

# CPERS IAP Voluntary Contribution Process

## **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.

\*Eligible employees 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.

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

Employees could 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 were chosen during the month of October, the entire retroactive amount will be deducted from the employee's next check.

\*Eligibility is determined by the amount of the employee's salary and the annual limitations set by PERS.

## **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 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.

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 P070 deduction on OSPA needs to be deleted.
5. Agency will delete the P070 PSNN deduction immediately based on the detailed memo provided by CPERS. The memo will include the PPE to delete the PSNN deduction in. **Agency cannot delete the VC deduction without authorization from CPERS.**
6. 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.

Refer to the ["PERS Retro Adjustment Guide"](#) for instructions on making adjustments to voluntary contributions.