Reporting Different Pay Types

PERA prohibits recording and distribution of this presentation.

Agenda

- Regular, Pay Type 01
- Compensatory, Pay Type 02
- Retroactive, Pay Type 05
- Excess Salary
- School Employer Reporting

PERA-eligible Salary

Only report PERA-eligible earnings on the SDR:

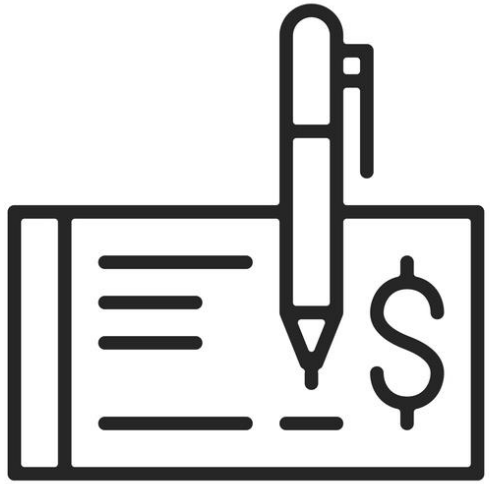
- Gross, pre-tax salary
- Overtime/retroactive pay
- PTO (used)
- Performance-based bonus

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

Common Pay Types

Regular Pay – Pay Type 01

- Salary or compensation earned by and paid to an employee in the current pay period.
- If missed being paid out or reported:
  - Should be reported on a separate line from the current pay period
  - Report the coverage dates in which the pay was **earned**



Regular Pay Example

Pay Type	Wages	Coverage Dates
Regular Pay (01)	$700.00	03/01/26 – 03/31/26

Lump-Sum Comp Pay – Pay Type 02

- Lump-sum payments of unused, accrued, or banked compensatory (overtime) hours
- Includes pay that is banked and paid out as a lump sum
- Report the coverage dates in which the banked hours/wages were **earned**

Pay Type 02

Lump-Sum Holiday Pay – Pay Type 02

- Lump-sum payments for accrued holidays
- Additional pay for working on a scheduled holiday
- Report the coverage dates in which the banked hours/wages were **earned**

Pay Type 02

Comp Pay Example

Pay Type	Wages	Coverage Dates
Regular Pay (01)	$8,575.00	12/01/25 12/14/25

Pay Type 05

Retroactive Pay – Pay Type 05

- Contract or union settlement wage increases
- Performance or merit-based bonuses
- Pay for work performed before the current payroll period

How to Report Retroactive Pay

- Report separately from regular pay
- Report the coverage dates in which the pay was **earned**, not paid
- Regular wages that were missed being paid out/reported should be reported as regular pay—**not** as retroactive pay

Coverage Dates

Report the dates in which salary is earned

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

Pay Type 05

Retro Pay Example

Pay Type	Wages	Coverage Dates
Regular Pay (01)	$4,576.00	06/01/25 – 10/15/25

Bonus Pay – Pay Type 05

- Performance or merit-based bonuses
- Hazard pay that increases a member's hourly rate of pay
- Longevity or retention pay that is paid as routine wages on a periodic basis of at least annually

These payments *must* be attached to a specific earnings period

How to Report Bonus Pay

- Should be reported separately from regular pay
- Payments should be reported with a specific earnings period

Pay Type 05

Bonus Pay Example

Pay Type	Wages	Coverage Dates
~~Regular Pay (01)~~	~~$2,007.00~~	~~12/15/25 – 12/31/25~~
Regular Pay (01)	$1,507.00	12/15/25 – 12/31/25
Retro Pay (05)	$500.00	01/01/25 – 12/31/25

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Reporting Excess Salary

Excess Salary

- The IRS sets an annual limit on salary eligible for contributions under the Internal Revenue Code (IRC)
- Applies to a very small percentage of PERA members
- Employers and PERA must monitor excess salary on a pay period basis

2026 ELIGIBLE SALARY LIMITS	
PAY PERIOD	**LIMIT**
Annually	$360,000
Monthly	$30,000
Semi-monthly	$15,000
Bi-weekly	$13,846.15

