

# the Latest Word

For IPERS Employers

Iowa Public Employees' Retirement System | Spring/Summer 2007

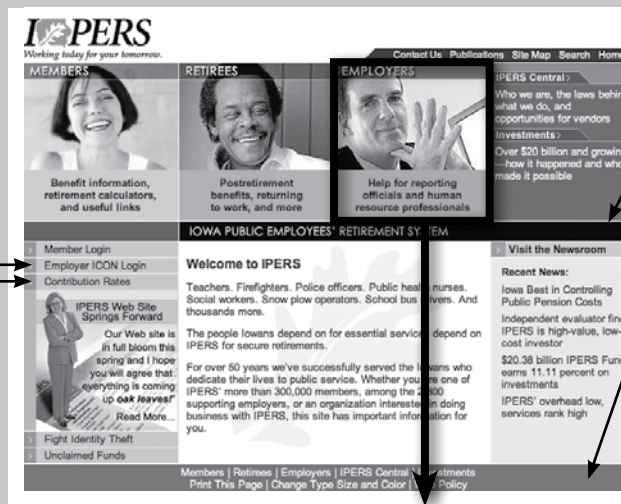
## IPERS' new Web site responds to employers' needs

IPERS has an improved Web site that was designed to respond to employers' needs.

Employers participating in an online survey and focus groups conducted last fall told us they wanted an easy way to find contribution rates. Employers also asked for a quick link to ICON. Both are now on the home page.

The Employers section of the Web site was redesigned to organize information useful to reporting officials and human resources personnel, and to make it easy to find the information you need most often. The rest of the site also was reorganized and redesigned.

### IPERS HOME PAGE: [www.ipers.org](http://www.ipers.org)



#### ON EVERY PAGE

**Top**  
Contact Us, Publications, Site Map, Search, and Home

**Middle black bar**  
Shows your current location (e.g., Employers > Reporting Officials > ICON)

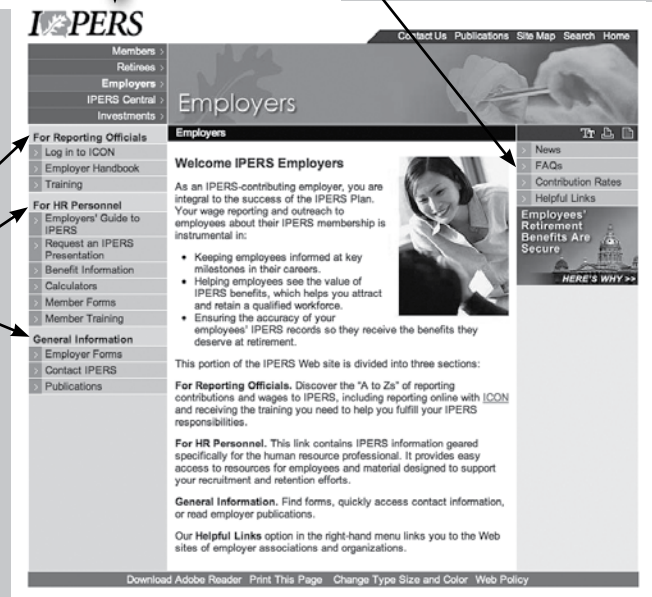
**Bottom**  
Print This Page (printer-friendly version)  
Change Type Size and Color (easier to see)

**News**  
Updated FAQs  
Contribution Rates  
Helpful Links

Contribution Rates  
ICON Login

### EMPLOYERS HOME PAGE

For Reporting Officials  
For HR Personnel  
Forms, Contact Us, Publications






## REMINDER

The legislature authorized a contribution rate increase for regular members, the first increase since 1979. The rate increases 0.5 percentage points every July 1 for the next four years.

## IPERS CONTRIBUTION RATES FOR FISCAL YEAR 2008

Effective July 1, 2007–June 30, 2008

	MEMBERSHIP CLASS	EMPLOYEE	EMPLOYER	TOTAL
	REGULAR MEMBERS	3.90%	6.05%	9.95%
	PROTECTION OCCUPATIONS	5.64%	8.47%	14.11%
	SHERIFFS & DEPUTY SHERIFFS	7.70%	7.70%	15.40%

## *Notice to employees who owe contributions after wage adjustments is required by law*

Because IPERS contributions are a percentage of covered wages, contributions increase as wages increase, even when the increase is a result of a wage adjustment. If an employer increases reported wages by adjusting wage reports already submitted, the employee will owe additional contributions to IPERS, no matter why the employer adjusted wages.

