EMPLOYER MANUAL

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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UPDATED MAY 2025

The Public Employees Retirement Association (PERA) was established in 1931 by the Minnesota Legislature to provide a defined benefit pension plan to employees in eligible positions. Coverage in a PERA plan is provided by more than 2,000 school districts and local units of government. PERA staff serves nearly 490,000 current and former public employees, retirees and other benefit recipients.

This chapter provides basic information about PERA's retirement plans, administration, and services to serve as a convenient guide for participating employers. While we have tried to ensure that the information presented is correct, Minnesota Statutes and policies of the PERA Board will govern in the event of any discrepancy. In addition, the laws or policies governing PERA are subject to change by the Minnesota Legislature or PERA Board of Trustees. Any changes that do occur could make some of the information presented here obsolete.

ADMINISTRATION

PERA is governed by an eleven member Board of Trustees, which generally meets on a monthly basis. A current list of PERA Board members is posted on the PERA website and included in the member newsletters.

Five trustees are appointed by the Governor to represent cities, counties, school districts, and the public, respectively. Five members are elected by the PERA membership at large to represent the general active membership, Police & Fire Plan members and all benefit recipients. The remaining member is the State Auditor. All elected and appointed Board members serve four-year terms. The State Attorney General's office provides legal counsel to the association.

The PERA Board appoints an Executive Director to serve as chief administrative officer responsible for directing the daily operations of the association, developing an annual administrative budget, and contracting for actuarial and other services. The director also serves as a member of the State Investment Advisory Council, which advises the State Board of Investment on the management and investment of pension funds. The Executive Director has support staff to advance strategic, operational, and legislative planning, provide assistance to the Board of Trustees, and to handle human resource and legal issues.

A staff of more than 125 professionals works out of the main PERA office in Saint Paul (60 Empire Drive, Suite 200).

PERA's mission is to administer and promote sustainable retirement plans and provide services that members value. This statement emphasizes PERA's commitment to providing quality services and benefits.

LEGISLATION

PERA is governed by Minnesota Statutes Chapters 11A, 353, 353A, 353D, 353E, 353F, 353G, 356 and 356A. Changes to the provisions that govern plan membership or benefits are made through the passage of legislation by the Minnesota Legislature. During a legislative session, the latest information about PERA-related bills is posted on the PERA website in the 'About PERA' section.

Local units of government and school districts are automatically covered.

PARTICIPATING EMPLOYERS

The role of school districts and local governmental units is vital to the employees who qualify for membership in a PERA retirement plan. Qualifying public employees in Minnesota rely on their employers to properly withhold deductions for credit under a PERA retirement plan and to remit the contribution amounts to PERA on a timely manner. It is only through the reporting done by covered employers that PERA is able to maintain accurate and up-to-date member accounts.

Under state law, counties, cities, townships and public school districts within the state of Minnesota must extend membership in a PERA retirement plan to their eligible employees. This is also true for a department, unit, or an instrumentality of the state or local government.

Some employers provide PERA membership to their employees because their entity is defined in Minnesota Statutes Section 353.01, subdivision 6 as a governmental subdivision for PERA purposes. These are:

- The Association of Metropolitan Municipalities
- The Association of Minnesota Counties
- The Dakota County Agricultural Society
- The Hennepin Healthcare System, Inc.
- The Lake Johanna Volunteer Fire Department incorporated
- The League of Minnesota Cities
- The Metropolitan Airports Commission
- The Minneapolis Employees Retirement Association Fund for employment initially commenced after June 30, 1979
- The Minnesota Inter-county Association
- The Minnesota Municipal Utilities Association
- The Port Authority of the city of St. Paul
- The Public Employees Retirement Association
- The Range Association of Municipalities and Schools
- The Red Wing Environmental Learning Center
- The Spring Lake Park Fire Department, incorporated

- The University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan
- The Red Wing Port authority but only for employees who had member deductions taken from their salaries and remitted to PERA for coverage after December 31, 1984 and before May 1, 2011
- The Seaway Port Authority of Duluth but only for employees who are not excluded under subdivision 2b
- The Stevens County Housing and Redevelopment Authority for workers first employed before May 1, 2014, and who are not excluded employees under subdivision 2b

MEMBERSHIP AT EMPLOYER DISCRETION

Membership in PERA is optional under Minnesota Statutes by action of the governmental subdivision for employees of the following entities under the conditions specified:

- A county historical society—The commissioners of the county in which the historical society is located must pass a resolution that certifies to PERA that the employees of the historical society who meet the membership requirements of the Coordinated Plan are to be considered county employees for purposes of retirement coverage. The status as a county employee must be accorded to all similarly-situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society.

- The Minnesota Association of Townships—The board of this association may certify to PERA that its employees who meet the membership requirements of the Coordinated Plan are to be included for purposes of retirement coverage. Once the option to join PERA is taken by the association, its coverage as a participating employer is permanent and all eligible employees are to be included for purposes of retirement coverage.

- The Hennepin Healthcare System, Inc.—This public corporation, with respect to employees other than paramedics, emergency medical technicians, and protection officers, may by action of the corporate board establish alternative retirement plans for certain classes of employees of the corporation and certify to PERA the applicable employees to be excluded from future retirement coverage.

- A tribal police department which exercises state arrest powers under section 626.90 through 626.93 may request by resolution of the tribal board that its full and part time police officers become members of the Police & Fire Plan and that the tribal police department be considered a governmental subdivision under section 353.01, subdivision 6 on a prospective basis. The full and part time police officers must meet the membership requirements under section 353.64, subdivisions 1 and 2; except that the resolution normally required on part-time police officers will not be required of the governing board of the tribal police department.

- A public ambulance service that wants to offer membership in PERA's Defined Contribution Plan for its basic or advanced life-support emergency medical service personnel must first complete an *Ambulance Service Questionnaire*, which is available online or by calling PERA. Once the completed form is submitted to PERA it will be reviewed and the requesting service will be notified in writing of the eligibility determination. Ambulance Services that already contribute to another tax-deferred plan are not eligible to participate in PERA's Defined Contribution Plan.

OTHER EMPLOYERS

Coverage in PERA also extends to a public body that substantiates that it meets the following requirements: a) it was established under state or local authority, b) it has a governmental purpose, c) it is under public control, which includes control through the governing board as well as control and supervision of the organization's everyday operations, d) it is responsible for the employment and payment of the salaries of employees of the entity, and e) receives a major portion of its revenues from taxation, fees, and assessments or from other public sources.

To determine whether or not the employees of a public body may participate in a PERA retirement plan, the representative of the entity must send a completed *Prospective Employer Questionnaire* to PERA along with documents that established the entity and define its statutory authority.

If an entity is determined to be a governmental subdivision, the employer may be obligated to pay omitted member deductions and employer contributions for its public employees or public officers who qualified for membership in one of the PERA Defined Benefit Plans during the three calendar years prior to the initial PERA entry date. For information about omitted deductions, please refer to the Contribution Reporting chapter.

Additionally, when an entity is enrolled in PERA for participation in the Coordinated, Correctional, or Police & Fire Plans after May 24, 2007, some of its employees may have the right to purchase service credit for prior earnings that would have been covered by PERA had it been known when the services were rendered that the employing entity was a governmental subdivision. The full actuarial cost is due from the PERA member before he or she terminates employment; however, the employer can choose to pay all or any portion of the service purchase amount.

Generally, non-profit corporations governed by Minnesota Statutes Chapter 317A or organized under Internal Revenue Code, section 501(c)(3) do not meet the legal definition of a governmental subdivision; however, a decision is made on a case by case basis after reviewing relevant documentation.

Coverage in PERA may be granted if PERA staff, in consultation with legal counsel, finds that any future retirement plan contributions by the nonprofit corporation on behalf of its employees are contributions to a governmental plan within the meaning of IRC Section 414(d)f. In some instances, a nonprofit corporation must obtain a ruling from the Internal Revenue Service or a written advisory opinion from the United States Department of Labor declaring the entity to be an instrumentality of the state in order to obtain membership in PERA.

EXCLUDED EMPLOYERS

No request for inclusion in PERA will be granted to private companies or individuals who are self-employed. Additionally, entities excluded by state law are not allowed membership in PERA. This includes the following:

A family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

- A municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047;
- A port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul and other than the Red Wing Port Authority for employees hired after May 1, 2011, or for employees hired before May 1, 2011 who did not have pension deductions taken from their salaries and remitted to PERA; or
- Any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district.

TYPES OF PLANS

The retirement systems administered by PERA are classified as either Defined Benefit Plans or Defined Contribution Plans. A key difference between these two pension plans is the component that is "defined" or fixed.

In a Defined Benefit Plan, the benefit provided to a vested member at retirement is fixed based on a formula set by law. Contributions are paid into the plan by the employee and employer and the amounts can vary over an employee's period of membership based on the investment experience of the plan as a whole.

When a member of a Defined Benefit Plan qualifies for retirement, he or she is eligible to receive a set benefit under an established formula. With the exception of the Statewide Volunteer Firefighter (SVF) plan, the benefit payable to a retiring DBP member is based on the employee's high-five average salary, years of covered service and age at retirement. The benefit paid is not based on the contribution amounts paid into the plan or the performance of the plan's investments.

In a Defined Contribution Plan, the contributions to be made by the employee and employer are defined by law. The lump-sum benefit provided at termination or retirement is based solely on the amounts contributed to the member's account by the employee (less administrative expense fees) and how the member's pension investments have performed.

Members of Defined Contribution Plans take all the performance risk of their investment portfolio.

PERA DEFINED BENEFIT PLANS

PERA's Defined Benefit Plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code. Under a tax-qualified plan, members' contributions are made on a pre-tax basis and interest grows tax-deferred.

The Defined Contribution Plan (DCP) has just over 4,500 members.

PERA administers three statewide Defined Benefit Plans (DBP) that provide monthly retirement benefits to eligible public employees who meet the eligibility requirements set in law. Each plan has a unique set of membership eligibility rules and contribution rates under Minnesota Statutes as follows:

1. The General Employees Retirement Plan is the largest plan covering most full or part-time employees of local governmental units or school districts. It is divided into two parts: the Coordinated Plan which covers employees who meet the plan's eligibility requirements after 1967 and the Basic Plan covering employees who became members of PERA before 1967.

   Note: *Effective January 1, 2015, the Minneapolis Employees Retirement Fund (MERF) merged into the PERA General and is now referred to as the Minneapolis Employees Retirement Plan. PERA first assumed the administration of the MERF July 1, 2010. MERF has been closed to new members since July 1, 1978. Prior to that date, employees of the City of Minneapolis, Minneapolis Special School District No. 1, Metropolitan Airports Commission (MAC), Metropolitan Council Environmental Services, the Municipal Building Commission, the Minneapolis Park and Recreation Board, the Metropolitan Council, Minnesota State Colleges and Universities, and Hennepin County, joined MERF. After June 30, 1978, the employees of these employers became members of the PERA Coordinated Plan. While the MERF plan is fully integrated into the General Fund, Minneapolis and other MERF employers, plan active members, and the State of Minnesota remain obligated for the funding of member benefits.*

2. The Correctional Plan covers selected positions within county correctional facilities (correctional guards, officers, or joint jailer/dispatchers and those who supervise these employees) and

3. The Police & Fire Plan, which is for full-time police officers and firefighters. For PERA purposes, the definition of "Firefighter" includes positions that are required by the employing governmental subdivision to be and are licensed by the Board of Firefighter Training and Education under Minn. Stat. §299N.05 and are exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation—among additional criteria. The plan can include certain part-time police officers and firefighters if the governing board of the employing unit certifies their eligibility and files a resolution with PERA.

   Note: *Effective December 31, 2011, the Minneapolis fire pension plan and the Minneapolis police pension plan became part of the PERA Police & Fire Plan. These two local plans have been closed to new members for over 30 years and their funds are composed almost exclusively of retirees.*

   The merger does not affect the benefit structure of the Minneapolis plans, but pension increases for their retirees will match adjustments for regular Police & Fire Plan members beginning in 2016.

To ensure that the merger of the two plans does not have an adverse impact on the PERA fund, the City of Minneapolis will make additional contributions to the Police & Fire Plan through 2031 to meet any unfunded liabilities the two associations bring to the fund.

For more information on PERA's General, Correctional or Police & Fire Plans, please refer to the Defined Benefit Plan chapter. The merger does not affect the benefit structure of the Minneapolis plans, but pension increases for their retirees will match adjustments for regular Police & Fire Plan members beginning in 2016.

PERA DEFINED CONTRIBUTION PLAN

Like PERA's Defined Benefit Plans, PERA's Defined Contribution Plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code. As a result, federal and state taxes on DCP contributions are deferred until the member withdraws the funds.

A Defined Contribution Plan (DCP) member chooses how combined employee deductions and employer contributions are invested. Each member can designate a percentage of total contributions to be placed in one or more of seven accounts of the Minnesota Supplemental Investment Fund administered by the State Board of Investment.

Membership in the DCP is optional and is available only to persons holding positions that are defined as eligible in law.

This includes:

- Elected local government officials (excluding sheriffs who qualify for coverage in the PERA Police & Fire Plan) and persons appointed to fill a vacancy in an elective office
- Persons appointed to a board or commission of a governmental unit
- Appointed (hired) public officials whose earnings never exceed $425 in a month. (if earnings exceed $425 in any month then Coordinated Plan membership is mandatory and they are no longer eligible for DCP participation.)
- Physicians
- Basic and advanced life-support emergency medical service personnel employed by any public ambulance service that chooses to participate in the plan
- City managers who elect to be excluded from the Coordinated Plan
- Certain volunteer or emergency on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation, and
- Certain members of a rescue squad associated with Litchfield in Meeker County or a rescue squad associated with Kandiyohi County

DCP-eligible individuals must sign an election form within 30 days of their first day of service and it must be received by PERA within 60 days of their first day of service. An election to join the DCP is irrevocable. Making no selection or not meeting these deadlines results in an automatic election to opt-out of the DCP. Either election is permanent for all current and future service with a governmental entity.

MEMBER PARTICIPATION IN SOCIAL SECURITY AND MEDICARE

Participation in the Social Security program for non-police-and-fire employees of a local governmental subdivision who hold positions that qualify for membership in a PERA retirement plan and certain other employees of state or local government entities is provided for by Section 218 of the Social Security Act. That Act delegates the responsibility for administering the Social Security program on behalf of state and local government employers to the governor of each state.

Under Minnesota laws in effect since August 2002, PERA serves as the State Social Security Administrator responsible for providing information about Social Security and Medicare coverage under the terms of Minnesota's Section 218 Agreement. This voluntary agreement between the state and the federal government extends or exempts classifications of government employees from Social Security coverage.

Under a Section 218 Agreement in place since 1968, employees who hold positions that qualify for coverage under the PERA Coordinated Plan pay into the Social Security and Medicare programs. This includes city managers, physicians, and elected officials who have the option to join the PERA Coordinated Plan or the Defined Contribution Plan.

All members of the Correctional Plan are subject to Medicare withholding. However, members of the Correctional Plan are covered for Social Security purposes only if that coverage had been approved through a referendum conducted by the employing unit. If a referendum passed, PERA would have established a separate modification agreement with the federal government to extend Social Security coverage to the correctional service employees of that employer. For information about Social Security coverage for the Correctional Plan members of a specific employer, contact the PERA office.

Members in positions covered by the Police & Fire (except tribal police officers) or the Basic Plan do not pay into Social Security because such coverage has not been provided under a Section 218 Agreement. The Social Security Administration and the Internal Revenue Service have determined that tribal police officers must make Social Security contributions in addition to the PERA contributions.

These employees have Medicare withheld from their public service earnings if they were hired or elected after March 31, 1986. Employees with continuous employment before April 1, 1968 with the same employer are exempt from paying into Medicare.

Persons who are elected to governing-body positions in a governmental unit do not pay into Social Security if they join the Defined Contribution Plan; however, Minnesota law currently allows employers, on an entity-by-entity basis, to modify the state's Section 218 agreement to provide current elected officials with the right to individually choose whether or not they want to participate in Social Security. Once an employer has modified the Section 218 agreement to extend Social Security coverage to its elected officials, all new elected officials of the applicable governmental unit will pay into Social Security. The Defined Contribution Plan chapter has more information.

VOLUNTARY INSURANCE PROGRAM

PERA is a member of the National Conference on Public Employee Retirement Systems (NCPERS) Voluntary Life Insurance Plan. PERA selected the NCPERS program in 1985, because it is a unique plan design particularly well suited for public pension plan members, and it filled member needs not fully addressed by the pension plan.

Active members of the Coordinated, Basic, Correctional, or Police & Fire Plans may be eligible for this group term life insurance plan if their employer participates in the program. The coverage may be continued into retirement with deductions taken from the member's monthly pension payment, but the member must be enrolled while an active member. Many employers make payroll deductions available for this program. There are more than 22,000 PERA members/retirees and their dependents insured under this plan.

