

the Latest Word

For IPERS Employers

Iowa Public Employees' Retirement System | Fall 2007

Important I-Que information coming soon

I-Que

SMART—SOLID—SECURE

I-Que is a retirement benefits administration system that:

- Uses point-and-click technology (similar to surfing the Internet).
- Gives you general information and lets you drill down to get details.
- Eliminates the need to reenter duplicate information.
- Allows each employer to include contact information for multiple contacts.
- Controls access to information based on the user's role. People have access to all the information they need—but no more.
- Classifies employer data errors according to severity; suspends posting for critical errors.
- Validates reported service and salary so both post properly to the member's account.
- Supports more online forms for quick and easy completion from any computer.
- Lets members and employers decide how they prefer to receive correspondence (e.g., e-mail vs. regular mail).
- Automatically starts enrollment by sending enrollment-related information and forms.

All IPERS reporting officials will soon receive a separate mailing that outlines technical requirements for using I-Que to report wages, pay contributions, maintain employer and employee demographic information, and retrieve historical reports. I-Que has expanded self-service features that will allow employers and IPERS members to conduct more business online. The switch to I-Que for employers is planned for spring 2008.

The mailing, designed for you to share with technology staff or contractors, will cover two topics to help employers start preparing early for I-Que:

1. The Internet browsers that allow access to I-Que.
2. The file format for submitting wage reports electronically.

If you are a current ICON user:

- You will continue to file reports online.
- Your file format will change. Because I-Que collects more information, you will enter data in additional fields. Some current data fields will change positions.
- IPERS hopes to bring your user password to I-Que automatically from ICON. If it is not possible, you will get more information about how to create your new password.



If you currently send diskettes to IPERS:

- The file format will change.
- You will need to enroll in I-Que so you can upload your file online instead of sending diskettes to IPERS. Enrollment will start spring 2008.

If you currently send paper reports:

- Start planning to use I-Que by setting up a format for online reporting.
- You may pay an administrative processing fee for sending paper reports.

Read more about what is coming up in I-Que on pages 4 and 5.



Meet Tom Acton

Some people may think Midwestern hospitality is just a cliché, but not Tom Acton.

“I have already met some great people from different parts of Iowa, and I just started traveling to perform compliance reviews,” said Acton. “The people of this state make every city I visit seem like my hometown.”

Coming to IPERS as a retirement benefits officer in February of 2006, Acton joined the Employer Relations and Account Maintenance Bureau this past March. Although he is new to IPERS, he does have over ten years of customer service experience.

“I try to make each person I speak to know that at that moment, their problem is my problem, and I am there to help,” noted Acton.

New law counts deferred compensation as reemployed retiree earnings

IPERS retirees younger than 65 who return to work in an IPERS-covered job must count employer payments to all deferred compensation retirement plans as earnings that could reduce their pensions. The change does not affect employers' quarterly wage reports or IPERS withholding.

The state legislature changed the law to restrict reemployed retirees from diverting wages to noncovered compensation so they could avoid the

cap on earnings. The annual earnings limit for retired IPERS members between the ages of 55 and 65 who return to an IPERS-covered position is \$30,000 or the social security wage limit, whichever is higher. Those who exceed the earnings cap have their pensions reduced by 50 cents for every dollar they earn over the limit.

Employer payments to deferred compensation retirement plans of employees who already retired

under IPERS are not subject to IPERS withholding. Therefore, employers do not include the payments on regular IPERS wage reports. Instead, IPERS will ask employers to document compensation paid to reemployed retirees after the end of each calendar year.

The law change, included in House File 729 passed during the 2006 legislative session, became effective July 1, 2007.

Over 300 attend summer employer training

The over 300 employer representatives who attended one of several training sessions held in June across Iowa had many questions but few concerns. IPERS holds training for employers each summer to review any legislative changes and discuss IPERS-related issues identified by employers.

Although the legislature did not pass new laws in 2007 that change IPERS benefits, some changes approved in 2006 are now becoming effective.

The topics getting the most attention:

I-Que

- What is happening when?
- What are the reporting changes?
- What can we do with I-Que's self-service for employers that we can't do now?
- Will we be required to use I-Que to report wages? What about small towns with limited technology?

Answers to these and other questions: Pages 1, 4, and 5.

Occupation Class Code 20 for emergency medical service providers

- Who is included in Class Code 20?
- When is the change effective?

Answer: See the article on this page.

New contribution rates for regular members

- When do we start withholding the new rate?
- Has this changed?

Answer: Until this year, the contribution rate for regular members had not changed since 1979. Therefore even some veteran reporting officials have not changed contribution rates before. There is no change to when new rates apply. The rate change was effective July 1, and the new rates apply when employees are paid. Contributions from checks paid to employees on or after July 1, 2007, are at the new, higher rate.

EFT

- Will IPERS add features for transferring funds electronically?
- Will we be able to send payments from more than one bank?
- Will we be able to use a future date on deposits?

Answer: I-Que will allow for more EFT transactions, including these.

Temporary and part-time employees

- Who is temporary and who is part-time?
- When do temporary employees become IPERS-covered?

