# PERS Employer Outreach, Communication and Education

## **Welcome!**

Spring 2015 Employer Outreach

V4 March 9, 2015

# Agenda

- 2014 Reporting Errors and their Cost
- Subject and Non-subject Salary
- Eligibility
- A recent development

# 2014 Reporting Errors and their Cost

| 2014 Most Frequent Errors | Totals: | | |
|---|---|---|---|
| | Records: | Hours: | Wages: |
| S-The SSN entered is not found to have a record of open employment with this employer. | 2848 | 195,624.86 | $4,697,402.20 |
| S-Member is not eligible to receive contributions on this record. | 1888 | 171,018.28 | $3,983,237.76 |
| S-Reported member cntrbs not within 5 cents of calculated cntrbs. | 1844 | 162,506.78 | $4,240,641.01 |
| S-Dates reported correspond to a non-qualifying service segment on file. Only wage codes of 02, 14 can be reported for non-qualifying service segments. | 1533 | 101,344.43 | $1,886,302.56 |
| S-The SSN entered does not exist in the system. | 1006 | 69,428.24 | $1,257.430.55 |
| S-Employee has 600 or more hours of service reported in the plan year; wage code ‘02-Regular/Non-qualifying’ may not be used. | 1000 | 69,311.03 | $1,148,929.81 |

# 2014 Reporting Errors and their Cost

- "The SSN entered is not found to have a record of open employment with this employer"

The most common causes:
A) A DTL2 record was submitted but no DTL1 record for this employee had previously posted or the DTL1 record has suspended or is in "valid" status.
B) The employee was terminated and a subsequent DTL1 new hire record with the same employer overlaps the prior employment segment, or the individual has retired and EDX does not yet reflect the member's retired status.
C) The Social Security number is incorrect.

The suggested fixes:
A) Submit a DTL1-01 (New Hire) or DTL1-15 (Non-Qualifying Hire) record if none was previously submitted, or delete the un-posted DTL1 record and re-submit it in a Demographics and Adjustment report.
B) Correct the hire date in the un-posted DTL1 record and resubmit. If the posted termination date is incorrect, correct the date by sending a Demographic Correction Report (DCR) to your ESC account representative. If the individual is retired, make sure the DTL1 status date and status codes are correct. Both the DTL1-11 or -12 and DTL2-07 record should post when EDX is updated to reflect the member's retired status; leave the record "as is".
C) Edit and correct the Social Security number; if the Social Security number is correct, and the record won't post, contact your ESC account representative.
D) If there is no problem with a posted DTL1 record, verify the DTL2 pay date is after the employment start date or within 31 days of a termination date. These dates can be found through "View Employee Info" for this member.

# 2014 Reporting Errors and their Cost

- "Member is not eligible to receive contributions on this record"

The most common causes:
A) This message can occur if EDX still has the individual in their six-month waiting time but you believe the individual has established membership and your DTL2 record contains contributions. Double-check the Contribution Start Date (CSD) through "View Employee Info" for this member.
B) The position type is Non-Qualifying Service.

The suggested fixes:
A) If the CSD is correct and the member is still in their waiting time, edit the record to remove contributions and re-save the record. If you feel the CSD should be reviewed, submit a Demographic Correction Request (DCR) or contact your ESC account representative.
B) If the Non-Qualifying Service position type is correct, change the wage code to 02 and remove contributions. However, if the employee has become qualifying through 600, or more, hours of service for the year in question, send a DCR requesting a change in position type to "active service" for the year in question.

NOTE: This error often appears with other error messages. A good first step would be a check of posted employment dates in relation to this suspended record.

# 2014 Reporting Errors and their Cost

- "The reported member contributions are not within five cents of the calculated member contributions of $(dollar amount) and the wage code is 01, 04, 05, 06, 08, 11 or 16"

The most common causes:
A) You've entered a DTL2 record including Lump-sum Payoff (LSP) and/or Lump-sum Vacation Payoff (LSVP). Based upon the individual's program membership (Tier1/Tier2 or OPSRP) you've either included or failed to include contributions on the LSP or LSVP.
B) DTL2 wage code 01 was used and EDX expects contributions; contributions are incorrect or missing from the DTL2 record. The hours and wages may be non-qualifying.

