

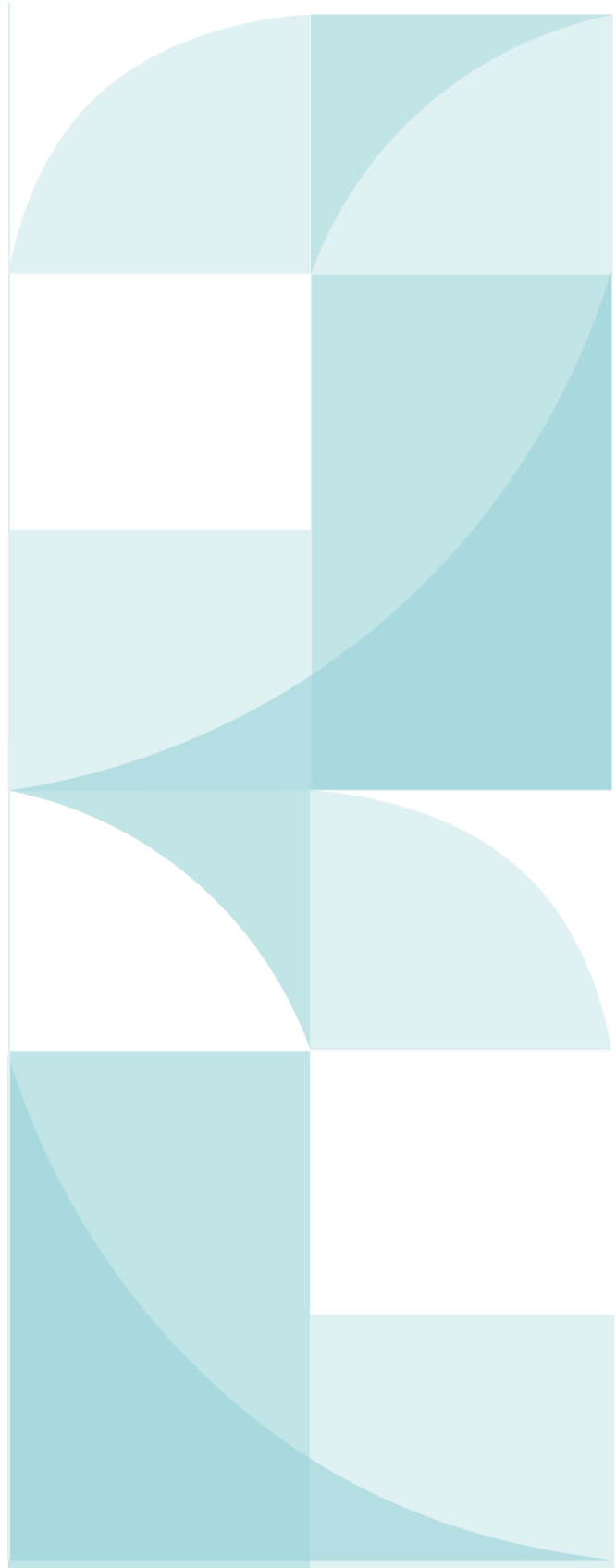


Determining Qualification Status for a Partial Year

Employer Reporting
Quick-Reference Guide

This guide explains how to determine if a position worked for less than a full year is qualifying or non-qualifying.

Employer
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Center



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Introduction

A full year of employment begins on the first working day of the year and continues through December 31. Anything less than that is considered a partial year.

If working a partial year prevents an employee from working the required minimum of 600 hours, then how do you know if they are qualifying or not that year?

This guide explains how to answer that question.

Types of partial years

Each of the following is considered a partial year. A partial year can be as short as one day.

Partial year of hire: If you hire an employee after the first working day of the calendar year, that year is considered a partial year.

Partial year of separation: If an employee stops working for you before December 31, that year is considered a partial year.

