

OREGON SAVINGS GROWTH PLAN (OSGP)

OVERVIEW

The state offers the Oregon Savings Growth Plan -- a voluntary 457 deferred compensation program¹ -- to supplement the PERS retirement plans. Within the plan, employees may choose to participate in one or both of the following:

- A traditional 457 deferred compensation plan where the payroll deductions are pre-tax
- A Roth 457 IRA where the payroll deductions are post-tax

As part of the traditional 457 deferred comp plan, OSGP offers participants a general purpose and residential loan program. Participants repay loans through payroll deductions.

A third-party vendor, currently ING, administers the plan for PERS.

INTERFACE

The interface between OSGP and OSPA is two-way:

- OSGP sends file that creates the DCNN, RTNN and LONN deductions in OSPA for preliminary payroll run 2
- OSPA sends a file to OSGP that reports the deductions taken for each participating employee after each final payroll run 1. For each final payroll run 2, OSPA produces reports for the deductions in that run.

OSGP TO OSPA

A state employee can enroll, change or cancel contributions to OSGP through ING by:

- Completing a paper form and mailing it to ING
- Calling a toll free 1-800 telephone number
- Entering the data on the ING website

Employees manage the investment of their contributions through ING.

Currently, new employee participants designate a fixed amount that they want deducted from their pay each month. Prior to August 1, 2012, employees could designate a fixed amount or a percent of their gross salary for the deduction.

For each preliminary run 2, ING sends OSPA two electronic files – one contains deductions for the traditional 457 deferred comp and the other contains the deductions for the Roth 457 IRA. Each file includes three types of entries – add a new deduction, change an existing one, or stop an existing one. The batch that converts the file creates entries on the P070 Deduction and Deduction Adjustments

¹ A 457 deferred compensation plan is a defined contribution retirement plan for employees of state and federal governments and agencies and certain tax-exempt charitable organizations.

screen in OSPA. The deductions will have a start date for the next pay period (for example, the file sent for August run 2 will create deductions with a start date of September 30).

Currently, the file does not include loan repayment deductions. For the repayment of a loan, the third-party vendor will notify the agency payroll office when to start and stop deductions and the amount of the deduction. Payroll will enter the deduction with DED CODE DESC: LONN on the P070 screen.

Generally, do not make deferred comp contribution (DCNN or RTNN) entries or changes unless OSGP requests it. Typically, OSGP will only contact payroll under unusual circumstances, such as:

- Participation in the Max-Plus or Catch-up programs
- A final check

OSPA TO OSGP

If a state employee chooses to participate in OSGP, OSPA deducts the contribution amount from the employee's pay each month. After each final payroll run 1, OSPA prepares an electronic file for the third-party vendor. The file lists the employee DCNN and RTNN deductions for that run. At the same time, Payroll System Support (PSS) initiates a funds transfer through Oregon State Treasury (OST) to OSGP.

After each final payroll run 2, OSPA produces reports for OSGP that list any deductions processed during run 2. These are typically manual adjustments made after final run 1. See Resources below, Reports section.

See the following OSPA Functionality section for additional information about the process and edits within OSPA.

OSPA FUNCTIONALITY

OSPA uses information on the following screens to process the deferred comp deductions:

- P070 Deductions and Deduction Adjustments
- PTD1 Payroll Deduction Table
- PTD2 Payroll Ded/Plan Table

P070 DEDUCTIONS AND DEDUCTION ADJUSTMENTS SCREEN

The file from OSGP impacts the following fields on the P070 Deductions and Deduction Adjustments screen:

- DED CODE DESC
- PLAN CODE DESC
- DATE BEGIN / END
- EMPLOYEE SHARE PCT GRS or FIXED AMOUNT

Deduction and Plan Codes

For the OSGP contributions, a program converts the monthly electronic files from the third-party vendor. It creates or changes existing deductions on the P070 screen.

The deduction codes (DED CODE DESC on the P070 screen) from the files currently include:

- DCNN Traditional 457 Deferred Compensation
- RTNN Roth 457 IRA
- LONN Deferred Compensation Loan Program

The plan codes (PLAN CODE DESC on the P070 screen) may be:

- 010 Legislative Plan – DCNN only, see the Statewide Payroll Reference Manual, Payroll Processes Using OSPA, Public Employees Retirement System
- 100 Regular Contribution
- 600 Catch-up Contribution

Deduction Amount

Currently, new participating employees may only designate a set amount. Prior to August 1, 2012, employees could designate a set amount per month or a percent of gross salary.

