

THE LATEST WORD FOR IPERS EMPLOYERS



Iowa Public Employees' Retirement System | Fall 2016

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TRAINING & EDUCATION

Join Us for IPERS Jeopardy at Employer Training

Fall training for IPERS new reporting officials will take place at the IPERS office on November 15 and 16. Attend this training to get all the information you need in one quick half-day session. Even better: it's free! Plan to attend if you're a new reporting official and have not been to training before, or if you need a refresher. [Registration is open](#) through November 11.

COMPLIANCE TIPS

What Is a Valid Termination of Employment?

IPERS considers a valid termination to be separation from employment for 30 days or more. IPERS does not allow in-service withdrawals for our members. If an employee wants to apply for a refund of contributions from IPERS, there must be a valid termination of employment before application is made. Reminder: most lump-sum termination payouts made by the employer are not IPERS-covered.

IPERS Coverage for Newly Elected Officials

Special reprint from fall 2013

November is election month! Plan ahead to make sure proper documentation is in place for your part-time and full-time elected officials who do not want IPERS coverage.

As newly elected officials take office, notify all eligible employees of their optional coverage rights. Most part-time elected officials are IPERS-covered unless they complete and submit an irrevocable [Election for Termination of IPERS Coverage form](#) within 60 days of taking office. The form includes a list of all positions with optional coverage. See Section 3 of IPERS' [Employer Handbook](#) for detailed instructions.

Avoid IRS Fines — Classify Your Workers Correctly

Wage reports must include all wages paid during the month of the wage report. For example, Double check your 1099-MISC forms to see if you may have misclassified an independent contractor as an employee. These situations can be easily overlooked and they are an area of major concern for both IPERS and the IRS. A misclassified worker could result in a significant fine to you from the IRS.

Section 125 Plan Certifications Due

Reminder -- if you have a stipend or allowance provided in lieu of insurance that you are including as an IPERS-covered wage, you must return the [Section 125 Plan Certification form](#) by December 31 (and on an annual basis) if you wish to continue covering this for IPERS. See the article in the Summer 2016 issue for more details.

Student Status and Tax Clarification

Note: The State of Iowa's Section 218 Agreement with Social Security excludes services performed in the employ of a school, college, or university by a student who is enrolled and regularly attending classes at said school, college, or university from paying FICA taxes. If a student is hired during periods such as summer break when the student is not attending classes, the student must then pay into FICA. If the student is hired anywhere other than a school, college, or university, FICA taxes are applicable.

The following reprinted article gives additional details on coverage of students.

Summer 2014 reprint

IPERS rules exclude high school and lower-grade students from IPERS coverage. These students are not eligible for IPERS coverage until they have graduated from high school.

Following High School Graduation

After graduating from high school, employees are eligible for IPERS coverage subject to IPERS' "other coverage" rules.

- Temporary employees should not be IPERS-covered until after they have earned \$1,000 in two consecutive quarters.
- Permanent employees should be IPERS-covered starting after their graduation date.

College Students

There are special rules for college students who are employed by their college. College students employed by the college where they are enrolled may be excluded from IPERS depending on whether the college employs them on a full- or part-time basis.

- College students who work full-time for the school where they are enrolled must be covered.
- College students who work part-time for the school where they are enrolled should not be covered.

There are no special coverage rules for college students who are employed elsewhere.

Iowa Administrative Code 495 Chapter 5.2(18) states:

Persons who are enrolled as students and whose primary occupations are as students shall not be covered. Full-time or part-time students employed part-time by the educational institution where they are enrolled shall not be covered.

Additional restrictions apply to students for FICA withholding when they work at the school they are attending.

RESOURCES

New Flyer Available

You spoke, we listened. Based on our recent survey results, there's now a flyer available to use with your new employees. It's just enough info to get newbies up-to-speed on IPERS without overwhelming them or duplicating the brochure that IPERS mails with their member ID card. Go to our [website](#) to order your supply today.