The suggested fixes:
A) Double-check the individual's program membership, Tier1/Tier2 or OPSRP. If necessary, refer to the Payment Categories chart for the subject status of the payment in question and either add or reduce contributions as required such that contributions are 6% of total subject salary entered on this DTL2 record.
B) If you believe contributions are not due, the CSD should be reviewed and/or the position type should be changed from "Active Service" to "Non-qualifying" and the DTL2 wage code changed to 02. Submit a Demographic Change Request (DCR) to change the position status for the year in question.

# 2014 Reporting Errors and their Cost

- "Dates reported correspond to a Non-Qualifying Service segment on file; only wage codes of 02, 14 can be reported"

The most common cause:
You've submitted a DTL2 record with wage code 01, 04, 05, 06, or 08 for a pay date in a year with position qualification status of "Non-Qualifying Service". DTL2 wage code 01, 04, 05, 06, or 08 records will not post to positions with "Non-Qualifying Service" status.

The suggested fix:
A) Employers should submit a Demographic Correction Request (DCR) to change the position type from "Non-Qualifying Service" to "Active Service" and include the contribution type (EPPT, MPPT or MPAT) for the member. When the position type is changed, any posted DTL2 wage code 02 records for the year in question will be automatically changed to wage code 01, contributions will be calculated and the employer will be invoiced.
B) If the year is truly non-qualifying, change the wage code to 02 or14.

# 2014 Reporting Errors and their Cost

## ➢ "The SSN entered does not exist in the system"

The most common cause:
EDX does not recognize the Social Security number you've used to report this employee because the individual with this SSN has no PERS-covered employment history.

The suggested fixes:
A) Submit a DTL1-01 (New Hire) or DTL1-15 (Non-Qualifying Hire) record if none was previously submitted, or delete the un-posted DTL1 record and re-submit it in a Demographics and Adjustment report.
B) Correct the hire date in the un-posted DTL1 record and resubmit.
C) Edit and correct the Social Security number; if the Social Security number is correct, contact your ESC account representative.
D) If there is no problem with a posted DTL1 record, verify the DTL2 pay date is after the employment start date or within 31 days of a termination date. These dates can be found through "View Employee Info" for this member.

# 2014 Reporting Errors and their Cost

- "Employee has 600 or more hours of service reported in the plan year; wage code '02-Regular/Non-Qualifying cannot be used"

The most common cause:
This employee has a position which is "non-qualifying" with you, the employer, in the current year. The employee has now accrued 600 hours, or more, of service in the current year through accelerated employment with you or concurrent employment with other PERS employers, and this "non-qualifying" position has now become qualifying for the current year, with contributions due.

The suggested fixes:
A) If the posted position is Active Service, change the wage code 02 for the suspended record to wage code 01 or 05 and add contributions.
B) If the position is posted as Non-Qualifying service, submit a Demographic Correction Request (DCR) to your ESC account representative requesting a change in position Type for the current year from "non-qualifying service" to "active service", and be sure to indicate the contribution type (MPPT, MPAT or EPPT) in the DCR "Notes".

**NOTE:** You will need to edit the suspended record, changing the wage code to 01 and adding contributions, but **DON'T back out DTL2-02 records posted for the current year**; when your account representative changes the position type to "active service" **EDX will automatically back out the -02 records, repost them as wage code 01 and invoice you for current year contributions.**

# DTL2 Wage Code and DTL1 Status Code use

- **DTL2 Wage Codes**
  - **Any wage code may be used with any <u>salary</u> type.**
  - Subject and non-subject salary have statutory definitions.
    - Subject salary meets the statutory definition of salary.
      - ORS 238.005(26)(a & b)
      - ORS 238A.005 (17)(a & b)
      - Payment Categories chart.
    - Non-subject salary is excluded from the statutory definition of salary.
      - ORS 238.005(26)(c)
      - ORS 238A.006(17)(c)
      - Payment Categories chart.
  - **<u>Type of service, "qualifying" or "non-qualifying", affects wage code use.</u>**
- **DTL1 Status Codes**
  - 02/Termination record requires "Last day service" and termination date (status date) entries.
    - "Last day service" is the last day the member was on the job or on paid leave.
    - Termination status date is the day the employer-employee relationship ended.
    - **"Last day service" may be the same as the termination status date, or before the termination date, but never after the termination date.**
    - **The member can keep their chosen service retirement date <u>only if the termination date is before the effective retirement date.</u>**

