

PERS Employer Outreach, Communication & Education

Welcome!

**Employer Outreach Presentation
Spring 2010**

V6 11 March 10

Agenda

- Eligibility review
- Reporting retirees
- Employer Compliance Review
- SB 897
- The case for on-time reporting
- The problem of returned mail

Eligibility

- The basic elements
- Examples
- Effective January 1, 2007

The basic elements

- “Eligibility” means eligible for program membership
 - OPSRP Pension, IAP, Tier1/Tier2
- To become a program member, you must:
 - Be employed in a “qualifying” position, and
 - Complete a “waiting time” with one employer, and
 - Six full calendar months
 - No break greater than 30 working days
 - Continue the “employer-employee” relationship with the “waiting time” employer after completion of the “waiting time”

The basic elements (cont)

- What makes a position “qualifying”?
 - The “qualification” basic rules:
 - 600 hours of service in a calendar year qualifies
 - Concurrent employment
 - OR**
 - Less than 600 hours in a full calendar year of employment does not qualify
 - Exceptions to the “qualification” basic rules:
 - “Partial year” exceptions
 - “Short segment “ exceptions
 - Each calendar year is evaluated separately

The basic elements (cont)

- With EDX 4.2, the employer determines “Hire Intent”
 - Would a person in this position normally work 600 hours or more in a calendar year?
- How “Hire Intent” is reported:
 - “Qualifying”
 - DTL1: Status code “01”
 - DTL2: Wage code “01” through waiting time and beyond
 - “Non-qualifying”
 - DTL1: Status Code “15”
 - DTL2: Wage Code “01” through waiting time, then Wage Code “02” beyond
 - Non-qualifying hire intent, overridden by service time (600+ hrs) in any calendar year, changes only for that calendar year

Retroactive “Hire Intent”

- Determining “Hire Intent” using records dated:
 - 5/7/07, forward (EDX 4.2)
 - The “Hire Intent” is determined by the employer designation
 - 1/1/05 to 5/6/07
 - Wage code 01 = intent is qualifying
 - Wage codes 02, 07 = intent is non-qualifying
 - 1/1/04 to 12/31/04
 - Wages reported as “subject” = intent is qualifying
 - Wages reported as “non subject” = intent is non-qualifying
 - Prior to 1/1/04
 - Notice of Employment stating expectation of 600 hours/year
 - OR**
 - Contributions for the 1st pay period after CSD = intent is qualifying
 - No contributions for the 1st pay period after CSD = intent is non-qualifying

The basic elements (cont)

- Definition of a “partial year”
 - The year of hire:
 - Begins no earlier than the *day after the first working day of the hire year* and ends on December 31st of that year
 - The year of separation:
 - Begins on January 1st of the separation year and ends no later than the *day before the last working day of the separation year*

The basic elements (cont)

➤ Partial year exceptions:

- Upon hire
 - Employer's Hire Intent determines qualification for hire year
- Upon separation
 - If 600 hours in prior year, segment qualifies
 - If less than 600 hours in prior year, employer's Hire Intent determines qualification for separation year

The basic elements (cont)

➤ Short segment exceptions:

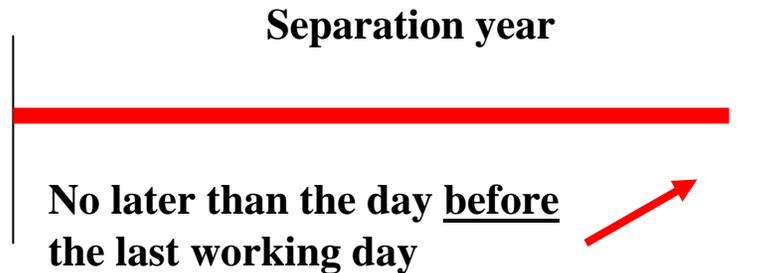
- Hired and separated in same calendar year
 - Worked less than full calendar year
 - Worked less than 600 hours
- Hired and separated in consecutive calendar years
 - Worked less than full calendar year in each year
 - Worked less than 600 hours in each year
- Employer's Hire Intent determines qualification

The basic elements (cont)

**“Partial year”
exception- hire:**



**“Partial year”
exception- separation:**



“Short Segment”:

1) **Hire-Sep same year:**



2) **Hire one year,
Sep the next:**



Solving eligibility problems

➤ Are there qualifying years?

