

# The PERAphrase

The employer newsletter of the Minnesota Public Employees Retirement Association

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## Getting ready for elections? We can help.



National, state, and local elections will be held this fall. If you are one of the many local government entities that will be hiring election workers, here is a refresher on the PERA, Social Security, and Medicare withholding requirements.

Let's begin with a definition of an election worker. According to the IRS, election workers are individuals hired by government entities to perform services at polling places in connection with national, state and local elections. The worker may be referred to by other titles, such as poll worker, ballot clerk, voting official, polling place manager, absentee ballot counter, deputy head moderator, etc. The workers may be employed by the government entity exclusively for election work, or they may work in other capacities as well.

The worker may receive a set fee per day or a stipend for the election period. And the election period may include attending training or meetings prior to and after the election.

By state statute, election workers are excluded from PERA membership. Election workers are local governmental employees, but the wages they earn in these positions - regardless of the amount - are not subject to PERA withholding.

Social Security and Medicare coverage for election workers are governed by Federal regulations. As you may know, Minnesota established a Section 218 Agreement several years ago with the Social Security Administration. Under this agreement, election workers whose pay in a calendar year is less than the Federal threshold amount (\$1,700 for 2016, adjusted for inflation) are not subject to Social Security and Medicare (FICA) coverage.

However, if an election worker is paid the federal threshold amount or more then FICA taxes apply from the first dollar paid. For example, when payments made to an election worker in 2016 meet the Federal threshold amount, \$1,700, all amounts paid to the worker are subject to FICA, including the first \$1,699.

This article touches only the basics on federal tax withholding for election workers. More details about tax withholding and reporting are available in an [updated article](#) released by the Federal, State and Local Government office of the IRS.

LEGISLATIVE UPDATE

## Governor vetoes 2016 pension bill

The 2016 Omnibus Pension Bill (Chapter 177, Senate File 588), which had been approved by the House of Representatives and the Senate was vetoed by Governor Mark Dayton.

The pension bill contained only administrative provisions for PERA, which would not have been significant changes this year. The veto was not related to the PERA administrative proposals. The Governor provided his rationale for the veto in a letter to the legislature.

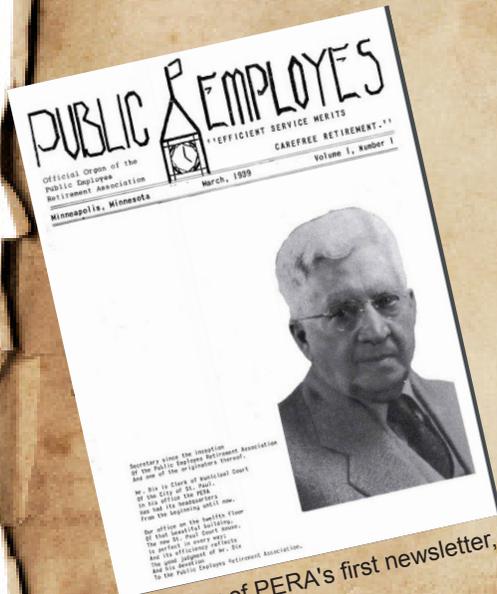
## No contribution rate changes in 2017

There are no contribution rate changes for any plan in 2017. The employer and employee rates of PERA's Defined Benefit Plans will remain as follows:

Plan	Employer	Employee
Coordinated	7.50%	6.50%
Correctional	8.75%	5.83%
Police & Fire	16.20%	10.80%
Basic	11.78%	9.10%

The rates for the Defined Contribution Plan covering Elected Officials and Physicians will stay at 5% for the employer and 5% for members.

## Quotes from our first newsletter



The cover of PERA's first newsletter, published in 1939.

