PERA

SALARY ELIGIBILITY OVERVIEW

MEMBERSHIP ELIGIBILITY BASICS

PENSION ELIGIBILITY

Membership is mandatory for:

1. Minnesota public employees
2. who are not excluded from membership, and whose
3. monthly pay from a single employer exceeds, or is regularly expected to exceed, the salary threshold ($425).

Refer to chapter 3 “Defined Benefit Plans” in the *Employer Manual* for more information on exclusions from membership.

HOW TO DETERMINE THE THRESHOLD

PERA evaluates threshold earnings by the date(s) the employee was paid in a single month—**not** by coverage dates or the dates the employee worked. Additionally, some types of salary count toward the $425 monthly threshold, while other types do not.

WHEN TO ENROLL

New Hires With Regular Pay

» Enroll **immediately** if regular PERA-eligible monthly earnings are expected to exceed $425

» If monthly pay does not exceed $425 in month one, but does exceed it in month two—enroll immediately; **both months are valid**

» Applies to all full-time employees and most part-time employees

New Hires With Irregular Pay

» Enroll the first time they are paid over $425 in a single month

» Contributions begin with the check that caused earnings to exceed threshold

» PERA membership continues until termination—even if monthly earnings never again exceed $425

ELIGIBLE SALARY

Eligible salary counts toward the $425 monthly salary threshold. Employees who are eligible for PERA must have contributions on all eligible salary until the member terminates from your employment.

TYPES OF ELIGIBLE SALARY:

Gross, pre-tax salary

» salary paid for work during the current payroll period,

» overtime,

» cash tips, and

» salary paid to district court reporters.

Holiday pay

» salary paid for a holiday off,

» a lump-sum payment for accrued holidays, and

» additional pay for working on a scheduled holiday.

Retroactive pay

» salary paid for work before the current payroll period,

» a lump-sum payment for accrued/banked overtime, and

» unused holiday pay distributed annually or when an employee terminates.

Other eligible salary

» salary paid for a current employee's court appearance,

» jury duty compensation from the employer, and

» salary paid by a grant (unless specifically prohibited).

INELIGIBLE SALARY

Ineligible salary does not count toward the monthly salary threshold. If an employee receives ineligible salary, do not contribute to PERA based on that salary.

TYPES OF INELIGIBLE SALARY:

Reimbursements and allowance payments

- reimbursements for parking, mileage, meals, and more,
- per diem payments,
- stipends for wellness programs, meals, cell phones, uniforms, and
- salary paid for work during the current payroll period,

Allowance payments are ineligible even if the employee did not use the entire allowance.

Employer-paid fringe benefits

- membership fees for using fitness or recreational facilities,
- amounts paid to supplement salary, and
- amounts paid for or instead of insurance coverage.

Third-party payments

- workers' compensation,
- Minnesota Paid Leave payments from the State or a private vendor,
- disability insurance payments, and
- jury duty compensation from the court.

Excess salary

- salary over the annual defined benefit plan limit set in section 401(a)(17) of the Internal Revenue Code.

Refer to chapter 7 of the *Employer Manual* to learn more.

Other ineligible salary

- a former employee's court appearance,
- the value of paid time off (PTO) hours donated by an employee, and
- payment for unused PTO, including sick, vacation, floating holiday, and earned sick and safe time (ESST).

SALARY TYPES THAT CAN BE ELIGIBLE OR INELIGIBLE

USED PAID TIME OFF (PTO) DURING A LEAVE

Eligible Used PTO During a Leave

- when all available PTO is used during a pay period and
- when all available PTO is **not** used, but the used PTO covers:
  - 100% of a non-medical leave,
  - 50% of a medical leave, or
  - brings the salary up to 100% when used during a workers' compensation leave.

Ineligible Used PTO During a Leave

- when all available PTO is **not** used during a pay period, and the used PTO covers:
  - less than 100% of a non-medical leave, or
  - less than 50% of a medical leave.

SALARY TYPES THAT CAN BE ELIGIBLE OR INELIGIBLE (CONTINUED)

BONUS PAY

Eligible Bonus Pay

» performance- or merit-based pay,

» hazard pay, and

» longevity or retention pay attached to a specific earnings period paid annually (or more frequently) as routine wages.

Ineligible Bonus Pay

» bonuses not based on performance,

» referral or signing bonuses,

» one-time service awards,

» one-time longevity or retention pay,

» incentive or recognition payments, and

» retirement or severance incentive payments.

SETTLEMENT PAY

Eligible Settlement Payments

» payments for lost wages for a suspension or involuntary termination, when they are:
  - not for a wrongful discharge,
  - attached to a specific earnings period during employment, and
  - the amount is equal to the employee's average earnings from prior six months.

» wrongful discharge payments as determined by PERA.
  - contact PERA before reporting this salary.
  - Refer to chapter 7 "Contribution Reporting" in the *Employer Manual* for more information.

Ineligible Settlement Payments

» payments that do not represent lost wages, and

» payments that are not attached to a specific earnings period during employment.

ADDITIONAL SALARY ELIGIBILITY RESOURCES

Refer to chapter 5 in the *Employer Manual* for more information on salary eligibility.

HAVE SALARY ELIGIBILITY QUESTIONS? CONTACT THE ELIGIBILITY TEAM!

» Send an email to eligibility@mnpera.org

» Include:
  - Employee’s name
  - Paid date
  - Coverage dates
  - Gross pay amount
  - Reason for pay
  - A copy of the settlement agreement or court order (when applicable)