Short segment year: A short segment year is both of the above — an employee is hired after the first working day of the year and terminated before the last day of the same calendar year.

Overview of partial year rules

For a partial year of hire, the employee's qualification status is determined by the employee's hire intent unless the employee works more than 600 hours that year.

For a partial year of separation, the qualification status is determined by the number of hours the employee worked the previous year, unless the employee works 600 hours their final year.

If a non-qualifying employee works 600 or more hours in a partial year, that trumps their non-qualifying status and qualifies them to earn benefits (after they complete a six-month wait time).



DETERMINING QUALIFICATION FOR A PARTIAL YEAR

For a short-segment year (hire and separation in same year), qualification status is based on hire intent unless employee works 600 or more hours that year.

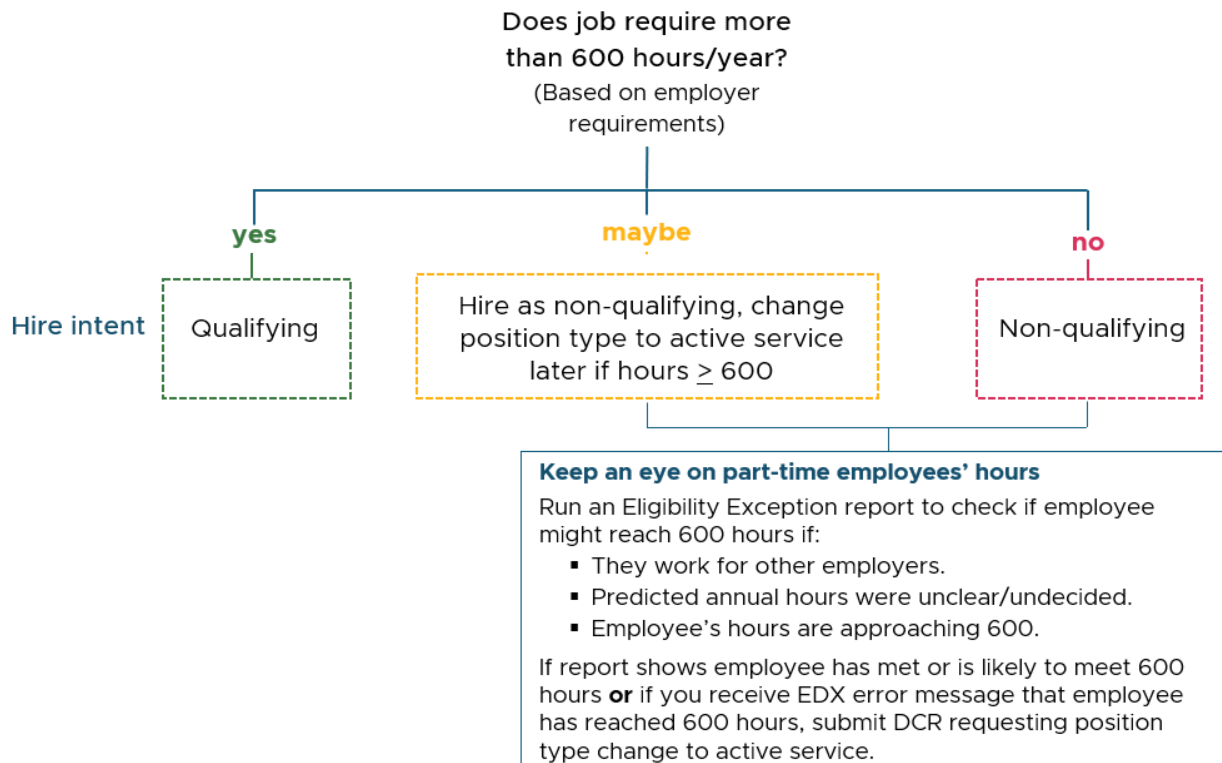


Hire intent: qualifying vs non-qualifying status

When you report a new employee to PERS (per the process in [employer reporting guide 7, Reporting a New Employee](#)), you, the employer, determine the position's qualification status; that is, if their position qualifies to earn PERS benefits or not based on the number of hours the position is intended to work in a full calendar year.

