

Employer Announcement #82

Volunteers and PERS Membership

As an employer, if you report an individual as an employee for tax purposes, then you must report the individual as an employee for PERS purposes.

Volunteers receive no pay or compensation beyond accountable reimbursements for job-related expenses, which would not be reported as taxable income. Volunteers do not become PERS members resulting from volunteer work and should not be reported to PERS.

Employees receive pay or compensation for services to the employer other than accountable reimbursements for job-related expenses, pay or compensation that would be reported as taxable income. Employees should be reported to PERS. Employees become eligible for PERS membership if specific criteria are met.

An eligible employee who has not previously established PERS membership history becomes a PERS member when these requirements are met concurrently:

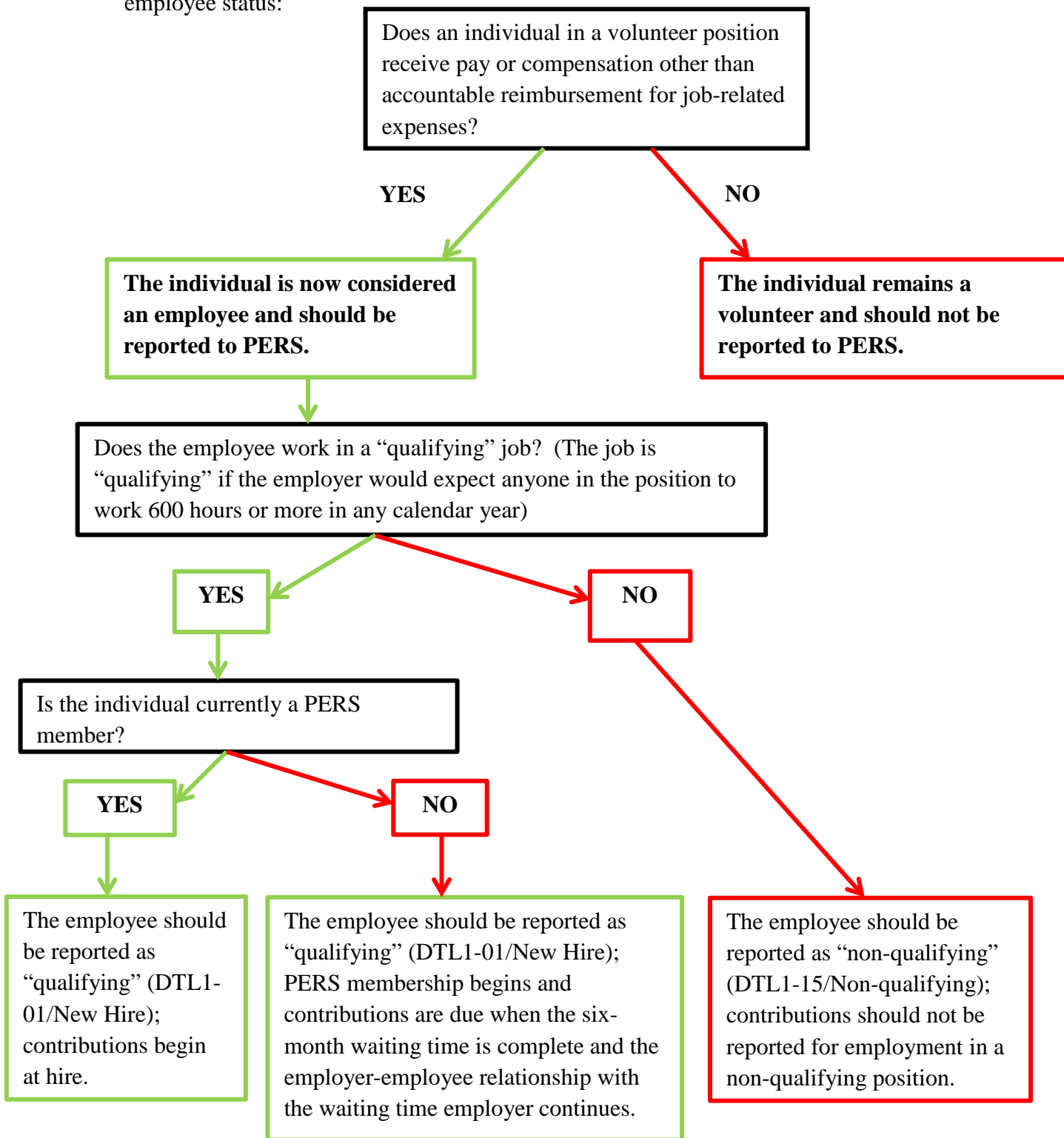
- 1) The individual is working in a qualifying position. A qualifying position is one in which the individual performs 600 hours or more of service with one or more PERS employers in a calendar year, or a position designated by employer “hire intent” as “qualifying,” **and**
- 2) The individual completes a “waiting time” while in a “qualifying” position with the hiring PERS employer (waiting time is six full calendar months, done with one employer, no break greater than 30 consecutive working days), **and**
- 3) The individual continues the “employer-employee” relationship with the waiting time employer after completion of the waiting time. The “employer-employee” relationship continues until the employer terminates the employee. Termination during the waiting time, even on the last day of waiting time, would prevent completion of this requirement.