| DTL2 Wage Codes and Their Use | | | | | | |
|---|---|---|---|---|---|---|
| **Wage Code:** | **Description and Use** | **Use with service type:** | **Must salary be entered?** | **Must hours be entered?** | **Must contributions be entered?** | **Use permitted during LWOP?** |
| 01 | Regular wages: Report employee wages for periods of qualifying service. | Qualifying; can be used during waiting time. | Yes | Yes | Yes, after waiting time completion. | NO |
| 02 | Regular/Non-Qualifying: Report employee wages for periods of non-qualifying service. | Non-Qualifying ONLY | Yes | Yes | NO | NO |
| 04 | **Retroactive Payment *** See use outlined below. A retroactive payment should be reviewed with the employer's ESC Account Team representative prior to submission. | Qualifying; can be used during waiting time. | Yes | Yes | Yes, after waiting time completion | NO |
| 05 | Positive Adjustment: Report a positive difference between previously posted information and revised information. | Qualifying; can be used during waiting time. | May be used without salary. | Hours must be entered if salary is entered. | Yes, after waiting time completion. | NO |
| 06 | Negative Adjustment: Used with a "mirror image" of the previously posted record to "back out" originally posted information. | Qualifying; can be used during waiting time. | May be used without salary. | May be used without hours. | Yes | YES |
| 07 | Retired/No Contributions: The only wage code used to report retiree wages. | Retirement ONLY | Yes | Yes | NO | NO |
| 08 | Contributions/No Service: Used to report wages and contributions for periods of service without hours. Hours cannot be entered with this wage code. | Qualifying ONLY | Yes | NO | Yes | YES |
| 11 | USERRA Qualifying Wages: Use this code as directed by your ESC Account Team representative. These are wages that **would have been pai**d if the member had not been called to military service. | USERRA ONLY | Yes | Yes | Yes | N/A |
| 14 | Negative Adjustments/No Contributions: Used to make negative adjustments to previously posted wage code 02-Regular/Non-Qualifying or 07-Retired/No Contributions records. | Non-qualifying & Retirement ONLY | Yes | NO | NO | YES |
| 16 | Negative Adjustment-USERRA Wages: Used to adjust previously posted USERRA wages. | USERRA ONLY | Yes | NO | Yes | N/A |

*** Retroactive payments: ORS238.008(1): "…salary includes retroactive payments of wages made to an employee to correct a clerical error." (2):"…salary includes retroactive payments of wages made to an employee pursuant to a judgment, administrative order, arbitration award, conciliation agreement or settle agreement that resolves a dispute or claim based on the employee's right under employment or wage law or under a collective bargaining agreement."**

# What is "Subject Salary"?

- Subject Salary is:
  - **A payment made by a PERS employer to an employee which satisfies the statutory definition of "salary":**
    - Tier One/Tier Two: ORS 238.005(26)(a-b)
    - OPSRP: ORS 238A.005(17)(a-b)
  - **OPSRP only: <u>included</u>** in a W-2 as taxable salary in the state of Oregon.
    - **Please Note: Taxable salary questions should be addressed to the employer's tax specialist or to the employer's tax consultant.**
  - Examples of payments which meet the definition of "subject" salary are listed in the Payment Categories chart.
- **The statutory definition of salary forms the basis for employer and member account contributions when it is paid to a member in a "qualifying position**."

# Statutory Definition of PERS "Salary"

## ORS 238.005(26)(a) and (b)
### *Tier 1/Tier 2 Members* (Chapter 238)

- (a**) "Salary" means** the remuneration paid **an employee** in cash out of the funds of a public employer in return for services to the employer, plus the monetary value, as determined by the Public Employees Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and other advantages the employer furnishes the employee in return for services.
- (b) **"Salary" includes <u>but is not limited to</u>**:
- (A) Payments of employee and employer money into a deferred compensation plan, which are deemed salary paid in each month of deferral;
- (B) The amount of participation in a tax-sheltered or deferred annuity, which is deemed salary paid in each month of participation;
- (C) Retroactive payments described in ORS 238.008; and
- (D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