- Each calendar year is evaluated separately
 - Only community colleges use the fiscal year 1 July – 30 June
- 600 hrs, or more, service in a calendar year makes every employment segment qualifying

OR

- Less than 600 hours?
 - Full-year employment segments (1 Jan – 31 Dec) in years of less than 600 hours are non-qualifying
 - Do “partial year” or “short segment” rules apply?

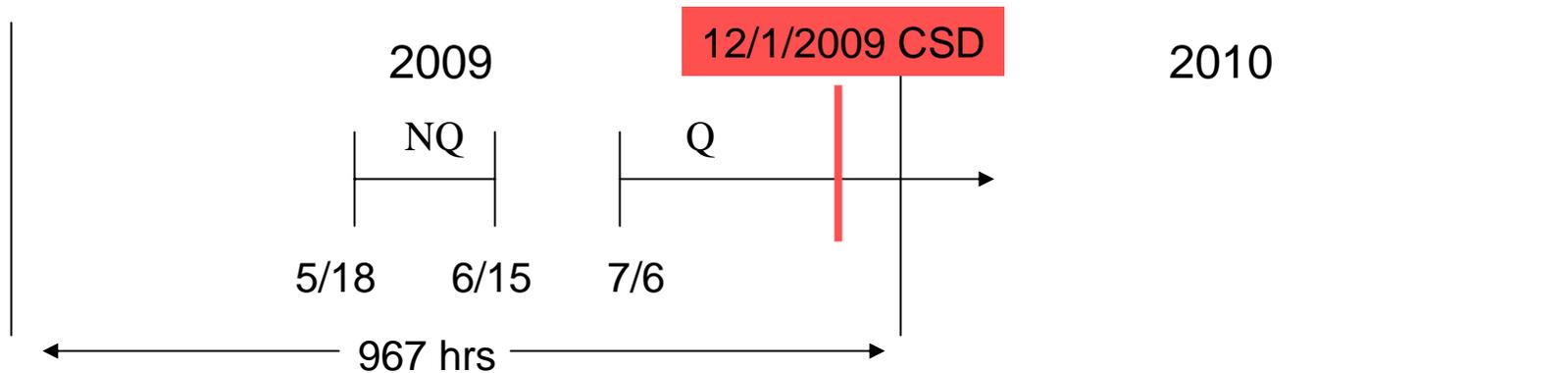
➤ Is a waiting time required?

- Six full calendar months with **one** employer
- No break greater than 30 working days

➤ Does the employer-employee relationship with the waiting time employer continue after waiting time completion?

Bill is a new employee with no PERS history. Bill is hired by a PERS employer effective 5/18/2009 into a “non-qualifying” position, and separates from that position effective 6/15/2009. That same employer re-hires Bill effective 7/6/2009 into a “qualifying” position. Bill continues working in that position, accumulating 967 hours of service in 2009, and is still employed in that position.

Will Bill establish membership? If so, what is his Contribution Start Date (CSD)?



Are there qualifying years? Yes. 967 hrs. service were accumulated in 2009; the “non-qualifying” status of the 1st segment is overridden for 2009.