- If the employee designates a set amount per month, the P070 screen will have a value in the EMPLOYEE SHARE FIXED AMOUNT field.
- If the employee had designated a percent of gross pay, the P070 screen will have a value in EMPLOYEE SHARE PCT GRS.

DATE BEGIN

The program assigns a DATE BEGIN of the next pay period (file loaded during August run 2 will create deductions for September run 1). Typically, employee requests take effect at least one payroll period after the request. For example, if a participant makes an entry at ING's web site in January, the employee's March pay will generally reflect the change.

PTD1 PAYROLL DEDUCTION TABLE SCREEN

OSPA uses two areas on the PTD1 Payroll Deduction Table screen in performing edits and making calculations for deferred compensation deductions:

- Deferred Compensation, TSA and FSA Information:
- Non Taxable Code

Deferred Compensation, TSA and FSA Information

IRC Section 457 establishes the maximum that we may deduct from the employee's pay tax deferred. The Deferred Compensation, TSA and FSA Information: on the PTD1 Payroll Deduction Table screen displays the defined maximums. OSPA uses these amounts in taking the deductions and performing edits. These fields include:

- Maximum PCT Curr = the maximum percent of the gross pay for the current pay period that may be deducted for deferred comp
- Maximum PCT YTD = the maximum percent of the gross pay for the year that may be deducted for deferred comp
- Maximum Amt Curr = the maximum dollar amount that may be deducted in the current pay period for deferred comp
- Maximum Amt YTD = the maximum dollar amount that may be deducted in the current year for deferred comp

For employees who have a DCNN or RTNN deduction with plan code 100 and an EMPLOYEE SHARE FIXED AMOUNT on the P070 screen, during the payroll run OSPA will perform the following edits:

- It will compare the FIXED AMOUNT to the Maximum Amt Curr on the PTD1 screen for the deduction code
- It will also compare the employee's YTD contribution to the Maximum Amt YTD on the PTD1 screen.
- It will not deduct more than the maximums defined on the PTD1 screen, even if the P070 screen reflects a higher amount.

For employees who have designated a percent of their gross pay for a DCNN deduction with plan code 100 (EMPLOYEE SHARE PCT GRS on the P070 screen), OSPA will perform the following calculations and edits:

- Multiply the employee's gross pay by the PCT GRS
- Compare the amount calculated to the Maximum Amt Curr and the Maximum Amt YTD on the PTD1 screen
- It will not deduct more than the maximum amounts defined on the PTD1 screen, even if the PCT GRS on the P070 screen would dictate a higher amount.

NOTE: If the employee has both a DCNN Traditional 457 Deferred Comp and RTNN Roth 457 IRA deduction, OSPA will not edit for the maximum amounts for the two deductions combined. OSGP staff members will monitor the combined deductions and notify participants who may exceed the annual threshold.

When the employee's deduction may soon or will exceed the maximum, the employee will be on the E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports (see the Statewide Payroll Reference Manual, OSPA System Related Documents, Report Guides). Possible messages include:

- 5980-DEFCMP MONTHLY EXCEEDS PRETAX MAX
- 5980-DEFERRED MONTHLY AMT EXCEEDS MAX
- 5980-DEFERRED MONTHLY AMT REDUCED
- 5985-LEGIS RETIRE SYS AMT > PRETAX MAX
- 5985-LEGIS RETIRE SYS AMT NOT REDUCED
- 8625-DEFCOMP YTD WILL BE EXCEEDED SOON
- 8625-DEFCOMP YTD REDUCE MONTHLY DED
- 8625-YTD AMOUNT EXCEEDS MAXIMUM
- 8625-YTD AMT WILL EXCEED MAX NEXT MONTH

Unless the employee is separating at year-end (see the Statewide Payroll Reference Manual, Payroll Processes Using OSPA, Year-end), you do not need to change the P070 screen; OSPA will only deduct the amount allowed.