## ORS 238A.005(17)(a) and (b)
### *OPSRP Members* (Chapter 238A)

- (a) "**Salary" means** the remuneration paid to **an active member** in return for services to the participating public employer, including remuneration in the form of living quarters, board or other items of value, to the extent the <u>remuneration is includable in the employee's taxable income under Oregon law</u>. "Salary" includes the additional amounts specified in paragraph (b) of this subsection, but does not include the amounts specified in paragraph (c) of this subsection, regardless of whether those amounts are includable in taxable income.
- (b) **"Salary" includes the following amounts**:
- (A) Payments of employee and employer money into a deferred compensation plan that are made at the election of the employee.
- (B) Contributions to a tax-sheltered or deferred annuity that are made at the election of the employee.
- (C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit plan by the employer at the election of the employee and that is not includable in the taxable income of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on January 3, 2013.
- (D) Any amount that is contributed to a cash or deferred arrangement by the employer at the election of the employee and that is not included in the taxable income of the employee by reason of 26 U.S.C. 402(e)(3), as in effect on January 3, 2013.
- (E) Retroactive payments described in ORS 238.008.
- (F) The amount of an employee contribution to the individual account program that is paid by the employer and deducted from the compensation of the employee, as provided under ORS 238A.335 (1) and (2)(a).
- (G) The amount of an employee contribution to the individual account program that is not paid by the employer under ORS 238A.335.
- (H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

# What is "Non-subject salary"?

- Non-subject Salary is:
  - **A payment specifically excluded from definitions of "salary":**
    - PERS (ORS 238.005(26)(c)
    - OPSRP (ORS 238A.005(17)(c)
  - **OPSRP only: not included** in a W-2 as taxable salary in the state of Oregon.
    - **Please Note: Taxable salary questions should be addressed to the employer's tax specialist or to the employer's tax consultant.**
  - Examples of payments which do not meet the PERS or OPSRP "salary" definition are listed in the Payment Categories Chart.
- **Salary that does not meet PERS' statutory definition of "salary," or that is paid to a person who does not meet PERS' statutory definition of "employee", is NEVER the basis for employer and member account contributions.**

# Statutory Definition of PERS "Salary" Exclusions

## ORS 238.005(26)(c)
### *Tier 1/Tier 2 Members* (Chapter 238)

- (c) **<u>"Salary" or "other advantages" does not include:</u>**
- (A) Travel or any other expenses incidental to employer's business which is reimbursed by the employer;
- (B) Payments for insurance coverage by an employer on behalf of employee or employee and dependents, for which the employee has no cash option;
- (C) Payments made on account of an employee's death;
- (D) Any lump sum payment for accumulated unused sick leave;
- (E) Any accelerated payment of an employment contract for a future period or an advance against future wages;
- (F) Any retirement incentive, retirement severance pay, retirement bonus or retirement gratuitous payment;
- (G) Payments for periods of leave of absence after the date the employer and employee have agreed that no future services qualifying pursuant to ORS 238.015 (3) will be performed, except for sick leave and vacation;
- (H) Payments for instructional services rendered to public universities of the Oregon University System or the Oregon Health and Science University when such services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months to which the contract pertains; or
- (I) Payments made by an employer for insurance coverage provided to a domestic partner of an employee.

## ORS 238A.005(17)(c)
### *OPSRP Members* (Chapter 238A)

- (c) **<u>"Salary" does not include the following amounts:</u>**
- (A) Travel or any other expenses incidental to employer's business which is reimbursed by the employer.
- (B) Payments made on account of an employee's death.
- (C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid leave.
- (D) Any severance payment, accelerated payment of an employment contract for a future period or advance against future wages.
- (E) Any retirement incentive, retirement bonus or retirement gratuitous payment.
- (F) Payment for a leave of absence after the date the employer and employee have agreed that no future services in a qualifying position will be performed.
- (G) Payments for instructional services rendered to public universities of the Oregon University System or the Oregon Health and Science University when those services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months covered by the contract.
- (H) The amount of an employee contribution to the individual account program that is paid by the employer and is not deducted from the compensation of the employee, as provided under ORS 238A.335 (1) and (2)(b).
- (I) Any amount in excess of $200,000 for a calendar year. If any period over which salary is determined is less than 12 months, the $200,000 limitation for that period shall be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12. The board shall adopt rules adjusting this dollar limit to incorporate cost-of-living adjustments authorized by the Internal Revenue Service.