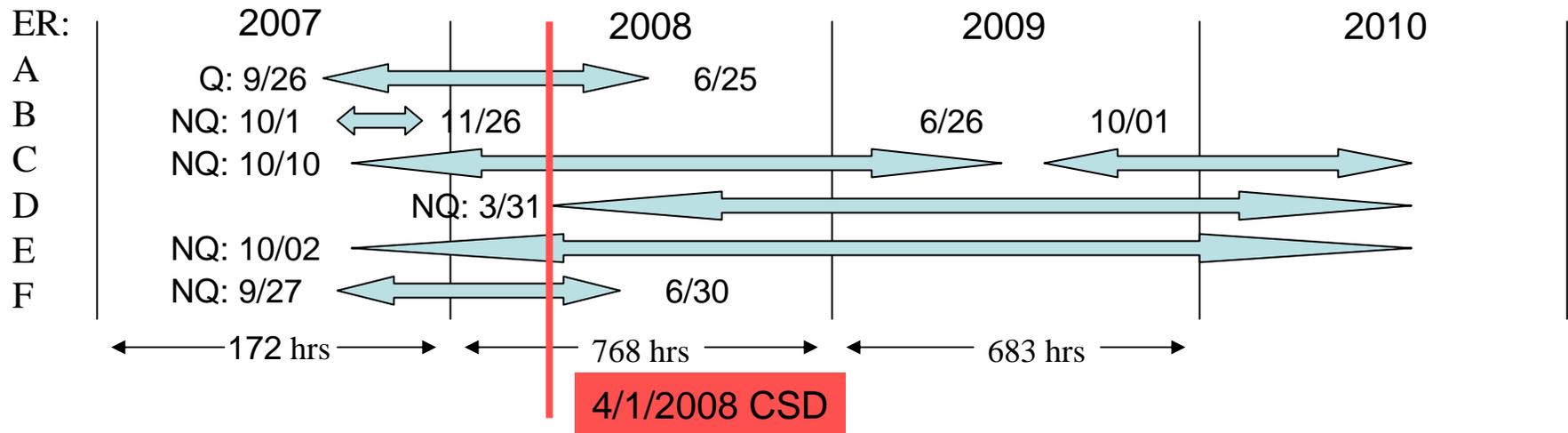
Is a waiting time required? Yes. The waiting time is six full calendar months, uninterrupted by the break between segments which is less than 30 working days (OAR 459-075-0010). Waiting time begins 6/1 and completes 11/30

Does the employer-employee relationship with the waiting time employer continue after waiting time completion? Yes

Bill establishes membership with a CSD of 12/1/2009; contributions begin 12/1/2009.

Bill is a new hire with no PERS history. He is hired part-time by six different employers in 2007. He terminates with Employer “B” on 11/26/2007, terminates with Employer “A” on 6/25/2008, terminates with Employer “F” on 6/30/2008, terminates with Employer “C” on 6/26/2009. He is rehired by Employer “C” on 10/01/2009, and remains employed in 2010 with Employers “C”, “D”, and “E”. Of all the employers, **only Employer “A” has “qualifying” hire intent.**

Did Bill establish membership? If so, when is his Contribution Start Date?



Are there qualifying years? Yes. 2008 and 2009 have concurrent service totaling well over 600 hours, so each segment in each of those years is qualifying; employer “non-qualifying” hire intent is overridden in each of those years. 2007 presents partial year employment segments for each employer, so employer “hire intent” determines segment qualification. In 2007, only the segment for Employer “A” has qualifying hire intent.

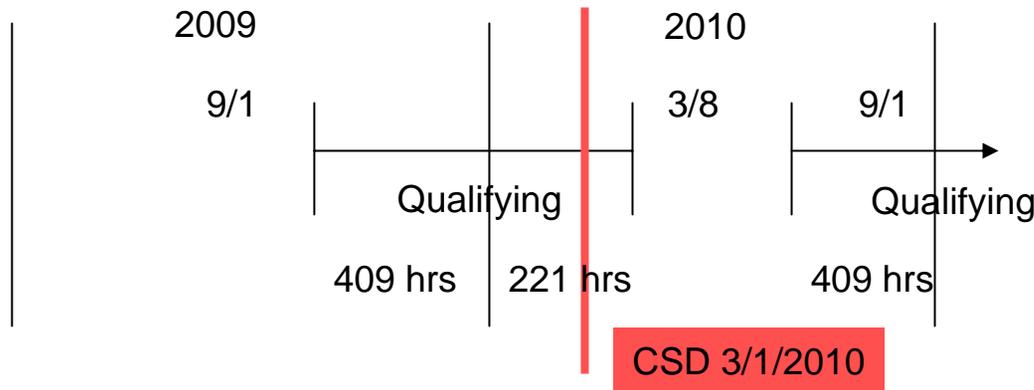
Is a waiting time required? Yes. Since the 2007 segment for Employer “A” is qualifying, the waiting time can begin in 2007. Waiting time begins with Employer “A” on 10/1/07 and completes on 3/31/08.

