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# EMPLOYER NEWSLETTER

## 2019 year-end reconciliation continues

PERS is now midway through the second and final phase of 2019 reconciliation.

We ask employers to continue efforts to resolve remaining 2019 eligibility issues and post related records and reports. Phase two of 2019 reconciliation closes February 28, 2020, but employers have until the March 5, 2020 statement to resolve errors and post records for the 2019 calendar year.

Contributions invoiced through March 5, 2020, and paid when due, will be credited with earnings from the PERS trust for calendar year 2019. **If contributions are not paid when due, PERS will invoice employers for 2019 earnings.**

Please consult your [PERS account representative](#) if you have questions about remaining calendar year 2019 records and reports.

## 2019 PERS Member Annual Statements

**Please share this information with your staff.**

2019 PERS Member Annual Statements will be mailed in May 2020. The PERS Board will adopt December 31, 2019 annual earnings crediting at the **March 30, 2020 board meeting**, which will allow PERS to finalize 2019 statements. Preliminary earnings crediting information was shared at the [January 31, 2020 board meeting](#).

All currently employed PERS members should check that their mailing address with PERS is current and correct **before Friday, February 28**. Members can confirm their address on file with PERS by logging into their [Online Member Services \(OMS\)](#) account.

### What do I do if my address is incorrect?

Annual statements are mailed to the address your employer has provided to PERS. If you see that your address is not correct, please contact your employer and request that they update your mailing address through the PERS reporting system (unless you are a state agency employee who uses Workday).

Your payroll or human resources department is usually where you go to get this fixed. If you are a state agency employee, you can update your address directly in Workday. **All address updates must be submitted before Friday, February 28.** PERS Member Services cannot update mailing addresses for members.

Please also [sign up for GovDelivery](#) so you can be alerted when statements are mailed and receive other important information about your PERS benefits.

You can read more about Member Annual Statements in the December 2019 editions of PERS' member newsletter for [Tier One/Tier Two members](#) (hired before August 29, 2003) and [OPSRP members](#) (hired after August 28, 2003).

## SB 1049 Salary Limit: Update

Beginning January 1, 2020, Senate Bill (SB) 1049 changed the definition of "salary" for PERS purposes, and created a new \$195,000 limitation (indexed annually to the Consumer Price Index) on subject salary used for PERS benefit calculations and contributions. Details are available on the [PERS website](#).

PERS' [Payment Categories Chart](#) for employers has been updated with the 2020 salary limit. You can also access the [Salary Limits](#) chart directly. Both resources are available on the [Employer Tools](#) webpage.

Please note that SB 1049 Salary Limit rules **also** require a proration of any "partial year" salary, starting in 2020, for **all members** (Tier One/Tier Two, and OPSRP) that have less than 12 months of active membership in a calendar year. For example, if someone only worked in six calendar months in 2020, you would calculate  $6/12 \times \$195,000$ , which would be a prorated salary limitation of \$97,500.

More information and guides for employer reporters will be added to the PERS website in the near future. If you have questions, please [contact your PERS account representative](#).

# PERS EMPLOYER NEWSLETTER FEBRUARY 2020

## SB 1049 Work After Retirement: Update

PERS continues to make progress implementing the new changes to Work After Retirement under SB 1049. You can always find the latest information about SB 1049 for PERS employers at <https://www.oregon.gov/pers/EMP/Pages/SB1049.aspx>.

### Short Term Plan:

PERS' short term implementation plan was completed on Friday, December 20, 2019. PERS added a new validation to the EDX system to suspend all service retirees (but not disability retirees) with a 07 wage code, regardless of their pay date.

Suspending the 07 wage code allows PERS staff and employers to track which service retiree(s) are being reported under SB 1049 until long-term technology changes can be made.

### Long-Term Plan:

Due to the timeline of making required technology changes for records to post for service retirees, **invoicing employer contributions on retirees' salary will likely not occur until fall 2020.**

PERS' long-term plan requires the agency to add two new wage codes to report hours worked for service retirees on or after January 1, 2020. These new wage codes will only allow wages to post with pay dates of January 1, 2020, and later.

