011		04/29/2011			General Service	Active Service	OPSRP	100		☐		
NQ	10/16/2009	11/30/2010	11/30/2010										
	01/01/2010		11/30/2010			General Service	Active Service	OPSRP	100		☐		
	10/16/2009		12/31/2009			General Service	Non-Qualifying Service	OPSRP	100		☐		

The “hire intent” for the employment segment 10/16/2009 – 11/30/2010 is NQ, or non-qualifying. This employer expressed “non-qualifying” hire intent for this position by using DTL1 status code 15 when hiring this member, **never expecting the member to attain 600 hours service in any calendar year while working for this employer.**

This member failed to attain 600 hours service for calendar year 2009, so the period 10/16/2009 – 12/31/2009 is for non-qualifying service. However, for 2010 service with one or more employers reached the 600 hour minimum, and the period 01/01/2010 – 11/30/2010 becomes “active service” (qualifying) overriding the employer’s “non-qualifying” hire intent for calendar year 2010.

Salary

- Contribution History
  - 1946 – 1967
    - Salary x percentage = contribution
    - Percentage varied with age and gender
    - "Subject" salary varied
      - 1946: 1st \$200/mo. to 1967: ½ of 1st 4800/yr.
  - 1968 – 1981
    - Fixed percentage, no reliance on age or gender
    - Step increase, 4% up to 499.99/month up to 7% of 1500/mo or greater
    - 6% on EPPT salary (EPPT in effect beginning 1979)
  - 1982 – present
    - 6% for all salary ranges and all contribution types

Salary

- "Earned when Earned"
  - **Affects "local government" employers**
    - Organizations considered local government are listed in ORS 174.116
  - **Affects Final Average Salary (FAS) used in benefit calculation**
    - Tier2 and OPSRP Pension Program employees of local government organizations
  - **Does <u>not</u> affect membership, which is based on hours of service in a year period**
    - 600 hours service, with one or more PERS employers, makes every employment segment in a year period qualifying for that year
    - Calendar year (1 January – 31 December) used for all but Tier1/Tier2 academic employees of community colleges
  - **Reported using the Work Period Begin Date/Work Period End Date fields on DTL2 records**
    - <u>**Local government employers failing to report "earned when earned" salary using Work Period Begin/End fields may be asked for this data when a member retires.**</u>
    - <u>Work Period Begin/End Dates **CANNOT cross month boundaries**</u>
    - **Two DTL2 records are required** to report salary for local government organization pay periods which cross month boundaries

Salary

- Paid leave vs. lump sum payments of accrued leave
  - Paid leave
    - Considered as active service for those employed in qualifying (active service) positions
      - Reported as subject salary and regular hours, with contributions due
    - Examples:
      - A sick day
      - A week of vacation
      - Seven months of paid sabbatical leave

Salary

- Paid leave vs. lump sum payments of accrued leave (cont)
  - Lump sum payment of accrued leave
    - **A lump sum “cash out” of unused leave**
      - <u>**Money only, NO HOURS**</u>
      - Use the Lump-sum Payoff or Lump-sum Vacation Payoff fields DTL2 wage code 01 or wage code 08 records
        - **Wage code 08 is the <u>best choice</u>** if no hours are actually worked for the reported period
    - **“Subject” status depends on program membership**
      - Tier1/Tier2 or OPSRP
      - Review the Payment Categories chart
    - **Unused sick leave lump sum payments are NON-SUBJECT for ALL members**
      - <u>Lump sum sick leave payments, if reported, are reported as non-subject salary</u>
      - <u>**Sick leave hours included in any lump-sum sick leave payment CANNOT be included as unused sick leave hours reported for data verification or reported on a DTL1-02/Termination record**</u>
        - Sick leave hours <u>**should not be reported by employers who do not participate in the PERS sick leave program**</u>

Salary

- Use of DTL2 wage code 08
  - Report wages with no hours worked
    - Example: Reporting payments for teachers during summer break
    - <u>Does not</u> affect service credit
  - Wage code 08 records can be used <u>only in Regular reports</u>
  - Can be used to report subject salary (with contributions) and non-subject salary (no contributions)
    - At termination wage code 08 is the **<u>best choice</u>** to report Lump-sum Payments (LSP) or Lump Sum Vacation Payoff (LSVP) for Tier1/Tier2 (with contributions) or OPSRP (without contributions) if there are no hours worked
  - The only non-adjustment wage code that can be used during an LWOP (Leave without Pay) period
    - <u>Must</u> be used to report any LSP or LSVP payments made to a member who terminates while on LWOP

Salary

- **Salary Breakdown (SBD) vs Salary Certification**
  - **Salary Breakdown**
    - **Is used to obtain data for eligibility determination and data verification**
    - **Is used to report wage, hour and contribution data for calendar year 2003 and prior**
  - **Salary Certification (Salary Cert.)**
    - **Requested only for 2003 and prior, not for 2004 and after**
    - **Report only subject salary and Employer-paid Pre-Tax (EPPT) contributions**
    - **Don’t report**
      - **Member-paid Pre-Tax (MPPT) or Member-paid After Tax (MPAT) contributions**
      - **Waiting time salary**
      - **Non-subject salary**

