A. MONTHLY SALARY THRESHOLD

A1. When did the $425 monthly salary threshold go into effect? Are there situations where the $425 rule is retroactive to pay in 2022 and prior?
The $425 monthly threshold was not effective until July 1, 2023 and does not apply to earnings received prior to that date.

A2. We have employees who became eligible under the annual salary threshold ($5,100) as of July 1, 2023 and continued employment. Are these employees "grandfathered in", or do they need to reestablish eligibility under the monthly salary threshold?
Current members who met eligibility criteria under the previous rules are not affected and will retain their membership until termination.

A3. What if an employee earns less than $425 in month 1, more than $425 in month 2, less than $425 in month 3, more than $425 in month 4, etc.?
Intermittent or on-call employees become eligible the first time their pay exceeds $425 in a month. Their enrollment continues until termination of employment, even if their monthly pay does not exceed $425 in any subsequent month.

A4. If a school employee's monthly pay exceeds the threshold ($425) only once, are they PERA-eligible for the rest of the school years?
Meeting the monthly threshold one time establishes membership and enrollment continues for all school years until termination of employment, even if monthly pay does not exceed $425 in any subsequent month.

B. PERA-ELIGIBLE PAY

B1. Just to confirm, the $425 monthly salary threshold is calculated based on the employee's pay dates, and does not have to do with *when* the income was earned?
Correct—we use pay dates to determine monthly wages. Add up the employee's PERA-eligible earnings for all pay dates that occur in a single month. If the total exceeds $425, the employee is eligible and you must enroll them.

B2. What about a Years of Service "payout" for eligible retirees? Would PERA deductions apply?
Bonus payments that are not performance or merit-based are not PERA-eligible salary. This includes one-time service awards, severance pay, and retirement incentives. See *Chapter 5 of the Employer Manual* for more information about eligible and ineligible salary.

B3. Can you review military leave pay, and if it is PERA-eligible or not? Both when the employee is using their 15 days of paid military leave per year, and when they have exceeded their 15 days and are now using their own PTO.
Pay to an employee while on a personal, parental, or military leave of absence is eligible for PERA deductions **if** the compensation is equal to the average regular salary that the member had received in the six months of PERA-covered employment immediately prior to the leave. However, if the person receives a reduced salary in any pay period, that compensation is not PERA-eligible.

Generally, the pay a member receives from using their 15 days of paid military leave for annual training with a reserve component of the armed forces is PERA-eligible. However, the pay is not PERA-eligible if the salary is spread across multiple pay periods and, consequently, is not comparable to the regular earnings that the employee would have earned had they not been on leave.

B4. If an employee works part time for a school district and a city, do they get PERA taken out for both?
An employee's eligibility for PERA membership is based on their employment with a single governmental employer. Depending on their employment status, an individual working for two public employers may have PERA taken out for both, one, or neither.

B5. Is the new unused Earned Sick and Safe Time (ESST) payout at the end of the year considered earnings?
For PERA contributions, Sick and Safe leave hours are equivalent to other paid leave types offered by the employer, such as sick time, vacation leave, or paid time off (PTO). Follow PERA's existing guidelines to determine what pay is eligible for pension deductions. See *Chapter 5 of the Employer Manual* for more information.

B6. Why is the PTO salary of an employee on a long-term medical leave not considered PERA-eligible salary? Specifically, if they are being paid less than 50% of their regular wage.
Under state law, PERA withholding cannot be made on pay issued to an employee while on an authorized medical leave of absence that represents less than 50% of the average regular earnings that would have been received had the individual not been on leave.

Members may purchase the missing employee and employer contributions (plus interest) to restore service or salary lost during the leave. On that note, it is important that employers submit their *Annual Leave Report* timely each year to ensure that members have sufficient time to make the purchase.