More details in **Chapter 7: Contribution Reporting** of the Employer Manual

Excess Salary

- Wages that exceed the IRS limit are ineligible for PERA:
  - Do not report on the SDR
  - Do not withhold deductions
  - Only report the eligible portion
    - Code appropriately as earned

Excess Salary – Same Pay Period

Pay Type	Wages	Overtime	Coverage Dates
Regular Pay (01)	$17,450.00	$10,000	03/01/26 – 03/15/26

Excess Salary – Different Pay Period

Pay Type	Wages	Coverage Dates
Regular Pay (01)	$15,000.00	06/01/26 – 06/14/26

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Reporting for School Employers

School Employee – Current Pay Cycle

Pay Type	Wages	Coverage Dates
Regular Pay (01)	$2,500.00	03/16/26 – 03/31/26

School Employee – Paid Two Weeks Behind

Pay Type	Wages	Coverage Dates
Regular Pay (01)	$1,887.56	03/01/26 – 03/15/26

Coaching/Stipend Payment in Addition to Regular Wages

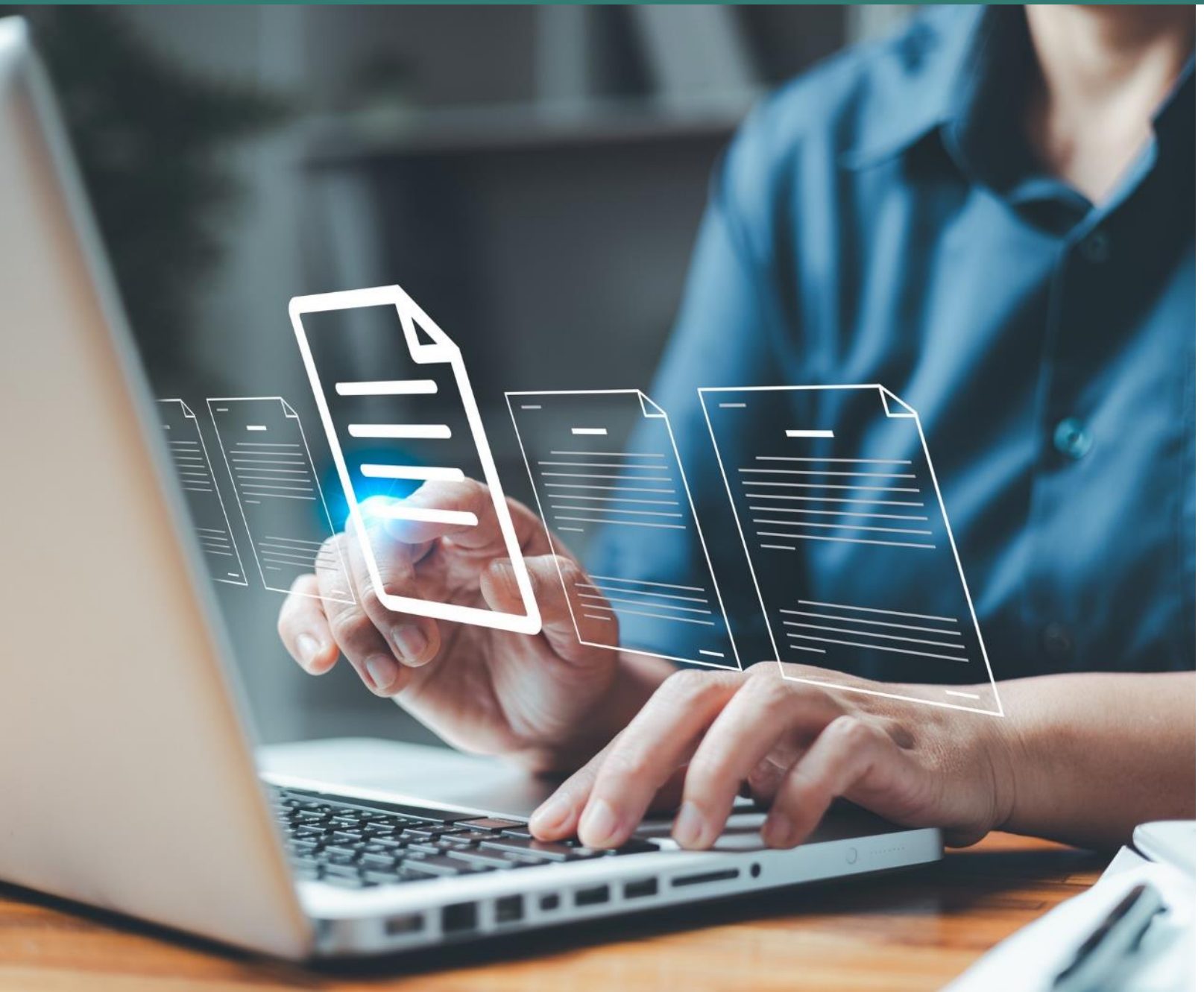
Pay Type	Wages	Coverage Dates
Regular Pay (01)	$5,387.56	06/01/26 – 06/15/26