More information is available from the insurance administrator, HealthSmart Benefit Solutions, Inc. (formerly American Administrative Group and Gallagher Benefit Services), at 1-800-525-8056 or at their website.

WEB SERVICES

PERA's website, mnpera.org, has a website with helpful information for employers, members, and retirees.

There is no cost to use PERA's web systems.

PERA also maintains two online service applications — one for participating employers (Employer Reporting and Information System or 'ERIS') and one for members and benefit recipients (myPERA). These systems provide a way for registered users to accomplish a number of pension related activities in a safe and secure manner.

EMPLOYER REPORTING AND INFORMATION SYSTEM (ERIS)

Participating employers with internet and e-mail capabilities at work must use ERIS to perform their regular PERA reporting tasks rather than send paper forms or reports to PERA. There is no cost to use the system.

Only authorized individuals can access ERIS. Each employer establishes at least one employee (preferably two) who will serve as the System Administrator. Those who serve as ERIS Administrators are the only employees of an employer unit that register for access from PERA's website.

ERIS is organized into modules that allow authorized employers to perform their pension reporting tasks using a secured internet site. Details are in Chapter 5 of this manual.

myPERA FOR MEMBERS

The myPERA web system provides members of a Defined Benefit Plan with a detailed list of the employee's deductions posted to their account, along with a current account balance, and gives retirement estimates to vested members at different retirement ages.

Using this web system, members may view or modify their name, address, date of birth, spouse's name and spouse's date of birth. They can also add beneficiary changes, as well as schedule an appointment to meet with a PERA counselor or to attend one of PERA's many education programs.

Defined Contribution Plan members registered on myPERA have access to online statements showing, for the past six-month period, the employee deductions withheld from salary, the matching contributions made by the employer, and the administrative expense fees charged by PERA. In addition, the members may see how their contributions were invested and the current value of their account.

Retired members, as well as members drawing disability or survivor benefits, who register for access to myPERA can use the system to check the status of their benefits, view a statement of their payment history, their personal information on file with PERA, 1099s and more. myPERA also allows benefit recipients to change tax withholding and the direct deposit of their benefit payment any time. (PERA will not change direct deposit until the transfer is verified by the benefit recipient's banking institution.)

To access their own private data on file with PERA or to sign up for myPERA, members or retirees simply go to the PERA's website and access myPERA at the top of the webpage.

PUBLICATIONS

In an effort to make information about PERA and its benefits more readily available, several publications are available to employers and members.

NEWSLETTERS

PERA maintains an employer database of all governmental agencies eligible to participate and uses the names and addresses in it for communications. PERA's primary communication vehicle for employers is the PERAphrase newsletter. This newsletter, generally published four times a year, is sent via e-mail to the payroll contact of each employer and to any other contact person for which PERA has an e-mail address. A paper copy is mailed to the employers that do not have business e-mail addresses.

PERA publishes periodic newsletters for current and certain former member, as well as for individuals receiving a monthly PERA benefit. The newsletters help these individuals stay informed of retirement legislation, benefit provisions and other important retirement-related news and trends. The current and past newsletters are always available for viewing from the PERA website.

EMPLOYER MANUAL

This publication is meant to explain the provisions of Minnesota Statutes and federal laws that pertain to membership in a PERA retirement plan as simply and accurately as possible. This manual is not intended to be a substitute for Minnesota Statutes or federal laws; it is meant to explain the relevant laws as simply as possible. To the best of PERA's knowledge, the information is accurate as of the date of publication. If there is any discrepancy between the manual and the laws or policies of the administrative agency, the laws or policies will govern.

PERA encourages employers with questions about any of the information contained in this publication to contact the PERA office. PERA also welcomes suggestions for additional manual information.

Links to the most current newsletters are provided online!

ANNUAL COMPREHENSIVE FINANCIAL REPORT

PERA's Annual Comprehensive Financial Report (ACFR) contains a complete disclosure of the structure and financial status of PERA and its funds. It also includes suggested footnote disclosures so employers can comply with current accounting standards in annual reports. The ACFR is available in December of each year by accessing the PERA website.

MEMBER STATEMENTS

All working members of the General Employees Plan (Basic/Coordinated members), Correctional Plan, and Police & Fire Plan are sent a summary Personal Benefit Statement once a year (in the week of the member's birthday) unless the member has chosen not to receive this document.

The letter reports the members' service credits, lists the employee's deductions posted during the statement period, gives the account balance (with interest for most members), and provides estimates of retirement benefits for up to four future dates.

EDUCATIONAL PROGRAMS

Various opportunities exist for covered employers or members to attend educational programs sponsored by PERA.

EMPLOYER PROGRAMS

Payroll and personnel officers, as well as other representatives of local government, can get instructions or information on how to carry out PERA's reporting responsibilities through online webinars in our Employer section. Employers are able to register and attend webinar sessions that not only provide a review of PERA's membership and reporting requirements, but also give the registered employers opportunities to discuss topics in greater depth.

If an employer is unable to attend a session, recorded sessions are available for viewing on our website.

The upcoming webinar schedule is posted on our website and announced in the PERAphrase newsletter.

PERA staff can also is available to speak at various business conferences related to public employers. Employers or associations interested in scheduling a meeting or speaking engagement with PERA staff should call PERA's Employer phone line in advance of the desired date. Special meetings are subject to the availability of staff, resource accommodations, and budget.

MEMBER PROGRAMS

PERA provides many opportunities for members to learn more about their pension retirement benefit. We offer numerous webinars each month all year-round, and also in-person group sessions throughout the state during the summer months. These programs cover the benefit options available, help members understand their estimates and the application process, and show how to make full use of the online myPERA tool. There is no charge to attend an education program, but advance registration is required through myPERA or by calling our Member Service Center. For dates and locations of the many education programs offered via webinar and in person, view our online Event Calendar.

COUNSELING SESSIONS

Members approaching retirement may want to meet with a PERA benefit specialist to discuss their retirement options. Individual appointments are available at PERA's office as well as by phone. You can make an appointment by going on myPERA or calling member services.

If an employer has a number of employees who are one step away from retirement, PERA would be happy to hold a group session that covers the benefit options available, helps the employees better understand their estimates and the application process, and shows how to make full use of the online myPERA tool. To schedule one of these group counseling sessions, contact PERA using the member phone line.

> The fastest way to register for any PERA workshop is by going online.

MEMBER EDUCATION

Members approaching retirement may want to meet with a PERA benefit counselor to discuss their retirement options. This can be done either through one-on-one phone appointments or in-person meetings in our St Paul office. Register in myPERA or by calling our Member Service Center.

CONTACT PERA

There are several ways to contact PERA. These include by telephone, e-mail, fax, or U.S. postal mail as outlined below.

PHONE LINES

Toll-free phone lines are maintained so that members and employers may use to contact us with questions or concerns. PERA phone lines are staffed from 8:00 a.m. to 4:30 p.m., Monday through Friday (excluding holidays).

The Member Services toll-free number is 1-800-652-9026; and from within the Twin Cities metropolitan area, members can call us at 651-296-7460.

Two telephone lines are available for use exclusively by employers. The toll-free Employer Response line is 1-888-892-PERA (7372) or an employer can use the metropolitan area number of 651-296-3636. Each number will take the caller to a menu of topics that must be used to get connected to the right PERA staff member. These telephone numbers are for use by employers and should not be used by PERA members.

E-MAIL

E-mail usage is increasingly used by members and it continues to be one of the primary means of communication between employers and PERA because it is an efficient and fast way to exchange information. Sending an e-mail is easy using the links provided on the website under 'Contact Us.'

If you use this e-mail link, please keep in mind that it does not provide a secure form of communication because it does not encrypt (scramble) the information before it is transmitted over the Internet. When sending an e-mail to PERA, do NOT include private data, such as a person's complete Social Security Number, bank routing number, etc.

FAX

PERA has two primary fax numbers. Employers may send completed forms or reports using the fax number of 651-296-2493. Members may send documents to the Saint Paul office through the fax number of 651-297-2547.

MAIL OR VISIT

PERA's office location is at 60 Empire Drive, Suite 200, Saint Paul, MN 55103-2088. Driving directions to the main office location are posted on the PERA website or available upon request.

STATEWIDE VOLUNTEER FIREFIGHTER PLAN

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2-8 RETIREMENT BENEFITS

2-9 BENEFITS TO A SURVIVING SPOUSE

In 2009, the Minnesota Legislature created a Statewide Volunteer Firefighter Retirement Plan (referred to as "the SVF Plan" throughout this chapter) for volunteer firefighters who provide service to a municipal fire department or an independent non-profit firefighting corporation.

Participation is voluntary and open to fire departments as a replacement of their existing volunteer firefighter retirement plan. It is also open to municipalities that do not currently have a retirement plan for their volunteer firefighters.

The PERA Board of Trustees and Executive Director are responsible for the administrative management of the SVF Plan. The PERA Board receives advice and guidance on plan administration and design from a member advisory board that represents Minnesota townships, cities, fire chiefs, and volunteer firefighters.

The SVF is governed by Minnesota Statutes Chapter 353G. The plan is a Defined Benefit Plan but it has distinct differences from the other DB plans administered by PERA. The retirement benefit is a lump-sum amount, based on a specific dollar value paid for each year of credited service accumulated by a volunteer firefighter who terminates service and meets the minimum requirements for receipt of the benefits.

The lump-sum benefits payable from the SVF Plan are funded by existing fire state aid allocated to a municipality, additional municipal contributions, as applicable, and earnings on the investment of these funds. The dollar value payable per year of service is determined by the sponsoring municipality or entity at the time an election to participate in the Plan is made. The service pension levels range in $100 increments between the minimum level of $500 and $10,000, the maximum level. An entity may elect to increase the benefit level after joining the plan.

This chapter is meant to explain the provisions relating to the SVF Plan. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. The statutes and regulations shall govern if there is any discrepancy between them and the information in this document.

UPDATED MAY 2025

WHY JOIN?

The decision to join the SVF Plan is made by the entity operating the fire department and the volunteer firefighter relief association (if one exists). The following list identifies some advantages and disadvantages that should be considered as part of a decision on whether or not to join the statewide plan.

Membership is for volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations

ADVANTAGES

Although the SVF Plan may not be the best option for all fire departments, there are certain advantages of joining the plan for many entities as follows:

1. The assumed investment earnings rate of 6 percent in the SVF Plan is higher than the 5 percent rate set in statute for local relief associations. When determining the municipality's required contribution amount, the SVF Plan is allowed to assume that more of the contribution will be covered by investment earnings, thus reducing the amount required by the municipality.
2. Once a fire department's volunteers are covered by the SVF Plan, the fire relief association board will no longer be obligated to perform certain duties as follows:
    a. assemble and file many of the various financial reports and statements with the State Auditor's Office, as is currently required by law. The relief association board will need to file one last set of reports in the year they join the plan, but PERA will handle all of the paperwork in subsequent years;
    b. pay for an outside audit or attestation by a CPA. The relief association board or municipality will need to conduct one last audit or attestation in the year they join the plan, but then will be relieved of that responsibility;
    c. invest the assets of the special fund. The State Board of Investment will take over that responsibility using professional portfolio managers. Since they are able to pool the assets of several entities together when investing, they are often able to take advantage of efficiencies and asset size to negotiate better returns; and
    d. pay benefits and file the paperwork necessary to receive the Department of Revenue reimbursement for the supplemental piece of the benefit.
3. In most cases the volunteer firefighters will join the plan at a benefit level equal to or higher than the benefit level currently in effect with the relief association. Since the assumed investment earnings rate is 6%, municipalities can afford to provide a higher benefit level without seeing an increase in required contributions.
4. The SVF Plan provides portability provisions for firefighters who transfer from one fire department to another fire department. If both fire departments belong to the statewide plan, the combined service in both fire departments is added together to determine vesting and benefit amounts.

DISADVANTAGES

While some relief associations look forward to not being associated with the investment assets, paperwork and administration of benefits, others are uncomfortable giving up the current level of control of the assets and the design of the retirement plan.

A possible disadvantage of joining the statewide plan is future benefit increases are at the discretion of the entity sponsoring the fire department, not the relief association. (Once a benefit level is established, a sponsoring agency cannot unilaterally decrease it.) However, recent legislative changes established a process which allows the sponsoring municipality or entity associated with a fire department covered by a statewide voluntary firefighter retirement plan account to terminate participation in the SVF Plan.

A second possible disadvantage is the statewide plan is not set up to pay annuities on a monthly basis, although 2015 legislation allows PERA to assume administration of plans of departments that currently provide monthly benefits to their retirees.

REQUESTING PARTICIPATION

As noted previously, the decision to participate is made by the entity operating the fire department and the volunteer firefighter relief association (if one exists). Firefighters may not join the SVF Plan on their own.

Send for a *Cost Analysis Request* to get estimates of costs of the potential retirement coverage.

The process for electing coverage of volunteer firefighters under the SVF Plan is described below. The steps vary only slightly if a city does not have a volunteer fire relief association benefit plan for its firefighters as compared to those that have a relief association benefit plan already available.

COST ANALYSIS

The process begins by asking PERA for a cost analysis of the prospective retirement coverage. The analysis will provide the entity operating the fire department an estimate of future annual contributions that will be required to provide the level of benefits selected. There is no charge for this service.

If the volunteer firefighters are covered by an existing relief association, the secretary of the relief association must ask the association board to approve a request for a cost analysis from PERA. Whether or not there is an existing relief association, the chief administrative officer of the municipality or non-profit fire corporation sponsoring the fire department must seek approval from the city council or the non-profit's board to request a cost analysis.

If the governing board approves of a cost analysis, the secretary of the relief association (if one exists) and chief administrative officer of the entity sponsoring the fire department jointly submit a *Cost Analysis Request* form to PERA's executive director for estimates of costs of the potential retirement coverage. Among other things, the form requires details about the proposed benefit level(s) and any assets that might be transferred to the SVF Plan.

If the volunteer fire department is associated with more than one municipality or non-profit fire corporation, the chief administrative officer of each sponsoring entity of the fire department must jointly execute the request.

Once PERA receives the Cost Analysis Request form, staff will contact the fire department or the State Auditor's Office to obtain information needed to calculate costs and a copy of the relief association bylaws, if applicable. The data collected on individual firefighter members include birth dates, years of service in any existing plan, and current plan status.

PERA makes every attempt to calculate the cost analysis in a timely manner; however, depending on the number of requests made, it could take two weeks or more.

While PERA is conducting the cost analysis, if a relief association exists and has a special fund established, the State Board of Investment (SBI) will review the investment portfolio of the special fund and determine which assets could be transferred to SBI and which must be sold before December 31st should the entity elect to join the plan. Results will be communicated back to the relief association. In most cases, assets will have to be sold.

COVERAGE APPROVAL

The results of PERA's cost analysis are sent to those who initiated the request. Upon receipt of the analysis, the governing body of the municipality or municipalities, or independent nonprofit corporation associated with the fire department has 90 days to approve coverage in the SVF Plan. If the retirement plan coverage change is not acted upon within 120 days, it is considered disapproved and previous coverage continues.

> A resolution is needed from the governing body that approves the SVF coverage.
>
> (See Figure 1.)

The approval by the governing body should be in writing through a board or council resolution stating that coverage has been approved. A copy of the resolution must be sent to PERA. Figure 1 on the next page is a model resolution that can be used.

Coverage in the SVF Plan is effective January 1st of the year following when assets are transferred. For example, if a board approves participation in the Plan during 2011, assets are transferred on December 31, 2011 and coverage subsequently begins January 1, 2012.

Of course, if participation is not approved, the SVF Plan is not extended to firefighters and the firefighters continue as before with or without a relief association benefit plan, as applicable. Similarly, if coverage in the plan is not acted upon, no change is made and firefighters will not be enrolled in the Plan. Entities may request an additional cost analysis at any time in the future using the same procedure as outlined previously.

Figure 1 - A RESOLUTION OPTING TO JOIN THE STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER RETIREMENT PLAN

THE CITY COUNCIL OF THE CITY _______________, MINNESOTA, DOES ORDAIN:

WHEREAS: The City is authorized to join the Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan administered by the Public Employees Retirement Association (PERA); and

WHEREAS: The City and the City's Fire Department Relief Association have jointly consented to and obtained a cost analysis for joining the Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan from PERA not less than 120 days ago; and

WHEREAS: The City highly values the contributions of City Fire Department members to the safety and wellbeing of our community and wishes to safeguard their pension investments in a prudent manner.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ________, MINNESOTA:

1) The City hereby approves coverage by and requests participation in the Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan administered by PERA under the terms provided in the PERA cost analysis at the $_____ benefit level per year of service; and
2) The City Clerk/Administrator and Mayor are hereby authorized to execute all documents necessary to effectuate the intent of this resolution.

