Eligibility and Reporting for School Employers

PERA prohibits recording and distribution of this presentation.

Agenda

- Common Exclusions for Schools
- DCP for School Board Members
- PERA/TRA Transfers
- Salary Reporting

PERA Plans for School Districts:

- DCP for Public Officials
- Coordinated Plan

TRA or PERA?

If you are unsure whether to report an employee to TRA or PERA, **ask TRA first**.

TRA's eligibility determination should always come before PERA's.

PERA

Common Exclusions for Schools

Excluded Employees

Excluded Employees

- Each exclusion is attached to a three-digit **exclusion code**
- Excluded employees should be listed on your unit's *Annual Exclusion Report*
- If an employee has more than one exclusion – choose the lowest code

Code 001 – Full-time Student Exclusion

Applies to employees who are:

- Under age 23, and
- Full-time students at an accredited school, college, or university

Full-Time Student Exclusion

Employers must have documentation of their employee's full-time student status

- Ask the employee to provide proof of their full-time status **each semester**
- If the employee does not provide documentation, the exclusion **cannot** be used
    - If no other exclusions apply, they must be enrolled

Full-Time Student Exclusion

Documents we may accept:

- Full-Time Student Exclusion Certification Form
- Unofficial transcript
- Billing statements
- Class registration
- Letter from the employee's school

Proof for the Full-Time Student Exclusion

- Documentation must reflect the employee's **full-time status**
- Retain the documentation in the employee's file
- Do not send to PERA unless requested

Temporary Exclusion

Code 101 – Temporary Employees

- Employees whose sole position is predetermined to last six months or less
- Commonly applies to substitutes

Substitute Positions

School district substitutes are excluded as temporary employees if:

1. The individual works for a **pre-determined** period
2. The employment relationship with the school ends when the substitute work assignment ends, and
3. The person does not report for substitute work:
   - In more than six consecutive months, and
   - Without a 30-day separation in employment

Substitute Positions

The temporary exclusion can only be used for an individual who was **hired for a specific period** of 6 consecutive months or less.

The temporary exclusion does not apply to individuals who have an **unlimited on-call appointment** to do substitute work with a school.

Seasonal Exclusion

Code 106 – Seasonal Employees

- Employees whose sole employment is;
  a) A seasonal position; and
  b) Predetermined to last six months or less
- Commonly applies to coaches

Coach Positions

The seasonal exclusion does **not** apply to a coach of two or more sports if:

a) They will work over six consecutive months, and

b) There is not a 30-day break between the sports

Bob coaches football in the fall and basketball in the winter. If:

a) There is no 30-day break between the positions, and

b) The total positions' duration is over six months

– The seasonal exclusion **does not** apply

Joey coaches two sports:

- Football (August 25 to November 16)
- Baseball (March 20 to May 27)

There is over 30 days between November 16 and March 20: exclude Joey with the **seasonal exclusion**

Temporary/Seasonal Exclusions

Temporary/seasonal exclusions only apply to the employee if the position:

- Is their **sole** position, and
- It is predetermined to last six months or less

Code 201 – School Board Members

- School board members who have chosen to opt out of PERA
- Only applies to school board members who have their first PERA eligibility with the school

Optional or Required PERA Participation for School Board Members?

Participation is optional:

- If it is the individual's first PERA eligibility with the school, and
- It is within their first 30 days of work as a school board member

Participation is mandatory:

- If the individual previously had PERA coverage with the same school that they are now a school board member for

DCP Enrollment Guidelines

School Board Members with Optional PERA

Provide school board members with:

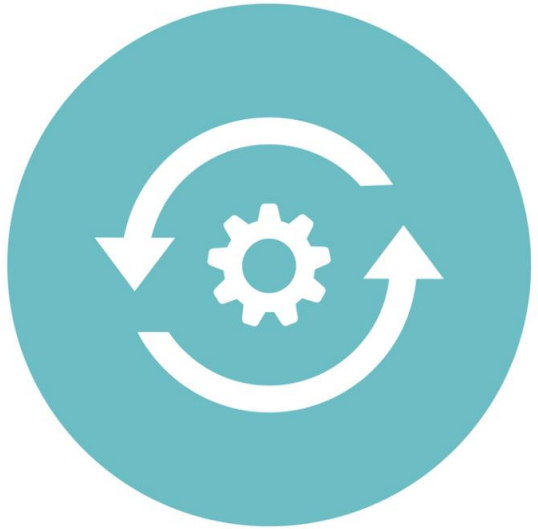
- Public Employees DCP Handbook
- *Membership Election for Public Officials* form with part A completed
  - Inform them that part B must be signed within **30 days** of their first day of work
  - Ensure the form is received by PERA within **60 days** of their first day of work—even if the individual chose to opt out

Code 301 – Monthly Salary Threshold

- Employees whose monthly earnings haven't exceeded $425

New Hires with Regular Pay

- Enroll immediately if monthly pay expected to exceed $425
- Applies to **all** full-time employees and most part-time employees
- If pay doesn't exceed $425 in month one, but does in month two?
  - Enroll immediately; both months are valid



Salary Threshold

New Hires with Irregular Pay

- Enroll the first time they are paid at least $425.01 in a single month
- Contributions begin with the check that caused employee to exceed threshold
- PERA membership continues until termination—even if monthly pay never again exceeds $425

PERA/TRA Transfers

TRA Transfers

If salary was reported to PERA when it should have been reported to TRA:

- Report the plan error to PERA
- Do not process correction through payroll
- Even if the error was within 60 days, PERA and TRA will process the transfer

TRA Transfers

When contributions are sent to the wrong fund, TRA and PERA will coordinate to transfer contributions to the correct fund.