Employers will be able to continue to use the existing 07 wage code to report disability retirees, as well as any retroactive reporting of retiree hours and salary prior to January 1, 2020.

### Important Notice if You Hire Retirees:

Since you **will not be invoiced until next fall at the earliest**, you may want to set aside estimated employer contributions for retiree wages. Furthermore, you may want to consult with your Financial Officer(s) to discuss how to accrue expenses for delayed invoicing. See the [Governmental Accounting Standards Board \(GASB\)](#) for more information.

We appreciate your flexibility with these extra steps while we work to align system functionality with the requirements of SB 1049.

We will keep employers informed of progress through the Employer Newsletter and GovDelivery updates. Please [contact your PERS account representative](#) if you have any questions.

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## Employer Rate Projection Tool Updated

PERS has updated our Employer Rate Projection Tool, which is now available for download from <https://www.oregon.gov/pers/EMP/Pages/Employer-Rate-Projection-Tool.aspx>.

Version 2.2 of the Employer Rate Projection Tool now reflects the results from the 2018 Actuarial Valuation.

A	B	C	D	E	F
Current Version: 2.2	<a href="#">Click Here for User Guide</a>	<a href="#">Click Here for Data Inputs</a>			
<b>Ready: Enter Data Below</b>					
<b>Enter December 31, 2018 Valuation Payroll</b>			<b>Enter Current Contribution Rates: 2019 - 2021</b>		<b>Enter Advisory Contribution Rates: 2021 - 2023</b>
Tier 1/2 GS:				Tier 1/2 GS	
Tier 1/2 PF:				Tier 1/2 PF	
OPSRP GS:				OPSRP GS	
OPSRP PF:				OPSRP PF	
<b>Total Valuation Payroll:</b>		<b>\$0.00</b>			

New functionality has also been added to estimate the effects of six-, 10-, 16-, or 20-year amortization periods, as established in SB 1566 (2018) for side account deposits of \$10 million or greater only.

Please make sure to review the tool and [user guide](#), and **remember the data and results are for forecasting purposes only.**

Questions about tool results may be directed to [actuarial.services@pers.state.or.us](mailto:actuarial.services@pers.state.or.us). PERS will not be able to assist with technical difficulties.

## OPSRP Loss-of-Membership (LOM)

OPSRP Pension Program members who are not vested and who have had five consecutive calendar years with less than 600 hours of service may go into OPSRP Pension Program LOM status. This means the member forfeits all retirement credit accrued prior to the LOM date, and also terminates their OPSRP Pension Program membership. If the former member is employed by a participating public employer after that date, a new waiting time must be served in order to reestablish membership in the OPSRP Pension Program.

Each year, PERS runs the OPSRP LOM batch on the third Friday of January during the PERS nightly batch schedule. The OPSRP LOM batch updates member accounts to apply LOM status to those who meet the LOM criteria described above, as of December 31, 2019.

Here is what happened to an impacted employee's PERS records:

1. A LOM status date of December 31, 2019, was added.
2. If EDX records indicated that the employee was still working on or after January 1, 2020, an employment end date (termination) of December 31, 2019, was added in order to allow the LOM status change on EDX.
3. The employee lost retirement credit prior to the LOM effective date.
4. If the employee continues working, or returns to work, for a PERS-covered employer, the employee must serve a new six-month waiting period in a qualifying position, performing 600 or more hours of service in a calendar year.
5. Individual Account Program (IAP) accounts are not impacted by OPSRP Pension Program LOM status.

If you have an impacted employee who is still working for you in 2020, please contact your account representative or submit a Demographic Corrections Request (DCR).

Upon your request, PERS will manually add a January 1, 2020 employment start date to continue the employment with the same qualifying or non-qualifying hire intent originally posted on the pre-2020 employment segment. You do not need to request removal of the termination or report a New Hire record in EDX.

If the employee is employed in a qualifying position for 2020, a new contribution start date (CSD) will also be added. You may continue to report salary information for this employee in 2020, but contributions will not be due until a new six-month waiting time has been met.

Please [contact your PERS account representative](#) with any questions.

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