Contract Payout – Summer Transaction (Nine-Month Employee)

Pay Type	Wages	Coverage Dates	FY Indicator
Regular Pay (01)	$1,500.00	07/01/26 – 07/15/26	None

Contract Payout – Lump Sum (Nine-Month Employee)

Pay Type	Wages	Coverage Dates	FY Indicator
Regular Pay (01)	$6,229.28	06/01/26 – 06/15/26	None



Resources

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- Employer Manual
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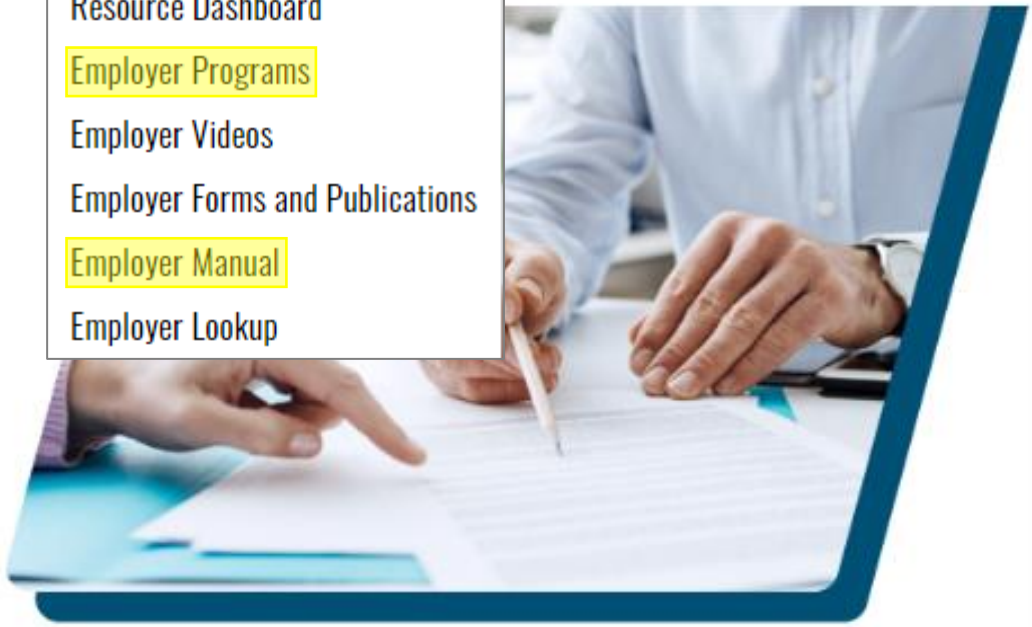

Welcome, PERA Employers

PERA employers now have a new home.

GET STARTED

I'm here to...

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

Recap

- Regular pay should be reported separately from comp pay and retro pay
- Use the coverage dates of when the pay was earned—**not** when it is paid out
- For employees whose earnings exceed the IRS limit:
  - Report only the eligible earnings and deductions up to the limit
  - Employer will need to monitor and cap employees as needed

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