Individuals who are called “volunteers” but receive compensation for services rendered are not true volunteers and must be reported as employees. Contributions on these employees are due only if all membership requirements are met.

Individuals moving from volunteer status to employee status and completing all three requirements listed above would become active PERS members in the year his/her employee status is established and all membership requirements are accomplished.

Individuals who have previously established PERS membership and transition from volunteer to employee status would become active service members in any calendar year while working in an active service position. An active service position is one designated as “qualifying” by employer hire intent or is in a calendar year in which total service with one or more PERS employers equals or exceeds 600 hours.

The following steps outline the process to determine individual transition from volunteer to employee status:



Transition from volunteer to employee results from a change in the type of compensation for the job, from accountable reimbursement for job-related expenses to payment for services rendered. This example features a volunteer firefighter, but the principles apply to any volunteer.

1) A person becomes a volunteer firefighter for a fire district on September 19, 2013, and begins receiving a stipend that provides reimbursement only for accountable job-related expenses (i.e., receipts for job-related expenses must be provided in order to be reimbursed). The individual is considered a volunteer and is not reported to PERS.

2) Effective January 1, 2014, the district moves this volunteer firefighter to the job of assistant chief and begins making a payment to this individual of \$400 per fire response. In this example, the payment is intended to be a reimbursement for expenses. However, the funds are not accountable reimbursements for job-related expenses. Instead, it is considered payment for services rendered. The individual has now transitioned from volunteer status to employee status and should be reported to PERS.

3) The individual is not expected to work 600 hours or more in any calendar year as the assistant chief with the fire district, so the “hire intent” for this job is “non-qualifying.” The “non-qualifying” hire intent for this job segment is reported as status code 15/Non-qualifying, status date 01/01/2014, on the DTL1 record submitted for this employee. DTL2 wage code 02 records are submitted for each reporting period beginning January 1, 2014. No contributions should be entered on these DTL2-02 records.

4) The individual works less than 600 hours in calendar year 2014, and continues working at that pace until March 18, 2015. Effective that date, the district expands the duties of the assistant chief which will require more than 600 hours service per calendar year into the future, and “hire intent” for this job segment now changes from non-qualifying to qualifying. The mid-March expansion of hours will not afford 600 hours service in 2015, so the change in hire intent is effective March 2015. (In this example, if service in 2015 had totaled 600 hours or more, ALL positions would have been qualifying, including employment from January 1, 2015 through mid-March 2015, even with “qualifying” hire intent established mid-March.) The district informs PERS of this change by terminating the employee with a DTL1-02/Termination record, status date 03/17/2015, followed by a DTL1-01/New Hire record with a status date of 03/18/2015. Starting with the employer’s next Regular report, DTL2 wage code 01 records are reported, with no contributions.

5) The employee has no PERS membership history and must serve a waiting time. Since the individual was hired into the “qualifying” job effective March 18, 2015, the six full calendar month waiting period begins April 1, 2015. The waiting period is completed September 30, 2015. (In this example, if service in 2015 had totaled 600 hours or more, thus ALL positions qualifying back to January 1, 2015, the waiting time would have started on January 1, 2015 and been completed June 30, 2015.) Since the assistant chief remains employed with the district past that date, the “employer-employee” relationship continues past the completion of the waiting time, and the employee becomes a PERS member effective October 1, 2015. DTL2-1 records submitted after this date should now contain member IAP account contributions, which are 6% of total subject salary.

Please contact your ESC Account Team representative if you have further questions on this subject.