# The Payment Categories chart

- Found through the "Employer Tools" link on the PERS employer web page: www.oregon.gov/pers/emp/pages/index.aspx

**Employers Tools**

PERS provides all online forms and publications in .pdf format. To view them, you must have the most recent version of Adobe Reader®. Click here to download Adobe Reader®.

- New member brochure (9/5/2014)
- 2014 ACH Transfer Dates for all Reporting Frequencies (1-14-14)
- Employer Regular Report Dates for 2014
- EDX File Format & Development Guide for the Version 2.0 File Structure
- PERS and OPSRP subject salary (current as of 12-4-14)
- Eligibility

*Use the Qualifying Position Determination document when reviewing the examples in the "Eligibility" slides.

- :

**Ch 238 Tier1/Tier2 and OPSRP Pension Program Payment Categories**

This chart is provided to assist employers in identifying types of payments that are considered subject salary for Ch.238 Tier1/Tier2 and OPSRP Pension program members. Subject salary is used to determine member IAP account contributions, employer contributions and, with some exceptions, to determine the "final average salary" (FAS) factor used in Tier1/Tier2 benefit and OPSRP Pension benefit calculations. This chart is a guide and is NOT ALL-INCLUSIVE

| Payment Type: | Description (Please determine whether the payment fits a general description below) | Chapter 238 Tier1/Tier2 members (ORS 238) This type of payment is: | OPSRP Pension Program members (ORS 238A) This type of payment is: | Report this payment in the following EDX DTL2 record field: |
|---|---|---|---|---|
| Accrued compensatory time | A lump-sum payoff of compensatory time. Compensatory time is paid leave accrued for unpaid time worked above and beyond an employee's regular hours. | Subject | Non-subject | Lump-sum Payoff |
| Accrued sick leave | A lump-sum payoff of accrued sick leave. | Non-subject | Non-subject | Non-Subject Salary |
| Accrued vacation leave | A lump-sum payoff of accrued vacation leave. Includes any portion of accrued personal time off (PTO) the employer identifies as vacation leave. | Subject | Non-subject | Lump-Sum Vacation Payoff |

**This chart will show the "subject" status for a number of payment types (this is the heading for the 1st of 6 pages) based on program membership, Tier One/Tier Two or OPSRP. Column 5 shows the DTL2 salary field in which to enter the payment, <u>either including an entry for contributions if the payment is "Subject" or excluding a contribution entry if the payment is "Non-subject", based on the individual's program membership.</u>**

| **Member and employer contributions due?** | **Qualifying Service:**<br>1. A job segment in a calendar year => 600 hours/calendar year.<br>2. Partial year segment with "qualifying" hire intent in a year of < 600 hours total service. | **Non-Qualifying Service:**<br>1. Full-year job segment in a calendar year < 600 hours total service.<br>2. Partial year segment with "non-qualifying" hire intent in a year < 600 hours total service. |
|---|---|---|
| **Subject Salary:**<br>1) 238.005(26)(a-b) or 238A.005 (17)(a-b)<br>2) "Subject" payment in the Payment Categories chart.<br>3) **OPSRP only:** Included as W-2 Oregon state taxable income. | **Yes.** | **No.** |
| **Non-Subject Salary:**<br>1) 238.005(26)(c) or 238A.005(17)(c)<br>2) "Non-subject" payment in the Payment Categories chart.<br>3) **OPSRP only: Not included** as W-2 Oregon state taxable income. | **No.** | **No.** |

# So…

- **Should salary that would normally be "subject" salary if paid during periods of "qualifying service" be reported as "non-subject" for periods of "non-qualifying" service?**
- **NO!**
  - **EDX restricts use of wage codes based on the type of service**:
    - DTL2 wage code 01 is used to report wages only for "qualifying" periods of service.
    - DTL2 wage code 02 is used to report wages only for "non-qualifying" periods of service.
  - **Paycheck compensation, with few exceptions, meets the statutory definition of "salary" and should be reported on DTL2 records as "Subject Salary, Regular" or "Subject Salary, Overtime".**
  - **Only paycheck compensation that does not meet the statutory definition of "salary" would be reported as "non-subject."**