Does the employer-employee relationship with the waiting time employer continue? Yes.

Bill establishes membership with a CSD of 4/1/2008; contributions begin 4/1/2008.

Bill is a new hire with no PERS history. Bill is hired into a “qualifying” position with Employer “A” effective 9/1/2009, works the remainder of 2009, continues into 2010 and begins a leave of absence 2/22/10. Bill’s employer reports Bill’s accumulated sick leave through 3/8/10, and puts Bill on LWOP with PERS effective 3/9/10. Bill will remain on LWOP until September 2010, then return.

Does Bill establish membership? If so, what is the Contribution Start Date (CSD)?



Are there qualifying years? Yes. After Bill begins his leave of absence on 2/22/10, his employer continues to submit DTL2 records containing Bill’s remaining sick leave hours, wages and contributions. Bill’s accumulated sick leave is completely reported effective 3/8/10, extending his service to 3/8/10. LWOP status began the next day, 3/9/10, and LWOP periods after completion of the waiting time are treated as termination and rehire for eligibility determination. Bill’s service time in 2009 is less than 600 hours, but employment is less than full year, so the “partial year upon hire” exception allows us to rely upon the employer’s “hire intent” for the position, which is qualifying. Bill’s total service in 2010 is 630 hours, so 2010 becomes a qualifying year.

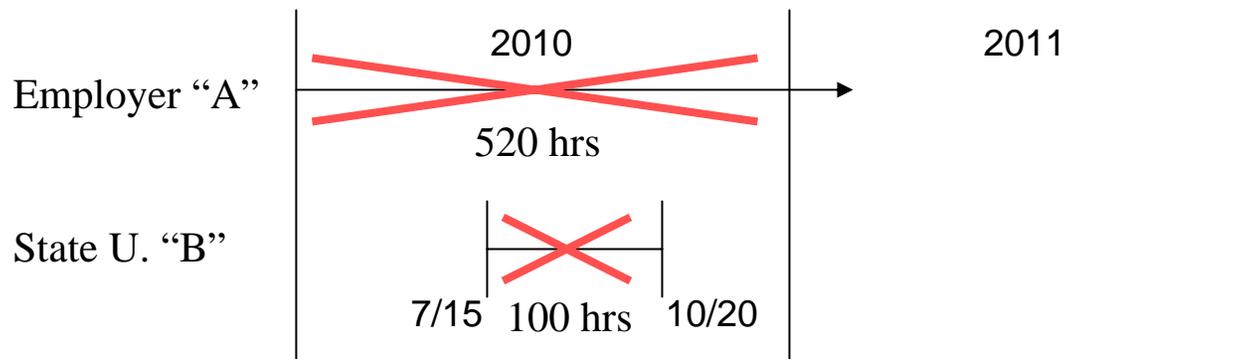
Is a waiting time required? Yes. The waiting time begins 9/1/09 and is complete 2/28/10.

Does the employer-employee relationship with the “waiting time” employer continue after waiting time completion? Yes.

Bill establishes membership with a CSD of 3/1/2010; contributions begin 3/1/2010.

Bill is an active OPSRP member, working continuously since 2008 in a “qualifying” position with PERS Employer “A”. Beginning 1/1/2010, Bill returns to school to complete his B.A. degree at State University “B”, and goes from full-time to quarter-time employment, in the same position, with Employer “A” throughout 2010 and into 2011, accumulating 520 hours service in 2010. Bill is offered a short-term internship through State University “B” in 2010, a work-study position available only to student employees. Bill begins the internship 7/15/2010 and completes on 10/20/2010, accumulating 100 hours service with State University “B”, a PERS-participating educational employer.

Does Bill earn contributions and retirement credit for some, or all, of his 2010 employment?