By law, IPERS must notify employees of the amount of additional contributions owed as a result of a wage adjustment. IPERS must send a notice whether the adjustment is because of an error in reporting, back pay, a new employee ending employment before six months, or for some other reason.

Employees who owe additional contributions because of adjusted wages receive a "Notice of IPERS Contributions Due" letter from IPERS. The notice

tells the affected employee that the employer has filed a wage adjustment that increased reported wages to IPERS, resulting in added contributions.

The notice includes the name of the employer who sent the wage adjustment, the quarter and year of each adjustment, the amount of the adjustment, and the amount of the contributions due. The notice specifies the total of all contributions and interest due from both the employee and employer.

The notice informs the employee that the employer pays the employer's share of contributions plus all interest due on the adjustment, and the employee pays the employee's share of contributions. The employee is told to arrange payment with the employer since the employer is responsible for sending the payment to IPERS. IPERS also advises employees to contact their

employer if they have questions about why the adjustment occurred.

Because the law requires notice, IPERS must send a letter even if the employer collected additional contributions before sending the wage adjustment to IPERS. The only exception to the requirement for notice is when the adjustment merely moves contributions from one quarter to another and does not result in added contributions.

IPERS recommends you tell employees anytime you send a wage adjustment increasing contributions so they are aware they will receive a notice from IPERS. If you have questions about the timing or content of these letters going out to your employees, please contact a member of IPERS' Employer Relations Bureau.

### **REMINDER: CALENDAR YEAR 2007 WAGE CEILING**

The covered wage ceiling increased January 1 to \$225,000. Wages paid to employees over \$225,000 in calendar year 2007 are not subject to IPERS withholding, so do not include them on IPERS reports. IPERS will adjust the wages of those who exceed the wage ceiling because they work for more than one employer. We will notify affected employers of these overpayments.

### **OCCUPATION CLASS CODE 20 FOR EMERGENCY MEDICAL SERVICE PROVIDERS**

**What:** Report employees who are emergency medical service providers under Occupation Class Code 20.

**When:** The reporting period that begins July 1 and all reporting periods after that.

**Who:** Individuals certified and employed in a position to provide medical care. They must be at the first responder, EMT basic, EMT intermediate, or EMT paramedic level, or another certification level adopted by rule by the Iowa Department of Public Health.

**AND**

They must have a certificate issued by the Iowa Department of Public Health. Emergency Rescue Technicians who have successfully completed a curriculum approved by the Iowa Department of Public Health in cooperation with the Iowa Fire Service Training Bureau.

## ICON "Make a payment" page popular

More than 300 electronic payments in first six weeks

Responding to requests from employers, IPERS added electronic funds transfer (EFT) to ICON and many employers are already paying IPERS contributions online. In the first six weeks, employers made 332 payments through ICON's "Make a payment" page.

If you are already an ICON user but have not used EFT, you can do so by going to the "Payment Registration" link to grant authorization and enter the necessary banking information.

If you have not been using ICON but are interested in EFT, you can download the ICON registration form from the Employer Forms section of IPERS' Web site.

For more information about ICON, and to view training slides on EFT, go to the Employers section on the IPERS Web site. If you have questions about EFT, call Melinda Rushing at 515-281-0091.

### There are several advantages to EFT.

1. It costs the employer nothing. IPERS pays the transaction costs, which are less than those for check processing.
2. It is available 24 hours a day, 7 days a week.
3. Transactions are secure.
4. Payments post to the employer's IPERS account immediately.
5. You will know exactly when money will be withdrawn from the account.
6. You can integrate the payment process with your quarterly wage reporting.
7. You can print debit and credit memos during the EFT process in ICON.
8. You can print a receipt to help with your recordkeeping.
9. You do not need to write a check or add postage.



### What EFT users are saying

- I used the EFT—I LOVE IT! ABSOLUTELY AWESOME!
- THANK YOU, THANK YOU, THANK YOU!
- This is so awesome! Love it! Please pass on that it was SO EASY to use (and painless).



### What EFT users are asking for

- Paying IPERS contributions from more than one account.
- Entering a future date for payments. (Both will be considered as part of the I-Que project. See pages 4 and 5 for more information on I-Que.)

## New class code for emergency medical service providers

Change effective July 1 for ambulance crews and rescue squads

A recent IRS law change means employers need to use a new occupation class code to report wages for employees providing emergency medical service. Reporting officials will need to use Class Code 20 for these employees, starting with the reporting period that begins July 1, 2007.

