IPERS

THE LATEST WORD FOR IPERS EMPLOYERS

Iowa Public Employees' Retirement System | *Spring 2015*

FROM DONNA M. MUELLER, CEO

Greetings!

It's time for spring training! If you are new to IPERS reporting, sign up to attend training at the IPERS office in Des Moines in April. Use the registration flyer you received at the beginning of March. Registrations are due by March 31. More experienced reporting officials should attend the annual update summer training sessions. Bring all your questions; our compliance officers will be ready with answers.

Two legislative bills related to IPERS were introduced but have not advanced. You may keep an eye on IPERS-related legislation on our website. Of course, any changes to employer reporting rules will be sent to you immediately.

Benefits statements will mail to all nonretired IPERS members in April. This yearly mailing provides a status update of members' IPERS service credit, employment history, and projected future benefits, as of December 31, 2014. We hope to see you here at training in April!

In This Issue:

NEWS FOR REPORTING OFFICIALS

Meet the New Bureau Chief of Employer Relations!

Jim Burke is now heading up the IPERS employer relations bureau. Jim is new to this position, but not new to IPERS--and in fact he has prior experience in the bureau he now leads.

Jim began at IPERS in 1999 as a retirement benefits officer, but soon transferred to the employer relations bureau as a compliance officer where he served for nearly four years. For the last ten years, Jim has worked in IPERS' project management office, helping set up and improve I-Que. In his new position, Jim plans to make improvements to IPERS' compliance review process and employer reporting.

More Information Required for Wage Adjustments

The wage reports you submit each month contain a lot of data and sometimes can contain errors. When you discover an error, submit a wage adjustment as soon as possible.

IPERS uses the information from wage reports and wage adjustments to calculate individual members' benefits, so beginning immediately we'll need more details on the reasons for your wage adjustments. That way, when an appeal from a member or retiree comes in, we'll understand exactly why the wages were adjusted.

When you submit a wage adjustment on a *Wage Reporting Adjustments* form, you'll need to choose the reason code that best identifies why you are making the adjustment. It's important to limit the use of reason code 21 (employer computer/software problem). This code should not be used as a default code. IPERS recently updated this form, and the new version requests an explanation when you use this reason code.

When you submit a wage adjustment through I-Que with reason code 21, IPERS will call or email you to request the reason for the adjustment.

Thanks for your understanding of this new procedure. If you have any questions on wage reports or wage adjustments, please give us a call--we are happy to help!

COMPLIANCE TIPS

Update Your Employee List

The next time you submit your wage report, check your list of employees. If a former employee is listed on your current report, please indicate a termination date and last paid date for that employee. This will update your employment roster for future wage reports, and the former employee will no longer be listed. It will also prevent unnecessary reports of $0.00 wages in the member's IPERS record.

Add This Due Date to Your Calendar

Contributions and wage reports are due to IPERS by the 15th of the month following the end of the month for which you are remitting. Please allow sufficient time for delivery, or better yet, begin submitting your contributions via EFT (Electronic Funds Transfer). Instructions for setting up EFT payments are in the I-Que Help Guide under *"Adding a Financial Institution," "Making an Online EFT Payment,"* and *"Schedule Future EFT Payment(s)."*

Any fees and interest charges assessed from a prior month are also due by the 15th. These fees and charges cannot be written off unless there is an extreme circumstance or natural disaster. Please check your Account Summary screen in I-Que at the beginning of every month and review your monthly statement to verify any extra charges.

The Reporting Official's Guide to Coverage of New Employees

Determining whether an employee qualifies for IPERS can be a complex issue. IPERS is here to help clarify it for you, so let's dig in!

Did You Hire a* Temporary *Employee or a* Permanent *Employee?
To determine the answer, look at your organization's intent when the person was hired.

- If, at hiring, your organization intended the employment to last **at least six months**, then consider the person a permanent employee who is IPERS-covered from the date of hire.
- If, at hiring, your organization intended the employment to last **less than six months** or the employee is not expected to work regularly because the position is **on-call** or **intermittent**, then the person must be treated as a temporary employee.