# An Example:

- An employer hires an individual into a job **with "non-qualifying" hire intent.**
  - **The employer does not expect anyone in this job to reach 600 hours service in any calendar year.**
    - Status code 15/Non-Qualifying Hire is reported on the DTL1 new-hire record.
  - The job compensation satisfies the statutory definition of "salary" and is reported as "Subject Salary, Regular"/"Subject Salary, Overtime", **NOT as "Non-subject Salary".**
    - All DTL2 records will be reported with wage code 02/Regular/Non-qualifying for "non-qualifying" service.
    - Contributions are NEVER required with wage code 02.
    - EDX would suspend any DTL2 record with wage code 01 reported for a period of "non-qualifying" service.

# And…

- **If necessary, can "subject" and "non-subject" salary be reported on the same DTL2 record?**
- **YES!**
  - DTL2 "Gross Salary" is the total of <u>all salary entries on the DTL2 record</u>.
  - EDX does not restrict use of salary type on a DTL2 record.
    - "Subject Salary, Regular"/"Subject Salary, Overtime" must meet the statute definitions of salary.
    - "Non-subject" salary would be specifically excluded from any statute definition of salary.

# An Example…

- Employers report unused sick leave hours on DTL1-02/Termination records.
- An employer may elect to pay out unused sick leave hours when an employee terminates.
  - Any unused sick leave hours paid out cannot also be reported on a DTL1-02/Termination record as unused sick leave hours.
  - Lump sum payout of unused sick leave is "non-subject" salary for Tier One/Tier Two and OPSRP members,
    - **That payout should be reported as "non-subject" salary on the employee's last active service DTL2 record, along with final paycheck compensation reported as "Subject Salary, Regular".**
      - ORS 238.005(26)(c).
      - ORS 238A.006(17)(c).
      - Stated as "non-subject" for all Tier One/Tier Two and OPSRP members in the Payment Categories chart "Accrued Sick Leave" payment type.

# Eligibility

- Eligibility and Program Membership.
- Eligibility Basic Concepts.
- Who should be reported?
- Examples.

# Eligibility and Program Membership

- "Eligibility" refers to eligibility for program membership:
  - Ch. 238 Tier One/Tier Two.
  - OPRSP Pension Program.
  - Individual Account Program (IAP).
- Eligibility Evaluation.
  - Calendar year basis (January 1- December 31):
    - **For all employees except Tier One/Tier Two Community College Academic employees**.
  - "School year" basis:
    - **ONLY Tier One/Tier Two Community College Academic employees.**
      - "School year" statute definition: July 1st of one year to June 30th the next.

# Eligibility and Program Membership

- To become a member of any PERS program, you must:
  - Be employed in a "qualifying" position, **and**
  - Complete a "waiting time", **and**
    - Serve six full calendar months with **one** employer.
    - No break **greater than 30 consecutive working days**.
    - Completed **only in a period of qualifying service.**
  - Continue the "employer-employee" relationship with the waiting time employer after waiting time completion.
    - The "employer-employee" relationship continues until an employee is terminated.
- **All three requirements must be done simultaneously to establish membership in any program.**

# What makes a position "qualifying"?

- For any calendar year with 600 hours or more total service with one or more PERS employers, **every position** in that year **qualifies automatically**.
- For any calendar year with **less than** 600 hours total service, positions with full year employment (January 1- December 31) **do not qualify**.
- For any calendar year with less than 600 hours total service **and** "partial year" employment positions, the **employer's stated "hire intent"** for the position **determines qualification**.
  - However, a position in a partial year of separation is qualifying regardless of hire intent if the position continues from an immediately preceding calendar year in which the employee performed at least 600 hours of service (for any PERS-covered employers).
  - **Partial year: Less than full year employment in the position.**

# “Hire Intent”

- The employer’s **<u>expectation</u>** of hours to be worked by any employee in a specific job in any calendar year.
  - “**Would any employee in this job normally be expected to work 600 or more hours in any calendar year while working for me, the employer?**”
  - **If “yes” the job “hire intent” is “qualifying.”**
    - DTL1 status code is 01.
    - DTL2 wage code is 01.
      - Wage codes 04, 05, 08 are used in periods of “qualifying” service for specific reporting requirements.
  - **If “no” the job “hire intent” is “non-qualifying.”**
    - DTL1 status code is 15.
    - DLT2 wage code is 02.

