



# THE LATEST WORD FOR IPERS EMPLOYERS

Iowa Public Employees' Retirement System | Summer 2016

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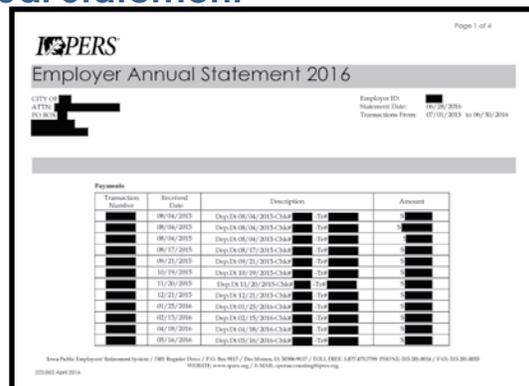
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## NEWS FOR REPORTING OFFICIALS

### Watch for Your Employer Annual Statement

Be on the lookout in August for an email notification that your employer annual statement has posted in I-Que. The employer annual statement reflects your account activity throughout the year. If you do not receive information from IPERS electronically, a hard copy statement will be mailed to you.



Transaction Number	Received Date	Description	Amount
[REDACTED]	08/04/2015	Dep DA 08/04/2015-C141	[REDACTED]
[REDACTED]	08/04/2015	Dep DA 08/04/2015-C141	[REDACTED]
[REDACTED]	08/04/2015	Dep DA 08/04/2015-C141	[REDACTED]
[REDACTED]	08/17/2015	Dep DA 08/17/2015-C141	[REDACTED]
[REDACTED]	08/21/2015	Dep DA 08/21/2015-C141	[REDACTED]
[REDACTED]	10/19/2015	Dep DA 10/19/2015-C141	[REDACTED]
[REDACTED]	11/20/2015	Dep DA 11/20/2015-C141	[REDACTED]
[REDACTED]	12/21/2015	Dep DA 12/21/2015-C141	[REDACTED]
[REDACTED]	01/25/2016	Dep DA 01/25/2016-C141	[REDACTED]
[REDACTED]	02/15/2016	Dep DA 02/15/2016-C141	[REDACTED]
[REDACTED]	04/19/2016	Dep DA 04/19/2016-C141	[REDACTED]
[REDACTED]	08/19/2016	Dep DA 08/19/2016-C141	[REDACTED]

## ANNOUNCEMENTS

### Meet Luisita Thompson

We're pleased to announce that Luisita Thompson will take on a larger role in helping employers with compliance questions. For the past 10 years she has focused her efforts on service purchases. Now that most of the service purchase calculations are automated with I-Que, Luisita will be available to help answer your questions. She looks forward to hearing from you!



## COMPLIANCE TIPS

### Post-Employment Payouts: Are They Covered?

After an employee resigns from your organization, there may be questions about IPERS coverage of resulting payments. Post-employment payouts are not covered. This applies to:

- Lump-sum payments for unused vacation and /or sick leave, and
- Early-retirement incentives, even if the incentive was part of a yearly contract.

## Which Wages to Report This Month? Let Your Payroll Schedule Be Your Guide

*Report wages when paid, not when earned.*

Wage reports must include all wages paid during the month of the wage report. For example, if your employees were paid twice in June, report all wages related to those two payrolls in your June wage report (due July 15). If some of those wages were paid for hours worked during the last half of May, include them in the June wage report since they were paid in June.

## Elected Officials Opting Out of IPERS

Normally IPERS membership is mandatory under the law; however, there are a few provisions that allow some elected officials to opt out. A mayor or part-time elected city council member may “opt out” of IPERS coverage within 60 days of taking office by signing the [Election for Termination of IPERS Coverage form](#) and submitting the completed form to IPERS.

Any wages these employees earn outside of the elected official position are covered if the person is also considered a permanent employee — either full- or part-time. If an elected official is not considered a permanent employee, but is paid to perform other duties, those wages should be considered separately (not automatically excluded from coverage). See page 20 of the [Employer Handbook](#) to learn more about how temporary employees can become eligible for IPERS coverage.