Answer: Section 3, IPERS Membership, of the IPERS Employer Handbook addresses these and other coverage questions. The handbook, provided to all reporting officials in print, is also available in the Employers section on IPERS' Web site, <www.ipers.org>.

DON'T FORGET!

Change the class code for ambulance crews and rescue squads.

What: New Class Code 20 for emergency medical service providers (ambulance crews and rescue squads).

When: Report for the third calendar quarter 2007 (July–September), which is due in IPERS' office by October 31, 2007.

Why: An IRS law change allows emergency medical service providers who leave IPERS-covered employment at age 50 or older to receive distributions of their IPERS account without penalty. To be eligible, they must leave directly from their emergency medical service provider position. They previously were subject to a 10 percent early distribution penalty from the IRS. This new class code will enable IPERS to identify all employees affected by the change.

Don't change other class codes.

Licensed health care professionals

Although the term *emergency medical service provider* may, by definition, include some positions currently reported as licensed health care professionals, do not change the class codes for licensed health care professionals. Please tell those individuals to contact IPERS to find out if their IPERS distribution may qualify for the penalty tax exemption.

Sheriffs, deputy sheriffs, and employees in other protection occupations

Continue to report employees contributing under IPERS' Special Service rates, such as police officers, firefighters, sheriffs, deputies, and correctional officers, under their current class codes.

Fiscal Year 2008 I-Que Plans

SUMMER 2007

FALL 2007

Computer Systems Preparation

Reporting Officials

Please help make the transition to I-Que a smooth one. Get the right information to the right people by forwarding the upcoming I-Que employer bulletin in your agency.

I-Que and Enrollment/ Beneficiary Designation forms

With I-Que, IPERS has the opportunity to improve business processes, and some forms will change as a result. There will be a new *Enrollment/Beneficiary Designation* form when IPERS implements I-Que in spring 2008. IPERS will send more information.

Data and Technical Requirements

- Released in employer bulletin
- Will cover the data employers must enter in monthly wage reports
- Will include contact information for computer hardware and software questions

For more information on I-Que requirements, visit the *Employers* section of IPERS' Web site, <www.ipers.org>, or call IPERS and ask for a member of the Accounting Bureau.

You'll see changes with I-Que.

- Monthly wage reports.
- Monthly account statements (instead of credit/debit memos) similar to a credit card statement, listing past-due amounts first, followed by details of current activity, with the final account balance displayed at the bottom.
- Report added data needed to ensure account and benefit accuracy.
- More self-service, such as access to employer statements and details online.
- Free online reporting with fee for paper reports.
- Fees and interest. While few employers miss deadlines, streamlined reporting should make it easier for the few that do to avoid fees that include:
 - An administrative charge for paper reports. The current fee is \$50 for employers with more than 50 employees. This may change, although discussions continue.
 - Interest on late contributions and unpaid account balances. Although IPERS charges interest now, the calculation will change because of monthly reporting. The rate is currently under discussion.
 - A late report fee. IPERS will base the new fee on the number of employees in the report. Exact details are not yet available.

WINTER 2007/2008

SPRING 2008

Testing by Employer Volunteers

Employer I-Que Training

Refresher Training

I-Que Replaces ICON
For April report due May 15

You'll get help with I-Que.

- Changes to existing procedures sent in employer bulletins.
- IPERS staff sharing information at organizations' meetings and conferences.
- Training before April 2008.
- In-person and online, interactive training.
- Help desk to call when using I-Que.
- Refresher training after using I-Que.
- IPERS staff who know what it's like to learn how to use new computer software!

I-QUE INFORMATION

Danielle Huffine

Retirement Compliance Officer
515-281-0089

Melinda Rushing

Human Resources Associate
515-281-0091

You'll get more with I-Que.

Streamlined reporting

- Become familiar with all reports quickly because of their consistent formats.
- Enter data once. Data carries over when applicable.
- Complete retroactive calculations easily. I-Que applies the correct contribution rates based on effective dates.
- Report wages and pay contribution payments on the same monthly schedule.

Better information

- Access information that updates immediately.
- Maintain and carry forward employer demographics, including information on more than one employer contact.
- Review prior wage and contribution reports.
- See current and historical information at the click of your mouse.
- Review management information reports summarizing information and transactions.

Immediate feedback

- Get real-time information online, anytime.
- Easily see reporting errors.
- Avoid problems. Warnings and error messages show you what to fix. You will also be able to override warnings and accept a report if necessary. I-Que applies a debit or credit to the account automatically if you report contributions incorrectly.

Q&A *Adjusting wages when an employee leaves*

Q: If an employee terminates employment with our agency, can I adjust wages to recoup the employer contributions?

A: Yes. If an employee hired to fill a permanent position (with the expectation of employment lasting

six months or longer) terminates before completing six months of employment, the employer may file a wage adjustment with IPERS to recoup employer contributions according to Iowa Code 97B.53(10). IPERS will refund all contributions for that employee to the employer. For employment lasting six months or longer, the law does not allow an employer to file a wage adjustment, and the contributions remain in the IPERS Trust Fund.

