

THE LATEST WORD

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Official IPERS Information ▲ Retain For Your Records

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IPERS 50th Anniversary July 2003

IPERS will celebrate its 50th Anniversary in July 2003. A celebration has been planned for July 30-31 to be held at the Sheraton Four Points Hotel on Army Post Road in Des Moines. The event is sponsored jointly by IPERS and the IPERS Benefits Advisory Committee. All active, retired, and employer members are invited to participate.

The planning committee has met twice to discuss arrangements. The program on July 31 will include a keynote speaker, workshops, a luncheon to recognize individuals who have provided distinguished service to IPERS, and tours of the IPERS building. An informal reception will be held on July 30 for those who arrive early. A modest, advance registration fee of \$20 will be charged. If paid at the door and room is still available, the fee will be \$25.

Further details on the program will be released at a later time and periodic updates will be provided on the IPERS Web site under the heading "50th Anniversary." Registration information is

available on the IPERS Web site at: <http://www.ipers.org>

Elected Officials

Effective with the fourth quarter 2002, please indicate the Occupation Class Code of 17 for all wages related to the reporting of your elected officials. This code is required to flag these members in our system so service credits can be tracked and verified correctly. Per Iowa Code 97B.1A(10), "Elected officials are deemed to be in employment for all quarters of the elected officials' respective terms of office, even if the elected officials have selected a method of payment of wages which result in the elected official not being credited with wages every quarter of a year."

Part-time Elected Official Reminder

It is that time of year for a changing of the guard in Iowa elected positions. Employers of part-time elected officials are reminded of the special rights and obligations that pertain to part-time elected officials. A part-time elected official must be covered under IPERS from the first day of taking office, unless the official

elects out of covered employment using the applicable IPERS forms. If these forms are not completed and filed with IPERS by the 60th day after taking office, the part-time elected official must remain as a covered employee for the remainder of the official's employment in this position. Please review your roster of part-time elected officials and determine their IPERS status as soon as possible after election results are known. Many employers and part-time elected officials fail to realize that they have an IPERS problem because of their payroll arrangements. The 60-day opt-out provision applies even if the part-time elected official is only paid at irregular (e.g., quarterly) intervals. Trying to elect out after the 60-day limit expires is prohibited even if it is the official's very first paycheck. Finally, employers are reminded that these special opt-out provisions do not apply to full-time elected officials, for whom IPERS coverage is mandatory from the first day of taking office.

Service Credit for Military Leave

Many public employers have employees who are in the National Guard or other branches of the military. Employers of such

employees should be aware of the special IPERS provisions that apply to such employees. A member who is in covered employment and is called into service directly from the covered employment receives free service credit for the period of military leave if the member returns to covered employment within 12 months after the military leave ends. No contributions from employers or employees are required to receive the service credit. Members who are entitled to such service credit may, but are not required to, make contributions on the deemed compensation they would have received during the leave. Employers would then be required to make the appropriate employer contributions. Generally, making such contributions is not advantageous to members who plan to take a retirement allowance from IPERS, because contributions do not directly play a part in IPERS retirement calculations. However, making such contributions may benefit members who are not planning a career in public employment, but instead plan on taking a refund of the member's account. Please contact IPERS for more information.

Cautionary Note About Hiring IPERS Disability Retirees

Employers are advised to take special precautions to ascertain whether new hires (or rehires) are

currently receiving IPERS disability benefits. The Social Security Administration permits individuals who are disabled and receiving Social Security disability benefits to return to employment for trial work periods without losing Social Security benefits. However, the IPERS statutes expressly require a different result. Even though a trial work period may not cause the member to lose their Social Security eligibility, a member whose IPERS disability benefits are based on Social Security disability eligibility must have the IPERS disability benefit suspended if the member returns to work for a covered employer. There is no exemption for the trial work period situation. The unpleasant result is compounded by the fact that the violation may be discovered after the member has received several IPERS paychecks, which then have to be repaid to IPERS. Please be sure to have such members contact IPERS for counseling regarding the impact on their own situation of returning to covered employment.