Data verification update

- Review:
  - Allows active and inactive Tier1/Tier2 and OPSRP members within 2 years of earliest service retirement age to request data verification.
  - Covers four of the factors used in PERS benefit calculation:
    - Creditable service (Tier1/Tier2) or Retirement Credit (OPSRP)
    - Salary
    - Unused sick leave reported by employers participating in the PERS sick leave program (<u>beginning 7/1/2012</u>)
    - Tier1/Tier2 Regular and Variable member account balances
  - Data verified <u>from "last closed year" back to first date of hire with the employer</u>
  - Requests accepted beginning July 2011
  - <u>Verified data, with few exceptions, cannot be changed</u>
- To date:
  - 231 requests received as of 10/11/2011
  - We may see an increase in requests when Online Member Services (OMS) becomes available to all members

Reporting elected or appointed officials

- **Who's affected?**
  - **Elected or appointed officials**
  - **Heads of state departments, appointed by the Governor**
- **Actions required upon appointment or election**
  - **<u>An election is irrevocable for the term of office</u>**
  - **Membership election made by completion of PERS form**
    - PERS employer website www.oregon.gov/pers/emp/index.shtml
    - "Employer forms" link, then "Paper Reporting – Member and Beneficiary" link
  - **Those who are Ch 283 Tier1/Tier2 members at election or appointment**
    - May become, or continue, as active Tier1/Tier2 membership for the term of elected office
    - May discontinue active Tier1/Tier2 membership at the end of the elected term
    - <u>Membership continues upon re-election if contributions are made for at least one pay period and no letter declining further membership is received</u>
  - **Those who are OPSRP Pension members at election or appointment**
    - Remain a member for the duration of elected or appointed term of office
  - **Those who are not PERS members at election or appointment**
    - May decline OPSRP Pension program membership
- ORS 238.015(5), 238A.100(2), OAR 459-010-0180

Reporting Retirees Returning to Work

- Reporting sequence:
  - DTL1
    - Status Code 11: Retiree New Hire With Hour Limit
    - Status Code 12: Retiree New Hire Without Hour Limit
    - Status Code 13: New Hire-Retiree Return to Service
  - DTL2
    - Wage Code 07: Retired/No Contributions

Reporting Retirees Returning to Work

- Status Code 11: Retiree New Hire With Hour Limit
  - **OPSRP retirees have <u>NO permissible work hour limits</u>**
    - <u>Hired into a "qualifying" position</u> DTL1-01 should be submitted, active membership re-established at employment date
    - <u>Hired into a "non-qualifying" position</u> DTL1-11 should be submitted If 600 hours of service accrue in any calendar year, active membership is re-established, back to the later of the hire date or 1st of the year
    - OAR 459-075-0300
  - **Ch.238 Tier1/Tier2 work hour limit**
    - The work hour limit is uniform regardless of benefit payment option (monthly, Total Lump Sum, or AS Refund)
    - May not total 1040 hrs/calendar year
      - Any <u>compensated</u> hours count (vacation, sick, comp. time (when accrued))
      - Hours in "exempt" positions don't apply to the limit (retroactive to later of 1 January 2004 or date the exception became operative)

Reporting Retirees Returning to Work

- Status Code 12: Retiree New Hire Without Hour Limit
  - **Does not apply** to OPSRP retirees
  - **Applies to Tier1/Tier2 retirees employed in positions "exempt" from the 1040/hr work limit**. Exempt positions are listed in ORS 238.082, OAR 459-017-0060, and in "Working after Retirement Exceptions in table format" through the "General Information" link on the employer website
    - Available to Ch.238 Tier1/Tier2 retirees who receive a "normal" retirement:
      - Retired with 30 years creditable service, or
      - Tier 1, age 58 or older, or
      - Tier 2, age 60 or older, or
      - Tier1/Tier2 Police & Fire, age 55 or older, or age 50-54 with 25 years creditable service
      - Some exceptions are available to "early" retirees
        - Tier 1 (retirement age 55 to 57, w/o 30 years)
        - Tier 2 (retirement age 55 to 59, w/o 30 years)
        - Tier1/Tier2 Police & Fire, retirement age 50-54, w/o 25 years.
  - **Applies to the Social Security exception for Ch.238 Tier1/Tier2 retirees regardless of age at retirement or benefit payment type**
      - Effective when Ch.238 Tier1/Tier2 retiree has reached full retirement age under Social Security (65-67)

Reporting Retirees Returning to Work

- Status Code 13: New Hire-Retiree Return to Active Service
  - Retirees exceeding work hour limits
    - Ch.238 retirees with no 1040 exception who total 1040 hours or more in a calendar year
    - OPSRP Pension program retirees who:
      - Are hired into a position with "qualifying" hire intent
      - Meet or exceed 600 hours in a position with "non-qualifying" hire intent
  - Retirees electing to give up a retirement benefit and again become an active member
  - Reporting Status Code 13 begins the re-employment process
    - "Reversing" retirement status to inactive member status may take 1-2 months

Questions?

Please complete the online evaluation, available through a link in the "Employer News" area on the employer website, www.oregon.gov/pers/emp/index.shtml

E-mail questions to: pers-employer.info.services@state.or.us