- Don’t make an adjustment through payroll
- Contact PERA/TRA and inform them of mistake
- TRA or PERA will issue an invoice/refund

TRA Transfers

If contributions were incorrectly sent to PERA:

- Contact PERA immediately
- PERA will initiate the transfer to TRA

If contributions were incorrectly sent to TRA:

- Contact TRA immediately
- TRA will work with PERA to transfer the contributions

PERA

Salary Reporting for Schools

Salary Deduction Report

The Salary Deduction Report (SDR) collects members' payroll data each pay period:

- PERA-eligible earnings and pay type
- Member and employer contributions
- Coverage dates

Coverage Dates

Report the dates in which salary is earned

- Retroactive/lump-sum pay
- Off-cycle checks
- Overtime from a previous pay period

PERA-eligible Salary

Only report PERA-eligible earnings on the SDR:

- Gross, pre-tax salary
- Overtime/retroactive pay
- PTO (used)
- Performance-based bonus

- Expense reimbursements
- Retirement incentives
- Payment for unused PTO
- Other bonus payment

PERA-eligible Salary

Eligible:

- Great Start Compensation Support Grant

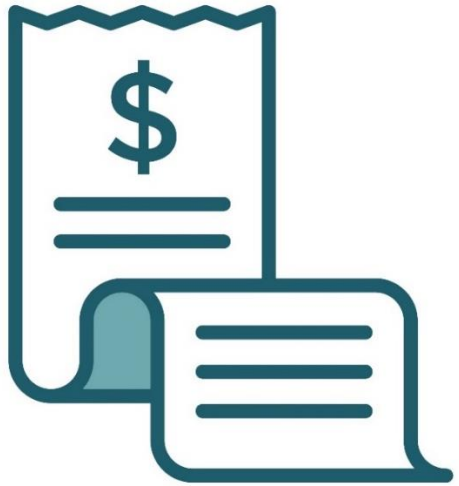
Ineligible:

- Hiring Bonuses
- Expense reimbursements
- Retirement incentive/bonus

Summer Earnings

Summer Earnings Report

- An audit of school district employees' earnings
- Confirms if earnings are for
  - Actual hours worked; or
  - A summer contract payout



Fiscal Year Indicator

What is the School Fiscal Year Indicator?

- Identifies employees who are being paid summer contract payouts
- Signals PERA to prorate the member's earnings over the months in which the pay was earned

Fiscal Year Indicator

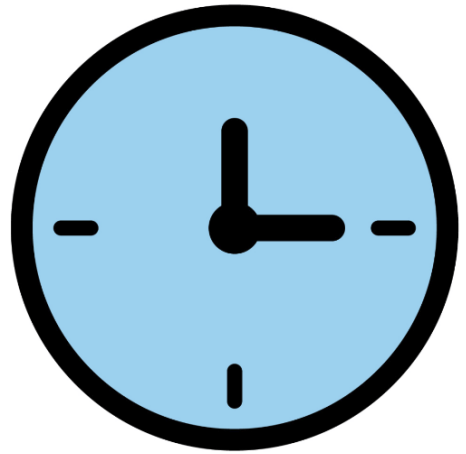
Where is the Fiscal Year Indicator reported?

- Directly on the SDR file; or
- On the *Summer Earnings Report* via ERIS

Fiscal Year Indicator

When does this report generate?

- When a school district employee begins to draw their PERA benefit
- There is an influx at the end of each school year in June/July



Fiscal Year Indicator

Why is this report important?

- PERA needs this data to accurately calculate the member's benefit amount
- Incorrect data will cause member to be underpaid/overpaid

Fiscal Year Indicator

If the Fiscal Year Indicator is incorrectly marked…

No:

- PERA will estimate a smaller average salary = **decreased** benefit amount
- Member is being underpaid

