

## FACT SHEET

## Determining Eligibility

Determining whether an employee is eligible for membership in the Coordinated, Police & Fire or Correctional Plan is a basic, yet critical function an employer must perform.

**Eligibility** – First and foremost, the person must be an employee of your governmental subdivision. Independent contractors or employees of independent contractors are not eligible for PERA benefits.

Secondly, consider the employee's expected annual salary. If the employee's annual earnings will not meet the \$5,100 (\$3,800 for 9/10 month school year) eligibility threshold, they are excluded from membership and must be provided with a Notice of Non-Covered Employment form.

For an employee whose earnings will exceed the threshold, PERA participation is mandatory – with some exceptions. When hiring a new employee, the conservative approach is to assume the person is PERA eligible unless you find a reason for not enrolling them.

Refer to Chapter 3 of the Employer Manual for information about other exclusions mandated by state law. In some cases, the position held by the employee causes exclusion; in other instances, the

circumstances of the person results in an exclusion. While the full list of exclusions is available in the manual, examples of the most common exclusions are explained below.

### Positions that are excluded

- *Temporary position* – a position predetermined at the time of hire to a period of six months or less. Wages from a temporary position are excluded from PERA, provided it is the sole position the person holds with the employer.
- *Seasonal position* – defined by the nature of the work which tied to a specific season of the year and is limited in duration to 185 consecutive calendar days or less. Wages from seasonal positions are excluded from PERA contributions provided it is the sole position the person holds with the employer.

In both temporary and seasonal positions, salary earned is irrelevant. The earnings threshold can be exceeded without making the employee PERA eligible. However, if a person hold multiple positions with a single employer, no position can be excluded based on the temporary or seasonal exclusions. Instead, all salary must be combined to establish eligibility under the annual earnings threshold.

### Individuals who are excluded

- *Full-time Student under age 23* – an employee who is under the age of 23 and a full-time student at a high school or an accredited college or university is excluded from PERA. Students who attended classes full-time the previous spring semester and are expected to resume classes in the fall continue to be excluded during summer months. Once an employee is no longer a full time student, or reaches age 23, the exclusion is no longer applicable.
- *PERA benefit recipient* – A person receiving a monthly benefit from PERA is excluded from PERA membership. However, retirees under the Full Retirement Age (as defined by the Social Security Administration) must be enrolled in the Exempt Plan and wages must be reported to PERA. Those receiving a disability benefit can be researched by calling PERA.
- *Independent Contractors* – Those who work as an independent contractor are excluded from PERA membership because the person is not an employee of the PERA-eligible employer.

**Employees with multiple positions** – if you employ a person in more than one non-elected position, you must consider the employee’s total salary from all of the positions, even positions that are considered temporary or seasonal, when determining PERA membership eligibility. This means that you would combine the salary amounts paid to a single employee who holds two (non-elected) positions as represented in the following examples.

- *Example 1:* Leo holds a permanent, part-time position that pays him \$3,600/yr and has been excluded because his salary doesn’t meet the threshold. He then accepts a second permanent, part-time position that will pay \$4,800/yr. Leo now qualifies under the mandatory coverage rules based on his combined earnings of \$8,400 annually.
- *Example 2:* Jerry holds a permanent, full-time position, for which he contributes to PERA. He then accepts a second job that is defined as seasonal by his employer. Because the seasonal position is not Jerry’s sole employment with his employer, it is not excluded from PERA. Jerry must contribute to PERA on the wages from both positions.

*School district employees* who hold both a certified position and a non-certified position should be enrolled in the plan that the employer believes the individual will earn the bulk of the earnings in Teacher’s Retirement Association for certified position or PERA for non-certified.

**Process** – Once you determine that an employee is PERA-eligible, enroll the person in the appropriate plan (Coordinated, Police and Fire, Correctional or Defined Contribution Plan). Make sure enrollment and any supplemental materials, such as Police and Fire Plan resolutions and signatures of elected officials are submitted before or with the first payroll contribution.

Employers with computer access must use PERA’s Employer Reporting and Information System (ERIS) to enroll new members. Two options are available:

- Direct entry of enrollment data in the Enroll Member module
- Transmit a demographic file that meets PERA’s file format specifications.

Both options are described in the Submitting Enrollment Data section in Chapter 6 of the Employer Manual. Employers without internet access may enroll individuals by using the Notice of Member Enrollment form.