The motion for the adoption of the foregoing resolution was proposed by Councilmember _____________ and was duly seconded by Councilmember ___________ and upon vote being taken thereon, the following voted in favor: ________ and the following voted against the same: ______________.

Whereupon said resolution was declared duly passed and adopted by the City Council of the City of ______________, on ________, 20___.

BY: ______________________________ Mayor

ATTEST: ______________________________ City Clerk or Administrator

TRANSITION STEPS

If participation in the SVF Plan is approved, PERA will notify the State Board of Investments (SBI). The SBI will work with the owner of the assets to ensure a smooth transfer of assets at the end of the year in which the change in coverage is approved.

Once participation in the Plan is approved, the process of creating PERA member accounts for the active and inactive firefighters begins. PERA staff uses the data from the cost analysis assessment to create member records for all individuals included in that assessment. PERA also works with the fire chief to establish a separate Entity Account in which assets necessary to fund benefits are maintained.

When the assets are transferred to the SBI, the special fund of the applicable volunteer firefighters' relief association, if one exists, ceases to exist as a pension fund. Furthermore, legal title to the assets is transferred to the SBI, but with the title to the assets remaining to fund eventual benefits to the applicable volunteer firefighters.

With some modifications (see the following section), the relief association may continue as an organization and maintain its general fund.

CHANGES FOR ENTITIES WITH A RELIEF ASSOCIATION

Certain relief association changes will take place on the effective date of the change in volunteer firefighter retirement coverage. These changes are listed in Minnesota Statutes 353G.06, subdivision 2. If the relief association membership elects to retain the relief association, the following changes must be implemented. The relief association:

- board of trustees membership is reduced to five, comprised of the fire department's fire chief and four trustees elected by and from the relief association membership;
- may only maintain a general fund, which continues to be governed by Minnesota Statutes 424A.06;
- is not authorized to receive the proceeds of any state aid or to receive any municipal funds. Future fire state aid payments will be sent directly from the Department of Revenue to PERA to be deposited in your account; and
- may not pay any service pension or benefit that was not authorized as a general fund disbursement under the articles of incorporation or bylaws of the relief association in effect prior to the plan coverage election process.

Should the association membership elect to retain the relief association, the bylaws of the association should be updated to reflect these changes.

Amended bylaws do not need to be filed with any agency, but it would be helpful to send a copy to PERA. They must be kept with records of the relief association. The relief association will also likely need to amend its articles of incorporation and file the changes with the Secretary of State's office.

As non-profit corporations, relief associations will still have an annual renewal obligation with the Secretary of State's Office and that can be done online. Relief associations may also have an obligation as a non-profit to annually file Form 990 with the IRS. This is best discussed with an attorney.

ANNUAL MEMBERSHIP REPORTING

Annually, by February 28th, the fire chief of each participating department must report to PERA the number of good time service credits that has been earned in the previous calendar year by each SVF Plan member. In addition, the fire chief must provide required information on any firefighters who joined the volunteer fire department during the prior calendar year.

Ensure that the list of firefighters on the annual report is complete and then add the number of months of service credit due each individual.

PERA collects the service credit data through the Annual Service Credit Certification form, which is sent to participating entities in February of each year. This form lists each firefighter who is recorded in PERA's system as having provided services to the participating fire department in one or more months of the prior calendar year.

The fire chief must review the list of firefighters to ensure that all individuals who are entitled to service credit in the covered year are on the report with the correct name and status. (If PERA had previously been informed that a member has terminated service or died, the report will show that status change and its effective date next to the applicable firefighter.) To report a change in name for a firefighter, or to advise PERA of a change in status for a member (i.e. leave of absence, termination of service, death), the fire chief may write directly on the certification form (using columns 1 and 3).

If the department has new firefighters who began their volunteer service in the year covered by the certification form, PERA needs to receive detailed information so that a member account can be established. In this situation, use a blank line at the bottom of the report to add the new member(s). For each new firefighter, fill in all six columns on the report. In the first column, please be sure to provide the full Social Security Number of each new firefighter so that PERA staff can complete the enrollment process.

For each firefighter on the report, the fire chief must insert the number of months of good time service credit (in column 2) that is due for the covered calendar year. This column should not be left blank for any firefighter. If no credits were earned, insert a zero (0) in the column. Minnesota Statutes Chapter 353G does not define good time service credit. The fire chief determines the minimum activity levels and length of time a volunteer firefighter must serve to receive credit. Credit may be awarded in annual or monthly increments as determined by the chief of the fire company.

The completed, signed Annual Service Credit Certification form must be returned to PERA no later than February 28th of each year. When returning the completed form, please mail it to the following address: PERA, PO Box 75608, St. Paul, MN 55175-0608. Keep a copy of the form in your records for future reference.

PLAN FUNDING

If participation in the SVF Plan is approved, PERA will notify the State Board of Investments (SBI). The SBI will work with the owner of the assets to ensure a smooth transfer of assets at the end of the year in which the change in coverage is approved.

Each participating department in the plan has a separate account in which the assets necessary to fund benefits are maintained. Annually, PERA assesses the level of funding that is needed to maintain sufficient assets to pay benefits being earned by each participating entity's volunteer.

Required contributions for the coming year will be based on the service credit data provided to PERA through the annual reporting process done in March by each department's fire chief. In the summer of each year, the sponsors of the SVF Plan will receive a notice from PERA of the required contributions for the next year.

On October 1, PERA receives the Fire State Aid payments allocated to participating entities and deposits the funds directly into each entity's account.

The following table summarizes the annual payment activities connected with the SVF Plan.

ANNUAL SCHEDULE OF PAYMENT

DATE	ACTIVITY
February 28th	Fire Chief must certify good-time service credits to PERA no later than this date.
Spring	PERA calculates liabilities and required contributions for the year.
Summer	PERA notifies municipalities and non-profit fire companies of expected Fire State Aid payments and required contributions for coming year.
October 1st	PERA receives Fire State Aid for the former relief associations and new plan sponsors
December 31st	If the employer received an invoice for employer contributions, the payment is due by the end of the year.

RETIREMENT BENEFITS

The SVF Plan provides for the payment of lump-sum retirement benefits that are based on a specific dollar value paid for each year of credited service to a volunteer firefighter who terminates service and meets the minimum requirements for receipt of the benefits.

The dollar value payable per year of service is determined by the sponsoring municipality or entity at the time an election to participate in this plan is made. Prorated benefits are paid to retiring firefighters with between 5 and 20 years of service. More detailed information on benefits is available in the *Statewide Volunteer Firefighter Retirement Plan* brochure for members.

Completion of the *Application for Lump-Sum Benefits* from the Statewide Volunteer Firefighter Retirement Plan is required before a benefit can be paid. The Fire Chief completes Part A of the application to verify eligibility for a benefit. Then the retiring firefighter must complete Part B of the application and sign it in the presence of a notary public.

TO BE ELIGIBLE FOR A BENEFIT, A FIREFIGHTER MUST:

1. be at least 50 years old,
2. be vested, meaning must have acquired a minimum of 5 years of "good-time" service credit; and
3. sever the employment relationship with the fire department for a minimum of 30 days.

A full retirement benefit is payable to a firefighter with 20 years of service. Firefighters retiring with fewer than 20 but at least 5 years of service are eligible for a percentage of a full benefit. Former members of the fire department who were vested at the time they left the department are also entitled to benefits when they attain age 50.

In addition to primary benefits, the SVF Plan provides the retiring firefighter with a one-time cash supplemental benefit equivalent to those outlined in Minnesota Statutes 424A.10. (Supplemental benefits are paid by PERA, and PERA is reimbursed for their costs by the State of Minnesota. Thus, individual accounts within the SVF Plan do not fund supplemental benefits.)

> To receive a benefit, the firefighter must complete an application. The fire chief must also sign the application.

No benefits are payable to a firefighter who leaves the volunteer fire department before having earned five years of credited service, except as provided for under the portability provisions of the statewide plan.

The SVF Plan does not currently provide disability benefits.

PORTABILITY PROVISIONS

One of the goals of the statewide plan for volunteer firefighters is to provide portability of benefits. The plan is designed to pay benefits to a firefighter who may not vest in one account, but when combining all volunteer fire service in accounts participating in the statewide plan, the individual has earned more than five years of credited service. If that is the case, a prorated share of benefits payable based on credits earned in each account would be payable to the individual who meets all other requirements for payment of a lump sum benefit under this plan.

BENEFITS TO A SURVIVING SPOUSE

Benefits are paid to a surviving spouse of the deceased active or deferred member. If there is no surviving spouse, benefits are paid to the firefighters dependent children, and if no children, to the deceased firefighter's estate. The survivor benefit is equivalent to the lump sum benefit that would have been payable to the firefighter at age 50 using the service credit earned as of the date of death. Refer to the *Statewide Volunteer Firefighter Retirement Plan* brochure for more details.

DEFINED BENEFIT PLANS

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3-40 HISTORY OF DBP MEMBERSHIP RULES

The PERA Defined Benefit Plans are governed by Minnesota Statutes and were established to help Minnesota public employers attract and retain qualified employees by providing retirement, disability, and survivor benefits to their participating employees. The PERA Defined Benefit Plans satisfy the requirements of section 401(a) of the Internal Revenue Code (IRC) and are governmental plans within IRC section 414(d).

When combined with other income, the PERA retirement annuity is designed to provide members with the basis for financial security during their retirement years. In a Defined Benefit (DBP), such as the PERA plans, the benefit provided to a vested member at retirement is fixed based on a formula set by law. The formula includes factors such as the member's compensation over a set period of time, years of creditable service, age at retirement, and the benefit payment option selected at retirement.

A Defined Benefit Plan member's retirement benefit is not based on the accumulated contributions in their account, as it is with a Defined Contribution Plan (DCP). In addition, a Defined Benefit Plan member does not manage their contributions as is done with a DCP – the funds of the Defined Benefit Plan are managed by professional investment managers.

This chapter provides information about the membership provisions of Defined Benefit Plans listed in Table 1 and includes guidelines for Social Security participation by employees holding positions that qualify for membership in these plans. This chapter also provides instructions relating to the *Annual Exclusion Report* that must be filed by every governmental unit that is eligible to participate in PERA.

The Employer Manual is intended to provide general information. The rights and obligations of public employers and members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. The statutes and regulations shall govern if there is any discrepancy between them and the information in this document.

UPDATED MAY 2025

PUBLIC EMPLOYEE DEFINED

An employee's eligibility for membership in a PERA DBP is based on the person's employment with a single governmental employer. At a minimum, the person must be an employee who performs personal services for a Minnesota governmental subdivision for which he or she receives periodic salary or wages that are paid in whole or in part from revenue derived from taxation, fees, assessments, or other sources.

For PERA purposes "public employee" includes individuals who are appointed to positions that are defined in Minnesota law or local ordinance as public officers. Public employee also includes individuals who are elected by the public at large to local government positions.

Questions about whether a person holding a specific position is a public employee can usually be answered by reviewing the facts of the position and the relevant laws. Employers may also contact the PERA office to discuss the position with PERA staff.

TABLE 1— PERA'S MAIN STATEWIDE DEFINED BENEFIT PLAN (DBPS)[1]

PLAN	EMPLOYEES COVERED
General Employees Retirement Plan The plan has 2 sub-plans: the Basic and the Coordinated plans	General employees and certain elected officials of school districts and local units of government who meet the membership requirements in Minn. Stat. §353.01, subd. 2a or 2d and who are not members of another retirement plan covering public employees for the same service.
Correctional Plan	Correctional guards or officers, joint jailer-dispatchers, and supervisors of these positions, all of whom must work in a county or regional adult or juvenile correctional facility, be directly responsible for the direct security, custody and control of the facility and its inmates, and meet the additional eligibility criteria in Minn. Stat. Chapter 353E.
Police & Fire Plan	Licensed police officers and firefighters who meet the membership criteria in Minn. Stat. §353.64 and who are not earning credit in any other PERA retirement plan or in a local relief association for the same services. For PERA purposes, the position title of "Firefighter" includes positions that are required by the employing governmental subdivision to be and are licensed by the Board of Firefighter Training and Education under Minn. Stat. §299N.05 and are engaged in or exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation.

1 PERA also administers the Statewide Volunteer Firefighter (SVF) Retirement Plan, which is a Defined Benefit Plan for volunteer firefighters who serve municipal fire departments or independent nonprofit firefighting corporations. Unlike the plans discussed in this chapter, the SVF plan provides a lump-sum benefit to a retiring member (not a lifetime annuity). Full details about the SVF plan are in Chapter 2.

MANDATORY COVERAGE

Beginning July 1, 2023, a public employee who fills a non-elected position must be enrolled in a PERA defined Benefit Plan (DBP) when monthly income from one or more positions with a single governmental unit is projected to exceed $425 if no other exclusions apply.

When applying the monthly salary threshold, you are to use the employee's eligible earnings from the paid date. Not all compensation paid to employees qualifies as eligible earnings for PERA purposes. For detailed information, refer to Chapter 5

Membership is mandatory for many full-time and part-time permanent employees

ELIGIBLE EARNINGS

Under the mandatory coverage provisions, you will generally provide DBP membership to the following classes of public employees if they earn or are immediately expected to exceed $425 a month:

- Employees hired to fill positions that are permanent or for an unspecified period. PERA membership is required as a condition of employment, even if the employee serves a probationary period.
- Employees whose sole employment with your agency is in a short-term position that is expected to be for more than six months.
- Employees whose sole employment with you is in a single seasonal position that provides employment of more than six consecutive months.
- Persons appointed, employed or contracted to perform governmental functions that by law or local ordinance are required of a public officer including, but not limited to town and city clerks or treasurers; county auditors, treasurers, or recorders; and emergency management directors.
- City managers, which includes chief administrative officers under Minn. Stat. §353.028, must become DBP members on the first day of employment unless the individual is first employed by the city and chooses within the first 30 days of employment to instead join PERA's Defined Contribution Plan or to not participate in any PERA retirement plan. Refer to Optional Coverage in this chapter for more information about the election for DBP exclusion.
- Physicians who do not exercise their option within the first 30 days of employment to be excluded from DBP coverage and instead join the Defined Contribution Plan. Refer to Optional Coverage in this chapter for more information.
- Elected county sheriffs unless the person is drawing a retirement benefit
- from PERA's Defined Benefit Plan. (Effective July 1, 2010, county sheriffs who are drawing retirement benefits from the PERA Police & Fire Plan have the option to participate in the Defined Contribution Plan. Refer to Chapter 4 for more details.)
- Volunteer or on-call firefighters who do not receive credit in any of the following plans based on the service rendered as emergency firefighters:
- 1) a local relief association operating under Minnesota Statutes Chapter 424(a), 2) PERA's Statewide Volunteer Firefighter Retirement Plan, or 3) PERA's Defined Contribution Plan under Minnesota Statutes Chapter 353D.

- Non-elected employees holding more than one position when the combined salaries of those positions exceed the salary threshold.

Individuals who are non-governing body elected officials with monthly earnings in excess of the monthly salary threshold have the option to join the Defined Benefit Plan. Please refer to the information under Optional Coverage in this chapter.

If an employee meets the mandatory membership requirements for the DBP, you must determine the specific pension plan to which the person will contribute. Please refer to Determining Plan Coverage later in this chapter for details. Then, you must submit enrollment data on the new member as described in Chapter 6 Maintain Member and Employer Records.

Once enrolled in a PERA Defined Benefit Plan, an employee's membership continues while in a covered position until termination of service, even if monthly earnings fall below the monthly salary threshold while the individual holds the position that provided the PERA coverage.

Finally, an employee who was a member of the association on Dec. 31, 2014, based on employment that had qualified for coverage under a PERA Defined Benefit Plan retains that membership for the duration of the person's employment in that position or incumbency.

OPTIONAL COVERAGE

For the position classes listed below, the law allows elected and appointed public employees options with respect to participating in the PERA Defined Benefit Plan. The employer is required to inform the individuals of their options. Please note that all membership decisions must be made within 30 days of the individual's first day of service with a governmental subdivision and received by PERA within 60 days of their first day.

NON-GOVERNING BODY ELECTED OFFICIALS

With the exception of county sheriffs, individuals who are either elected to a local non-governing body position, or appointed to a vacant elected non-governing body position for the remainder of the term of office, have the option to choose coverage under the Defined Benefit Plan if they are expected to earn more than the monthly threshold.

This includes but may not be limited to clerks and treasurers or county attorneys. For those with sufficient earnings, membership in the Defined Benefit Plan is an alternative to the Defined Contribution Plan.

The official will have 30 days from the original start date of their service with a governmental subdivision to make a one-time, irrevocable election. Making no selection within this 30-day period will result in an automatic election to opt-out. Any election is permanent for all current and future service with a governmental subdivision. The Membership Election by Public Officials Form must be completed by both the governmental subdivision and the official. The election form must be received by PERA within 60 days of their first day of service. Retain a copy for your records.