Special Problems “Independent Contractor” Public Officials, Combining Positions

The ongoing budget problems faced by Iowa employers have been reflected in some of the special problems encountered by

the Employer Relations Team. For example, in some situations, public employers have attempted to characterize elected officials or persons hired to fill permanent positions as independent contractors. In other circumstances, employers have attempted to combine a position that has mandatory coverage with another position that has elective coverage, and then attempted to elect out of IPERS coverage for the combined position.

Both of these situations can lead to IPERS audits and wage adjustments. In the first example, it is extremely likely that the validity of the independent contractor relationship will not withstand a legal challenge as an improper delegation of public authority. Close examination also often reveals that it is truly an employer-employee relationship and not an independent contractor relationship.

In the second example, it is possible for a person to wear two hats. But there is no authority in the Iowa Code to combine a position which is established in the Code as a permanent position that has mandatory coverage with an elective coverage position and then remove both from IPERS coverage by an opt-out election. Although IPERS is willing to consider coverage for the wages of the mandatory coverage permanent position, employers often find themselves unable to document the time spent in doing the duties of each respective position. We encourage

employers to use extreme care in structuring valid independent contractor arrangements and to avoid combining positions without adequate documentation, where the result may end in IPERS liability, and perhaps liability for federal and state employment taxes and penalties as well.

IPERS Has A New Web Site!!!

IPERS has a completely redesigned Web site that you may find by using the address: <http://www.ipers.org>. What will you find at the new site? The opening “**Members**” section welcomes the visitor to the Web site and contains the latest news concerning IPERS and retirement benefits. There are many useful publications, forms, and retirement links in our “**Resources**” section. If you are interested in reviewing IPERS investment policies or reading news updates about IPERS’ investments, there is a section called “**Investments.**” When you want to contact IPERS, the “**About IPERS**” section lists our phone numbers, mail and e-mail addresses, and includes a map showing the IPERS building location with a link to driving directions. And as a reporting official, most important to you is the expanded “**Employers**” section!

We have greatly increased the amount of useful employer

information on our Web site. Click on the **Employers** tab at the top of the page to find the latest employer updates! Can’t find your last issue of *The Latest Word*? Visit the **Employer Publications** link for copies of newsletters, special notices, *The Employer Handbook*, and other important literature. The next time you run out of your favorite IPERS form, just go to the **Employer Forms** link to print a fresh copy. Click on **Employer FAQ** to get the answers to those IPERS questions you ponder! You will also get a glimpse of some features we plan to add in the near future. We look for testing to begin on these after February 1, 2003.

We plan to place much more information in all the sections mentioned above. We are also looking into ways of providing more interactive services to all of our members via the Internet. So please place <http://www.ipers.org> in your bookmarks, and plan on checking back every now and then to see the latest additions.

Employer-Mandated Reduction in Hours

Employers are reminded that there is a series of forms available at the IPERS Web site for employees affected by a mandatory reduction in hours. By using these forms and making the appropriate contributions,

employees can restore the covered wages and contributions that would have been reported to IPERS but for the reductions in hours. Employers and employees are cautioned that an election to participate in this program is irrevocable, is not available to those who had their wages reduced without any reduction in hours of employment, and may be of no benefit to those who do not retire within the next three years.

Updated IPERS Information Request

If you have not yet returned your Updated IPERS Information Request form, please do so now. Although the September 15, 2002 deadline has expired, the Employer Relations Team will appreciate its return.

REMINDERS:

- ❖ Under the IRS limitations, the maximum amount of salary subject to IPERS coverage for 2003 is \$200,000.
- ❖ Our e-mail addresses have changed. To contact a specific IPERS employee you can e-mail them by using the format: `firstname.lastname@ipers.org`
- ❖ The Compliance Team has changed its title to “Employer Relations Team.” The new name will better reflect the services we provide to IPERS employers.