IPERS Coverage Is a Separate Issue for Temporary Employees
Your organization can make the decision to cover temporary employees from the date of hire, or let each temporary employee qualify for IPERS coverage. Make records of your policies in an official document, such as board meeting minutes, if possible.

Treat Each Group of Temporary Employees Consistently
Your organization determines whether everyone hired for comparable types of temporary

work will be covered from Day One, or will not be covered unless coverage qualifications are met. If your organization decides that certain groups of temporary employees will not be IPERS-covered from the beginning of employment, look for employees in those groups who end up qualifying for coverage.

Coverage Qualifications: How a Noncovered Temporary Employee Becomes Covered
Temporary employees *must* be covered when they earn over $1,000 in two consecutive quarters and have wages into the next quarter. The coverage should begin in the quarter *after* the two consecutive quarters with at least $1,000 in wages.

In this case, a wage adjustment to remove all related IPERS contributions would not be allowed--even though the *covered* employment may have lasted less than six months. This employee has earned a benefit and if employment ends, the person would be eligible to take a refund by filling out an *Application for IPERS Refund*.

Requesting Contributions Back When Employment Ends Within Six Months
If a permanent employee, or a temporary employee who was covered from the date of hire, terminates within six months, you may file a *Wage Reporting Adjustments* form to get your contributions back for this employee. This will remove the wages and service from the person's IPERS record. You can request a credit to your employer account or have a check mailed to you for the contributions. You'll receive both the employer and employee portions of the contributions. It is your responsibility to return the former employee's share to him or her.

Note: You are allowed to submit a wage adjustment in these situations, but you are not required to do so.

Report Returned Contributions on W-2s
When a covered employee ends employment within six months, and you file a wage adjustment to receive contributions back, remember to adjust the employee's Form W-2. You must include the returned amount of employee contributions on the employee's Form W-2 Wage and Tax Statement for the year they were paid to the employee. Add the gross amount of the refund to Box 1 (*wages, tips, other compensation*) and to Box 16 (*state wages, tips, etc.*).

IPERS contributions are pretax for both federal and state purposes. If you deducted income tax withholding from the returned contributions, add that amount to the Form W-2 as well.

What Qualifies as Six Months?
The cutoff point is the two days before the employee's six-month anniversary date. Examples follow:

- Someone hired on February 10 whose last day is August 8 would be treated as having worked *less than* six months.
- Someone hired on February 10 whose last day is August 9 (the day before the six-month anniversary date of August 10) would be treated as having worked six months. This means the person retains IPERS service credit for the employment and a wage adjustment cannot be submitted.

NEWS & ANNOUNCEMENTS

Will You Need to Comply with the New GASB Statement No. 68?
Recently the Governmental Accounting Standards Board (GASB) fundamentally changed the standards they apply to public employers that offer pension benefits. Perhaps you've heard about the upcoming changes in pension reporting but you're not sure how it will affect you as an IPERS-covered employer. Read on! IPERS is working with the Iowa Auditor of State to provide education and tools to help you understand how to comply with the new standard.

GASB Statement No. 68 requires separating pension accounting from pension funding. All employers participating in the Iowa Public Employees' Retirement System who use generally accepted accounting principles (GAAP) will need to comply with GASB Statement No. 68 starting with the fiscal year that began after June 15, 2014.

To learn more, visit the GASB webpage at www.ipers.org. You'll find recorded webinars, links to the GASB Statement No. 68 Implementation Guide, and a glossary, among other helpful resources. IPERS is happy to help. Email your questions to ipersaccounting@ipers.org.

IPERS BENEFITS FOR MEMBERS

Service Purchase Rules to Change

Currently, vested members can purchase service at any time. Soon (beginning January 1, 2016), purchasing IPERS service credit will take place only at the time of retirement. If a member is interested in purchasing service, IPERS will provide a cost quote when the member files the application for IPERS retirement benefits.

Why the change?

- *Improved accuracy*. Calculating the cost of the service purchase at the time of retirement allows us to know all the variables.
- *Reduced risk*. The new rules ensure members won't underpay or overpay for service purchases.

If your employees have questions, send them to our Service Purchase FAQ, or have them call our member hotline at 1-800-622-3849 weekdays, 7:30 a.m.–5 p.m.

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