*"The PERA was conceived and born for the purpose of giving joyful contentment to retired public employees during the fall days of their lives when they have retired; To transfer their remunerative positions to younger employees."*

*"After eight years in operation (1931-1939), PERA's Chairman reported "we have grown from nothing to an institution of far reaching importance..."*

*"Always remember that the PERA exists for the benefit of its members."*

# Additional financial security available for your employees

## *NCPERS Voluntary Decreasing Term Life Insurance*

*The Public Employees Retirement Association of Minnesota, through its membership in the National Conference of Public Employer Retirement Systems (NCPERS), has made available to its employers a valuable benefit to offer its employees.*

The NCPERS program offers decreasing voluntary term life insurance, which means the monthly premium remains level over time while the benefits decrease with age. This design helps provide younger employees who have the greatest need and the lowest accrued retirement benefits with the greatest financial protection for their loved ones.

The benefits to your employees are numerous, including:

- Guaranteed issue (no medical questionnaire) during annual open enrollment and for new hires during the year
- Includes coverage for current and future dependents at no additional cost
- Includes Accidental Death and Dismemberment benefit that covers employees while they are on or off the job
- Coverage can be continued into retirement



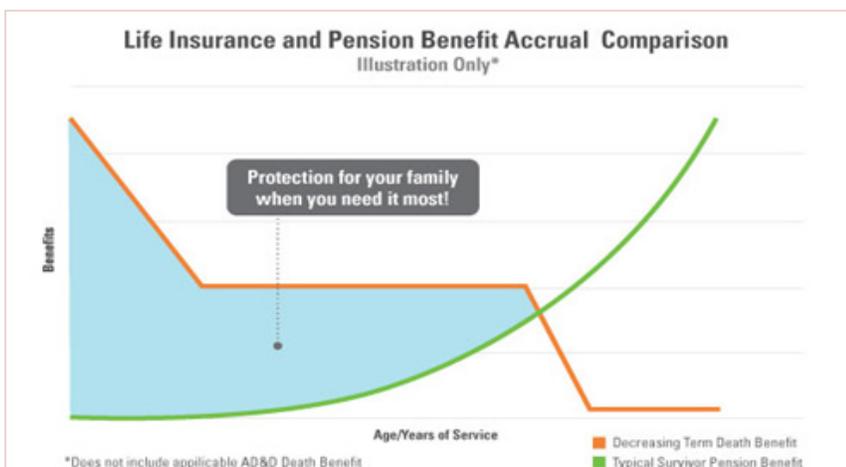
Information regarding this benefit, including the Schedule of Life Benefits, can be found at [www.ncpersvoluntarylife.com/mn](http://www.ncpersvoluntarylife.com/mn).

If you currently offer the program to your employees, we encourage you to make employees aware of the availability and value of this program. If you have any questions with ongoing administration, contact the plan's administrator,

HealthSmart Benefit Solutions, Inc. at 800-525-8056 or [NCBERS@Healthsmart.com](mailto:NCBERS@Healthsmart.com) for assistance.

If you currently do not offer the program, please contact HealthSmart for additional information and next steps to make the program available to your employees. (PERA has no role in the administration of the life insurance program.)

Open enrollment begins October 1 and ends November 30, 2016.





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## Ask PERA!

*Have a question for PERA? Call our Employer Line or email us at [employer.reps@mnpera.org](mailto:employer.reps@mnpera.org)*

**Q** When PERA determines that employee deductions have been withheld in error, should employers make a payroll adjustment or does PERA refund the invalid member contributions directly to the employee? What if the error occurred in previous year(s)?

**A** You may use a negative adjustment to correct certain situations as authorized by PERA. If an error is found on a current SDR, an adjustment may generally be made via SDR for the next scheduled paid date. Other contribution overpayments must be corrected directly by PERA

because they are required include interest on the member's portion. If your agency identifies transactions that need to be corrected, please contact us at [employer.reps@mnpera.org](mailto:employer.reps@mnpera.org) or Option #2 for prior approval.

When PERA issues a refund check to an individual that represents a refund of the member deductions that were taken in error by the employer, no payroll adjustment is needed. PERA will then issue a Form 1099 to the individual at the end of the calendar year. Any interest paid to the member is also reflected on the 1099.

More information on *Adjustments and Deduction in Error Refunds* is available in Chapter 7 of the *Employer Manual*.

This document is available in alternative formats to individuals with disabilities by calling PERA or through the Minnesota Relay Service at 1-800-627-3529.