

Subject: PERS: Employer Monthly Update for January 2014.

Dear PERS employer:

In this update:

- 1) **2013 Reconciliation, Phase 2, begins Thursday, January 2, 2014.**
- 2) **Third in a series: PERS Disability Basics.**
- 3) **Reminder: Reporting retirees returning to work part-time as retirees.**
- 4) **Employer Announcement #83 Statutory Amendments and Clarification on Final Average Salary (FAS) for OPSRP (12/16/13).**
- 5) **Payment Categories chart updates.**
- 6) **Employer Announcement #84 PERS Disability and Employer Reporting (1/ /2014).**

1) 2013 Reconciliation, Phase 2, begins Thursday, January 2, 2014.

The second phase of 2013 Reconciliation began Thursday, January 2, 2014. We ask that employers now focus on resolution of remaining 2013 eligibility issues and posting of records and reports related to those issues. Tools available to resolve remaining eligibility issues for 2013 are the Year-to-Date Wage and Contribution Summary screen and the Eligibility Reports, both accessed through links in the Site Navigation area on any EDX page. Your ESC Account Team members are available to assist you with eligibility problems; please feel free to contact your ESC Account Team by phone or e-mail 8-5, Monday – Friday.

2) Third in a series: PERS Disability Basics.

This month we'll cover the steps in the disability process.

Q1) What are the steps in the disability application process?

A1) The steps are:

1. The member begins the disability process by contacting PERS. **Members can apply as soon as they are no longer going to work in any capacity (not going to the job or working from home)**, within the 90 consecutive day period during which members must be off work in order to be considered for PERS disability. Members can be on paid leave during the application process and the 90 consecutive day off-work period.

Inactive Tier One/Tier Two members can apply if:

- A) The member is within five years of the date of separation from their last PERS-covered employment, and
- B) The disabling condition has been continuous from the date of PERS employment separation to the date of disability application, and
- C) The member has not worked in any capacity (PERS- or non-PERS-covered employment or self-employment) from last PERS employment separation to the date of disability application.

D) If the disabling condition was not continuous, you must apply within 6 months of separation, have not withdrawn your PERS accounts, and you continue to be disabled.

Inactive OPSRP members can apply if:

A) The member became disabled while an active member (still employed in their PERS-covered position), and

B) The disabling condition has been continuous from the member's last day of work to the date of disability application, and

C) The member has not work in any capacity (PERS- or non-PERS-covered employment or self-employment) from the last day of work to the date of the disability application.

2. Upon contact, PERS will send the member the disability application forms.

Employers are asked NOT to provide forms to applicants; PERS will provide the most current forms.

3. When the member returns the forms, PERS will look for the required list of medical providers included in the forms and request information on the applicant's potentially disabling condition from each of those providers. PERS will also request personnel files, employment information and job descriptions from each of the applicant's past and present PERS employers.

4. Records returned by medical providers will be evaluated at four separate levels in the PERS system; one of those levels is an M.D. trained in disability analysis.

5. If those medical records pass all levels of evaluation, the PERS disability retirement/benefit will be granted. At that point, PERS will increase employer participation in the process. Members will now be asked to submit an official disability application and employers will be asked to return information so the official disability benefit effective date can be established. A "Last Day of Paid Leave Request" will be entered in the employer's "Work List" as part of that process. Employers should return all paper and online forms as soon as possible because PERS has a 15 day period from receipt of the applicant's official disability application until the disability benefit is calculated and ready for payment.

3) Reminder: Reporting retirees returning to work part-time as retirees.

Tier One/Tier Two retirees:

After retirement, Tier One/Tier Two retirees may return to work for a participating PERS employer(s) and continue to receive their retirement benefits as long as they do not work 1,040 hours or more in a calendar year. The 1040 hour limitation for retirees returning to PERS employment is commonly referred to as the "1040 hour rule." The 1040 hour rule does not apply to OPSRP retirees who may NOT return to work for a participating PERS

employer(s) in a qualifying position (whether based on hire intent or by virtue of working 600 hours or more in a calendar year) and continue to receive retirement benefits.

In addition, Tier One/Tier Two retirees hired into certain positions (listed in ORS 238.082(4)-(8); Sections 2 and 3, chapter 499, Oregon Laws 2007; and Sections 3 and 4, chapter 774, Oregon Laws 2007) may work unlimited hours post-retirement for a participating PERS employer and continue to receive retirement benefits. In order to qualify for these statutory exemptions, the retiree must satisfy all the requirements for the exemption. A common requirement to qualify for these statutory exemptions is that the Tier One/Tier Two member not receive a reduced service retirement allowance as set forth in ORS 238.280(1), (2) and (3).

