The PERAphrase

The employer newsletter of the Minnesota Public Employees Retirement Association

3rd Quarter 2015
Published September 2015

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New to ERIS Pending Reports: Missing Enrollments

In November, requests from PERA for missing enrollment data on new members will be delivered in a new way for most employers. Until now, PERA has mailed letters to employers every other month asking for critical information needed to complete member enrollments. Like certain other types of correspondence, we are "going green" and distributing this communication electronically where possible.

We are currently developing a new Missing Enrollment report that employers will view in PERA's Employer Reporting & Information System (ERIS). This online report is the latest in a series of automation initiatives designed to make reporting more efficient, accurate, and cost effective for both employers and PERA. Employers who lack the internet and email capabilities to access ERIS will continue to receive letters in the mail.

Every other month, PERA will identify employers with new members who are missing enrollment data. Our system will send an email to each ERIS user that has modify rights for the Enroll Member screens. There are two options for providing the requested enrollment data: 1) Open the online Missing Enrollment report under Pending Reports in ERIS and immediately update the member's PERA account data, or 2) send a demographic record to update the member's account. Instructions for processing the report will be available in the ERIS Help section.

To avoid this report entirely, please provide complete enrollment data before or with the first submission of a member's contribution. PERA regularly receives payroll contributions for employees who have not yet been enrolled by their employers. In these cases, we create a partial member record using the employee's name and SSN, which allows the employee contributions to be posted.

This is a temporary measure, though, as the absence of full enrollment data causes subsequent processing issues. The data required to complete an enrollment helps us to credit deductions properly, mail member brochures, and prepare estimates of future pension benefits. It also ensures that PERA's actuary receives complete data for its studies.

Questions? Contact our Employer Line and select option 5.

From the Manager

The From The Manager column features comments from Account Information Management Division Manager Cheryl Keating

In this and last quarter's newsletter, you will find information on how to inform PERA when a covered employee has an authorized leave of absence.

A leave of absence that results in the loss of service credit or a reduction in salary can affect the member's pension. But, members who have an unpaid or partial-paid leave of up to a year can pay the employee and employer contributions to PERA for the leave period plus interest. The voluntary payment must be made within the earlier of either one year of the employee's return to work from the leave or 30 days of having terminated employment.

PERA uses an automated process to notify members of their right to make a contribution or actuarial purchase of lost service or salary credits for a leave period. The letter is triggered by the entry of a return-from-leave date. If the member's leave of absence is not reported to PERA, no letter is generated.

Please review your internal practices and, where needed, make adjustments so that leave of absence dates are reported for members, including those who draw reduced pay or no pay during the leave period.

Cheryl Keating

Reporting Intermittent Leaves of Absence

This is the second in a two-part series. Our last newsletter addressed leaves which last for a defined period. This article discusses intermittent leaves that result in reduced salary for the employee which is **not** *due to budgetary saving or furlough programs. Because intermittent unpaid leaves may vary in frequency and duration, knowing how and when to report related information is an essential component of your responsibilities.*

Unlike traditional leaves of absence, intermittent leaves are not limited to a defined period of time. Intermittent leaves are commonly associated with events that fall under the Family and Medical Leave Act when an employee has irregular unpaid absences. The employee may have recurring absences that last hours or days at a time causing sporadic reductions in his or her wages that may extend for a year or more.

Members who have unpaid time due to authorized intermittent leaves have the same option to make a voluntarily purchase of PERA salary credit as those who take a leave without pay or with partial pay for a defined period. PERA sends information to the member about the purchase option after the employing unit reports the conclusion of the leave of absence period. Timely reporting by the employer is critical because members have a limited time to make a voluntary salary credit purchase.

If you have a covered employee who experiences reductions in salary at various times during a year due to authorized, intermittent leaves of absence, you may want to report the leave status and coverage dates to PERA on an annual basis, rather than reporting each individual period of unpaid leave.

If you do annual reporting of the intermittent leaves of absence, the beginning date of the leave period would be equal to the first day in the year in which the authorized absence caused a reduction in the member's wages. The ending date of the leave period would be the last day in the applicable year. If you repeat this two-step procedure of opening and closing the leave of absence period in each year in which the employee has reduced wages, PERA will mail information annually to the member about purchasing PERA credits.

As a best practice, we also ask employers to inform their employees of the option to purchase additional PERA salary or service credit when the member requests or returns from an authorized leave of absence. Employees who have related questions should contact our Member Services Center at 1-800-652-9026 or 651-296-7460.