Are there qualifying years? NO. Although 620 hours service are accumulated in 2010, 100 hours are in a student work-study position, available only because of Bill’s student status. ORS 238A.005(4)(d) states that student employees are not eligible to become OPSRP program members, so hours worked as a student employee can’t be counted for eligibility determinations. Bill remains employed with Employer “A” for the full year 2010, 1 Jan – 31 Dec 2010, with less than 600 hrs service in the year. Consequently, Bill’s 2010 employment with Employer “A” becomes non-qualifying because of full-year employment in a year of less than 600 hours total service. Bill has no qualifying service for 2010.

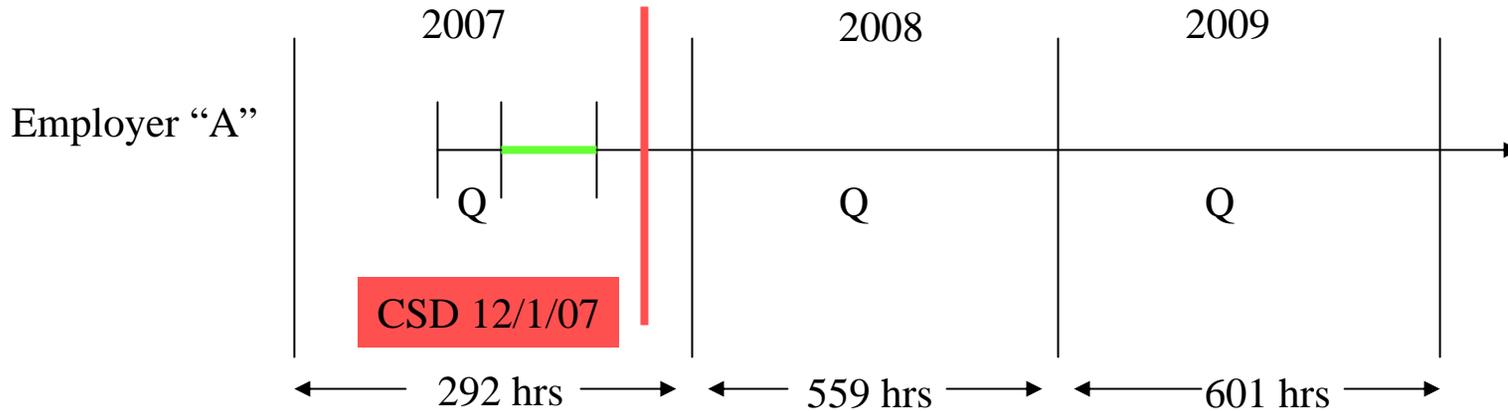
Is a waiting time required? No; previously completed.

Does the employer-employee relationship with the “waiting time” employer continue after waiting time completion? Not applicable here.

Bill receives no contributions or retirement credit for his 2010 employment.

Bill is a new hire with no PERS history. Bill is hired by education Employer “A” into a qualifying position on 5/7/2007. Bill works to the end of the spring quarter, taking July and August off and returns September 2007, accumulating 292 hours service in 2007. Bill works for the entire year of 2008, accumulating 559 hours service and works for the entire year of 2009, accumulating 601 hours service.

Did Bill establish membership? If so, what is the Contribution Start Date (CSD)?



Are there qualifying years? Yes. 2007 has less than 600 hours service, but the “partial year upon hire”, coupled with the employer’s qualifying hire intent, makes the employment segment in 2007 qualifying. 2008 is full year employment (1 Jan – 31 Dec) in a year of less than 600 hours, so the 2008 employment segment will not qualify. 2009 has more than 600 hours service, so the 2009 employment segment will qualify.

Is a waiting time required? Yes. Bill’s time off for July and August will not interrupt the waiting time (OAR 459-075-0010(2)(d)). Bill’s waiting time begins 6/1/07 and completes 11/30/07.

Does the employer-employee relationship with the waiting time employer continue after waiting time completion? Yes.

Bill establishes membership with a CSD of 12/1/07. Contributions and retirement credit are due for 12/1/07 – 12/31/07, and for 2009. No credit or contributions are due for 2008, because full year employment in a calendar year with less than 600 hours service will not count.