By law, a person who is elected to the county sheriff position must contribute to the Police & Fire Plan if the position provides earnings in excess of the monthly threshold. However, if such person is excluded from paying into the Police & Fire Plan because he or she is drawing a retirement benefit from the PERA Police & Fire Plan, the elected sheriff has the option to participate in the Defined Contribution Plan if they do not have previous employment with the county. Refer to Chapter 4 for more details.

Give the following PERA documents to newly elected non-governing body officials who have the option to join a PERA retirement plan: (At your request, PERA will mail these documents to your unit.)

- The Coordinated Plan handbook which explains the Defined Benefit Plan that they have the option to participate in.
- The Membership Election by Public Officials form, which is used to document the individual's retirement plan choice. Part A of the form includes a check box for you (the employer) to indicate the individual's pension plan eligibility. Part B is then completed by the official, who must indicate a membership choice and sign. Part B also explains Social Security coverage that may be required.

If the elected official is eligible for and chooses to have coverage under the Defined Benefit Plan, the official may not discontinue such membership until he or she vacates office. Furthermore, the membership continues into a subsequent term in the same office.

If an eligible public official chooses to not enroll in the DBP (or the DCP) you must still send a copy of the signed Membership Election by Public Officials form to PERA and retain a copy for your records.

CITY MANAGERS

For PERA purposes, a city manager means (1) a person who is duly appointed to and is holding the position of city manager in a Plan B statutory city or in a home rule city operating under the "council-manager" form of government, or (2) a person who is appointed to and is holding the position of chief administrative officer of a home rule charter city or a statutory city under a charter provision, ordinance, or resolution establishing such a position and prescribing its duties and responsibilities.

A city manager whose monthly earnings exceed $425 automatically becomes a member of the Defined Benefit Plan (Coordinated Plan); however, within 30 days of their first employment with the city the individual may make a permanent decision to be excluded from the Coordinated Plan. The election to be excluded from the Coordinated Plan must be approved by city council through a resolution. A sample resolution for this purpose is in Figure 1.

New city managers make their PERA membership choice by completing the Membership Election by a City Manager form within 30 days of their first employment with a city. If the new city manager was previously employed by the same city and the city contributed to the Coordinated, Police & Fire, or Correctional Plan or sponsored any Correctional Plan or sponsored any supplemental pension or deferred compensation plan under Minn. Stat. § 356.24 on their behalf, the new city manager must participate in the Coordinated Plan if their earnings exceed the $425 threshold. If the city manager opts to be excluded from the Defined Benefit Plan, the person has the following two choices with respect to PERA membership. City representatives must inform their city managers of these options.

1. Make a permanent choice to have Defined Contribution Plan (DCP) coverage. If Defined Benefit Plan deductions had been submitted to PERA before the individual chooses to join the DCP, the deductions must be refunded or credited in accordance with Minn. Stat.§ 353.27, subdivision 7. (Note: An election to join the DCP is permanent for all current and future DCP-eligible employment with the governmental subdivision. Please refer to Chapter 4 Defined Contribution Plan for details about the DCP).

2. Choose to have no PERA participation. A city manager may choose, with city council approval, not to have coverage in neither the Defined Benefit Plan nor the Defined Contribution Plan. If Defined Benefit Plan deductions had been submitted to PERA before the person chooses to have no PERA coverage, a refund will be processed to return the invalid contributions to the city manager and the employer.

Figure 2 - A RESOLUTION APPROVING A CITY MANAGER'S CHOICE TO BE EXCLUDED FROM PARTICIPATING IN THE PERA COORDINATED PLAN

WHEREAS: (Name of city manager) is the City Manager of the (name of city) having been duly appointed effective (date), and

WHEREAS: Acting under Minnesota Statutes §353.028,(name of city manager) has chosen to be excluded from membership in the Coordinated Plan of the Public Employees Retirement Association (PERA) effective upon filing such election with the PERA office, and

WHEREAS: (Name of city manager) has provided this Council with a copy of such written election, and

WHEREAS: In making this election, (name of city manager) has agreed that s/he will not at any time in the future seek any authorization to purchase service credit for any period of excluded service.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF __________, MINNESOTA that said election to be excluded from membership in the Coordinated Plan of the Public Employees Retirement Association is hereby approved.

Whereupon said resolution was declared duly passed and adopted by the City Council of the City of _____________, on __________, 20___.

BY: ______________________________ Mayor

ATTEST: ______________________________ City Clerk or Administrator

PHYSICIANS

Physicians who are employed by a governmental unit may—within their first 30 days of employment—choose to join the Defined Contribution Plan instead of the Defined Benefit Plan (Coordinated Plan).

Employers must fill out Part A of the Membership Election by a Governmental Physician form and promptly give the election form to the Physician to complete Part B. Retain a copy of the form with Part A filled out until you receive the completed form back from the physician. Part B of the election form must be completed and signed by the physician within 30 days of their first day of service. The form must be received by PERA within 60 days of their first day of service. If these deadlines are not met, enrollment in the DBP Coordinated Plan is mandatory if monthly earnings exceed $425.

EMPLOYEES OF LABOR ORGANIZATIONS

Members of the DBP Coordinated Plan who are on an authorized leave of absence from their employers and who become employed by a labor organization representing public employees may continue paying Coordinated Plan contributions from their earnings as a labor organization employee. To continue PERA participation:

1. The employer must report a leave of absence to PERA and
2. The employee must sign the form, Election by a Labor Organization Employee, and submit it to PERA within six months of employment by the labor organization.

Employees who elect to continue their DBP participation are obliged to pay both the employee and employer contributions, unless the labor organization chooses to pay the employer portion.

EMPLOYEES EXCLUDED

PERA Defined Benefit Plan (DBP) membership is mandatory for all public employees unless they meet at least one statutory criteria for exclusion. Although not required by law, employers are encouraged to use the Notice of Exclusion from PERA Membership form to provide written disclosure to all excluded employees at the start of employment so that the affected employees are informed about the eligibility determination.

On the next page, Table 2 lists the classes of employees or positions that are specifically excluded from membership in a PERA Defined Benefit Plan by law.

Table 2 lists the classes of employees or positions that are specifically excluded from membership in a PERA Defined Benefit Plan by law.

EXCLUDED EMPLOYEES OR POSITIONS	RELATED SECTION OF LAW
Persons whose monthly pay from one governmental subdivision does not exceed $425. Monthly pay is calculated by paid date(s).	M.S §353.01, subd. 2b(a)(1)
Effective Jan. 1, 2015, employees whose sole employment is a temporary position that is predetermined by the employer to not provide employment that exceeds six consecutive months and employees who resign from a non-temporary position and accept a temporary position (same employer) within 30 days. Also refer to Temporary Positions later in this chapter for more details about this exclusion.	M.S §353.01, subd. 2b(a)(5) and subd. 12a
Employees hired after June 30, 2002, whose sole employment is a seasonal position limited in duration by the employer to a period of six months or less. Refer to Seasonal Positions later in this chapter for more details about this exclusion.	M.S §353.01, subd. 2b(a)(19) and subd. 12b
Independent contractors and their employees. A person who is appointed as a public officer cannot be excluded as an independent contractor if first contracted by a governmental unit after June 30, 2010. Also refer to Independent Contractors later in this chapter. Note: Effective July 1, 2014, PERA no longer requires independent contractors to be reported on the Annual Exclusion Report.	M.S §353.01, subd. 2b (21) and subd. 2b(b)
Reemployed retirees of the association during the course of the post-retirement employment. Refer to Hiring a PERA Retiree later in this chapter for additional details.	M.S §353.01, subd. 2b(a)(22)
City mayors and public officers elected to governing-body positions (i.e. boards of a county, city, school, township or special district) after June 30, 2002, or appointed after June 30, 2002 to a vacant governing-body position. (Officials elected after June 30, 2002 to governing-body positions may join the DCP. Refer to Chapter 4 Defined Contribution Plan.)	M.S §353.01, subd. 2b(a)(2)
PERA members receiving a disability benefit under the General Employees Retirement Plan (whether a Basic or Coordinated Plan member) who are employed full-time. There are also situations in which a member of the Police & Fire Plan or the Correctional Plan who is disabled according to the law and who becomes employed in a position that is normally covered by the Correctional or Police & Fire Plan (as applicable) is excluded from contributing again into the plan. For more details, refer to When a Disabilitant Returns to Work later in this chapter.	M.S §353.33, subd. 2b(a)(8) and 7(a)
Persons appointed to a board or commission of a governmental subdivision on or after July 1, 2010. These positions are excluded from Defined Benefit Plans entirely but have the option to enroll in the Defined Contribution Plan if monthly compensation for their services exceeds $425. Members of boards or commissions who receive only per diems to cover expenses are excluded from any PERA plan.	M.S §353.01, subd. 2b(a)(23)
City managers or chief city administrative officers who, within their first 30 days of first employment with the city, elected to be excluded from the Coordinated Plan with city council approval.	M.S §353.028, subd. 2; M.S §353.01, subd. 2d(a)(4)
Students under age 23 who are enrolled in and regularly attending classes at a high school or accredited college or university. The employer must obtain certification of the full-time student status and monitor the continuing student status. Related documentation is to be kept by the employer and provided to PERA only if requested by PERA. Students (under age 23) working during the summer and who had attended classes full-time in the previous spring semester and expect to resume classes full-time in the fall are excluded for the summer employment.	M.S §353.01, subd. 2b(a)(9)(i)
Resident physicians, medical interns, pharmacist residents, and pharmacist interns serving in a degree or residency program in public hospitals.	M.S §353.01, subd. 2b(a)(9)(ii)
Students who are serving for up to five years in a paid internship or residency program that is sponsored by an accredited educational institution or by the governmental subdivision for which the student works.	M.S §353.01, subd. 2b(a)(9)(iii)

EXCLUDED EMPLOYEES OR POSITIONS	RELATED SECTION OF LAW
Foreign citizens who are employed by a governmental subdivision are excluded for the first three years of employment, except: Employees of Hennepin County or Hennepin Healthcare System, Inc. Employees legally authorized to work in the United States for three years or more. Employees otherwise required to participate under federal law. H-1B, H-1B1, and E-3 visa status holders are required to be in the plan if they meet all other eligibility criteria. Permanent Resident Card (Green Card) holders are treated by federal law as having the same rights as U.S. citizens and are required to be in the plan if they meet all other eligibility criteria. As an employer, you are responsible to notify PERA of any other federal law that requires participation of a foreign citizen you employ.	M.S §353.01, subd. 2b(a)(11)
Employees solely employed as election judges or officers.	M.S §353.01, subd. 2b(a)(3)
Emergency employees who are employed due to work caused by fire, flood, storm, or similar disaster.	M.S §353.01, subd. 2b(a)(6)
Persons who are provided supported employment or work-study positions by a governmental employer and who participate in an employment or industries program maintained for the benefit of these persons where the employer limits the position's duration to up to five years. This includes persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment.	M.S §353.01, subd. 2b(a)(20)
Employees in positions for which the earnings are covered by Teachers Retirement Association (TRA), Minnesota State Retirement System (MSRS), Duluth Teachers Retirement Fund Association, St. Paul Teachers Retirement Fund Association, Minneapolis Employees Retirement Fund, or any police or firefighters relief association governed by section 69.77. This does not, however, exclude an employee, who also holds a second position from becoming a member of PERA on that position.	M.S §353.01, subd. 2b(a)(7)
Volunteer firefighters who receive credit in a local relief association operating under Minn. Stat. Chapter 424(a), or the Statewide Volunteer Firefighter Retirement Plan administered by PERA, for the services rendered as a volunteer. (Note: A volunteer firefighter who was reported for participation in a PERA DBP before July 1, 1989, retains that coverage, even if the person also receives credit in a local relief association for the volunteer firefighting services.)	M.S §353.01, subd. 2b(a)(14) and subd. 36; M.S §353.87
Volunteer ambulance personnel who provide basic and advanced life-support emergency medical services are excluded from membership in the DBP beginning in 1989; however, they may join PERA's DCP if the employing public ambulance service chooses to participate in it.	M.S §353.01, subd. 2b(a)(13) and subd. 35; M.S §353.86
Patients or inmates performing services for a governmental unit.	M.S §353.01, subd. 2b(a)(4)
Persons who are members of a religious order and are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410 (a)(8)(A), as amended. This means any public employee who belongs to a religious order that has elected to not participate in Social Security is exempt from participating in PERA. Conversely, if the order has elected to make Social Security contributions and the individual meets PERA eligibility requirements, the employee should be enrolled in a PERA plan and deductions should be taken. This law applies although the individual has taken a vow of poverty.	M.S §353.01, subd. 2b(a)(8)

EXCLUDED EMPLOYEES OR POSITIONS	RELATED SECTION OF LAW
Persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute.	M.S §353.01, subd. 2b(a)(10)
Public hospital employees who elected not to participate before 1972 and who did not participate from 7/1/1988 to 10/1/1988	M.S §353.01, subd. 2b(a)(12)
Employees holding positions as county extension educators who perform their duties in the county and are employees or independent contractors of the University of Minnesota. However, if counties directly employ staff members in the extension office the employees are eligible for PERA coverage if they meet the eligibility requirements.	M.S §353.01; M.S §38.37
Pipe fitters and associated trade personnel employed by independent school district No. 625, St. Paul, with coverage by the pipe fitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12.	M.S §353.01, subd. 2b(a)(15)
Electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5.	M.S §353.01, subd. 2b(a)(16)
Bricklayers, allied craft workers, cement masons, glaziers, glassworkers, painters, allied trades workers, and plasterers who are employed by the city of St Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craft workers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 plan, the Painters and Allied Trades Local 61 plan, or the Twin Cities Plasterers Local 265 plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6.	M.S §353.01, subd. 2b(a)(17)
Plumbers employed by the Metropolitan airports commission with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or, if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Section chapter 10, article 10, section 6.	M.S §353.01, subd. 2b(a)(18)
Persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute.	M.S §353.01, subd. 2b(a)(10)
Public hospital employees who elected not to participate before 1972 and who did not participate from 7/1/1988 to 10/1/1988	M.S §353.01, subd. 2b(a)(12)
Employees holding positions as county extension educators who perform their duties in the county and are employees or independent contractors of the University of Minnesota. However, if counties directly employ staff members in the extension office the employees are eligible for PERA coverage if they meet the eligibility requirements.	M.S §353.01; M.S §38.37
Pipe fitters and associated trade personnel employed by independent school district No. 625, St. Paul, with coverage by the pipe fitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12.	M.S §353.01, subd. 2b(a)(15)

EXCLUDED EMPLOYEES OR POSITIONS	RELATED SECTION OF LAW
Electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 plan, or the pension plan applicable to Carpenters Local 87 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5.	M.S §353.01, subd. 2b(a) (16)
Bricklayers, allied craft workers, cement masons, glaziers, glassworkers, painters, allied trades workers, and plasterers who are employed by the city of St Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craft workers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 plan, the Painters and Allied Trades Local 61 plan, or the Twin Cities Plasterers Local 265 plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6.	M.S §353.01, subd. 2b(a) (17)
Plumbers employed by the Metropolitan airports commission with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or, if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Section chapter 10, article 10, section 6.	M.S §353.01, subd. 2b(a) (18)
Skilled trade and craft workers and apprentices employed by Special School District No. 1 Minneapolis, the City of Minneapolis Municipal Building Commission, or Hennepin County with coverage under a collective bargaining agreement with a local labor organization representing skilled building and construction trades, electrical workers and apprentices, and stagehands or production technicians and apprentices. Unless agreed to by the employee, this exclusion does not apply to persons employed by: the city of Minneapolis on April 6, 1988, as skilled trade and craft workers and electrical workers and apprentices; Special School District No. 1, Minneapolis and the City of Minneapolis Municipal Building Commission on April 15, 1994, as skilled trade and craft workers and electrical workers and apprentices; or the City of Minneapolis as stagehands or production technicians on February 22, 1996, or such other date as agreed to by the parties.	Session Law
Employees hired or rehired on or after January 1, 2009 into a supervisor or above position with the Hennepin Healthcare System Inc., or as an independent practitioner with the Hennepin Healthcare System, and who are provided coverage under an alternative retirement plan established by the corporate board.	M.S §353.01, subd. 2d(b) (3) and 2d(c)
Persons employed as full-time fixed route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan.	M.S §353.01, subd. 2(b) (a)24
Electricians or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and who elected to be excluded under Laws 2015, chapter 68, article 11, section 5.	M.S § 353.01 subd. 2b(a) (25)
Laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees under a collective bargaining agreement and have retirement coverage by the Minnesota Laborers Pension Fund who were either first employed on or after June 1, 2018, or, if first employed before June 1, 2018, who elected to be excluded under section 13.	M.S § 353.01 subd. 2b(a) (26)

Minnesota law requires all governmental subdivisions to submit an annual Exclusion Report to PERA at the end of each school or calendar year. This report must list all employees and all public officials who do not have coverage in a PERA Defined Benefit Plan, PERA Defined Contribution Plan, or another statewide system such as the Teachers Retirement Association or the Minnesota State Retirement System. Instructions for this process are under Annual Exclusion Reports later in this chapter.