Sole Seasonal or Temporary Positions

As you may know, a statutory change to temporary and seasonal exclusions took effect on January 1, 2015. As of that date, membership exclusions covering temporary and seasonal positions only apply if it is the sole employment of the person under a single employer. If an individual holds multiple positions at the same time with the same employer, a decision about PERA membership eligibility must be based on all salary combined and evaluated against the annual threshold to determine eligibility.

Below is additional guidance for some of the common scenarios you may encounter with seasonal or temporary employees.

Situation 1: Non-Concurrent Seasonal Positions

Michael works in two seasonal jobs. Job A is from 8/15/15 to 11/15/15 and Job B will last from 3/15/16 to 6/15/16. Is Michael excluded from PERA membership?

The duration of each position will be less than 185 days and there will be a break of more than 30 days between them. As a result, both positions are excluded as seasonal regardless of wages earned.

Situation 2: Concurrent Short-Term Positions

James holds two limited-term positions with a single employer: Job A will cover 8/1/15 to 11/30/15 and Job B from 8/15/15 to 12/31/15. Are both positions excluded under the temporary provision?

James holds two concurrent positions (Jobs A and B) in August 2015. When more than one position is held simultaneously by a single employee, the seasonal or temporary exclusion does not apply, even though the positions would qualify for the exclusion if held by two different employees. PERA eligibility must be based on James' combined wages; if expected to exceed the annual PERA salary threshold, he is eligible for coverage as of 8/15/2015.

Situation 3: PERA Member Begins a New Temporary Position

Dwight has been enrolled in PERA for his full-time employment in Job A since 2010. On 1/1/16, he starts a 4-month temporary assignment (Job B) for the same employer. Does Dwight pay into PERA on Job B?

PERA contributions are due on the wages from both Job A and Job B. For Job B, the temporary exclusion does not apply because it is not Dwight's sole position with the employer.

Situation 4: Consecutive Temporary/Seasonal Positions Without a 30-day Break

Pam is hired to work Job A from 8/15/15 to 12/15/15 and is excluded because the position meets PERA's definition of temporary employment. Job A ends as expected, but the employer rehires Pam to work in another position (Job B) from 1/1/16 to 4/30/16. Is Job B excluded as a temporary position?

An employee hired to a second temporary (or seasonal) position within 30 days of having ended a previous temporary (or seasonal) position remains excluded from PERA membership only if the combined duration of both positions will be 6 months (or 185 days or less if seasonal).

Because no 30-day break exists between Pam's positions, the total period of employment will be 8/15/15 to 4/30/16 which equals 260 consecutive calendar days. As such, a temporary/seasonal exclusion cannot be used for the second position. If her wages from Job B are expected to exceed the annual PERA salary threshold, she must be enrolled on 1/1/16.

Note, however, that if she had been hired for both positions at the same time, no temporary/seasonal exclusion would apply because it would be known in advance that the total duration would exceed 6 months/185 days. If her combined wages were expected to exceed the annual PERA salary threshold, Pam would have been eligible for coverage when her first position started on 8/15/15.

More information and examples are available in Chapter 3 of the Employer Manual and the FAQ page located in the employer section of PERA's website. For additional assistance, please contact our Employer Line and select option 3.

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Ask PERA!

Have a question for PERA? Call our Employer Line or email us at employer.reps@mnpera.org.

Q A bargaining agreement was recently ratified and it includes a 2 percent increase in salary for certain classes of employees effective July 1, 2015. This means that we will need to issue a retroactive wage payment on behalf of an employee who died on Aug. 26, 2015. Are employer and employee contributions due on that compensation?

A Yes, the retroactive payment is PERA-eligible salary because it is additional pay for services that had been rendered by the former employee prior to his or her death. When reporting the compensation to PERA for this individual and all other affected employees, be sure to use pay type 05 to identify it as retroactive pay.

Additionally, this pay must be reported as a separate transaction for all of the current and former employees because it was earned outside of the regular pay period dates (for example 7/1/2015 – 8/26/2015).

No Contribution Rate Changes in 2016

Contribution rates for 2016 will not be changing. The employer and employee rates of PERA's Defined Benefit Plans remain as follows:

PLAN	EMPLOYER RATE	EMPLOYEE RATE
Coordinated	7.50%	6.50%
Correctional	8.75%	5.83%
Police & Fire	16.2%	10.8%
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 the participant.