An IRS law change allows these individuals to receive distributions of their IPERS account anytime after age 50 without penalty. 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. While there are other IPERS members also affected by the IRS

change, IPERS is able to identify them because employers already report these employees under specific codes.

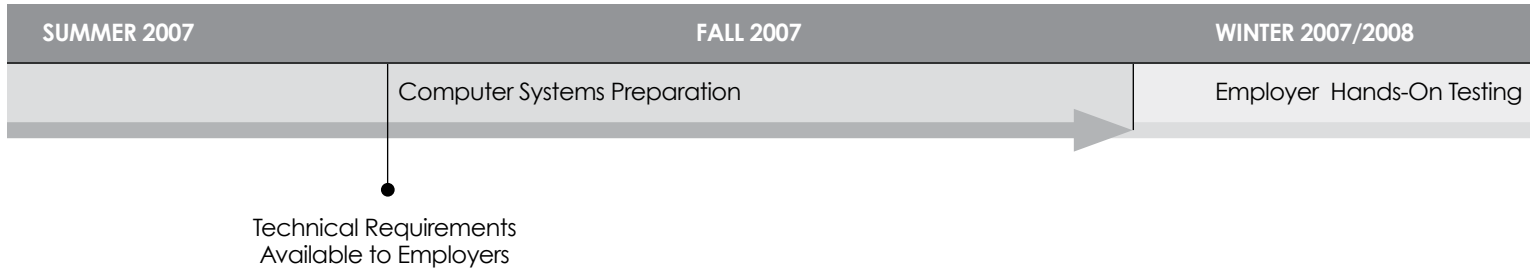
This change does not affect the rate at which these positions pay in to IPERS. Therefore, all employees contributing under IPERS' Special Service rates, such as police officers, firefighters, sheriffs, and deputies, should be reported under their current class codes.

The new class code is created specifically to cover ambulance crews and rescue squads. Although the term *emergency medical service provider* may, by definition, include some positions currently being reported as licensed health care professionals, do NOT change the class codes for licensed

health care professionals at this time. Please instruct those individuals to contact IPERS to determine if their IPERS distribution may qualify for the penalty tax exemption.

Please make necessary changes to quarterly reports submitted to IPERS, beginning with the third calendar quarter of 2007 (July–September), which is due in IPERS' office by October 31, 2007. IPERS also will be issuing an Employer Bulletin about this change. If you have any questions about which employees to report under the new class code, please contact a member of IPERS' Employer Relations Bureau for help.

## Fiscal Year 2008 I-Que Plans



### FUTURE CHANGES

- Monthly reporting
- Monthly statements that eliminate the need for debit/credit memos
- Employee hire and termination dates recorded

### ACTIONS TO TAKE NOW

- Be sure to review each issue of *The Latest Word* and other materials IPERS sends to you.
- Watch for the I-Que logo. That is your cue that information about the new system is included.
- Let others in your agency know changes are coming. Those who need to know may include information technology staff or vendors, business managers, and human resources directors.
- Send us your questions. We will compile and distribute the answers to frequently asked questions.

## Spring 2008: ICON out, smarter I-Que system in

Efficient, reliable, and with many more capabilities than ICON, IPERS' new I-Que system should be in place for the April 2008 monthly wage reporting. When fully implemented in early 2009, I-Que will manage all facets of retirement benefits administration, including reporting wages and tracking contributions.

### With I-Que, employers will be able to:

- Conduct more business online.
- Streamline employer reporting.
- Enter and review individual employee data.

- Get quick access to current information about wages and contributions.
- View historical information.
- Update employer demographics.

### To make sure you have a smooth transition from ICON to I-Que, IPERS will:

- Provide hands-on training before implementation.
- Host Web-based interactive refresher training.
- Provide technical requirements this summer so employers' technology vendors and staff have several months to make any needed changes.

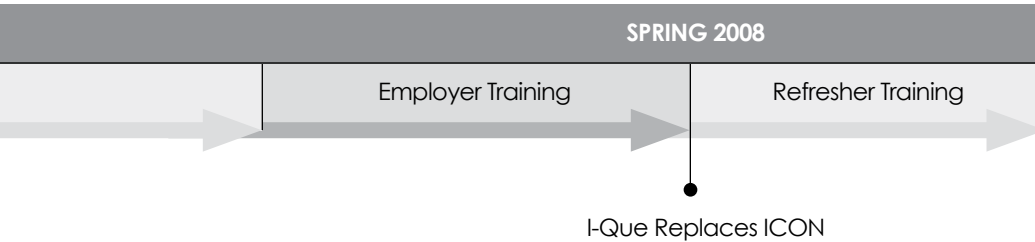
## You say monthly, we say monthly

Most IPERS employers would prefer to report wages and pay contributions to IPERS monthly rather than quarterly, according to a recent IPERS survey. Of the 862 employers responding to the survey, 53 percent prefer monthly reporting and 75 percent prefer monthly contribution payments.