# “Hire Intent”

- States the employer’s <u>expectation</u> of present and future hours of service per calendar year by anyone in that job.
  - **Hire intent for an employment segment will not change unless the employer makes a change by terminating and rehiring into a segment with different hire intent, or submits a DCR asking PERS staff to make a change.**
- Sets the “position type” for at least the year of hire.
  - Position type can change each calendar year based on total service time that year.
    - **600 hours total service in any calendar year would change position type for each employment segment to “qualifying” for that year only.**

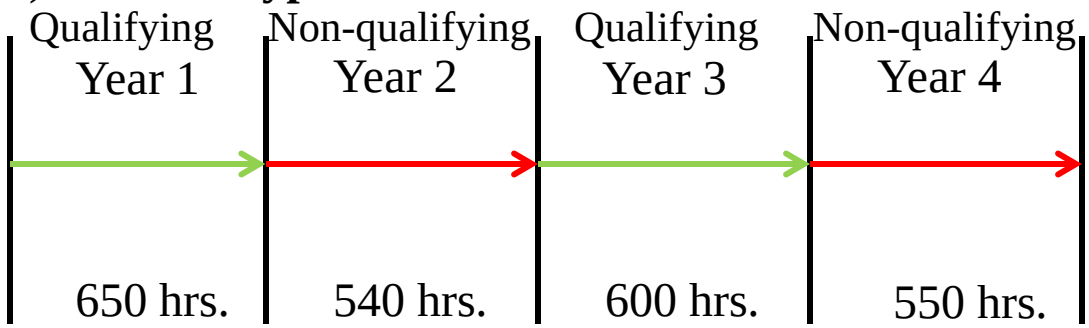
# “Hire Intent”

Example:

A**) Hire Intent**:

Non-qualifying →

B) **Position Type**:




Employment segment hire intent will not change unless the employer makes a change (termination and rehire) or asks PERS staff to make a change.

Position Type can change each calendar year based on total service time in that year.

# “Partial Year”

- **Employer’s stated “hire intent” determines qualification of “partial year” employment segments in calendar years of less than 600 hours total service.**
- “Partial year” employment means:
  - **Partial year of hire**: A period in the calendar year the employee begins employment after the first working day of the year and continues employment through December 31.
  - **Partial year of separation**: Employment that begins on January 1 and ends before the last working day of that year.
    - **600 hours or more of service in the previous year makes the separation year segment “qualifying” regardless of hire intent**.
  - **Short segment:** a period in the calendar year during which the employee is hired after the first working day of the year and separated from employment before the last working day of the same calendar year with the same employer.

# Who should be reported?

- **Report:**
  - All employees
    - Full-time
    - Part-time
    - Qualifying or non-qualifying job segments
    - Retirees return to work as retirees
- **Don't Report:**
  - Inmates of state institutions
  - Individuals in this country on specific type of education or training visas
  - Student employees, <u>designated as such by employers</u>
  - Independent contractors
- **Statute reference:**
  - ORS 238.005(8) and ORS 238A.005(4)

# Example #1:

Bill is a new hire with no PERS history. He is hired by multiple employers from 2010 through 2013. He is hired into a job with "qualifying" hire intent by Employer "A" on 9/26/2010 through 6/25/2011; by Employer "B" in a job with "non-qualifying" hire intent 10/1/2010 through 11/26/2010; by Employer "C" in a "non-qualifying" hire intent job 10/10/2010 through 6/26/2012, and again on 10/1/2012 continuing into 2013; by Employer "D" in a "non-qualifying" hire intent job 3/31/2011 continuing into 2013; by Employer "E" in a "non-qualifying" hire intent job 10/02/2010 continuing into 2013; and by Employer "F" in a "non-qualifying" hire intent job 9/27/2010 through 6/30/2011.

Will Bill establish OPSRP membership? If so, what is his OPSRP Program/IAP membership date (aka Contribution Start Date (CSD))?