EMPLOYEES NOT ELIGIBLE ON DATE OF HIRE

A newly hired public employee of your unit, who holds a position that initially excludes the person from coverage under a Defined Benefit Plan, may later become eligible for membership. This could result from changes such as a salary increase for the employee, a full-time student turning age 23 or no longer attending high school or an accredited college or university, an extension of the duration of a temporary or seasonal employee, or because the employee accepts a second position with your employer unit. In addition, an elected official who had not chosen to join PERA when he or she took office in a non-governing body position may later choose to join the plan.

As the employing unit, you have a responsibility to monitor these situations in order to determine if membership should occur at a later date. If you subsequently determine that an employee qualifies for PERA membership, you must enroll the person in PERA. Please refer to the information on member enrollment in Chapter 6 Maintain Member and Employment Records. When completing an enrollment for an employee who had previously been excluded, list the exclusion code that was applied during the period of exclusion to explain the discrepancy between the hire date and eligibility date.

If you have questions about applying the membership rules of the Defined Benefit Plans, please contact PERA. There can be substantial charges to employers that fail to enroll an eligible public employee within 60 days of having qualified for DBP coverage. Please refer to the information on Omitted Deductions in Chapter 7 Contribution Reporting for details.

CLOSER LOOK AT SOME COMMON EXCLUSIONS

PERA receives a number of questions regarding the salary threshold and the eligibility of employees hired to temporary or seasonal positions, independent contractors, and employees who are drawing either a retirement or disability benefit from PERA. This section will focus on these employment situations.

MONTHLY SALARY THRESHOLD

Effective July 1, 2023, the earnings threshold for PERA's Coordinated, Correctional, and Police & Fire defined benefit plans (DBPs) is $425 in a single month. This applies to all employer types and replaces the annual threshold of $5,100 for local government and $3,800 for school-year employees. Current members who met eligibility criteria under the previous rules are not affected and will retain their membership until termination of employment.

PERA's return to a $425 monthly threshold means that employers no longer need to guess whether an employee is eligible. An employee will either qualify for mandatory coverage upon hire or will be eligible once their eligible pay exceeds $425 in any month. The two times for enrollment are:

1. At time of hire: New hires to a position with regular monthly earnings of more than $425 must be enrolled immediately. Membership is mandatory as a condition of employment when regular monthly earnings will exceed $425 per month, even if they will not receive more than $425 until month two. As a reminder under mandatory enrollment, if $425 is not met in month one, but is met in month two, both months are still valid. This applies to all full-time and most part-time employees.

2. First month $425 is met: Employees with intermittent schedules or who are expected to have monthly wages below $425 must be enrolled in PERA coverage the first time they are paid over $425 in a single month if no other exclusion applies. This includes employees who were previously excluded under the annual threshold. Contributions begin with the check that caused earnings to go over the $425 threshold. For example:

    - Intermittent or on-call eligibility begins the first month that pay is more than $425 in a month.
    - Seasonal and temporary employees remain excluded from PERA if the period of work is less than six consecutive months, regardless of earnings. However, if employment is extended beyond six months, the person becomes eligible for PERA the next time their monthly pay exceeds $425.
    - **Exception:** For pay frequency of less than monthly or retroactive payments covering multiple months, divide the total by the number of months represented to determine a monthly amount. Only enroll the employee if the result exceeds $425 per month.

After $425 is exceeded, a member's eligibility continues until termination with that employer, even if subsequent earnings never reach $425 in any other month. A person who exceeds the threshold but later terminates and has at least a 30-day break before rehire is now considered a new enrollment and must re-establish eligibility

ENROLLMENT EXAMPLES

EXAMPLE 1

An employee is hired to a part-time position working 10 hours/week at $20 per hour. Start date is October 10, 2023 and expected pay is $400 per check. This employee is subject to mandatory membership as a condition of employment because their regular monthly earnings will exceed $425.

DATE PAID	GROSS SALARY	PAY PERIOD DATES	COMMENTS
10/20/2023	$400	10/1–10/14	Begin PERA deductions as of this check with enrollment date of October 10, 2023 (first day of employment). Membership continues until employee terminates employment with the entity.
11/3/2023	$400	10/15–10/28	
11/17/2023	$400	10/29–11/11	

EXAMPLE 2

An employee hired October 1, 2023 to an on-call position with no predictable earnings.

DATE PAID	GROSS SALARY	PAY PERIOD DATES	COMMENTS
10/20/2023	$150	10/1–10/14	October pay = $150.
11/3/2023	$100	10/15–10/28	
11/17/2023	$25	10/29–11/11	November pay = $125.
12/1/2023	$150	11/12–11/25	
12/15/2023	No check	11/26–12/9	
12/29/2023	$300	12/10–12/23	December pay = $450. Exceeds $425 on December 29. Begin PERA deductions as of this check with enrollment date of December 10, 2023 (first day of pay period).

EXAMPLE 3

Employee A begins a six-month temporary position on April 1, 2023 to cover the leave of another Employee B. Working 20 hours per week at $15 per hour. The six-month exclusion period is April 1 through September 30, 2023. All pay is excluded during this time and the monthly threshold does not apply. In September 2023, Employee B's leave is extended to December 31, 2023.

DATE PAID	GROSS SALARY	PAY PERIOD DATES	COMMENTS
4/7/2023–10/6/2023	$600 biweekly; $7,200 total	3/26–9/30	No earnings threshold applies during the six-month temporary position exclusion period.
10/20/2023	$600	10/1–10/14	Earnings exceed $425 and six-month temporary position exclusion has expired. Begin PERA deductions as of this check with enrollment date of October 1, 2023. Membership continues until Employee A terminates employment with the entity.

TEMPORARY POSITIONS

As of Jan. 1, 2015, employees who are employed solely in a temporary position are excluded from membership in a PERA DBP regardless of their level of earnings in a six-month period.

PERA law defines a temporary position as an employment position pre-determined by the employer at the time of hiring to be a period of six months or less. Your entity may have a definition for a temporary position that is different from how PERA defines the term. When you determine membership eligibility you must use the definition in PERA law.

It is important to not apply the temporary position exclusion in such a way as to exclude employees who are hired to fill positions that are permanent or unlimited but who serve a probationary period at the start of employment. Similarly, a temporary position does not mean an employment position established for an unlimited period in which the employee works an irregular schedule.

> The PERA law provides a definition of a temporary position.

School district employees who substitute in a position otherwise eligible for membership are excluded as temporary employees if all of these three conditions are met:

1. the individuals are called to work for pre-determined periods (such as one day, two days, one week, less than two months, etc.),
2. the employment relationship with the school ends when the substitute work assignment is completed, and
3. the person does not report for substitute work in more than 6 consecutive calendar months without a 30-day separation in employment with the school.

If the substitute's work for a single school district exceeds 6 months and there was no 30-day separation in employment, the substitute worker must be enrolled the next time they work for that district and earnings exceed the monthly threshold.

Please note that PERA's temporary provision cannot be used to exclude individuals who have an unlimited on-call appointment to do substitute work with a particular school. When employees are excluded under the temporary provision, PERA seeks documentation from employers that will substantiate when an individual was hired for a specific period of 6 months or less.

> Rules for school district substitutes

Sometimes employment conditions will change after an individual has been hired and may affect the employee's eligibility for coverage in a PERA DBP as follows:

- If an employee is hired to a temporary position (less than six months) but the employment duration is subsequently extended to a length that will exceed six months, the employee must be enrolled in PERA the next time earnings exceed the monthly salary threshold. In this situation, the months of temporary employment are without PERA coverage.

- If an employee moves from one temporary position to another temporary position (same employer) and there is a termination of employment and a break of at least 30 days between the two positions, each temporary position is excluded from PERA membership. On the other hand, if an employee moves from one temporary position to another (same employer) without a bona fide termination of service as defined by PERA law and 30-day break, the employee is excluded ONLY if the duration of both positions combined is predetermined to be less than six consecutive months.
- If an employee resigns from a permanent position and accepts a temporary position within 30 days in the same governmental subdivision, the employee may not contribute to PERA on the temporary position.

TEMPORARY EMPLOYMENT SCENARIOS

Following are some employment scenarios relating to the temporary exclusion.

SITUATION #1

You hire Sally to begin employment on March 12 for a specific project that is projected to end on August 30 of the same year.

PERA Eligibility #1: Since you have established Sally's employment period to be under six months, she is considered to hold a temporary position that is excluded from membership.

SITUATION #2

You hire Joseph to fill in for a full-time worker (Stan) who has been approved for a four-month medical leave of absence from February 1 through May 31. Joseph is paid $1,200 biweekly. At the end of May, Stan's leave is extended and Joseph agrees to continue working until November 30.

PERA Eligibility #2: Enroll Joseph and begin PERA deductions from his first check in June because you know that the position duration will exceed six months and Joseph's monthly earnings are over $425.

SITUATION #3

You hire Melony to a permanent part-time position on November 1, 2015. She is expected to earn $900 a month ($10,800 annually). Under your personnel policies, Melony will be on probation for the first six months of employment.

PERA Eligibility #3: Melony must be enrolled into PERA at the start of her employment and cannot be excluded under the temporary provision since her position is not limited to six months or less. Her probationary status for the first six months of employment does not alter the fact that this position is permanent.

SITUATION #4

Your County hires Donna to work on an intermittent basis for up to ten months.

PERA Eligibility #4: You must enroll Donna into PERA the first time she is paid over $425 in one month. Her position does not meet PERA's definition of a temporary position because it provides for employment in excess of six months.

SITUATION #5
One of your part-time custodians is unable to report to work due to illness. He anticipates returning in a day or two. You contact Roger to see if he can substitute. This is the first time that Roger will work as a daily substitute. Your school district does not consider daily substitutes as permanent employees and instead considers the employees to be appointed to a temporary position for the day.

PERA Eligibility #5: Roger is excluded from PERA membership on the substitute position because it meets the definition of a temporary position. In this scenario:

The full period of employment is expected to end within a few days when the regular employee returns.

1. The employment relationship you have with Roger will end when the substitute work has been completed. Roger is not a permanent on-call employee.

2. Roger has not performed other temporary work for your school. If he had other prior temporary employment, you would need to determine if the total of all temporary positions extends beyond six consecutive months without a 30-day break between them.

SITUATION #6
Tom is a full-time employee with PERA coverage. He decides to resign effective Nov. 30, 2015 and retire. In December, you hire David to the vacant position and call Tom to ask if he would help train David. You extend a position to Tom for the period from Dec.15, 2015 through March 19, 2016. Tom accepts the temporary position.

PERA Eligibility #6: Although the break in employment for Tom is less than 30 days, his PERA membership ends on Nov. 30, 2015, and he may not contribute on the earnings of the temporary job. Under Minn. Stat. 353.01, subd. 2B(5), Tom began to work in the temporary position within 30 days after having resigned from the permanent position in the same governmental subdivision. Under these facts, the temporary position is excluded. (Note: If Tom applies for a retirement benefit or a lump-sum refund from PERA, he will not be able to draw the payment(s) until he ends all public service and has a 30-day break, which, in this situation, will not happen until March 19, 2016.)

SITUATION #7
Your administrative staff has not been able to keep up with their work demands and you are not sure when the work volumes will lessen. To resolve the situation, you hire Ursula to help your administrative staff from 8:30 a.m. to 4:30 p.m. three days each week. You did not set an ending date of employment for

Ursula and will monitor the workload each month.

PERA Eligibility #7: Ursula is not a temporary employee. She was hired for an undefined period and qualifies for membership. Unless a different exclusion applies, you must withhold PERA deductions if you determine that her projected monthly salary will exceed the monthly earnings threshold and continue membership until she terminates employment.

SITUATION #8
Sally has worked for your agency as a part-time receptionist for several years and is currently enrolled in PERA. During the year, one of the part-time library staff members goes on a 90-day maternity leave. Because you must ensure that the library duties are covered for that period, you post a part-time temporary opening. Sally applies for and is hired effective June 15, 2015 to that position. (For the 90-day period, Sally will hold two part-time positions in your agency.)

PERA Eligibility #8: Sally pays into PERA on the earnings from both positions. The limited part-time position is not excluded as a temporary position because it is not her sole employment position.

SEASONAL POSITIONS

Many employers have seasonal work that is not continuous throughout the year but recurs year after year. Often times, the same individual will return to the position in each successive year without having a formal termination at the end of each season or reapplying at the start of each season.

Effective July 1, 2020, employees whose sole employment is a seasonal position are excluded from PERA membership if the duration of the employment is limited by the employer to six months or less. The exclusion applies regardless of whether or not the employing unit anticipates that the same employee will return to the position each season in which it becomes available. (Note: Employees who were PERA members on June 30, 2002, or Dec. 31, 2014, or June 30, 2020 based on seasonal employment that had qualified for membership under the laws previously in effect will retain membership until they terminate public service.)

For PERA purposes, a "seasonal position" means a position where the nature of the work or its duration is related to a specific season or seasons of the year. Among some of Minnesota's traditional seasonal jobs are plowing snow, maintaining parks or roads, and operating outdoor skating rinks, ski lodges, golf courses, or outdoor swimming pools. In addition, the PERA law specifies that coaches of athletic activities are also considered to be seasonal positions.

If an employee holds two positions with a single employer, one permanent and the other seasonal (six months or less), the compensation from both must be added together to determine whether the employee will exceed the earnings threshold since the employment is not solely in a seasonal position.

Also, if an employer hires an employee to a second seasonal position within 30 days of the person having ended a previous seasonal position, the individual remains excluded from PERA membership only if the total duration of both seasonal positions will be six months or less.

On occasion, an employer might decide to extend an employee's seasonal appointment beyond the original dates projected. This might be the result of weather changes that allow a golf course or pool to be open longer than its usual dates of operation, or because availability of funds allows for more road maintenance than originally budgeted, or various other reasons. If a person's employment in a seasonal position is later extended beyond six months, the employee must be reported for membership immediately if no other exclusion applies.

A seasonal employee who qualifies for membership remains a member until there is a formal termination of employment or retirement under the Post Retirement Option authorized under Minn. Stat. §353.371. This is true for those hired before or after July 1, 2002, or Dec. 31, 2014, or June 30, 2020. Once a seasonal employee becomes a PERA member the coverage automatically resumes at the start of each season unless the employer substantiates that the employer-employee relationship has terminated.

SEASONAL EMPLOYMENT SCENARIOS

Below are a few employment situations that relate to PERA's seasonal exclusion and how to apply the law in each situation.

SITUATION #1

Suzanne is hired as the gymnastics coach under a two-year contract with your school district. At the start of the employment you stipulated that you did not expect the coach position to extend beyond six months.

PERA Eligibility #1: Suzanne holds a seasonal position that is excluded from membership. As the employing school district you must monitor the coach position to ensure that it remains at six months or less.

SITUATION #2

Bruce has been working for your school district as the basketball coach under a five-year contract for $6,000 each four-month season. In the first two school years, Bruce was excluded from PERA coverage because the basketball season is not expected to exceed six months. At the start of the third year, you again exclude Bruce from PERA coverage under the seasonal exclusion.

However, immediately after the basketball season ends, your district hires him to coach softball for $3,000 over the three-month season ($1,000 per month). There is no 30 day break between the two positions and the total duration will be seven months.

PERA Eligibility #2: The softball coaching position will cause Bruce's total period of employment to exceed six months and his softball pay is over $425/month, therefore, you must enroll Bruce into PERA at the start of the softball season and deduct PERA contributions from the $3,000 he is paid. Now that his eligibility is established, Bruce retains his PERA membership in each subsequent year, even if he only coaches basketball. PERA deductions continue until he terminates employment with the district.

SITUATION #3

In April of each year, Mitch returns to seasonal employment with your city to mow lawns and maintain the building grounds during the summer. He generally earns $6,000 per season. Each year you establish that Mitch will not be employed for more than six months. His schedule generally runs from April 15 through Oct. 15 each year.

On October 16, Mitch accepts a winter road maintenance position with your city for the period of November 1 through March 31.

PERA Eligibility #3: The two seasonal positions held by Mitch are longer than six months of employment without a 30-day break. Mitch must be enrolled in the PERA Coordinated Plan the next time he is paid more than $425 in a month. Once enrolled, Mitch retains his PERA membership each year unless he officially terminates employment with the city and has a break in service of at least 30 days.

INDEPENDENT CONTRACTORS

Independent contractors and their employees are excluded from participating in PERA because they are not public employees.

PERA uses the common-law standard to determine the status of a worker.

