

CPERS IAP Voluntary Contribution Process and Additional Information

What are IAP voluntary contributions (IAP VC)?

As part of SB1049 effective 7/1/2020 (6/30/20 PPE) a portion of the employee 6% IAP contributions are redirected, thus creating two accounts, the **IAP**, and the **Pension Stability Account**.

1. For Tier 1&2 employees, 3.5% of their PERS subject salary will go to the IAP, and 2.5% will go to the Pension stability account.
2. For OPSRP 5.25% of their PERS subject salary will go to the IAP, and .75% will go to the Pension stability account.

Employees who earn over the PERS minimum wage per month have the option of making a **post-tax** voluntary contribution (VC) to their IAP that matches the amount going to the Pension Stability account (.75% for OPSRP and 2.5% for T1/2). This VC goes into their IAP, thus bringing their IAP contribution to 6% of subject salary. Voluntary Contribution elections can only be made prospective.

How will this work systematically?

To START the VC Deduction:

1. Employees who choose to make a VC will log into their [PERS OMS account](#) to make the election.
2. This will generate a notice to PERS that the employee has elected a VC.
3. PERS will send notice to CPERS through the EDX system that the VC has been made.
4. CPERS will send notice, via email, to agency payroll that the VC Pay Input, PERS – Voluntary Contributions, deduction in Workday needs to be entered.
 - Workday will automatically calculate the VC based on the employee's PERS Class Plan Code and PERS Subject Salary.
5. Agency will set up PERS – Voluntary Contributions deduction immediately based on the detailed memo provided by CPERS. The memo will include the PERS plan, Pay Input Start Date, Pay Component, and Processing Defaults. For retroactive entries, a separate email will be sent for a one-time fixed amount and instructions for entering in Pay Input.
6. The VC process is now complete and there will be an ongoing VC deduction from the employees pay.

To STOP the VC Deduction:

1. Employees must log into their PERS OMS account to stop the VC election.
2. This will generate a notice to PERS that the employee has elected a Stop their VC.

3. PERS will send notice to CPERS through the EDX system that the VC Stop has been made.
4. CPERS will send notice, via email, to agency payroll that the VC Pay Input, PERS – Voluntary Contributions, in Workday needs Edited to add an End Date. Do Not Delete the Pay Input unless instructed to by CPERS.
5. Agency will add the End Date immediately based on the detailed memo provided by CPERS. The memo will include the End Date to enter when Editing Pay Input, PERS – Voluntary Contributions. **Agency cannot delete the VC deduction without authorization from CPERS.**
6. The VC process is now complete and the VC deduction from the employees pay will stop.

Additional Information:

Overpayment of Wages:

- If the overpayment is NOT being recouped, IAP VC is calculated on the PERS subject salary.
- If the overpayment IS being recouped, IAP VC will re-calculate after the retro corrections are processed in the employee's retirement account. CPERS will contact the agency once the IAP VC is reconciled.

Employee transfers in from another state agency:

The IAP VC (Pay Input – PERS – Voluntary Contributions) will clone over with all other Pay Input deductions. A new request is not needed from the employee and CPERS may send a new notification for the agency records only. The PPE start date is in the same pay period the employee is hired into if there is PERS subject salary.

Employee is hired from a non-state employer:

PERS will provide the election information for voluntary contributions at the time of the status check. The agency needs to set up the Pay Input, PERS – Voluntary Contributions, deduction as part of the new hire process. A new request is not needed from the employee and CPERS may send a new notification for the agency records only. The PPE start date is in the same pay period the employee is hired into if there is PERS subject salary.

Employee who has Domestic Partner Imputed Value (DP):

- OPSRP – is PERS subject salary and the DP amount is used in the IAP VC calculation.
- Tier 1/Tier 2 – is not PERS subject salary and the DP amount is not used in the IAP VC calculation.

Employee who qualifies for Uniform Services Employment Reemployment Rights Act (USERRA): USERRA wages are PERS subject salary for all PERS plans. If an employee has IAP VC, the USERRA wages reported to PERS after the employee returns are used in the IAP VC calculation. **The employee will owe IAP VC on all reported USERRA wages.**