



PERA PHRASE

www.mnpera.org

Employer Newsletter of the Public Employees Retirement Association of Minnesota

Over 3,500 Employers
166,000 Active Members

DECEMBER 2017 — Q4

Plan eligibility can be affected if member no longer in an eligible position

PERA has a number of defined benefit and defined contribution plans. Each plan has certain required criteria needed to be fulfilled in order to be a part of that plan. If you're a public employee and meet threshold requirements, you are eligible for the coordinated plan. If you are a certified law enforcement officer or firefighter meeting job-related duties specified by statute, you are eligible for the police and fire plan. The list goes on.



"If the position held by an official changes from elected to non-elected, the position is no longer eligible for DCP participation..."

What happens when you no longer meet the requirements for the plan you have been enrolled in? It is very possible, for a member of the Police and Fire plan (P+F plan) to change positions within their organization and become an elected city council member. In this scenario, they no longer meet the requirements of any defined benefit plan. The membership in the defined benefit plan ends, and optional membership in the defined contribution plan would be the only plan choice.

Individual's membership in the plan must be discontinued. The person must then be enrolled in the Coordinated Plan if annual earnings are projected to exceed \$5100.

Employer administrators of PERA are responsible for reviewing changes in job position when employees are excluded from any plan. In the same fashion, administrators also need to review eligibility when changes occur in an employee's position within the organization— whether by a change in the position description, promotion or by applying for a new position.

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North Breakwater Lighthouse during the winter months.
Duluth, MN

Administer and promote sustainable retirement plans and provide services that our members value.

ISSUE HIGHLIGHTS:



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Plan eligibility can be affected if member no longer in an eligible position

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Similar to an insurance plan, when a change occurs in life, the chances of a change occurring in your coverage are very high. When a change occurs in an employee's job description, in their title, in how they manage an organization— review for eligibility, and check to make sure they still meet the requirements for the plan they are enrolled in.

“Because every plan at PERA is different, it is possible that a change like this can cause a huge change in the member’s retirement benefit estimate.”

If it is discovered that an employee no longer meets the requirements of a particular plan, steps must be taken to correct any reporting errors. Depending upon when the error is discovered, the correction may include a transfer of contributions to the correct plan, a refund of some or all contributions, or simply a prospective change in plan coverage. Because every plan at PERA is different, it is possible that a change like this can cause a huge change in the member's retirement benefit estimate.



Don't worry—it's legit!

Over the next several months, all registered MY PERA users will receive an email from PERA (PERA.NoReply@MNPERA.org). We will send this confirmation email to the email address we have on record. The email will ask that you confirm your email address by clicking a link in the message.

We appreciate your participation in making these important changes to make MY PERA even more secure for your protection.

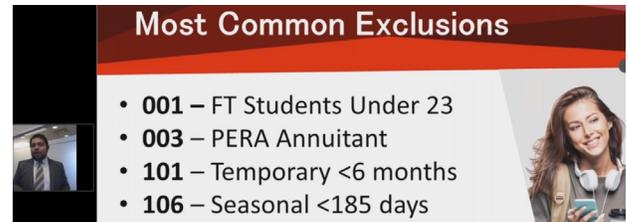


No changes to 2018 contribution rates

There are no contribution rate changes for any plan in 2018. 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.



Most Common Exclusions

- 001 – FT Students Under 23
- 003 – PERA Annuitant
- 101 – Temporary <6 months
- 106 – Seasonal <185 days

Exclusion webinar video now available for viewing

The webcast was hosted earlier in the month of November and is now available to view. You can find this video, and previously recorded webinar sessions in the employer section of mnpera.org.

This last session covered what plan these exclusions are intended for, and we take a look at all exclusions at a glance. The common and challenging exclusions are highlighted, and these exclusions are applied to examples in order to connect them to everyday scenarios.

Check out the next issue of the PERAphrase for the next webinar topic and hosting date.

The ERIS Corner

PERA's Employer Reporting and Information System (ERIS) allows you to complete many reporting tasks online.

ERIS administrators: New year resolution suggestion

As we prepare to begin a new year, please take a few minutes to review the list of your agency's ERIS users to confirm contact information and ensure they have security access to the right modules.