Non Taxable Code

The Non Taxable Code on the PTD1 screen determines if OSPA will calculate federal (FIT) and state (SIT) income taxes and social security and Medicare (FICA) taxes before or after taking the deduction. The deduction codes for the deferred comp program have the following Non Taxable Codes:

- DCNN Traditional 457 Deferred Compensation = N. The deduction is exempt from FIT, SIT and FICA taxes.
- RTNN Roth 457 IRA = T. RTNN has numeric plan codes and is subject to FIT, SIT and FICA.
- LONN Deferred Comp Loan Repayment = T. LONN does not have plan codes and is subject to FIT, SIT and FICA.

PTD2 PAYROLL DED/PLAN TABLE SCREEN

Plan codes must be on the PTD2 Payroll Ded/Plan Table screen to be entered on the P070 screen. As discussed prior, the DCNN deduction code has three plan codes and the RTNN deduction code has two plan codes. They include::

- 010 – Legislative Plan (DCNN deduction only)
- 100 – Regular Contribution
- 600 – Catch-up Contribution

There is one deduction code (LONN) for the OSGP loan program repayments. It does not have plan codes.

RESOURCES

AUTHORITY / REFERENCES

IRC section 457: http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000457----000-.html

IRS Web site: <http://www.irs.gov/>

ORS 243.400 to 243.507, https://www.oregonlegislature.gov/bills_laws/ors/ors243.html

OAR 459-050, http://arcweb.sos.state.or.us/pages/rules/oars_400/oar_459/459_tofc.html ,

Oregon Public Employees Retirement System, Deferred Compensation

OSGP web site: <http://oregon.gov/PERS/OSGP/Pages/index.aspx>

FORMS

OSGP forms: http://oregon.gov/pers/OSGP/Pages/osgp_forms.aspx

REPORTS

Agencies and OSGP receive the following reports. See the Statewide Payroll Reference Manual, OSPA System Related Documents, Report Guides for additional information:

- E120-042A, E120-052A, E122-042A, E122-046A, and E122-056A Payroll Exception Reports
- XREF01 Deduction Reconciliation

- XREF15 and XREF15C Deduction Register Summary
- XREF23 Vendor Check Summary
- XREF76DC Deduction Register Detail – Deferred Compensation
- XREF76RT Deduction Register Detail – Roth 457 IRA

In addition, OSGP and/or PSS receive the following reports:

- Preliminary run 2
 - DEFCMP1 OSPS Deferred Comp (DCNN) Deductions, List of Outdate/Indate Trans
 - DEFCMP2 OSPS Interface Rejections
 - DEFCMP3 List of Defcomp Successfully In/Outdated
 - ROTH457A List of Outdate/Indate Trans
 - ROTH457B OSPS Interface Rejections
 - ROTH457C List of Roth457 Successfully In/Outdated

- Each final run
 - E260-090B Deferred Comp Exception Report
 - E260-090C Roth 457 IRS Exception Report
 - EJ01-25-01 and EJ01-25-02 Supplemental Deferred Comp by EID/CODE
 - EJ02-25-01 and EJ02-25-02 Supplemental Roth 457 IRA by EID/CODE
 - RSKB214-01 Deferred Compensation Transaction OSPS Audit Report
 - RSKB214-02 Roth 457 IRA Transaction OSPS Audit Report
 - XREF67 Deferred Compensation by Plan
 - XREF69 Vendor File Controls
 - XREF70 Deferred Compensation Loan
 - XREF71 Roth 457 IRA by Plan
 - XREFRK-DC Centrally Paid Deductions, DCNN
 - XREFRK-LO Centrally Paid Deductions, LONN
 - XREFRK-RT Centrally Paid Deductions, RTNN
 - XREF#DC State Street Bank, DCNN
 - XREF#LO State Street Bank, LONN
 - XREF#RT State Street Bank, RTNN

REVISION HISTORY

Date	Rev. No.	Modification
12/27/06	1.0	Original
08/15/07	1.1	Loan program, WR#3067, correct maximum calculation
01/06/09	1.2	ING purchased CitiStreet July 2008, timing clarified
06/29/09	1.3	Treasury account name change
09/10/12	1.4	WR# 3937, Roth 457 IRA; new state web addresses; DAS and reference manual re-org; timing of files; periodic review
05/12/16	1.5	Updated OSPS email address Updated web links