B7. We have an employee who received donated PTO hours from a coworker. Are the donated PTO hours PERA-eligible for the employee that is using them?
Use of donated PTO hours is equivalent to other types of PTO for PERA purposes. If a person on medical leave has a combination of donated PTO, sick, vacation, comp or other paid time off that is at least 50% of their average salary, the pay is eligible and subject to PERA deductions.

C. PAYROLL/REFUNDS

C1. If an employee makes $425 or more in a single month, but payroll doesn't know until after the fact, will payroll need to do an adjustment the next payroll?
For intermittent and on-call employees, PERA deductions should begin with the check that caused the employee's monthly pay to exceed $425.

If an omission is discovered within 60 days, correct the enrollment error on your next Salary Deduction Report (SDR). During this time, the employee contributions are the member's responsibility and no interest is due. You would create additional lines for each of the missed paid dates. It is helpful to also add a note or send an email to our Employer Reps explaining the additional contributions.

C2. I have a part-time employee who was hired May 4, 2023 and was not enrolled in PERA. However, after reviewing her pay it appears she exceeds the salary threshold—how do we go back and fix it?
If there are more than 60 days of earnings to correct, begin deductions with the next available check and contact PERA so we can create an omitted deduction invoice for the missed contributions. Please note that the $425 monthly threshold was not effective until July 1, 2023 and does not apply to earnings received prior to that date. PERA will need to review the employee's earnings history to determine the eligibility start date.

C3. Let's say I have a new employee with an irregular schedule. Their 1st pay date is at the beginning of the month and the amount is less than $425. The employee's 2nd pay date for that month ends up putting their total monthly pay over $425.

- **What would be their enrollment date?**
  Enrollment date is the first day of the pay period associated with the 2nd check.

- **Do I need to deduct contributions from the first check?**
  No. This employee's eligibility starts with the check that caused their monthly pay to exceed $425. Retroactive contributions are not owed for the first check.

C4. If an employee is enrolled in PERA, but never exceeds the $425 limit—or works less than six months in their position—does PERA issue a refund at the end of the year to the employee and employer?
An employee in this situation should have not been enrolled. The two times for enrollment are:

- **At time of hire:** New hires to a position with regular monthly pay of $425 or more are subject to mandatory membership

and must be enrolled immediately.

- **First month $425 is met:** Employees with intermittent schedules or who are expected to have monthly wages below $425 must be enrolled in PERA coverage the first time they are paid $425 or more in a single month (if no other exclusion applies).

PERA does issue deduction-in-error refunds for invalid enrollments. Employer contributions are returned via credit memo and the employee receives a check for their portion (plus interest).

C5. When you go through the omitted deduction process (over 60 days) is the employer responsible for both the employee and the employer share?
When the omitted deductions period is more than 60 days, the member is responsible for paying the employee deductions due for the 60 days of earnings immediately before PERA deductions were first withheld. The employer is responsible to pay all employer contributions as well as employee deductions for the period *beyond* 60 days (plus interest).

D. EXCLUDED EMPLOYEES

D1. Can employees opt-out from the Coordinated Plan while still working and not yet at retirement age?
No. PERA membership is required by law when a person meets eligibility criteria and no valid exclusion applies.

D2. If a part-time non-certified sub exceeds the monthly threshold once, but doesn't expect to ever exceed it again in the future, do they have the option to opt out of PERA?
No. Exceeding the monthly threshold once establishes membership and enrollment continues until termination of employment—even if the employee's monthly pay does not exceed $425 in any subsequent month.

D3. Where can I find an updated *Notice of Exclusion from PERA* form that shows the monthly threshold?
The updated *Notice of Exclusion from PERA Membership* form can be found here.

D4. We hired J1- visa holders to our school system this year. Although they exceeded the salary threshold, should they be excluded from PERA due to their visa status?
Under state law, foreign citizens are excluded for the first three years of employment, except for:

(a) Employees of Hennepin County or Hennepin Healthcare System, Inc.