Q: What do I do with the contributions once I have received the credit memo back from IPERS for the member and employer contributions?

A: Employers may keep their own contributions. The employer must return the member contributions to the employee and make appropriate adjustments to the employee's W-2 statement.

HALF-DAY TRAINING FOR REPORTING OFFICIALS

October 16 or 17, 2007

IPERS office in Des Moines

Details coming to you in September

Geared toward helping new reporting officials understand their responsibilities, this training is also open to those who have never attended IPERS training (or who attended a session but daydreamed through it!). The training covers the basics of reporting and tackles more complex procedures, such as adjusting wages, optional coverage, and temporary employment. Watch for an enrollment notice in September.

Q: Am I required to send in a wage adjustment for these employees?

A: No, the law states the employer *may* submit a wage adjustment. If the employer does not adjust wages, the employee retains the ability to take a refund or collect a pension for the contributions submitted to IPERS. However, by filing a wage adjustment, employers can recoup their own contributions.

Q: What if I signed off on a refund form for the employee?

A: IPERS cannot process wage adjustment requests if an employee takes a refund of the employee's IPERS account before the adjustment is completed. Therefore, an employer should not sign a refund form for an employee if you plan to file a wage adjustment request. Employees may apply for a refund without an employer

before 6 months can benefit employers

signature if they have been out of all IPERS-covered employment for more than one year.

Q: Is there a time limit for completing the adjustments?

A: Wage adjustments crediting the employer must be made within three years of the date contributions were paid to IPERS. Keep in mind that employees may apply for a refund without an employer signature one year following termination. Employers should file the wage adjustments soon after an employee ends employment to guarantee the contributions are still available.

Q: What if the employee was hired for temporary employment?

A: IPERS law only allows wage adjustments for permanent employees who terminate in less than six months of employment. Therefore, employers cannot file wage adjustments for temporary employees who qualified for coverage under IPERS' temporary rules and subsequently left before working six months. IPERS laws consider temporary employees as those hired for employment of less than six months, or for on-call or intermittent positions.

MARKET FACTOR PAY

Market factor pay is a strategy set up by the legislature to help Iowa school districts attract and keep qualified teachers who are in demand. The legislature passed a bill in 2006 that divides funds among school districts for market factor pay to improve salaries of classroom teachers. School boards have some flexibility in deciding how their district can best use the funds, and their decisions may affect IPERS coverage. Many districts have used the money to pay bonuses, some of which IPERS does not cover.

- Recruitment bonuses, usually paid at the beginning of employment as an incentive for employment, are *not* subject to IPERS contributions.
- Retention bonuses, usually agreed on and paid during employment to keep an existing employee, are subject to IPERS contributions.
- Performance bonuses, normally dependent on meeting certain goals or completion of specific duties, are subject to IPERS contributions.

If you have any questions about coverage for the market factor dollars, please contact a member of IPERS' Employer Relations Bureau for help.

Other Questions?

E-mail

employerrelations@ipers.org

Mail

Iowa Public Employees' Retirement System
P.O. Box 9117
Des Moines, IA 50306-9117

Phone

515-281-0020 or 1-800-622-3849
7:30 a.m.–5 p.m., Monday–Friday
Ask for a member of the Employer Relations Bureau

Fax

515-281-0053

Web site

www.ipers.org
(Select Employers)

*Please share
The Latest Word
with others in your
agency who need to
know about IPERS.*

The Latest Word is published by the Iowa Public Employees' Retirement System for participating employers and others interested in IPERS policy and funding.

CEO: Donna M. Mueller

Employer Relations and Account Maintenance Bureau Chief:
Linda Guffey

Newsletter correspondence, requests for alternative formats, and requests to reprint articles:

Julie Economaki
julie.economaki@ipers.org
515-281-0043

© 2007 Iowa Public Employees' Retirement System

Permission is granted to reprint articles, copy, and distribute The Latest Word freely within Iowa state and local governments, associations of IPERS members, and employers affiliated with IPERS.



7401 Register Drive
P.O. Box 9117
Des Moines, Iowa 50306-9117

OFFICE HOURS
8 a.m.–4:30 p.m.

PHONE CENTER HOURS
7:30 a.m.–5 p.m.

1-800-622-3849
515-281-0020

PRSR STD
U.S. POSTAGE
PAID
DES MOINES, IOWA
PERMIT NO. 5819

what's inside

The Latest Word | Fall 2007

1 I-Que

Get an overview of the changes you will need to make before IPERS moves from ICON to I-Que in spring 2008.

2 People

Put faces to the names of IPERS staff you can call for help.

Find out how a new law change affects retirees who return to work in an IPERS-covered job.

3 Reports

Read a report from the summer employer training to find out what was discussed.

Don't forget to change the class code for ambulance crews and rescue squads in your wage reports.

4 & 5 More on I-Que

See at a glance when I-Que changes are coming.

Learn more about the advantages of I-Que.

6 Questions and Answers

Find out why adjusting wages when an employee leaves before 6 months can benefit employers.

Training

Reserve half a day in October to attend training for reporting officials.

7 Market Factor Pay

Learn how using market factor pay in schools may affect IPERS coverage.