Linda Guffey, Bureau Chief for IPERS Employer Relations and Account Maintenance, says that is exactly what will happen.

"Although we are just beginning to address specifics of I-Que, there are some things we know now," said Guffey. "Monthly reporting will replace quarterly reporting, allowing employers to submit wage reports for the same time period they submit contributions for."

Guffey said she is committed to keeping employers informed about other decisions as they are made.



## Employers hands-on in I-Que

These 23 volunteers will provide the employer's viewpoint over the next year as I-Que is set up for use. They will provide advice, review training plans, and help test I-Que.

NAME	EMPLOYER	EMPLOYEES
Diane Alborn	City of Ida Grove	26
Lori Altart	Denison Community School District (CSD)	283
Mollie Banks	Seymour CSD	73
Tina Bartels	Clinton CSD	766
Janet Brown	City of Orange City	27
Joni Christensen	Clarinda Regional Hospital	213
Barb Cook	Winneshiek Medical Center	402
Kelly Coulter	Ottumwa CSD	672
Peggy Crabbs	Warren Water District	6
Illa Earnest	City of Washington	50
Lisa Elliott	State of Iowa	19,130
Gloria Hansen	AEA 13—Loess Hills	277
Cindy Kendall	City of Marshalltown	130
Beth Little	City of Marion	115
Nancy Lueck	City of Muscatine	207
Joann Lueken	Dubuque CSD	1,968
Carol Mathews	Keokuk CSD	405
Denise Ragias	Grinnell-Newburg CSD	300+
Norma Ruhnke	Kossuth County	122
Steve Segar	Iowa Central Community College	298
Carol Story	North Iowa Regional Housing Authority	7
Dennis Stufflebeam	Waverly-Shellrock CSD	377
Wanda Thielen	City of Arnolds Park	12

### OUR THANKS!

- To the 862 employers who completed the survey of current employer practices.
- To those who reviewed the survey before it went to employers.

**Lorie Bennett**—City of Humboldt, IPERS Investment Board member

**Dr. Gene Gardner**—Iowa Association of Community College Trustees, Benefits Advisory Committee (BAC) member

**Len Cockman**—Iowa Association of School Boards, BAC member

**Alan Kemp**—Iowa League of Cities, BAC member

**Kelly Lowe**—Polk County Assessor's office

- To the 23 people who agreed to be part of our advisory group and who will help with testing.

## QA *Temporary or permanent employee?*

### **How does IPERS determine if an employee should be considered a temporary or permanent employee?**

IPERS looks at the intent when the employee is hired. If, at hiring, the employer intended the employment to last longer than six months, then you should consider the employee a permanent employee who is IPERS-covered from the date of hire. However, consider the employee temporary if, at hiring, the employment is intended to last less than six months or the employee is not expected to work regularly because the position is on-call or intermittent. However, even if the employer originally intends a position to be temporary, the employee in that position may at some point meet the criteria for IPERS coverage.

### **Are there positions that must be considered permanent?**

Yes. Certain positions must be considered permanent positions, even though the person in that position may work only a few hours. For example, the law requires that each city have a clerk. The city clerk position is considered a permanent position because the position must be filled at all times by a city employee, even if the person in the position does not work many hours. Therefore, the city clerk must be covered from the onset of employment, regardless of amount of pay or number of hours worked.

### **Are there positions mandated by IPERS law to be considered temporary?**

Yes. The Iowa Administrative Code mandates that volunteer firefighters, special police officers (not including reserve officers), and volunteer emergency personnel always have to qualify for coverage under IPERS' rules for temporary employees.

### **Is a temporary employee IPERS-covered with one employer if the employee is already covered elsewhere?**

No, employment with each employer is considered for coverage separately. As an employer, you may not be aware of the employee's other jobs or coverage status. Unless the position is one recognized by law as having optional coverage, coverage is determined by law and is not the employee's choice.

### **How do temporary employees qualify for coverage?**

Temporary employees qualify for coverage when they earn \$300 or more each quarter in two consecutive quarters. IPERS deductions begin at the start of the quarter following the quarter during which they become qualified. The qualifying quarters are not covered for IPERS' purposes.

### **Does an employee have to earn a certain amount after qualifying for IPERS coverage?**

No. After employees qualify for coverage it does not matter how much they earn; IPERS contributions are still deducted.