PERA uses the common-law standard and the factors identified by the Internal Revenue Service (IRS) to evaluate the degree of control or autonomy that exists. Under the common-law standard, there are three categories of factors (Behavioral Control, Financial Control and Relationship of the Parties) that should be considered to determine whether the worker is an employee or independent contractor. The three categories are as follows:

3. **BEHAVIORAL CONTROL**
   This area covers degree of control and degree of independence and facts that demonstrate whether the governmental unit controls — or has the right to control — what the worker does and how the worker does their job. Control refers not only to the results to be accomplished by the work, but also the means and details by which the results are achieved. Examples of key facts which illustrate whether there is a right to direct or control how the worker performs the specific task for which he or she is engaged are instructions and training.
4. **FINANCIAL CONTROL**
   This area looks at the business aspects of the workers' such as how the worker is paid, whether expenses are reimbursed, who provides the work location, equipment, supplies, etc., the degree to which the worker will be "at risk" with respect to their capital when performing the work, and whether the person has the qualifications to perform the job without help. Facts which illustrate whether there is a right to direct or control how the business aspects of the worker's activities are conducted are: significant investment, unreimbursed expenses, services available to the relevant market, method of payment, and opportunity for profit or loss.
5. **RELATIONSHIP OF THE PARTIES**
   This category relates to facts about the relationship of the parties including how they perceive their relationship and how they represent their relationship to others. In this area, facts which illustrate relationship include: intent of the parties through written contracts, employee benefits, duration of the relationship, discharge or termination, and whether the work to be performed is a regular business activity and key aspect of the operations of the employer.

When examining a situation, it is not uncommon for some factors to indicate that the worker is an employee and others to indicate independent contractor. There is no set number of factors that classify the worker an employee or an independent contractor and no one factor stands alone in making this determination. A determination can only be made after reviewing all of the facts of the situation and taking into account the importance of the factors by considering the nature of the service involved and the occupation.

As part of the process to determine a worker's status, we recommend that you review the following IRS documents:

- Chapter 4 of IRS Publication 963, the "Federal-State Reference Guide", discusses determining worker
- IRS Publication 15a discusses the employer-employee relationship and has examples of employees and contractors
- The Brochure "Independent Contractor or Employee" (IRS Publication 1779) discusses the facts that provide evidence of the degree of control in three categories: behavioral control, financial control, and the type of relationship of the parties

An employer that seeks to rehire a former employee as an independent contractor should carefully consider whether the proposed work arrangement will meet the common-law standard. Similarly, if considering changing the status of an individual from that of an employee to an independent contractor or vice versa, PERA will need to review the reasons that brought about the change in status, including a copy of any applicable contracts. When reviewing independent contractor arrangements, PERA may use its *Independent Contractor or Employee Worksheet* or a more detailed questionnaire to facilitate the collection of information.

It is important to point out that current laws state that a person who is appointed as a public officer is a "public employee" for PERA purposes and cannot be excluded as an independent contractor if first contracted by a governmental unit after June 30, 2010. Public officers include, but are not limited to, city or township clerks and treasurers, city managers who do not elect to be excluded, emergency management directors, and county auditors, treasurers, or recorders. For persons who have been contracted to a public officer position prior to July 1, 2010, an exclusion from PERA coverage is valid if it is substantiated that the person is an independent contractor.

There can be financial consequences at both a state and federal level if an employer incorrectly designates an employee to be an independent contractor. For PERA, these consequences include paying omitted employee and employer contributions.

HIRING A PERA RETIREE

An individual who is collecting monthly retirement payments based on prior coverage in the PERA General Employees Plan, the Correctional Plan, or the Police & Fire Plan may return to governmental employment, but is exempt from again contributing to any of these Defined Benefit Plans.

The membership exemption applies to employees who retired after they had terminated public employment and remained out of service for at least 30 days. It also applies to members of the General Employees Retirement Plan who begin drawing PERA retirement benefits at age 62 or older under the provisions of PERA's Phased Retirement Program without formally resigning.

While no employee deductions or employer contributions for DBP coverage are due on the earnings of re-employed PERA retirees, the employing unit must report the gross earnings of any PERA retiree who holds a non-elected position and who is under Full Retirement Age (up to age 67). These reemployed retirees are subject to an annual earnings limit that matches the amount set by Social Security; therefore, PERA must monitor their post-retirement earnings. The wages must be reported under PERA's Exempt Plan (99) after the employer enrolls the individual in that plan. For more information, please refer to Chapters 6 and 7.

If an individual who is drawing a monthly retirement benefit from a PERA Defined Benefit Plan is elected to a local government position, the earnings for the elected position are not subject to the annual earnings limit. In addition, under laws effective July 1, 2010, an elected county sheriff who is receiving a pension from the PERA Police & Fire Plan has the option to contribute to the Defined Contribution Plan on the elective salary. For more details, refer to Chapter 4.

When employers hire a person, they must determine if the individual is a PERA retiree. Employers that have access to PERA's web Employer and Information System (ERIS) can use its 'Benefit Recipient Search' tool to find out if an employee is receiving a PERA benefit. Instructions are provided in the system's online help manual or by contacting the PERA office.

LOCAL POLICE OR FIRE RELIEF PLANS

PERA is the administrator of several relief association pension plans. In many instances, we are issuing monthly payments to individuals whose retirement benefits are based on the provisions of the local police or fire relief association to which they paid. While these individuals may refer to themselves as "PERA retirees," they cannot be excluded from future membership in one of PERA's Defined Benefit Plans based only on their retired status.

Individuals who are collecting local relief association benefits at the time the relief association plan came under PERA's administration must have DBP deductions withheld from their earnings if they are re-employed in public service and meet the membership requirements.

In contrast, employees working and participating in a local police or fire relief association plan at the time PERA took over administration of the plan, who later begin to receive a benefit based on the PERA Police & Fire Plan benefit provisions and formula, are excluded from making PERA contributions if re-employed. Moreover, a person is this latter group is treated as any other reemployed PERA retiree and must have the earnings reported under PERA's Exempt Plan (99) if the person is under their full retirement age.

WHEN A DISABILITANT RETURNS TO WORK

An individual who is receiving a disability payment (disabilitant) from PERA may, in certain instances, return to governmental employment while drawing the monthly benefit.

When a PERA member becomes injured or disabled, he or she can apply to receive a monthly disability benefit from PERA. A member receiving a monthly disability benefit may return to governmental service. However, whether the benefit recipient must pay PERA contributions depends on the type of disability benefit received.

GENERAL EMPLOYEES RETIREMENT PLAN (COORDINATED OR BASIC PLAN)

A member who is drawing a disability benefit under the General Employees Plan may return to governmental service on a part-time basis at a reduced salary without paying PERA contributions or possibly losing the disability benefit. An individual who is disabled and unable to engage in substantial gainful activity may have combined earnings from partial reemployment and PERA benefits that do not exceed the salary that would have been earned if the person had not become disabled. In this case, PERA will reduce the monthly benefit to return the total to that level.

On the other hand, if the disabilitant returns to governmental service on a full-time basis, the individual no longer qualifies to receive the disability benefit under the General Employees Plan and PERA contributions are required on the salary. When the disabilitant is employed on a full-time basis, PERA must be notified so that the monthly benefit can be stopped.

CORRECTIONAL PLAN OR POLICE & FIRE PLAN

PERA members receiving a disability benefit under the Correctional Plan or the Police & Fire Plan may return to governmental service on a full- or part-time basis in a position that is normally covered under the General Employees Retirement Plan (Coordinated or Basic Plan) without making contributions. If a Police & Fire Plan disabilitant is employed in a position normally covered by the Police & Fire Plan on full- or part-time basis, the individual no longer qualifies to receive the disability benefit. PERA contributions would then be required on the salary if the employee meets the eligibility requirements.

When a member receiving a disability benefit under the Correctional Plan is employed in a position covered by the Correctional Plan, whether on a full- or part-time basis, the individual no longer qualifies to receive the disability benefit and PERA contributions are required if the employee meets the eligibility requirements.

Employers must report the gross earnings of disability recipients to PERA through the regular contribution reporting process even if PERA deductions are not taken. In this case, the employer should report the earnings under the Exempt Plan (99). Refer to Chapter 7 Contribution Reporting for more information.

If in doubt about whether an employee should be a member, please send the following information to PERA: a description of the job duties, the expected duration of the position, and any additional information that will be helpful in making a determination.

On the other hand, if the disabilitant returns to governmental service on a full-time basis, the individual no longer qualifies to receive the disability benefit under the General Employees Plan and PERA contributions are required on the salary. When the disabilitant is employed on a full-time basis, PERA must be notified so that the monthly benefit can be stopped.

CORRECTIONAL PLAN OR POLICE & FIRE PLAN

PERA members receiving a disability benefit under the Correctional Plan or the Police & Fire Plan may return to governmental service on a full- or part-time basis in a position that is normally covered under the General Employees Retirement Plan (Coordinated or Basic Plan) without making contributions. If a Police & Fire Plan disabilitant is employed in a position normally covered by the Police & Fire Plan on full- or part-time basis, the individual no longer qualifies to receive the disability benefit. PERA contributions would then be required on the salary if the employee meets the eligibility requirements.

When a member receiving a disability benefit under the Correctional Plan is employed in a position covered by the Correctional Plan, whether on a full- or part-time basis, the individual no longer qualifies to receive the disability benefit and PERA contributions are required if the employee meets the eligibility requirements.

Employers must report the gross earnings of disability recipients to PERA through the regular contribution reporting process even if PERA deductions are not taken. In this case, the employer should report the earnings under the Exempt Plan (99). Refer to Chapter 7 Contribution Reporting for more information.

If in doubt about whether an employee should be a member, please send the following information to PERA: a description of the job duties, the expected duration of the position, and any additional information that will be helpful in making a determination.

EMPLOYEES HOLDING MULTIPLE POSITIONS

An employee's eligibility for Defined Benefit Plan membership is based on earnings with a single public employer — earnings an individual may receive from more than one public employer may not be combined to determine membership eligibility.

However, if you employ a person in more than one non-elected position, you must consider the employee's total salary from all of the positions, even positions that are considered temporary or seasonal, when determining PERA membership eligibility. This means that you would combine the salary amounts paid to a single employee who holds two (non-elected) positions as represented in the following examples.

EXAMPLES

SITUATION #1 — TWO PART-TIME JOBS)

Stephanie has worked for you for two years on a permanent part-time basis. She currently earns $400 a month. On May 15, 2024, Stephanie accepts a second part-time position with your governmental unit that will pay $350 per month.

PERA Eligibility 1: Stephanie qualifies under the mandatory coverage rules based on her combined monthly earnings of $750 beginning May 15, 2024. While neither position separately meets the minimum salary required for membership, the total salary Stephanie earns as a permanent employee exceeds the monthly threshold and no other exclusion prevents the coverage. Stephanie's membership in PERA will continue throughout her employment, even if she leaves one of the positions or her earnings drop below the monthly threshold in subsequent years.

SITUATION #2 — PART-TIME POSITION AND SEASONAL POSITION

Michael has worked part-time for your city for two years in building maintenance. He pays into the Coordinated Plan on his monthly salary of $700. On April 15, 2015, Michael accepts a seasonal position with your governmental unit that will pay $350 per month. The seasonal position is expected to end on Sept. 3, 2015.

PERA Eligibility 2: Beginning April 15, the city must begin reporting the wages that Michael earns in the seasonal position to PERA. The seasonal position is not Michael's sole employment with the city; therefore, the position is not excluded and the earnings from both jobs must be reported to PERA.

CONCURRENT ELECTED AND NON-ELECTED POSITIONS

If a person holds two positions with a single employer, one of which is an elected position, the compensation for that position must not be added to the other earnings of the individual for membership eligibility purposes.

SITUATION #3

Theo has been employed by your township as a Road Supervisor for several years and is a Defined Benefit Plan member. In January of this year, he begins serving as the elected township clerk earning $400 a month (a non-governing body position).

PERA Eligibility 3: The township clerk earnings that you pay to Theo cannot be combined with his non-elected earnings and reported to PERA. On its own, the salary of the elected position does not exceed the $425 monthly threshold required for optional Defined Benefit Plan membership. Theo could, however, elect to join the Defined Contribution Plan based on the non-governing body elected position. If he did so, he would contribute to both the Coordinated Plan (road supervisor wages) and the Defined Contribution Plan (township clerk salary).

CONCURRENT PUBLIC SAFETY AND NON-PUBLIC SAFETY POSITIONS

If a person is employed as a police officer, fire fighter, or correctional officer, and also works in a non-public safety position for the same employer, the compensation from both positions must be combined to determine if the PERA membership eligibility threshold has been met.

SITUATION #4

Charles has been employed for several years as a part-time police officer with City A. His annual salary is generally $8,400 and he has Police & Fire Plan coverage due to a resolution passed by the city council. On Oct. 3 2015 Charles accepts a permanent, part-time administrative position in the same city.

PERA Eligibility #4: Charles must have PERA deductions taken from the earnings in both of these permanent, part time positions. However, Charles will have coverage in the Coordinated Plan for the earnings he receives from the administrative position that was effective Oct. 3 2015 and he will continue to pay into the Police & Fire Plan on the wages he earns as a police officer. Refer to Determining Plan Coverage later in this chapter for more information.

SCHOOL DISTRICTS AND CHARTER SCHOOLS

There are other provisions that apply to schools that employ a person in both a certified teaching position and a non-certified position.

Under Minnesota Statutes §354.05, subdivision 2, a person who renders teaching service on a part-time basis and who works in a non-certified position for the same employer will pay into the Teacher's Retirement Association (TRA) on the earnings from both jobs.

This rule is only applicable if the two (or more) positions occur at the same time. If the positions are not held concurrently, the employee would have coverage under PERA and TRA if the eligibility requirements of each system are met.

HIRING FORMER EMPLOYEES

Employers who hire a former employee who had previously been a PERA member (but who is not drawing monthly retirement or disability benefits) must consider the following factors when determining whether the employee is again eligible for membership in the Defined Benefit Plan:

- If a DBP member terminates employment, has a break in service of at least 30 days, and is subsequently rehired by the same employer to a non-temporary position, the employee must re-qualify for DBP coverage due to the length of the break in employment.
- If a DBP member terminates employment and is rehired by the same employer to a non-temporary position less than 30 calendar days later, PERA coverage is automatically continued.
- PERA coverage stops if a DBP member terminates employment and subsequently returns to work in a temporary position (pre-determined duration of six months or less), regardless of the length of the break in employment.

Under PERA law, termination of employment occurs when an employee resigns, or is dismissed by the employer or when a position ends and the member who held the position is not considered by the employer to be on a temporary layoff. Different factors will apply to employees who are receiving a PERA retirement benefit. Refer to Hiring a PERA Retiree in this chapter for information on employing PERA retirees.

Example: Jane, a PERA member who works full-time for School District #1, resigns effective May 9, 2024. On May 21, 2024, Jane is rehired by her former employer to a part-time position that may or may not provide a salary that is greater than the monthly salary threshold. In this situation, the School District must withhold PERA deductions from Jane's wages in the part-time job beginning on her first day of work because Jane did not have a 30-day break in employment with the employing unit. Under Minn. Stat. 353.01, Subd. 11a, without a 30-day break in service between these two permanent positions with the same employer, termination of public service does not occur and membership continues as a condition of ongoing employment, regardless of the level of earnings that Jane will have in the second permanent, part-time position.

DETERMINING PLAN COVERAGE

When an employee qualifies for mandatory or optional membership in PERA's Defined Benefit Plan, you must determine the specific plan to which the person will contribute. Similarly, if an employee changes positions within your employing unit, you must determine if a change in the employee's pension coverage is necessary. (For help enrolling new members and remitting contributions, please refer to Chapters 6 and 7.)

It is important to enroll employees in the correct Defined Benefit Plan (i.e. Coordinated Plan, Correctional Plan or Police & Fire Plan) as each plan has different membership criteria, contribution rates, benefit formulas, and retirement requirements. Usually, the retirement plan under which an employee will be enrolled depends on the position(s) held, but sometimes the decision relates to the individual's circumstances. If you have any questions about which pension plan an employee should be enrolled in, please contact PERA. For detailed information about the benefits provided to members of the Coordinated, Correctional or Police & Fire Plan, please refer to the member handbooks available online.

A public employee who holds a single qualifying position will have coverage in one PERA retirement plan. However, if an employee qualifies for membership in a DBP on the compensation earned in two or more non-elected positions, you must determine if the positions are to be covered under the same PERA retirement plan or two plans (such as the Coordinated Plan and the Police & Fire Plan).

GENERAL EMPLOYEES RETIREMENT PLAN

The General Employees Retirement Plan is the widest encompassing of PERA's Defined Benefit Plans. This plan covers general employees of school districts and local units of government who meet the membership requirements in Minn. Stat. §353.01, subd. 2a or 2d and who are not included in any other PERA plan for the same service.

The General Employees Retirement Plan has two parts, the Basic Plan and the Coordinated Plan as follows.

