

Membership Options for Elected Officials

Step-By-Step Guide to Enroll Elected Officials

The purpose of this fact sheet is to outline the steps an employer should take to provide important information to elected officials about their PERA and Social Security coverage choices.

1. Determine Eligibility

With the exception of elected sheriffs*, any person elected to a local government position by the public or appointed to fill an elected position is eligible to participate in the Defined Contribution Plan (DCP) administered by PERA. There are no minimum salary requirements for membership in this plan.

In some instances, elected officials also have the right to choose to participate in the PERA Coordinated Plan rather than the DCP. However, Coordinated Plan eligibility is limited to non-governing body elected officials such as clerks, treasurers, county auditors and attorneys. The salary threshold for membership in the Coordinated Plan is a projected annualized threshold of \$5,100 per year.

PERA provides several tools for employers to use to determine which plan(s) an elected official may participate in.

- *PERA Membership for Elected Officials* – This brochure describes the eligibility requirements for PERA membership and briefly points out how membership in a PERA plan could affect coverage under Social Security.
- *PERAphrase* – The quarterly newsletter contains occasional articles about the membership option of elected officials. Past issues are available on our website or by calling PERA.
- *PERA Employer Manual* – Chapter 4 contains information regarding the options available to elected officials.
- *Employer Response Line* – Anytime you need information related to a person's eligibility to enroll in PERA, you are welcome to contact us at 1 888 892-7372 or 651 296-3636 to speak with one of our plan specialists.

Once you have determined which plan(s) an official may choose to enroll in, you should complete Part A of the *Membership Election by Public Officials* form to document the plan or plans for which the

*Legislation passed in 2010 now allows elected County Sheriffs who are drawing a retirement benefit from PERA Police and Fire Plan to participate in the DCP.

elected official qualifies. Part B of the form is completed by the elected official to indicate which PERA plan, if any, he or she wants to join. The form is available at www.mnpera.org.

2. Communicate Options

Because participation in a PERA plan is not mandatory, officials must register their membership choices in writing before you may withhold PERA from their compensation. You must, therefore, give the partially completed *Membership Election by Public Officials* form to the elected official to indicate his or her PERA option. In addition, please also provide the *PERA Membership for Elected Officials* brochure and our *DCP Investment Selection* form to the elected official. These documents are available at www.mnpera.org.

The final document for the official is the *Statement Concerning Your Employment in a Job Not Covered by Social Security* (Form SSA-1945). Current Social Security Administration laws require your agency to provide this notice to individuals hired on or after Jan. 1, 2005, in positions that preclude Social Security coverage, which includes local government elected officials who choose to become DCP members.

Form SSA-1945 is available on the Social Security Administration website at www.ssa.gov or on PERA's website, www.mnpera.org. When completing the form, please use your six-digit PERA ID number in the Employer ID number field and the employee's Social Security Number in the Employee ID number field.

Lastly, if the official has any questions regarding the retirement benefits payable from the DCP or Coordinated plans, please have him or her call PERA Member Services at 1-800-652-9026 or 651-296-7460.

3. Enrollment

When an elected official chooses to join a PERA plan, the employer must submit enrollment data to PERA before or with the first payroll deduction. Two methods are available:

- Electronically – use either PERA's Internet reporting system for employers (ERIS) or, if you are approved to do so, send a demographic data file. If you report electronically, you must also mail the completed *Membership Election by Public Officials* form so that we have the elected official's signature on file.
- Paper – Mail the signed *Membership Election by Public Officials* form to PERA after you verify that it has been completed in its entirety. In this situation, it is unnecessary to submit a *Notice of Member Enrollment* form.

For elected officials that choose to join the DCP, include a copy of their signed Form SSA-1945 and their Investment Selection form with the membership election form.

Please do not send completed *Membership Election by Public Officials* forms to PERA when the official chooses not to enroll in a PERA plan. Instead, keep this form in your personnel records for possible future reference.

4. Withholding

Payroll withholding is based on the individual's decision regarding PERA membership.

- *PERA DCP* – if the official elects to join the DCP, contribution rates are 5.0% for the elected official and 5.0% for the employer. Also, because the person joined DCP, he or she does not pay the Social Security tax (6.2%), but does contribute to Medicare (1.45%).¹
- *PERA Coordinated* – if the official is enrolled in the Coordinated Plan, submit contributions based on the current Coordinated Plan rates. Refer to our website for the rates. Additionally, the official pays both the Social Security (6.2%) and Medicare (1.45%) taxes.
- *No PERA Plan* – elected officials who choose not to enroll in PERA are required to pay both Social Security and Medicare taxes.

Questions and Literature Requests

If you have questions regarding the DCP or Coordinated Plan, please contact PERA's Employer Response Line at 1-888-892-7372 or 651-296-3636. The brochure and forms referenced in this publication are available on our website or you may call or email PERA to have copies sent to you.

¹Minnesota Statutes allow employers, on an entity-by-entity basis, to modify Minnesota's 218 Agreement with the Social Security Administration to allow elected officials, on an individual basis, to elect to receive coverage in both PERA's DCP and Social Security. Information is available in the Social Security section of our website, in the 2nd Quarter 2006 *PERAphrase* newsletter and by contacting PERA.