Reporting Retirees Returning to Work

➤ Reporting sequence:

- DTL1

- Status Code 11: Retiree New Hire With Hour Limit
- Status Code 12: Retiree New Hire Without Hour Limit
- Status Code 13: New Hire-Retiree Return to Service

- DTL2

- Wage Code 07: Retired/No Contributions

Reporting Retirees Returning to Work

- Status Code 11: Retiree New Hire With Hour Limit
 - **OPSRP retirees have NO permissible work hour limits**
 - Hired into a “qualifying” position: active membership re-established at employment date
 - Hired into a “non-qualifying” position: active membership re-established if 600 hours of service in a calendar year, back to the later of the hire date or 1st of the year
 - OAR 459-075-0300
 - **Ch.238 Tier1/Tier2 work hour limit**
 - Regardless of benefit payment option (monthly, Total Lump Sum, or AS Refund)
 - May not total 1040 hrs/calendar year
 - Any compensated hours count (vacation, sick, comp. time (when accrued))
 - Hours in “exempt” positions don’t apply to the limit (retroactive to later of 1 January 2004 or date the exception became operative)

Reporting Retirees Returning to Work

- Status Code 12: Retiree New Hire Without Hour Limit
 - **Does not apply** to OPSRP retirees
 - **Applies to Tier1/Tier2 retirees employed in positions “exempt” from the 1040/hr work limit.** Exempt positions are listed in ORS 238.082, OAR 459-017-0060, and in “Working after Retirement Exceptions in table format” through the “General Information” link on the employer website
 - Available to Ch.238 Tier1/Tier2 retirees who receive a “normal” retirement:
 - Retired with 30 years creditable service, or
 - Tier 1, age 58 or older, or
 - Tier 2, age 60 or older, or
 - Tier1/Tier2 Police & Fire, age 55 or older, or age 50-54 with 25 years creditable service
 - Some exceptions are available to “early” retirees
 - Tier 1 (retirement age 55 to 57, w/o 30 years)
 - Tier 2 (retirement age 55 to 59, w/o 30 years)
 - Tier1/Tier2 Police & Fire, retirement age 50-54, w/o 25 years.
 - **Applies to the Social Security exception for Ch.238 Tier1/Tier2 retirees regardless of age at retirement or benefit payment type**
 - Effective when Ch.238 Tier1/Tier2 retiree has reached full retirement age under Social Security (65-67)

Reporting Retirees Returning to Work

- Status Code 13: New Hire-Retiree Return to Active Service
 - Retirees exceeding work hour limits
 - Ch.238 retirees with no 1040 exception who total 1040 hours or more in a calendar year
 - OPSRP Pension program retirees who:
 - Are hired into a position with “qualifying” hire intent
 - Meet or exceed 600 hours in a position with “non-qualifying” hire intent
 - Retirees electing to give up a retirement benefit and again become an active member
 - Reporting Status Code 13 begins the re-employment process
 - “Reversing” retirement status to inactive member status may take 1-2 months

Employer Compliance Review (Begins early summer 2010)

What is the Employer Compliance Review Program?

- Ongoing program to promote teamwork, increase accuracy, and achieve compliance in reporting as required by statute and rule
- Both random and focused reviews

What are the program's goals?

- Maintain positive working relationship that promotes cooperation, comprehension, and accuracy in reporting contributions and other information
- Opportunity to work directly with employers to ensure compliance, improve communication, and meet employer needs

Why do we need a Compliance Review Program?

- PERS has a fiduciary responsibility to ensure the security of the PERS Trust Fund and to help employers identify PERS-eligible employees
- Audit findings have brought to light plan compliance issues: retirement work limits, in-service distributions, and ineligible employees

Employer Compliance Review

Three types of reviews

➤ **Self Assessment**

- To be completed by most employers, via SurveyMonkey, general topics
- Helps identify training and compliance issues for better understanding of reporting and employee classification process
- PERS will provide a summary after review

➤ **Compliance Interviews**

- On-site interview, advance notification, limited number of employers, 1.5 hours
- Focused topics, such as eligibility, salary, classification, USERRA, etc
- PERS will provide summary of findings, including follow-up and action items

➤ **On-site Compliance Reviews**

- On-site in-depth review, selected employers, advance notification
- Broad range of topics from reporting to eligibility, and other issues
- PERS will provide summary of findings, including follow-up and action items