According to the Auditor of State’s office:

*“Payments to city officials are governed by sections 372.13(8) and 362.5 of the Code of Iowa. These statutory provisions allow officials of cities with populations of less than 2,500 to be compensated up to \$2,500.00 per fiscal year for services provided to the city, such as mowing, plowing, etc., without awarding those services through a competitive bid process.”*

Reporting officials in small towns are responsible to know the limits of what elected officials can be paid without going through the competitive bid process.

## Volunteering During the Bona Fide Retirement Period

**Q:** We have a recent retiree who would like to come back as a volunteer in our office. Is that allowed under the law?

**A:** The law states that retirees must remain out of covered employment for four consecutive months after beginning their retirement with IPERS. It’s important for retirees to follow bona fide retirement rules; otherwise, benefits can be suspended or canceled, and the retiree may be required to pay them back to IPERS.

During the bona fide retirement period, it is acceptable for the retiree to come in to visit with the employer or volunteer in a traditionally *nonpaid* position. However, retirees cannot volunteer during the bona fide retirement period to do the work of a position that is normally compensated — no exceptions.

## Section 125 Plans: The Who, the What, and the When

Many of you have contacted us with questions about the new certification requirement for Section 125 plans (also known as cafeteria plans), effective January 1, 2017. You’ll find the answers below.

### Who Is Not Affected?

Not all employers are affected. If your organization does not provide a Section 125 plan, or any plan that resembles a Section 125 plan, then this will not apply to you. Keep in mind that IPERS has coverage rules on Section 125 plan contributions and you’ll need to refer to them if your organization decides to start offering one in the future.

Likewise, if your organization provides a Section 125 plan, but does not provide elective

employer contributions to that plan, then you are not affected by this change. Elective, in this case, means employees can choose to receive the employer contribution in cash, instead of using it to purchase benefits. The elective employer contributions must also be uniformly available to all employees (or all employees of a certain type, such as all teaching staff) to be eligible for IPERS coverage.

### **Who Is Affected?**

Answer the following questions to determine if your organization is affected.

- Does your organization provide a Section 125 plan?
- Does your organization provide elective employer contributions to the Section 125 plan?

If you can answer yes to both of these questions, read on for more details about this change because your organization will be required to certify your plan.

Alternatively, if your organization:

- Provides a plan that is similar to a Section 125 plan,
  - Provides elective employer contributions to that plan that are currently IPERS-covered, and
  - Would like to continue treating those employer contributions as IPERS-covered wages,
- Make sure your organization's administrators are aware of this change. These practices will no longer be allowed starting January 1, 2017.

### **I have determined my organization provides a Section 125 plan. Now what?**

It's time to certify your Section 125 plan. Certifying your plan simply means submitting IPERS' [Section 125 Plan Certification form](#), which states that your plan is legally defined as a Section 125 plan. Review, complete, and submit the certification form to IPERS. Forms must be submitted each year by December 31.

### **I have determined my organization provides a plan that doesn't meet all the requirements to be a Section 125 plan, but we would like to continue covering the related employer contributions as IPERS-covered wages. What can we do?**

To continue covering these amounts after January 1, 2017, you must bring your plan into compliance with the Internal Revenue Service's requirements of a Section 125 plan, and ensure that the contributions to it can be IPERS-covered. From there, you can certify your plan with IPERS and resume covering the employer contributions to the Section 125 plan.

### **Will IPERS check my Section 125 plan during compliance reviews?**

At compliance reviews that take place after this change is implemented, IPERS will request a copy of your Section 125 plan's plan document to confirm the earlier certification.

### **Where can I find more information?**

Check our [webpage](#) on the change, pages 38–40 of the [Employer Handbook](#), and the [IRS FAQ](#) on Section 125 plans. You can also check with the following people working for or with your organization:

- Human Resources professional, or person who coordinates employee benefits.
- CPA, tax advisor, or legal counsel.

## **MEMBER BENEFITS**

### **Updated Member Handbook**

IPERS' updated [Member Handbook](#) is now posted online. It's designed to help your employees become better acquainted with the features of the IPERS retirement plan. Our knowledgeable staff is familiar with the complex laws that govern IPERS and are ready to answer your questions, so please contact us.