(b) Employees who are legally authorized to work in the United States for three years or more; or

(c) Employees who are otherwise required to participate under federal law. This applies to H-1B, H-1B1, and E-3 visa status holders, who are required to be in the plan if they meet all other eligibility criteria

PERA is unable to provide guidance about other visas or work permits and recommends that you review the length of the work authorization and/or consult your district's attorney to determine whether criteria (b) or (c) would apply. As an employer, you are responsible to notify PERA of any other federal law that requires participation of a foreign citizen you employ.

D5. What are the rules for exclusion of a foreign worker on an OPT permit to work?
Same as above

D6. Would a basketball coach who gets a $2,000 stipend once per year be eligible for PERA?
If the basketball coach works less than six consecutive months per season, they are excluded from PERA—regardless of earnings.

D7. Would a casual employee—for example, a substitute—who only works during the school year (typically less than eight months) and is over the age of 65 be eligible for PERA?
There are no exclusions for age.

School district employees who substitute in a position otherwise eligible for membership are excluded as temporary employees if **all three** of these conditions are met:

1. The substitute is called to work for a **pre-determined** period (such as one day, two days, one week, two months, etc.)

2. The substitute's work for a single school district does not exceed six **consecutive** calendar months; and
3. The employment relationship with the school ends when the substitute work assignment is completed

If the substitute's work for a single school district exceeds six months and there was no 30-day separation in employment, the substitute must be enrolled the next time they work for that district and their monthly pay exceeds $425.

Please note that a) PERA's temporary provision cannot be used to exclude individuals who have an unlimited on-call appointment to do substitute work with a particular school, and b) there are no exclusions for age.

E. FULL TIME STUDENTS

E1. If we exclude a full-time student over the summer months, but then the employee decides to not return to full-time school in the fall—

- **What happens if the employee doesn't tell us and we are unaware? And would we need to report omitted deductions?**
  Employers are responsible for maintaining documentation of student status. An employee excluded in error must be reviewed for omitted deduction liability.

- **Does the student exclusion no longer apply?**
  The student exclusion is no longer valid in the fall when the employee does not return to school.

- **If the exclusion no longer applies, when should we enroll the employee?**
  The employee should be enrolled the next time their pay exceeds $425 in a month.

E2. If a member (who is under age 23) enrolls in school full time (but keeps their public service job), do they lose membership due to the full-time student exclusion? Or does the "once a member, always a member" rule apply?
If a member under age 23 becomes a full-time student, their PERA membership does not end, but it will be paused. Their contributions will stop due to their exclusion status, but will resume when their student status ends or when they turn 23.

E3. Do you have to be age 18 to be eligible for PERA? If you are 17 (and not a full-time student) would you be ineligible?
There are no exclusions specifying a minimum or maximum age for participation.

E4. We hire students as young as 14 to seasonal positions selling concessions at the pool. Are they eligible for PERA?
It is likely that both a full-time student and seasonal exclusion would apply to this person. That said, a 14-year old who a) received a GED, b) had no plans for post-secondary education, and c) was hired for a position expected to last more than six months would be eligible for PERA if their pay exceeds $425 in any month.

E5. If a full-time student under 23 wants to be enrolled in PERA, can we enroll them?
No. A full-time student under 23 is excluded from PERA by state law.

E6. If a student is 23 but is only hired for one semester (for example, the spring semester from January to May), are they PERA eligible?
A full-time student who is 23+ and hired for a five-month position would be excluded as a seasonal or temporary employee

F. FULL-TIME STUDENT DOCUMENTATION

F1. Regarding documentation needed for the full-time student exclusion—can you give detailed examples of what type of documents suffice? Do they need to fill out any specific forms?
Documentation should only be provided to PERA upon request. A *Full-Time Student Exclusion Certification* form is available on PERA's website. We may also accept other forms of verification such as transcripts, billing statements, registration information or letter from school administration.