Employer Compliance Review

Areas of Focus:

- General reporting and accuracy issues
- Employer payroll data for exceeding 1040 hour limitation.
- Ineligible employees: Inmates, Aliens, Students.
- Issues unique to certain employers: P&F, schools, etc

SB 897

- **Requires verification of benefit calculation factors and “lock down” of those factors after the verification is issued**
 - Accrued creditable service or retirement credit
 - “Final average salary”
 - Sick leave accumulation, if applicable (Tier1/Tier2 only)
 - Member regular and variable account balance (Tier1/Tier2 only)
- **Calculation factor adjustments permitted after the verification is issued**
 - Creditable service/retirement credit and final average salary may increase
 - Tier1/Tier2 member account balances adjusted for earnings
 - Sick leave time adjusted for accumulation and use
- **Benefits overpaid due to errors in data used in the verification process cannot be reduced and the overpaid benefits cannot be recovered**
- **Verification requests will be accepted no earlier than:**
 - 7/1/2011 for creditable service/retirement credit, Tier1/Tier2 member account balances and “final average salary” data
 - 7/1/2012 for sick leave accumulation (Tier1/Tier2 only)

SB 897 con't

➤ The verification process

- **Requests accepted only from Tier1/Tier2 or OPSRP Pension program members within two years of earliest retirement age**
 - May request **one** verification at no cost
 - Fees may be established for additional verifications
- **Upon receipt of a verification request, employers will:**
 - Verify all subject salary and all employment and position histories
 - Verify unused sick leave for active employees, if the employer participates in the PERS sick leave program
 - Have a reasonable time to confirm information reported to PERS before a verification is issued
 - **Will not** be able to change that information once the verification is issued.
 - Some adjustments can be made for accumulation/use after the verification is issued.
- **Members will have 60 days after PERS-provided verification to dispute the accuracy of the verified data**
 - PERS can use an amount less than the verified amount **if the member knew the verification was inaccurate but failed to dispute the accuracy**

The case for accurate, on-time reporting

➤ Immediate repercussions

- Suspended records and reports
- Inaccurate statements and statement reconciliation

➤ Delayed effects

- Incorrect benefit estimates
- Time requirement for employer and PERS staff
 - MAPP team account review lengthened, complicated
 - Salary Breakdowns (SBD) required to verify service time
 - Employer time required for historical research
 - Contribution recovery from past employees
- Invoice for prior-year earnings
 - Research & reporting delays = increased invoice costs
- Prevents prompt benefit payment
 - PERS initiative: Payment of 1st benefit within 45 days of retirement

The problem of returned mail

- A recent check of jClarety address validity revealed...
 - 18000 errors, 70% (12600) for active members
 - Probability that 90% of that 12600 will end up as returned mail
- Most common errors
 - Two addresses – geographic and PO Box: **Use only the PO Box number**
 - Apt # inserted before the actual street address: **All apt #s and PMBs should be at the end of the street address**
 - The complete address, including apt #, must all appear on Line 1 (Only 32 characters are allowed; abbreviations may be necessary)
 - www.usps.com/ncsc/lookups/abbreviations.html#suffix to check abbreviations
 - Street names incomplete and spelled incorrectly
 - Incorrect city, state and zip code
 - Incorrect directional: NE should be NW
- Available tools for address verification
 - QAS (Quick Address System) verifies addresses against USPS (US Postal Service)
 - Check address against USPS: http://zip4.usps.com/zip4/zcl_0_results.jsp
 - Will verify correct spelling and that city, state and zip code match USPS information

PERS Contact Information

- PERS Employer Service Center:
 - M-F 8:30am to 12:00 PM
 - Local 503-603-7788
 - Toll Free 888-320-7377
- PERS Fax: 503-603-7626
- Employer Web site:
 - <http://www.oregon.gov/PERS/EMP/index.shtml>
 - “Find Your ESC Account Representative” link in “Employer Resources” section
- Email Address for employers:
 - pers.edx.support@state.or.us

Questions?



E-mail questions to: pers-employer.info.services@state.or.us