Tier One/Tier Two general service members who retire with less than 30 years cumulative service and between ages 55-57 as a Tier One member, 55-59 as a Tier Two member, or as Tier One/Tier Two Police & Firefighter members between ages 50-54 with less than 25 years cumulative service, are considered “early” retirees, with a benefit reduced for early retirement.

Tier One/Tier Two “early” retirees only qualify for the exempt positions listed in ORS 238.082(4); and Section 3, chapter 774, Oregon Laws 2007; and must wait 6 full calendar months after retirement before being employed in those positions. **An “early” retiree who does not wait 6 full calendar months after PERS retirement before being hired into one of these DOES NOT QUALIFY for the exemption and is subject to the 1040 hour/calendar year work limit.**

The positions available to “early” Tier One/Tier Two retirees can be found:

- 1) In the “Working After Retirement: 1040-Hour Exceptions in Table Format” document available through the “General Information” link of the PERS employer web page, or
- 2) Through this link:

http://www.oregon.gov/pers/docs/general_information/1040_exceptions_table.pdf

(Positions open to Tier One/Tier Two “early” retirees are noted in the “Early Ret.” column.)

The exemption from the 1040 hour/calendar year limit APPLIES TO THE POSITION listed in ORS 238.082, NOT to the retiree holding the position.

Example 1: A Tier One/Tier Two “normal” benefit recipient, hired by an employer into an exempt position, may work unlimited hours WHILE IN THAT EXEMPT POSITION. If the retiree leaves that exempt position and goes to work as a retiree for another PERS employer in a position NOT listed in ORS 238.082 or OAR 459-017-0060, the retiree becomes subject to the 1040 hour/calendar year work limit while working in that non-exempt position.

Example 2: If the retiree works concurrently in an exempt position and a non-exempt position, the hours worked in the non-exempt position will be subject to the 1040hour/calendar year work limit.

Tier One/Tier Two retirees who have reached federal Social Security full retirement age (65-67, depending on the retiree's birth date) may work unlimited hours with PERS employers beginning the first of the month after the month in which Social Security full retirement age is reached. **This exception does not apply to OPSRP retirees.**

OPSRP retirees:

Hiring an OPSRP retiree into a position with “qualifying” hire intent CANCELS the individual’s retirement and re-establishes active membership effective at the hire date. Hiring an OPSRP retiree into a position with “non-qualifying” hire intent allows only 599.99 hours of work (total for ALL PERS employers) per calendar year.

You may hire an OPSRP retiree into a non-qualifying position immediately after retirement and submit the DTL1-11 record at that time. In most cases that DTL1-11 record and any DTL2-07 records will suspend until EDX has been updated to reflect the OPSRP member’s transition from active to retired status. **If the DTL1 and DTL2 records suspend upon submission, you do not need to “re-Save” those records for 90 days or until you have: 1) Verified with the retiree that they have received their first benefit check, or 2) Checked with your ESC Account Representative that the individual is in retired status.**

Also, NEVER submit a DTL1-15 record to re-hire an OPSRP member as a retiree unless your ESC Account Representative asks you to do so.

4) Employer Announcement #83 Statutory Amendments and Clarification on Final Average Salary (FAS) for OPSRP (12/16/13).

Employer Announcement #83 outlines restrictions on salary paid to OPSRP members which may be included in Final Average Salary (FAS) component of an OPSRP member’s pension benefit calculation. These restrictions were effective October 2013 with the passage of SB 862 during the 2013 fall special legislative session. Employer Announcement #83 also includes a recent PERS policy decision which clarifies reporting limitations for salary to be included in FAS calculations for retiring members. Employer Announcement #83 is available through the “Employer Announcements” link on the PERS employer web page, www.oregon.gov/pers/emp/pages/index.aspx under the “2013” heading.

5) Payment Categories chart updates.

The Payment Categories chart has been updated to reflect:

A) Limitations in salary included in Final Average Salary (FAS) calculations for OPSRP members, and

B) 2014 limits on salary which may be considered subject for contributions to member IAP accounts.

Both updates are on Pg. 5 of the Payment Categories chart, found through the “Employer Tools” link on the PERS employer web page, www.oregon.gov/pers/emp/pages/index.aspx

6) Employer Announcement #84 PERS Disability and Employer Reporting (1/6/2014).

Employer Announcement #84 replaces Employer Announcement #31 Disability (5/26/05), updating and expanding basic disability information and employer reporting requirements during the process which determines if an individual is qualified for a PERS disability benefit. Employer Announcement #84 is available through the “Employer Announcements” link on the PERS employer web page under the “2014” heading.

Best regards,