F2. Do we need documentation if they are under the age of 18?
While PERA is unlikely to request verification for high-school age students, you should have reasonable proof of student status. If a student is employed by the school district they attend, we accept your statement as sufficient verification.

F3. Can we automatically enroll all full-time students, and when we get their documentation back we can just stop withholding, and then refund what was withheld?
PERA advises against a blanket approach such as this. At a minimum, you should ask employees about their student status at hire, and allow a reasonable period of time for documentation. Before starting deductions, also determine whether any other exclusion may apply. As noted in *Chapter 7 of the Employer Manual*, you have 60 days to retroactively enroll a member through an SDR adjustment.

F4. If we request documentation from employees we think are full-time students, but we do not get it returned after several attempts—and they exceed the salary threshold—do we just enroll them?
Yes, you should enroll any employee that meets all other eligibility criteria, has no applicable exclusion, and does not substantiate their student status.

G. EXCLUSION CODES/REPORTS

G1. If an employee's exclusion category changes during the year, do we change their code then, or wait till the year-end report is due?
Excluded employees are reported to PERA at the end of each calendar or fiscal year. While you may wish to track exclusion changes internally, only the most recent exclusion should be provided on the annual report.

G2. If election judges never earn enough to be eligible and are never enrolled, do they still get included in the *Annual Exclusion Report*?
You are not required to report election judges on the *Annual Exclusion Report*. If you choose to include them, use exclusion code 105.

G3. Do you have to add council members and the mayor to the Annual Exclusion Report if they make under $200 per month?
You are not required to list governing body elected officials such as city council members or mayors to the *Annual Exclusion Report*. At this time, only elected non-governing positions such as clerks or treasurers are required on the report.

G4. Would PERA retirees and PERA PRO employees be coded with the same exclusion code of 003?
Yes. Exclusion code 003 applies to any individual who receives a PERA retirement or disability benefit.

G5. In the example of an employee who becomes eligible several months after hire, do you want us to leave the exclusion code entered in the demographic so you know why there were not contributions prior?
Yes. The exclusion code documents the reason for the difference between their hire date and eligibility date.

G6. If an employee resigns from their position, would this only need to be reported on the *Annual Exclusion Report*?
No—terminated employees are not reported via the *Annual Exclusion Report*. The *Annual Exclusion Report* is used to report any employee who worked during the year but did not contribute to PERA. This includes both active and terminated employees.

If an active member terminates employment, that information must be reported to PERA through a demographic file or a manual ERIS update.

H. EMPLOYMENT CHANGES

H1. If an employee works in one seasonal position and becomes inactive with an end date, and then returns to a different seasonal position *after* 30 days, is this considered an official separation even though the employee wasn't terminated?
Yes. When there is a 30-day break between seasonal or temporary positions, they are considered separate periods of employment and are not combined.

H2. If an employee goes from the Coordinated Plan to the Police & Fire Plan, do you need to terminate them from the Coordinated Plan first in order to start the Police & Fire Plan, or is there another option to move them from plan to plan?
A status change of "terminated" means that an employee's coverage under a specific PERA-covered plan has ended. It is required when the work relationship between your entity and the employee has ended.

It is also needed when an employee moves to a different position within your entity that causes a change to their PERA plan or retirement system coverage. For example:

- **A Coordinated Plan member is promoted to a full-time police officer position and is enrolled in PERA's Police & Fire Plan.**
- **A Coordinated Plan member is promoted to a teacher position and is enrolled with the Teachers Retirement Association (TRA).**

In both situations, you must update the Coordinated Plan status to "terminated" with the effective date being the date of the position change.

Employers have a responsibility to report employment status changes for PERA-covered employees during the pay period in which it occurs. Timely reporting ensures that employees receive up-to-date benefit estimates and statements.

H3. What if you keep a seasonal employee active due to them working on certain breaks due to being in school?
If the employee is a full-time student under age 23, use the full-time student exclusion code (001).