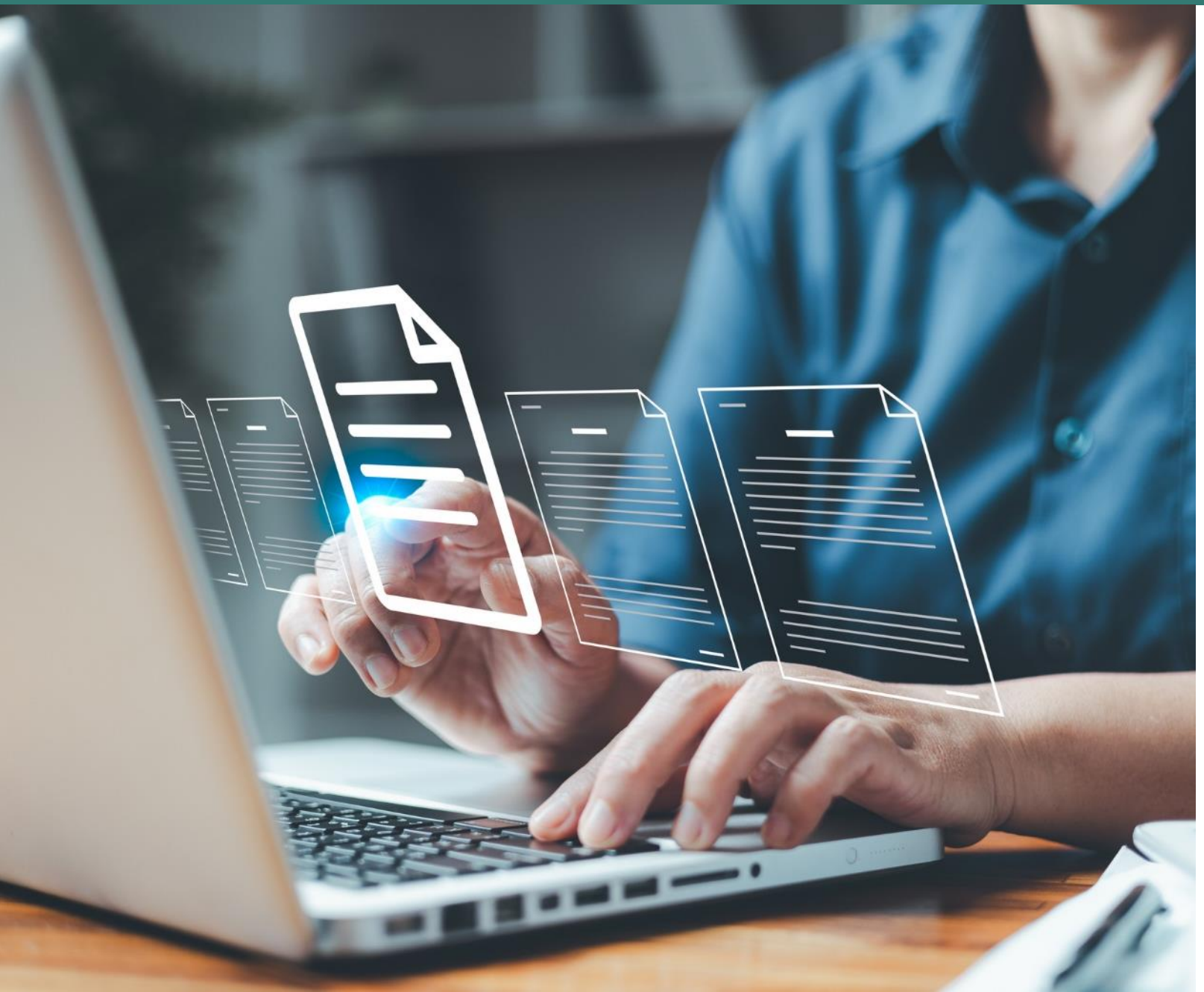
Yes:

- PERA will estimate a larger average salary = **inflated** benefit amount
- Member will owe PERA money

Recommendations

PERA Recommendations

- Send all SDR's at the beginning of the summer
- Submit two separate SDR's;
  1. SDR for summer contract employees
  2. SDR for year-round employees and employees who work summer programs



Resources

Resources

Additional resources for Eligibility

- Employer Manual
  - Chapter 3: Defined Benefit Plans
  - Chapter 4: Defined Contribution Plan
- On-demand webinars
  - Membership Eligibility program
  - Public Official Eligibility program

Resources

Additional resources for Reporting

- Employer Manual
  - Chapter 5: Eligible Earnings
  - Chapter 7: Contribution Reporting
  - Chapter 9: Computer File Formats
- On-demand webinars
  - Summer Earnings
  - Salary Eligibility
  - Reporting Different Pay Types

Contact PERA

Have questions on reporting salary?
Contact Account Operations!

- Send an email to Employer.Reps@mnpera.org
- Include:
  - Employee's name
  - Paid date
  - Coverage dates
  - Gross pay amount
  - Reason for pay

Contact PERA

Have questions about salary eligibility?
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

PERA is governed by Minnesota Statutes; especially chapters 11A, 353, 353A, 353D, 353E, 353F, 353G, 356 and 356A.

Changes to PERA's plans, including benefit provisions and contribution rates, are made through the introduction and passage of legislation by the Minnesota Legislature.

Disclaimer

Disclaimer:

Our programs are intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules, and regulations. The Minnesota Legislature or the federal government may change the statutes, rules, and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this presentation, the statutes and regulations will govern.

Wrap-up and Questions

Contact Us

www.mnpera.org/employers

651.296.3636

1.888.892.7372

Reporting Questions:

Email: Employer.Reps@mnpera.org

Web Message Topic: Reporting

Eligibility Questions:

Email: Eligibility@mnpera.org

Web Message Topic: Eligibility