### **After employees qualify for coverage, are they always covered?**

You should deduct IPERS contributions until employees terminate employment or go four consecutive quarters with no wages. When either of these events occurs, employees must requalify for IPERS coverage when they return to work. You may never need to withhold contributions for seasonal employees. The employment of many seasonal employees ends at the end of each season. If the termination occurs before employees qualify for coverage, the employers and employees do not pay contributions.

### **TINA KOENEN JOINS IPERS' EMPLOYER RELATIONS BUREAU**

Tina Koenen began working in the Employer Relations Bureau on December 1, 2006. Before coming to IPERS, Tina worked in the Iowa Department of Human Services' Child Support Recovery Unit. Tina previously worked for Polk County and Ruan Transportation. As a Compliance Officer, Tina will help employers comply with IPERS law and conduct compliance reviews throughout the state. Welcome, Tina!

## Refunds

IPERS members who end employment before retirement may keep their money in IPERS, roll over their money to another qualified retirement account, or take a refund. Many choose a refund. However, an employee who receives a refund but quickly returns to IPERS-covered employment violates refund eligibility rules and must return the refund payment.

Since employers complete a portion of the refund application and have direct contact with employees, you can head off potential problems by being aware of the eligibility rules.

### Refund rules

1. IPERS members cannot take a refund unless they have ended all employment with IPERS-covered employers, including non-IPERS-covered positions. If the member works for more than one IPERS-covered employer, the member must terminate employment with all covered employers and have each employer complete a separate employer page included with the refund application.
2. Members must stay out of all IPERS-covered employment for 30 days from the date they are last considered an employee to meet the bona fide refund requirements.

### How to help

1. If an employee indicates she has not ended all IPERS-covered employment, or she will be working in IPERS-covered employment within 30 days of her termination date, please advise the employee of the bona fide refund period required by law. Recommend that the employee call and speak with an IPERS representative.
2. Keep good records of all employment and termination dates within your organization. It is important you report this information to IPERS accurately to ensure refunds and benefits are paid to members fairly and according to the law.
3. If an employee asks you for a refund form, print the form from IPERS' Web site to ensure you are providing the most recent version. You or the employee can also call IPERS to request a copy. IPERS cannot accept old versions of the form, so please ensure you and the employee complete the current one.
4. Remember, a refund may not be the best choice for a terminating employee, who gives up all IPERS membership rights and benefits when taking a refund. As a defined benefit plan, IPERS provides a pension guaranteed for life. An employee's refund amount may not reflect the full value of future IPERS benefits. Encourage terminating employees to consider the options carefully, and to discuss the choices with an IPERS representative before deciding.

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

### 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)

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

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**Employer Relations and Account  
Maintenance Bureau Chief:**  
Linda Guffey

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

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

## Sign up for training

Enroll now in IPERS’ Annual Employer Update training scheduled for June. This annual training addresses any changes to the IPERS plan made during the year, focusing on those that most affect employer policies and processes. IPERS also will

answer the year’s most frequently asked questions.

For more information about the training and an enrollment form, visit the Employers section on IPERS’ Web site, <[www.ipers.org](http://www.ipers.org)>.

DATE	CITY	TIME	LOCATION
June 12	Davenport	1 p.m.–4 p.m.	Public Library, 3000 North Fairmount Street
	Des Moines	1 p.m.–4 p.m.	IPERS Office, 7401 Register Drive
June 13	Des Moines	9 a.m.–noon	IPERS Office, 7401 Register Drive
	Des Moines	1 p.m.–4 p.m.	IPERS Office, 7401 Register Drive
	Dubuque	9 a.m.–noon	Northeast Iowa Community College, 680 Main Street
June 14	Decorah	9 a.m.–noon	City Hall, 400 West Claiborne Drive
	Des Moines	9 a.m.–noon	IPERS Office, 7401 Register Drive
June 19	Ottumwa	1 p.m.–4 p.m.	Indian Hills Community College, 525 Grandview Avenue
	Sioux City	1 p.m.–4 p.m.	Western Iowa Tech Community College, 4647 Stone Avenue
June 20	Creston	9 a.m.–noon	Southwestern Community College, 1501 West Townline Street
	Spencer	9 a.m.–noon	Spencer School Administration Building, 23 East Seventh Street
June 21	Council Bluffs	9 a.m.–noon	Iowa School for the Deaf, 3501 Harry Langdon Boulevard
	Mason City	9 a.m.–noon	North Iowa Area Community College, 500 College Drive, Highway 122