BASIC PLAN

The Basic Plan is the original retirement plan established for public employees of local units of government. It has been closed to new members since January 1, 1968; however, a Basic Plan member who terminates employment and is re-employed within 30 days by the same employer or a different employer will remain in the Basic Plan unless the new position qualifies for coverage in the Police & Fire Plan or the Correctional Plan. If the break in employment is more than 30 days, the individual is considered a new employee and their Basic Plan coverage must terminate. The employee must then qualify for membership in the Coordinated, Correctional, or Police & Fire Plan.

Basic Plan members are not subject to mandatory Social Security coverage because of their participation in a qualified public retirement system.[1] They are exempt from Medicare coverage unless one of the following applies:

- The member voted in the PERA referendum held in 1989 to obtain coverage, or
- The member does not have continuous employment with a single governmental entity that began before April 1, 1986. Under PERA laws, a Basic Plan member who terminates employment with one employer and goes to work for another PERA-covered employer is able to remain in the Basic Plan if the person's break in public service does not exceed 30 calendar days. However, the member's movement from one employer to another after March 31, 1986, means that the employee is subject to Medicare withholding. The Basic Plan member continues to be exempt from Social Security however.

Current law allows the PERA Board of Trustees the option to call for a majority-vote referendum for Medicare-only coverage of Basic Plan members. Any employer that would like the PERA Board to consider a Medicare referendum for Basic Plan members should call the PERA office.

COORDINATED PLAN

Public employees who are expected to earn more than the monthly threshold and who hold a position that qualifies for membership in a PERA Defined Benefit Plan are to be enrolled in the Coordinated Plan unless they hold a position that entitles them to coverage under another PERA retirement plan, or the Teachers Retirement Association or the Minnesota State Retirement System if applicable. This means that most full or part-time permanent employees, including non-certified employees of independent school districts, will be enrolled in the Coordinated Plan. As noted previously, sometimes membership is optional and the employer must get written authorization from the individual before withholding PERA deductions.

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1 Under federal laws, the only way Social Security coverage may be provided to employees under a public retirement system is through a voluntary Section 218 Agreement between the federal and state governments. Minnesota laws do not authorize a Section 218 Agreement to provide Social Security coverage to members of the Basic Plan.

Individuals who are employed on a part-time basis as police officers or firefighters, and persons who serve as volunteer or paid-on-call firefighters who do not receive credit in a local relief association under Minnesota Statutes Chapter 424(a), or the Statewide Volunteer Firefighter Retirement Plan administered by PERA must participate in the Coordinated Plan if their compensation exceeds, or is expected to exceed the monthly earning threshold. An exception is made only if the governing body of the employing unit adopts a resolution that provides the position with coverage under the Police & Fire Plan.[2] See the Police & Fire Plan later in this chapter for more information.

The Coordinated Plan also covers positions of dispatchers, emergency management directors, and animal control officers, even if the employee performs firefighting or police officer duties less than 50% of the time or on a temporary basis.

> **Note:** *An emergency management director may be eligible for the Police & Fire Plan if the position is in a fire department, required by the employing governmental subdivision to be and is licensed by the Board of Firefighter Training and Education under Minnesota Statutes §299N.05, and is engaged in or exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation. Additionally, they must be assigned to duties not within this scope of firefighter duties less than 50% of the time to qualify for the Police & Fire Plan.*

Membership in the Coordinated Plan is optional for the position classes listed below. As noted, the employee or public official has only 30 days from their first day of service in which to make a choice about coverage under the Coordinated Plan.

- Persons elected to local non-governing body positions (or appointed to fill a vacant elected position for the remainder of the office's term),
- City managers or chief administrative officers (As noted earlier, the person must be enrolled in the Coordinated Plan unless the option to be excluded from such coverage is exercised within the first 30 days of first employment with the city and approved by the city council),
- Physicians who are employed by a governmental unit (As noted earlier, the person must be enrolled in the Coordinated Plan unless he or she chooses within the first 30 days of employment to join PERA's Defined Contribution Plan), and
- Employees who are members of the Coordinated Plan and who later become employed by a labor organization that represents public employees while they are on an authorized leave of absence from a PERA-covered employer (Note: The member must provide a written election to continue the Coordinated plan coverage within six months of employment by the labor organization.)

When membership is optional, the employer must get written authorization from the employee before withholding PERA deductions. Please refer to Optional Coverage in this chapter for further details.

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2 Under Minnesota law, part-time transit police officers employed by the Metropolitan Council, part-time paramedics and emergency medical technicians of the Hennepin Healthcare System, Inc., or part-time tribal police officers must be enrolled in the Police & Fire Plan and a resolution is not required.

SOCIAL SECURITY AND MEDICARE

The Coordinated Plan works in conjunction with Social Security under a Section 218 Agreement that was established in 1968. Under that federal-state agreement, all employees who hold one or more positions that qualify for membership under the Coordinated Plan membership must pay Social Security and Medicare taxes on the earnings of the position(s) unless federal law prohibits coverage of the services. This includes elected officials or other positions that are optionally included in the Coordinated Plan.

Under PERA's 218 Agreement, Social Security coverage is also required for PERA retirees who return to work in a position that otherwise would have provided coverage under the Coordinated (or the Correctional) Plan. Although the reemployed retiree may not again contribute to the PERA plan, the person must pay Social Security and Medicare on his or her earnings.

CORRECTIONAL PLAN

The Local Correctional Employees Retirement Plan was established in 1999 by the legislature in recognition of the more demanding responsibilities and potential hazards faced by correctional workers in government employment.

Membership is required under Minnesota Statutes Chapter 353E.02 for correctional guards, correctional officers, and joint jailer/dispatchers working in a county or regional adult or juvenile correctional facility who are directly responsible for inmate custody, control and security, and who respond to institutional incidents as part of their regular employment duties.

Membership is also required for supervisors of correctional guards, officers, or joint jailers/dispatchers, and for protection officers employed by the Hennepin County Medical Center if they are expected, as a part of their regular employment duties, to respond to incidents within the county medical center and are trained to do so.

Chapter 353E establishes that the employer is responsible for making the initial decision about whether the duties of a job qualify the position for membership in the Correctional Plan. The employer is in the best position to know the specific duties of each job and the training of its employees.

When you enroll an employee in the Correctional Plan, you must declare the individual's eligibility for such coverage at the time of enrollment using a form established by PERA. Details about enrolling employees are in Chapter 6 Maintain Member and Employer Records.

If a correctional facility has a position other than those specifically listed in statute that the employer believes meets all of the eligibility requirements, the employer should contact PERA before certifying eligibility. In this instance, PERA will ask for a copy of the position description and a letter explaining the rationale for including the position under the Correctional Plan.

MEDICARE

Medicare participation is required for all employees who are members of the Correctional Plan unless there is a mandatory exclusion in federal law that prohibits such coverage for a specific individual.

SOCIAL SECURITY

Members of the Correctional Plan are covered for Social Security purposes only if that coverage had been approved through a referendum conducted by the employing county on or after January 30, 2015. If a Social Security referendum passed for a specific correctional facility, PERA would have established a separate Section 218 modification agreement with the federal government on behalf of each employer. The purpose of the 218 agreement modification is to extend Social Security coverage to the eligible current correctional service employees of that employer and to all future employees who become members of the Correctional Plan. If you want information about the Social Security coverage for the Correctional Plan members of a specific employer, please contact the PERA office.

POLICE & FIRE PLAN

The Police & Fire Plan was created in 1959 and gives special consideration to employees who devote their time and skills to protecting the property and personal safety of others. Since this work is hazardous, the members are eligible for substantially higher retirement, disability, and survivor benefits than is provided to members of the Coordinated Plan.

Membership in the Police & Fire Plan is governed by Minn. Stat. § 353.64 and coverage under this plan is restricted to positions that meet the criteria stated in law. An employee who is assigned to law enforcement duties or fire service less than 50% of the time or on a temporary or emergency basis does not qualify for Police & Fire Plan membership.

MANDATORY POLICE & FIRE MEMBERSHIP

With limited exceptions, membership in the Police & Fire Plan is mandated for full-time police officers and full-time professional firefighters as defined in Minnesota Statutes Section §353.64. For PERA purposes, the definition of "Firefighter" includes positions that are required by the employing governmental subdivision to be and are licensed by the Board of Firefighter Training and Education under Minn. Stat. §299N.05 and are engaged in or exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation—among additional criteria. An employee who meets the police or fire eligibility criteria is to participate in the Police & Fire Plan on the first day of employment if the person's monthly salary is expected to exceed the monthly threshold.

Some employers provide PERA Police & Fire Plan membership to certain employees because such coverage is specifically required under Minnesota Statutes Section 353.01, subdivisions 6a through 10. These employers are the University of Minnesota, the Metropolitan Airports Commission, the Metropolitan Council, the Department of Military Affairs of the state of Minnesota, and the Hennepin Healthcare System, Inc.

Employers must provide Police & Fire Plan coverage to individuals who are employed as the head of a police or sheriff's department unless the individual is drawing a retirement benefit based on past employment covered under the Police & Fire Plan. Effective July 1, 2010, county sheriffs who are retired and drawing benefits from the PERA Police & Fire Plan have the option to participate in the Defined Contribution Plan. Refer to Chapter 4 for more details.

Membership in this plan is also required for a full-time police officer who holds a position that has the following required qualifications and duties and is assigned less than 50 percent of the time to perform employment duties in the same department that are not within the scope of the below employment duties:

- Required to be and is licensed by the Minnesota peace officer standards and training (POST) board,
- Possesses full power of arrest,
  - Charged with the prevention and detection of crimes,
- Primary job is the enforcement of the general criminal laws of the state, and
- The position is assigned to a designated police or sheriff's department.

Positions meeting these criteria should be enrolled with position "Police Officer" for PERA purposes.

In the case of fire departments, coverage under the Police & Fire Plan must* be given to full-time firefighters or a supervisor of other firefighters who, in either case, is employed by a fire department and is assigned less than 50 percent of the time to perform employment duties in the same department that are not within the scope of the below employment duties:

- Required to be and is licensed by the Minnesota Board of Firefighter Training and Education, and
- Engaged in or exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation

  ** Provided they are not receiving credit under a local relief association for such services.*

Positions meeting these criteria should be enrolled with position "Firefighter" for PERA purposes.

Police & Fire Plan membership cannot however be extended to reemployed PERA retirees.

Only full-time positions meeting the requirements of police or fire service are automatically eligible for the Police & Fire Plan. Part-time positions require a resolution by the governing body.

POLICE & FIRE COVERAGE FOR PART-TIME POLICE OFFICERS OR FIREFIGHTERS

As noted previously, eligible part-time police officers or firefighters by default are to be enrolled in the Coordinated Plan if monthly earnings exceed $425. However, at the option of the employer, the part-time employees may be provided with membership in the Police & Fire Plan if the governing board passes a resolution declaring that the position meets the legal requirements for such coverage and requests the coverage for the named individual.

(Note: Part-time transit police officers of the Metropolitan Council, part-time paramedics and emergency medical technicians of the Hennepin Healthcare System, Inc., or part-time tribal police officers must be enrolled in the Police & Fire Plan and a resolution is not required.)

A resolution providing Police & Fire Plan coverage to a part-time police officer or firefighter is to be filed with PERA at the time the person is enrolled into the plan. If not filed at the time of the individual's PERA enrollment, the resolution must be received within the following six months to ensure continued membership for the individual and acceptance of all previous deductions. A sample resolution is available for printing on the PERA website or can be mailed upon request.

PAID ON-CALL FIREFIGHTERS

Paid-on-call emergency firefighters (sometimes referred to as volunteer firefighters) whose compensation exceeds the monthly salary threshold qualify for membership in PERA's Coordinated Plan or Police & Fire Plan only if their firefighting services are not providing credit for the individual under a local relief association operating chapter 424A or in PERA's Statewide Volunteer Retirement Plan or Defined Contribution Plan. Similar to part-time firefighters, the Police & Fire coverage may be obtained if the city council passes a resolution granting the coverage for the eligible firefighter.

If a person is employed by a single governmental unit as a full or part-time firefighter with Police & Fire Plan membership and also serves the same municipality as a paid-on-call emergency firefighter who is earning credit in a relief association operating under Minnesota Statutes Chapter 424A, he or she may not earn PERA credits for the same service and compensation that provides relief association credits. A limited number of cities have established through municipal policies or the by-laws of the relief association that unscheduled firefighting duties performed by a full- or part-time firefighter after the normal work schedule is service as a volunteer, not an employee. If the city files the related documentation with PERA, the firefighter earns credit under the PERA retirement plan for the daytime duties and also earns credit in the relief association for the after-hours fire calls.

Between July 1, 1989, and Jan. 1, 2015, paid-on-call emergency firefighters who received compensation in excess of $425 in a single month qualified for membership in PERA's Coordinated Plan or Police & Fire Plan only if their firefighting services were not providing credit for the individual under a local relief association operating under chapter 424A or in PERA's Statewide Volunteer Firefighter Plan or Defined Contribution Plan.

Prior to July 1, 1989, volunteer firefighters with monthly earnings over $425 were to be reported as members in either the Police & Fire Plan or the Coordinated Plan based on compensation for their volunteer services, even if the individuals were earning credits under a local relief association. Under the current laws, the volunteer firefighters who had PERA membership on June 30, 1989, must continue their PERA participation, even if they are also participating in a local relief association for their volunteer firefighter service.

SOCIAL SECURITY AND MEDICARE

Police officers and firefighters who are members of the PERA Police & Fire Plan (except tribal police officers) do not pay the Social Security portion of FICA taxes. They are exempt because there is no Section 218 Agreement covering this retirement plan and under federal provisions, police officers or firefighters with coverage under the Police & Fire Plan are not subject to mandatory Social Security participation.

Medicare participation, however, is required unless the police officer or firefighter has continuous employment with the same employer before April 1, 1986.

JOB PROMOTIONS OR TRANSFERS CAN CHANGE PLAN COVERAGE

If an employee changes positions within a single employer, the employee may be required to switch pension plans. For example, an employee who works for a county as a dispatcher is a member of the Coordinated Plan. However, if the employee is promoted to a full-time position as a deputy sheriff for the same county, the employee's coverage must be switched to the Police & Fire Plan. Similarly, if the county employee transfers to a jailer position, their coverage must be switched to the Correctional Plan.

POLICE & FIRE COVERAGE AFTER A JOB TRANSFER

A special provision in Minnesota law allows a member of the Police & Fire Plan who is transferred to a different position within the same department within the agency to retain the Police & Fire coverage after the job transfer has occurred. To retain the Police & Fire Plan coverage for the transferring employee, the governing body of the governmental unit must pass a resolution to continue the Police & Fire Plan membership.

Additionally, if a member of the Police & Fire Plan is transferred to a police or fire department in another governmental subdivision in the state of Minnesota, the governing body by which the member becomes employed can pass a resolution to continue the employee's Police & Fire Plan membership.

This special provision does not, however, allow an employer to continue the Police & Fire Plan membership for a person who is subsequently elected to or assumes an appointive position, including but not limited to, the positions of city council member, city manager, or finance director, to retain membership in the Police & Fire Plan. For example, if a full-time police officer for a city is subsequently hired as the finance director for the same city, the individual's PERA coverage must be switched to the Coordinated Plan effective on the date in which the job change occurs.

A sample resolution covering job transfers is available online for printing or can be mailed upon request.

PLAN COVERAGE FOR EMPLOYEES WITH MULTIPLE POSITIONS

When an employee qualifies for defined benefit plan membership based on the total salary earned from more than one position, the employer must determine if the positions require coverage under a single retirement plan or multiple plans. Earnings from positions that qualify for coverage under different plans must be kept separate when calculating contributions since each plan has a unique contribution rate. Instructions for calculating salary deductions are in Chapter 7 Contribution Reporting.

To illustrate this more clearly, let's say an employee holds two part-time permanent positions with total monthly earnings of $1,200. The employee has a clerical job with a single city but works in two separate departments. Under this situation, the employee qualifies for membership in the Coordinated Plan based on total monthly earnings.

However, the rules are different for an employee who works for a single county as a maintenance worker with monthly earnings of $400 and is also employed as a correctional officer earning $900 a month.

Under these facts, the employee will have total monthly earnings of $1,300 and must contribute to the Coordinated Plan for the $400 earned each month as a maintenance worker and would also contribute to the Correctional Plan for the $900 earned as a correctional officer. Similarly, if the $900 were for services as a deputy sheriff, the employee could be approved for membership in the Police & Fire Plan (with a resolution from the governing board) for the part-time police officer position.

ANNUAL EXCLUSION REPORTS

Under Minnesota law, all school districts and local units of government that meet the definition of "governmental subdivision" are required to submit an Annual Exclusion Report to PERA at the end of the school or calendar year.