**4/1/2011 Membership start date.**

```
ER:          2010            2011            2012            2013

A: Q         9/26----------6/25
B: NQ        10/1-11/26
C: NQ        10/10-------------------------------6/26  10/1---------->
D: NQ                 3/31-------------------------------------------->
E: NQ        10/2-------------------------------------------------->
F: NQ        9/27----------6/30

             172 hours       768 hours       683 hours
```

1) **Is a waiting time required? Yes.** Bill has not yet established OPSRP membership.
2) **Is there a job with "qualifying" hire intent? Yes.** Bill's job with Employer "A" has "qualifying" hire intent.
3) **Has the required "waiting time" been completed? Yes.** Bill's continuous employment with Employer "A" from 9/26/2010 through 6/25/2011 meets the "waiting time" requirements of 6 full months of service with one employer in a "qualifying" hire intent job (with no breaks of more than 30 working days). Because Bill was hired on 9/26, a day other than the first day of the month, his waiting time began on 10/1/2010 (the first day of the month following the date of hire), and was completed on 3/31/2011.
4) **Does the "employer-employee" relationship with the waiting time employer continue beyond waiting time completion? Yes.** Bill's employer-employee relationship with Employer A was continuing on 4/1/2011, beyond the date his 3/31/2011 waiting time completion date.

**Bill establishes OPSRP membership effective 4/1/2011. Contributions are due for all employment in qualifying positions after the 4/1/2011 membership date, including 2011 and 2012. (Total hours of service total are well over 600 hours in 2011 and 2012 so the "Position Type" for each of those years is changed from "non-qualifying" to "qualifying").**

# Example #2:

Bill established OPSRP membership in 2010 and worked continuously in an "active service" position with Employer X through the end of 2011. Bill decides to return to school beginning 1/1/2012 to complete his B.A. degree. He continues to work for Employer X but goes from full-time to part-time employment to allow a full class load and only works 520 hours during the full calendar year. The job with Employer X will not be "qualifying" in 2012 unless he works another 80 hours in a PERS-covered position. When Bill registers for school at State University, he finds an internship in his field of study. The university is a PERS-covered employer but the job is only available as a "student position." Bill applies for and is hired into the "student position" by State University on 7/15/2012. He works through 10/20/2012 and has 100 hours of service during that time period. Does Bill's employment with State University count towards the 600 hours required for a "qualifying" position?

2012

Position with Employer X : ----------

520 hours.

State University internship: ~~7/15----------10/20~~

~~100 hours.~~

620 hours

1) **Is a "waiting time" required? No.** Bill previously completed his waiting time in 2010.
2) **Is 2012 a "qualifying" year? No**. Although Bill works 620 hours in 2012, **100 hours are worked in a "student" position.** ORS 238A.005(4)(d) states that student employees are not eligible to become OPSRP program members, so the hours worked as a student employee do not count for 2012 eligibility and must be eliminated. **This leaves a full-year employment segment of less than 600 hours, so that full-year employment segment with Employer X is non-qualifying. Bill has no qualifying service for 2012.**
3) **Does the "employer-employee" relationship with the waiting time employer continue beyond waiting time completion?** Not applicable in this instance.

**Because Bill is not employed in a "qualifying" position in 2012, he receives no contributions or retirement credit for employment during that year.**

# A recent development

## OPSRP Retiree work hour restrictions

- **<u>OPSRP retirees MAY NOT return work as retirees in any calendar year in which they worked as an active service member in a "qualifying" position</u>:**
  - **Partial year employment in a job with "qualifying" employer hire intent in a calendar year of less than 600 hours total service , <u>or</u>**
  - **Any job in a calendar year of 600 hours or more total service (both pre-retirement and post-retirement hours are counted for purposes of determining whether 600 hours are worked in the calendar year)**
  - **<u>In a calendar year WITH NO ACTIVE SERVICE</u>, OPSRP retirees may return to work:**
    - **In a "non-qualifying" job:**
      - **May not equal or exceed 600 hours per calendar year**
      - **<u>May work 599.99 hours per calendar year and still maintain retiree status.</u>**
  - **An OPSRP retiree <u>CANNOT work as an OPSRP retiree in a "qualifying" job.</u>**
      - **<u>Active membership is re-established on the later of the first day of the calendar year or the date of hire, into a "qualifying" job</u>.**
- **Retiree work limits represent <u>combined service with all PERS</u> employers in any calendar year.**
- **Reference:**
  - ORSRP: ORS 238A.245, OAR 459-075-0300 and OAR 459-080-0300.

# Questions?