Qualifying: 600 or more hours per calendar year.

Non-qualifying: Fewer than 600 hours per calendar year. **Hire intent decision tree**



Determining qualification status for year of hire

For a year of hire that starts after the first workday of the year, the employee's qualification status is determined by the hire intent assigned by the employer, not by the actual number of hours the employee works that year.

The exception is when a non-qualifying employee reaches 600 hours in the year of hire. When that happens, you need to send a Demographic Correction Request (DCR) to PERS to request a position type change to active service. After the employee has worked for six months, they can begin earning benefits. DCR instructions are in [employer guide 20, Creating a DCR](#).

Example — Qualifying employee in year of hire

Nathan Employee is hired with status code 01 – Qualifying New Hire in October. By December 31, he works 480 hours. His qualification status for that year is still qualifying because it is based on his hire intent, not on the actual number of hours he worked.

Qualification status for year of hire: Qualifying. Nathan will start earning benefits on his hours after he successfully completes his six-month wait-time period.

Example — Non-qualifying employee in year of hire

José Employee is hired with status code 15 - Non-Qualifying New Hire for a part-time assistant teacher position on August 1. If he works fewer than 600 hours by calendar year-end, his status remains non-qualifying. However, José ends up assistant coaching the girls' soccer team for the same employer and surpasses 600 hours by December 31. The employer reporter submits a DCR to PERS requesting to have his position type changed to active service retroactive to his hire date (August 1). (For instructions on how to create a DCR, refer to [employer reporting guide 20, Creating a DCR \(PDF\)](#).)

Qualification status for year of hire: Hire intent remains non-qualifying, but position type changes to active service. José can start earning benefits on his hours if he continues to work at a rate of 600+ hours/year and successfully completes his wait time in February.

If he does not work 600 hours in the new calendar year, then he will not achieve his wait time and will need to serve a new one next time he works 600 hours/calendar year.

Year of hire qualification-status decision tree



Learn more: For details on determining hire intent, read [employer reporting guide 7, Reporting a New Employee](#), section “Earning PERS Benefits.”

Determining qualification status for year of separation

A partial year of separation is when an employee leaves your employment before December 31.

The qualification status of an employee's year of separation is based on the hours they worked in the previous year. If they did not work 600 hours in the previous year, then the employee's hire intent determines qualification status in the year of separation.

Equal to or more than 600 hours in year of separation: **Qualifying**.

Less than 600 hours in year of separation:

- If hire intent is qualifying, year of separation is **qualifying**.
- If hire intent is non-qualifying and previous year was 600+, then **qualifying**.
- If hire intent is non-qualifying and previous year was less than 600, then **non-qualifying**.

Example — Qualifying employee in year of separation

Kyra Employee has been a full-time school nutrition director for 20 years. She is retiring on March 1 and has 320 hours this year.

Her current status is qualifying, but she will end her employment with only 320 hours worked – well below the 600 required. However, because of partial-year rules, her qualification status for her year of separation is based on how many hours Kyra worked last year, which was 1,320 hours.

Year of separation status: Qualifying. Kyra earns benefits on her hours this year.

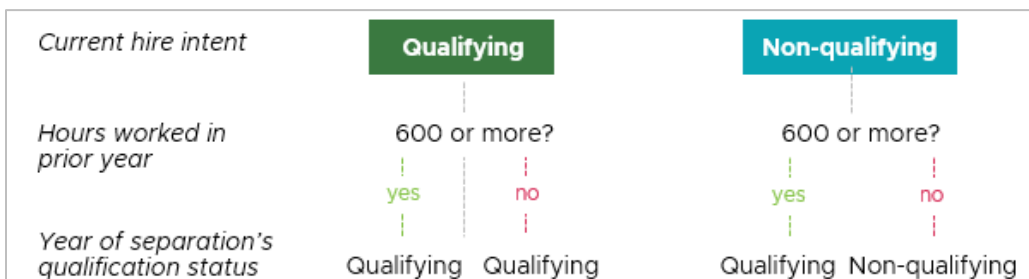
Example — Non-qualifying employee in year of separation