If the employee is not a full-time student under age 23, they may fall under the seasonal position exclusion code (106). Seasonal employees remain excluded if they work fewer than six consecutive months each period. The count resets with any break of 30 days or more.

H4. How would you code an exclusion if an employee moves from one code to another? For example, an employee starts in a temporary position, then their temporary position is extended beyond six months, but they return to school full time (and are under age 23).
Update your records when the exclusion reason changes. When filing the *Annual Exclusion Report*, provide the code in effect at the end of the year.

H5. If a seasonal/temporary employee goes beyond six months, do we enroll back to hire date or the pay period in which they went over six months?
If seasonal/temporary employment is extended beyond six months, the exclusion expires and the person becomes eligible for PERA the next time their monthly pay exceeds $425.

No retroactive enrollment is required because a valid exclusion existed until the position was extended beyond six months.

H6. If an excluded employee later becomes eligible for PERA, is it the beginning of the month, or the date of the pay period that they become eligible?
Once the previous exclusion ends, PERA deductions begin with the check that caused the employee's monthly pay to exceed $425. The eligibility date is the first day of the pay period associated with that check.

H7. If an employee terminates from their permanent position, but returns to a temporary position to train their replacement, do we have to withhold PERA on the temporary position?
No. If an employee resigns from a permanent position and accepts a six month or less temporary position within 30 days in the same governmental subdivision, the employee may not contribute to PERA on the temporary position.

H8. We have an employee who terminated her full-time status in December and is now a temporary, part-time employee until a replacement is found. There is no end date predetermined on the temporary position. Should we have terminated her PERA eligibility on her first part-time check?
The part-time position does not meet PERA's definition of temporary because it is not limited to six months or less. Therefore, the part-time position isn't excluded.

If there was not a 30-day break between the full-time and part-time positions, her membership continues.

If there was a break of 30 days or more between each position, a new eligibility determination is needed. Review the new position details. Mandatory membership applies if her part-time earnings will exceed $425 per month.

H9. A full-time employee of our city—who is enrolled in PERA—left to work for the County full time, but remained as an on-call employee for us. Last year he only worked 2.5 hours. Do I continue to pay PERA for when he works for our city?
Yes, continue to deduct PERA contributions when this person works for the city. Once your employee is eligible for PERA

coverage, their membership continues until a bona fide termination of employment occurs. This is true even if their position changes or salary changes.

I. DEFINED CONTRIBUTION PLAN (DCP)

I1. Can *all* elected officials choose between the DCP and the Coordinated Plan?
No. Governing body elected officials (i.e., township supervisors, school board members, city council, mayors and county commissioners) only have access to the DCP.

Non-governing body elected officials always have DCP as an option. They may also choose Coordinated if their monthly earnings exceed $425.

I2. If an elected non-governing official makes over $425 in a single month;

- **Do they have to enroll in the Coordinated Plan?**
  No. Elected officials are not required to enroll in any PERA plan.

- **Do they have to enroll in the DCP, or can they can continue to opt out?**
  They can continue to opt out. Elected officials are not required to enroll in any PERA plan.

I3. We have a non-governing official who gets paid once a year. The pay for last year was $4,920. Since it's under $5,100 they would not be eligible, correct? What if they do not want to be a member?
An elected non-governing official is not required to participate in any PERA plan, no matter how much they earn.

An appointed (hired) non-governing official is not required to participate in the DCP, but must be enrolled in the Coordinated Plan if their pay exceeds $425 in a month. An annual payment of $4,920 is considered monthly pay of $410, so this individual is excluded from Coordinated Plan membership.

I4. I am a PERA retiree, but I am also currently an elected non-governing official—am I eligible for the DCP?
Yes. As a PERA retiree, you are excluded from the Coordinated Plan, but continue to have DCP as an option.

I5. What do you do for payroll if you have an elected non-governing official on DCP who is also an election judge?
Do not deduct contributions from the election judge pay. Continue to withhold DCP for the elected position.