The *Contacts* module of ERIS is used to maintain information about the specific individuals within your agency that PERA staff may contact to discuss or resolve various reporting tasks. Through this module, ERIS Administrators can add a new contact person, edit existing contacts, or delete a contact from PERA's system.

To access the Contacts module, click the Employer Contacts link on the navigation menu on the left of the home screen. Click the Search button to display all current contacts or enter information to search for a specific person. To see the detail information that is recorded for a specific individual, click on the person's name. You may then review and modify the contact's information, roles and security access rights.

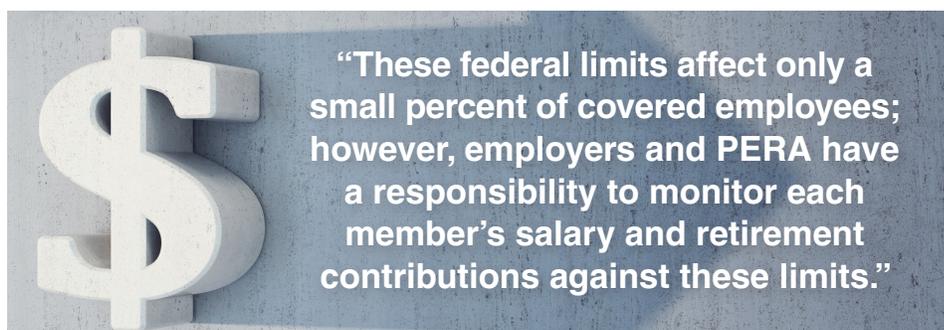
2018 IRS contribution and compensation limit

Restrictions affect small percentage of employees

The Internal Revenue Service (IRS) has announced the 2018 limits that apply to the compensation limits of the Defined Benefit Plans (DBP) and contributions made to PERA's Defined Contribution Plans (DCP).

For members of the Basic, Coordinated, Correctional or Police and Fire plans, the IRS limit determines the amount of compensation that is subject to retirement plan contributions in a given year. This threshold, as established under the Internal Revenue Code (IRC) Section 401(a)(17), will increase for 2018 to \$275,000 for individuals who initially became DBP members on or after July 1, 1995. For those who were initially enrolled in the DBP before July 1, 1995, the compensation limit is going up in 2018 to \$405,000. This limit is applied even if the DBP member has had a break in public service since his or her initial membership date.

Section 415(c)(1)(A) of the IRC limits the annual contributions a person may make to a DCP. That amount will



change in 2018 at the lesser of 100% of compensation or \$55,000. The retirement contribution limit represents the annual maximum amount of combined DCP employee and employer contributions that may be credited to an employee.

Salary and contribution monitoring

These federal limits affect only a small percent of covered employees; however, employers and PERA have a responsibility to monitor each member's salary and retirement contributions against these limits. If you, as the employer, stop contributions for a DBP member who salary has reached the IRS limit, please advise us immediately. We will then adjust our records so that the member does not lose service credits that would otherwise have accrued based on the remaining wages that will be earned through the end of the calendar year.

At the start of each new year, PERA staff review the earnings and deductions reported in the previous year to verify compliance with the federal provisions. If we find that an employer has reported compensation or contributions in excess of the annual limits, we will issue a refund to the entity for the employee and employer amounts that have been overpaid.



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Ask PERA!

Have a question for PERA?
We'd love to hear from you!

Email

employer.reps@mnpera.org

Employer Line

651-296-3636 (metro area)
1-888-892-7372 (toll-free)

Member Line

651-296-7460 (metro area)
1-800-652-9026 (toll-free)

Website

www.mnpera.org

Our agency is issuing back pay to current and former employees following a recent union contract agreement. Should we withhold PERA from the payment?



Yes. Retroactive pay or “back pay” that is paid to employees or former employees for services rendered prior to the current payroll period is always PERA-eligible salary. Retroactive pay is often the result of a salary increase negotiated through a collective bargaining agreement or personnel policy. Report retroactive pay and its earnings period separate from any regular salary the employee has earned.

What if the former employee has taken a refund or is already receiving a PERA benefit?

If the former employee has taken a refund, an additional refund of the employee contributions will be generated. As with the initial refund, the employer share of contributions is not refundable.

If the member is already receiving a monthly benefit, PERA will adjust the monthly payment if the addition of the retro pay causes an increase of the member's benefit.