

CPERS IAP Voluntary Contribution Guide

What are IAP voluntary contributions?

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 \$2500 per month will have the option of making a **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 will go back to the IAP, thus bringing their IAP contribution to 6% of subject salary.

Due to programming challenges, this was not systematically possible until October 1, 2020.

Employees can choose to make their VC retroactive to July 1, 2020, PPE 6/30/2020 during the enrollment month of October. Beginning November 1, 2020 VC's can only be made going forward. If retroactive VC's are chosen during the month of October, the entire retroactive amount will be deducted from the employee's next check.

How will this work systematically?

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 P070 deduction on OSPA needs to be entered.
 - OPSRP= PSNN 075
 - Tier 1 &2= PSNN 250
5. Agency will set up P070 PSNN deduction immediately based on the detailed memo provided by CPERS. The memo will include the PERS plan, PPE start date and coding to use. For retroactive entries, the memo will state the PPE to enter the PSNN in along with the PPE's that need correctives set. This will put the employee in a net pay negative and the full amount will be deducted from the employee's next check.

- The VC process is now complete and there will be an ongoing VC deduction from the employees pay.

Additional Information:

Employee transfers in from another state agency: The VC (PSNN deduction code) will clone over with all other P070 deductions. A new request is not needed from the employee and CPERS will not send a new notification. 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 P070 deduction as part of the new hire process. A new request is not needed from the employee and CPERS will not send a new notification. The PPE start date is in the same pay period the employee is hired into if there is PERS subject salary.

See below for detailed information on making adjustments to voluntary contributions:

Current year pay adjustments:

- Enter pay adjustment in pay period the adjustment applies to using your normal pay adjustment process.
- Set a corrective. The system will calculate the positive/negative amounts and report to PERS through the normal payroll process
- Notify CPERS analyst, via email, that adjustments to employees PSNN are coming through in the next payroll run

Prior year pay adjustments:

- Enter pay adjustments using normal prior year processes.
- Manually calculate PSNN difference (positive or negative) and enter on P070 as a dollar amount. VC should only be calculated on PERS subject salary:
 - All yellow arrows indicate required fields for the VC entry. The 4th yellow arrow indicates the plan code. The plan code for Tier 1 &2 is "250", and the plan code for OPSRP is "075".

A	DED	PLAN	DATE	-EMPLOYEE--		SHARE-	EMPLR	PEBB	VENDOR
F	CD	CD	BEGIN	END	PCT	PCT	SHARE	ADMIN	SHARE
J	DESC	DESC			GRS	NET	FIXED	PEBB	
							AMOUNT	SUBSIDY	
?	A	PSNN	250	083120	083120		52.32	.00	
	OPE	CD	N	ADDL	RETIREM	TIER	1/2		
	ACH	ACCT					COMM	TRANS	DATE
							ACCT	CD	STATUS
									090320
									52.32

- Notify CPERS analyst of pay and PSNN adjustments.