

Employer Announcement #72

2011 Member Account Correction and Implementation of OAR 459-070-1000

Dear PERS employer,

Thank you for all of your hard work during the 2011 Member Account Contribution Reconciliation (MACR). Completing the year-end reconciliation always raises questions about year-end closing processes, such as prior year earnings (PYE), but there are perhaps more questions this year due to the huge increase in suspended records over this time last year. This increase is due to the Release 6.0. I want to assure you of PERS' intention to work with employers on a fair PYE process and address concerns raised about closing calendar year 2011.

Despite the increase in suspended records, your partnership allowed almost 80 percent of all reports to fully post with 100 percent accuracy. Additionally, of the 3.6 million records due, 98 percent of all member records posted. The shift from the 2010 calendar year, 95 percent report posting and 99.7 percent record posting, respectively, feels overwhelming to employers and PERS staff alike and brings up questions regarding what PERS is going to do about closing year 2011 and prior year earnings.

Confronted with the increase in suspended records, limited resources, and a March 5, 2012 target date for account correction completion, a strategy was adopted prioritizing suspended records impacting member contributions for each employer. The idea was to minimize the prior year earnings for accounts corrected after March 5, 2012. We realize that we were not able to mitigate all prior year earnings and that many employers were left with suspended records. PERS plans to continue clearing these suspended records and realizes this will cause prior year earnings to show up on employer statements. PERS is developing a process to waive 2011 earnings charges for member account corrections and will send details of that process in an upcoming email.

March 5, 2012, also marks the active date for Oregon Administrative Rule (OAR) 459-070-0100, Employer Reporting. This OAR, adopted during 2011, introduced the concept of a closed reporting year that would limit employer access to records and reports submitted in that year. A closed year has been equated with a locked year, a concept that originated with SB897, which allowed eligible PERS members to request verification of accumulated membership data. Once verified, membership data from past years becomes locked and cannot be modified.

Some employers have been concerned that Monday, March 5, 2012, marked calendar year 2011 as a locked year and had questions about what that means for correcting records. PERS will not lock calendar year 2011 reports, and employers are encouraged to work with Employer Service Center representatives to continue correcting records.

As previously stated, PERS will continue to work on these records and will work with employers on waiving 2011 prior year earnings. We are currently setting benchmarks and actively working toward completing this workload by the end of 2012 so that none of us face this problem at the 2012 year-end reconciliation.

Thank you for your continued partnership.

Sincerely,

Karen Chavez

Membership and Employer Relations Section, Manager