Raj Employee has been a seasonal part-time coach for four years. His status is 15 Non-Qualifying Hire. Last year, he took on a second part-time job. Neither employer knew about the other, and both were surprised to receive an error message in EDX that they could not use a non-qualifying wage code to report wages for Raj. The combined hours reported by both employers totaled more than 600. They both submitted a DCR to have Raj's position type changed to active service.

The next year, Raj stops working the second job. By fall, he is clearly not going to hit 600 hours. He is offered a job with a non-PERS-covered employer for more hours, and he gives his notice. His last day will be November 1. Even though his year of separation did not have enough hours to qualify, his status the previous year was qualifying. Therefore, he earns benefits on his hours this year.

Year of separation status: Hire intent is still non-qualifying, but position type status remains active service. Raj earns benefits on his hours this year.

Year of separation qualification-status decision tree



Determining qualification status for short-segment year

If an employee is hired and separates within the same calendar year, their hire intent determines their qualification status. The only exception is if they are non-qualifying and they work 600 hours in that short year — that overrides their hire intent and makes their qualification status qualifying.

Example — Qualifying employee in short-segment year

Jill Employee is hired with status code 01 Qualifying Hire in March. In June, the project on which she is working hits a roadblock and she does not work as much as expected. In November, she leaves for another opportunity and is terminated by the employer. Jill did not reach 600 hours that year; her qualification status is based on her hire intent, so it remains qualifying.

Qualification status in short-segment year: qualifying. Jill earns benefits on her hours in her short-segment year.

Example — Non-qualifying employee in short segment year

Mickie Employee is hired as a 15 Non-Qualifying Hire to co-direct the school spring musical in February. She works until early May and earns 250 hours. Because she won't return for several months, her employer terminates her employment and will rehire her next time she returns.

Her hire intent determines her qualification status for the short-segment year. Because she worked fewer than 600 hours and her hire intent is non-qualifying, her qualification status remains non-qualifying.

If she comes back in the fall and works 350 more hours, her qualification status would become qualifying. Her position type for that February–May short-segment would need to change to active service (and contributions would be due, if eligible).

Qualification status in a short-segment year: Non-qualifying (unless she works 600+ hours). This is why it is important for employers to report all employees to PERS, even non-qualifying employees. If Mickie is hired for more plays in the future, she already has a PERS account. If she reaches 600 hours, she can achieve a qualifying status.

Short-segment year qualification-status decision tree



Changing qualification status going forward

When the requirements of an employment position change going forward, you need to end the employee's current employment segment and create a new one.

Do this in two steps:

1. In a Demographics and Adjustment report, create a Detail 1 record with a 02 – Terminated status code. The status date is the last day the employee worked under the old job requirements.
2. The next day, in another Demographics and Adjustment report, create a Detail 1 record with a 01 – Qualifying New Hire status code (or 15 – Non-Qualifying Hire). The status date is their first day with the new job requirements.

For detailed instructions:

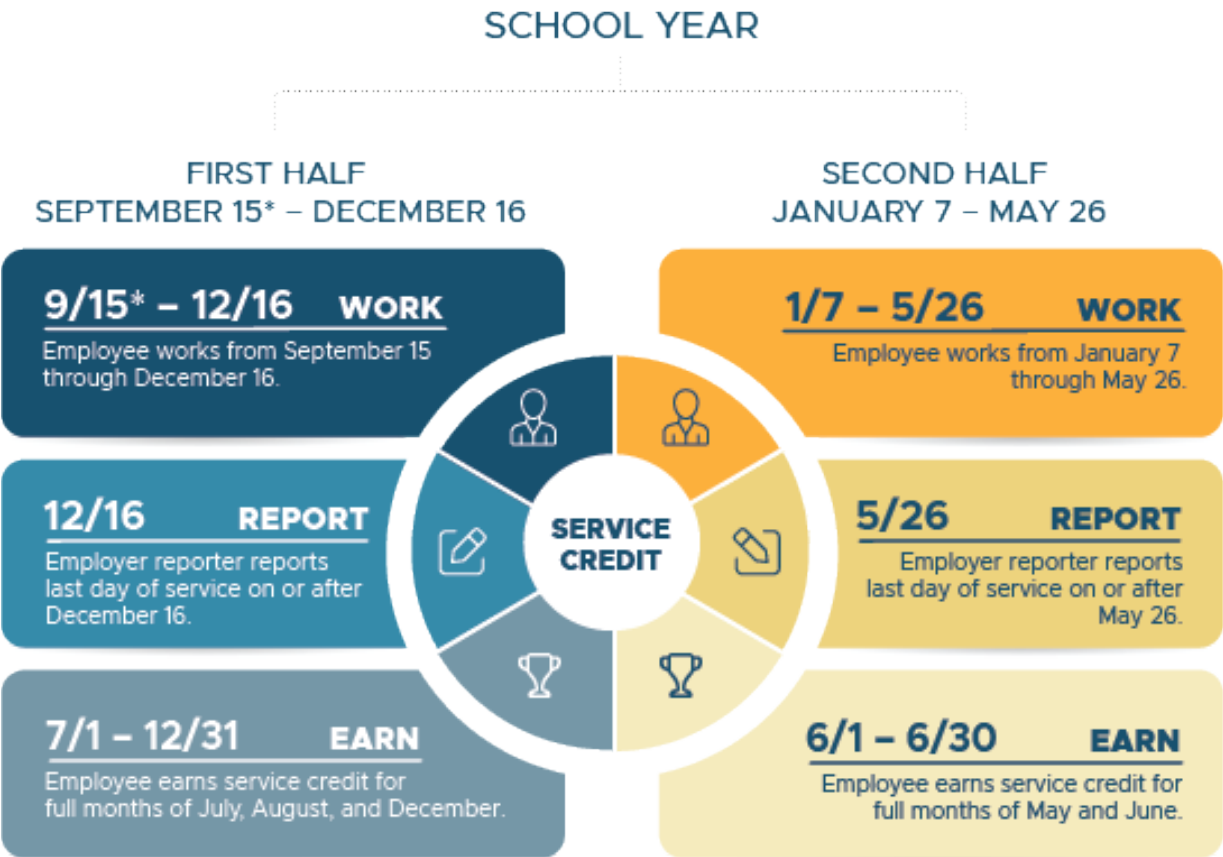
- Changing qualification status from qualifying to non-qualifying, [employer reporting guide 9, Reporting Wages for a Qualifying Employee](#), section “Qualification Status Changes.”
- Changing qualification status from non-qualifying to active service, [employer reporting guide 10, Reporting Wages for a Non-Qualifying Employee](#), section “Changing From Non-Qualifying to Qualifying Status.”

If the change is retroactive to a past date and wages have posted after the effective date, reach out to your ESC account representative for assistance.

If you need to correct the employee's hire intent retroactively to a posted hire date, submit a Demographic Correction Request. Only PERS can make that change. You will need to submit documentation proving why the original hire intent was wrong. For instructions on creating a DCR, read [employer guide 20, Creating a DCR](#).

For schools: earning full-year credit for less than a full year of work

School employees can earn service credit (aka retirement credit) for a full year of work even if they do not work summer break or winter break. To learn how, read the article “December Reporting: How to Ensure Service Credit for Summer Months” in the [December 2024 edition of Employer News](#).



*September 26 for higher education