Employers with internet and email capabilities are required to submit their Annual Exclusion Report using PERA's Employer Reporting and Information System (ERIS). Two options are available for online reporting – employers may create an online Exclusion Report or transmit a properly-formatted fixed length text (.txt) file or Excel file. The file format specifications are available online. Paper forms continue to be available for employers who do not have the computer and email capabilities that are required for ERIS reporting.

The purpose of the report is to list all employees and all elected or appointed public officials who do not have coverage in a PERA retirement plan or another statewide system such as the Teachers Retirement Association or the Minnesota State Retirement System. Upon receipt, PERA reviews these reports and may contact the employer with questions about a person's exclusion from membership in a PERA Defined Benefit Plan.

When completing the Annual Exclusion Report, include all employees, public officials, and persons appointed to a board or commission who worked any amount during the fiscal or calendar year, but did not have pension deductions withheld from their earnings. This includes but is not limited to the following:

- Public officials who chose not to exercise their optional right for coverage, appointed township or city clerks or treasurers whose earnings are always under the monthly salary threshold, temporary or seasonal employees whose employment period was 6 months or less
- Employees who terminated service during the year and did not have coverage while employed;
- Persons who are excluded from PERA membership because they are drawing a PERA retirement or disability benefit while working for a unit of government; and

The following workers do not need to be listed on the Annual Exclusion Report:

- Independent contractors, whether they use Social Security numbers or a Minnesota Tax or federal Employer I.D. number,
- Employees who were not contributing to PERA at the start of their employment or the school or calendar year, but were subsequently enrolled in PERA before the year ended,
- Employees who had been covered by PERA during their employment but who terminated and were paid an additional salary after their separation date that was not subject to PERA withholding (such as severance pay, unused vacation, unused sick leave, etc.),
- Employees who hold positions for which earnings are covered by the PERA Defined Contribution Plan, St Paul Teachers Retirement Fund Association, or another statewide public retirement system such as the Teacher's Retirement Association (TRA) or the Minnesota State Retirement System (MSRS).

Exclusion Reports are due by August 31 of each year for school districts and February 28 for all other employers. PERA will send a reminder to employers at least 60 days before that time.

NO EXCLUDED EMPLOYEES

For some employers, all of their employees are enrolled in PERA or another public pension plan such as the Teachers Retirement Association. Under these circumstances, no employees would be listed on the Annual Exclusion Report; however, the employer must inform PERA that there are no excluded employees.

In this situation, employers with ERIS access should log into ERIS to create an online Exclusion Report, check the box marked "No Excluded Employees/Elected Officials", and click "Save – Submit to PERA". Employers exempt from ERIS reporting should check the box on the paper form to report that they have no excluded employees or elected officials. Once your report is received, we will confirm that you are submitting contributions on behalf of one or more employees.

COMPLETING THE ANNUAL EXCLUSION REPORT

Whether you create a report online, transmit a data file or complete a paper form, please make sure to provide all of the following data: PERA Employer Number and Name — The Employer Number is the six-digit number assigned by PERA to each employer. This number can be found on the Salary Deduction Report or other correspondence from PERA.

- **Name, Title and Phone Number** — Employers who use the paper form must include contact information for the person who completed the report. Employers who create or submit a report via ERIS are identified by their ERIS User Name.
- **Exclusion/Reporting Year** — The fiscal year for which the report is applicable. For schools, this is most often July 1 through June 30. For all other employers, it is a calendar year, January 1 through December 31.
- **Exclusion Code** — An exclusion code is a three-digit number established by PERA to identify why an employee was not enrolled in PERA or another public pension plan. An exclusion code must appear for each individual listed on the report. When completing the report, you should list individuals by exclusion code. A complete list of codes appears in this chapter and on the back page of the paper Annual Exclusion Report. Effective July 1, 2014 and July 1, 2023, some codes were changed or eliminated, so please review the list before completing your report.
- **Social Security Number** — Full Social Security Numbers are required for PERA retirees or disabilitants excluded under code 003. For all other excluded employees and elected officials, only the last four digits of the social security number should be reported. For PERA benefit recipients, the full number is needed for identification purposes to help cross-reference data stored in our systems. Social Security Numbers are classified as private data and PERA will protect the privacy rights of the individuals.
- **Name of Employee or Elected Official** — List the name of each person who was employed for any part of the year being reported on but did not contribute to a qualified public pension plan for that employment.
- **Original Hire Date** – Date the employee was first hired by the employer
- **Last Hire Date** – Date the employee was last hired by the employer (may be same as Original Hire Date if no terminations)
- **Status at Year End** — Indicate whether the individual was Terminated or Active (currently employed) as of the end of the fiscal year being reported.
- **Total Annual Salary** — List the gross salary for the fiscal year for each employee.
- **Salary Amount of Last Pay Period** — List the gross salary or wages the employee earned during the last full pay period of the fiscal year that the employee worked.
- **Pay Cycle** — The pay cycle for the last pay period, such as biweekly, monthly, annually, etc.
- **Job Title** – provide the job title for the employee/elected official, such as “Coach”, “Township Supervisor” or “Paraprofessional”.

EXCLUSION CODES

The exclusion code is a three-digit number established by PERA to identify why an employee was not reported to PERA or another public pension plan. An exclusion code must appear for each employee or public official listed on the Annual Exclusion Report.

When completing a paper Annual Exclusion Report, please list the individuals in numeric order by exclusion code. Within each of these codes, list the individuals alphabetically by last name.

There are numerous exclusion codes, which PERA has grouped into five categories based on the type of exclusion. The codes in each category begin with the same number.

ZEROS (0)

Codes beginning with 0 relate to the employee's ineligibility due to an affiliation with another entity. *Note: 000 is not a valid exclusion code.*

001 Employees who are under age 23 and full-time students enrolled in and regularly attending classes at an accredited school, college, or university.

002 Retirees of the Teachers Retirement Association (TRA) who have resumed teaching service and are subject to the annual earnings limit set by TRA.

003 Employees who are receiving a monthly retirement or disability benefit from PERA. Note: Employers must provide the full 9-digit Social Security Number for employees excluded under this code.

004 Foreign citizens are excluded for the first 3 years of employment by a governmental subdivision, except: (a) Employees of Hennepin County or Hennepin Healthcare System, Inc. (b) Employees legally authorized to work in the United States for three years or more (c) Employees otherwise required to participate under federal law. Currently, those under H-1B, H-1B1, and E-3 visa status holders and permanent resident card (green card) holders are required to be in the plan if they meet all other eligibility criteria.

005 Persons who are members of a religious order and are excluded from coverage under the federal old age, survivors, disability and health insurance program for the performance of service as specified in United States Code, title 42, section 410 (a)(8)(A), as amended. These are normally members of a religious order that has not elected Social Security coverage.

006 Resident physicians, medical interns, pharmacist residents and pharmacist interns serving in a degree or residency program in a public hospital.

007 Students serving up to five years in an internship or residency program sponsored by an accredited educational institution or the employing unit.

008 Patient and inmate personnel who perform services for a governmental subdivision.

010 Employees who are paid by a federal or state grant that specifically prohibits its use for pension coverage.

011 Persons who are provided supported employment or work-study positions by a governmental employer and who participate in an employment or industries program maintained for the benefit of these persons where the employer limits the position's duration to five years or less. This includes persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment.

012 Trade workers who have other union pension coverage and who are specifically excluded by law.

ONES (1)

Codes that begin with 1 relate to the position held by the individual.

101 Persons hired to temporary positions defined as employment for a predetermined period of six consecutive months or less and whose employment has not exceeded six months. These cannot be employees who are hired for permanent positions but who may be serving a probationary period before they are considered permanent employees.

102 Emergency employees who are employed because of work caused by fire, flood, storm, or other similar disaster.

103 Persons holding a part-time adult supplementary technical institute license who teach part-time in a technical institute.

104 Paid on-call/volunteer ambulance personnel (basic or advanced life support and emergency medical staff) who are not members of the PERA Defined Contribution Plan.

105 Election officers (judges).

106 Persons hired to fill seasonal positions which are limited in duration by the employer to 6 months or less.

108 Volunteer firefighter personnel who receive credit in a relief association.

TWOS (2)

Codes that begin with 2 relate to individuals who have the option not to participate in a PERA plan.

201 Elected public officials and persons appointed to fill vacant elected offices, persons appointed to a board or commission, and city managers and chief city administrative officers (see M.S. §353.028) who have opted to NOT join the Defined Contribution Plan or Coordinated Plan.

THREES (3)

Codes that begin with 3 relate to an employee's salary.

301 Employees whose monthly earnings do not exceed $425

HISTORY OF DBP MEMBERSHIP RULES

The information that follows summarizes past membership eligibility provisions for PERA's Defined Benefit Plans (DBP).

Beginning July 1, 2023, the monthly earnings threshold is $425 for all employer types. Between January 1, 2015 to June 30, 2023, an annual earnings threshold was $5,100 for employees or $3,800 for 9-month school district employees. Prior to this, the following rules were in place:

EARNINGS THRESHOLDS

Employees were exempt if their earnings in all calendar months did not exceed the following amounts:

PERA MONTHLY MEMBERSHIP EARNINGS THRESHOLDS

PRIOR YEARS	MONTHLY EARNINGS
Prior to July 1, 1961	$50
July 1, 1961, through March 23, 1974	$75
March 24, 1974, through June 2, 1977	$150
June 3, 1977, through April 30, 1981	$250
May 1, 1981, through June 30, 1988	$325
July 1, 1988, through December 31, 2014	$425

OPTIONAL STIPULATIONS FOR EMPLOYEES

Employees were exempt if annual compensation was stipulated in advance to not exceed the earnings limit for the number of months the person would be employed during the year. The limit was determined by multiplying the monthly earnings threshold in effect by the number of months the person would be employed in the year.

The next chart shows the amounts for an employee who was expected to be employed each month in a year.

ANNUAL EARNINGS STIPULATION LIMITS

PRIOR YEARS	ANNUAL EARNINGS
July 1, 1973, through March 23, 1974	$900
March 24, 1974, through June 2, 1977	$1800
June 3, 1977, through April 30, 1981	$3000
May 1, 1981, through June 30, 1988	$3900
July 1, 1988, through June 30, 2002	$5100

The Optional Earnings Stipulation was eliminated effective July 1, 2002, as a valid exclusion for employers to use.

TEMPORARY AND SEASONAL POSITIONS

Persons employed in temporary, seasonal, substitute, or intermittent positions for 90 days in a year were exempt from membership prior to July 1971, when the limit was changed to 120 working days in a calendar or school year.

Effective July 1, 1988, to be exempt from PERA membership under the temporary exclusion, a person's employment must be pre-determined at the time of hire not to exceed six consecutive months.

Public employees who were enrolled in the Coordinated Plan before July 1, 2002, based on seasonal positions retain that retirement plan coverage until they terminate public service.

EMPLOYEES PARTICIPATING IN OTHER FUNDS

Before July 1, 1988, PERA membership was optional for part-time employees contributing to another qualified Minnesota public pension plan based upon a separate, full-time job. After July 1, 1988, membership became mandatory for the part-time employee under these same circumstances.

VOLUNTEER FIREFIGHTERS

A volunteer firefighter who was reported for participation in the PERA Coordinated Plan or the Police & Fire Plan before July 1, 1989, retains that coverage, even if the person also receives credit in a local relief association for the volunteer services.

VOLUNTEER AMBULANCE SERVICE PERSONNEL

Beginning in 1989, volunteer ambulance personnel who receive compensation for their services became excluded from membership in the Coordinated or Police & Fire Plans.

Between July 1, 1989 and June 30, 1990, individuals holding a separate position covered by the Coordinated or Police & Fire Plan that was in addition to a volunteer ambulance position - in the same governmental subdivision - had the option to make an irrevocable election to have their earnings from the volunteer ambulance services credited to the same Defined Benefit Plan to which they were otherwise participating.

FULL-TIME STUDENTS, PART-TIME EMPLOYEES

Until July 1, 2002, employees who were employed on a part-time basis and who were full-time students at a high school or accredited college or university were excluded.

PUBLIC OFFICIALS – GOVERNING BODY POSITIONS

ELECTED OFFICIALS

State laws effective July 1, 2002, separated elected official positions for PERA purposes into two distinct categories — governing body and non-governing body. (Governing body officials are elected by the public at large in a political subdivision to serve as the primary policy makers for local government.)

The amendment also changed the PERA membership provisions for new governing body elected officials. A new governing body elected official was defined as a person who first took office after June 30, 2002, or someone who returned to an elected governing body position on July 1, 2002 or later after having been out of office for at least 30 days. The term did not include a PERA member first elected to a governing-body position after July 1, 2002 who had transferred without a 30-day break in service from a position that had provided Coordinated or Basic Plan coverage on June 30, 2002.

PERA made an exception only for an individual who was an active member of the PERA General Employees Plan (Coordinated or Basic Plan) on June 30, 2002 and who had no break in service between the non-elected employment and the subsequent governing-body local elected position. In this situation only, the individual was allowed to retain and extend their General Plan membership into the elected governing-body position until incumbency in office ended.

Individuals who were first elected prior to July 1, 2002 to a governing body position had until June 30, 2002 to join the Coordinated Plan if their monthly earnings were more than $425; but if they did not do so, their option to join the Coordinated Plan ended on July 1, 2002. These elected officials remained covered by Social Security, however, because their positions were still considered to be covered by the Section 218 Agreement covering the Coordinated Plan.

The laws governing Coordinated Plan participation by persons holding governing body positions were again modified in 2007 and those provisions remain in effect. Beginning May 27, 2007, a Coordinated (or Basic) Plan member does not have the option to extend that coverage into a governing body position when moving from a non-elected position. This essentially “closed” the Coordinated Plan for all persons elected to governing body positions after May 26, 2007.

PERSONS APPOINTED TO A BOARD OR COMMISSION WITH COMPENSATION IN EXCESS OF THE MONTHLY SALARY THRESHOLD

Persons who receive compensation in excess of the monthly salary threshold for the services they render to a board or commission of a governmental unit are excluded from joining the PERA Coordinated Plan if they were first appointed to the governmental board or commission on or after July 1, 2010. These positions qualify for coverage in PERA’s Defined Contribution Plan.

CITY MANAGERS

Effective July 1, 2006, new city managers were given three choices relating to pension coverage under PERA: 1) the Defined Contribution Plan; 2) the Coordinated Plan; or 3) choose not to become a member of PERA.

City managers who were employed on July 1, 2006, and who were not participating in the PERA Coordinated Plan were given the right to join the DCP with the passage of the 2006 legislation. In these instances, employers were asked to notify the city managers of the DCP coverage opportunity. Conversely, city managers who were participating in the Coordinated Plan on July 1, 2006, and had more than six months of coverage did not have the option to transfer to the DCP. Their membership in the Coordinated Plan continued and could not be revoked.

DEFINED CONTRIBUTION PLAN

4-2 COVERAGE FOR PUBLIC OFFICIALS

4-7 COVERAGE FOR CITY MANAGERS

4-9 COVERAGE FOR PHYSICIANS

4-10 COVERAGE FOR VOLUNTEER AMBULANCE PERSONNEL

4-12 COVERAGE FOR VOLUNTEER OR ON-CALL FIREFIGHTERS

4-15 CHART OF ENROLLMENT FORMS

4-16 UPDATING MEMBER DATA

4-17 INVESTMENT OPTIONS

4-17 REFUND OPTIONS

The Defined Contribution Plan (DCP) satisfies the requirements of section 401(a) of the Internal Revenue Code (IRC) and is a governmental plan within IRC section 414(d). This plan is a retirement savings program for elected local government officials and other specific classes of positions that are listed as eligible in Minnesota Statutes Chapter 353D.

Participation is optional for all individuals, and, as the employer, you must obtain written authorization from the eligible individuals for the deductions. The member's contributions are withheld from earnings on a pre-tax basis and are considered to be "picked up" by the employer under Section 414(h) of the Internal Revenue Code.

DCP members individually determine how to invest the contributions made on their behalf through the purchase of shares in accounts of the Minnesota Supplemental Investment Fund. Total contributions, plus investment performance, will determine the ultimate lump-sum benefit payable upon withdrawal from public service.

A DCP participant is entitled to receive a distribution of the person's benefit after termination of service for any reason, disability, or death, or on or after attaining age 65 if still employed by a public employer. The individual must file an application in order to receive a full or partial distribution of the account balance at the date of distribution.

This chapter describes the membership provisions of the DCP in effect on the date of publication shown on the following pages, lists the contribution rates for each group of eligible employees, and provides guidance on Social Security coverage for DCP members. While every effort has been made to try to verify the accuracy of the information presented, the governing state or federal laws, regulations, or policies will govern in the event of any discrepancy. In addition, state and federal laws, policies, and regulations are subject to change and a future modification could make some of the information presented here obsolete.

COVERAGE FOR PUBLIC OFFICIALS

The Minnesota Legislature extended DCP membership to local elected officials holding governing-body or non-governing-body positions, regardless of their earnings' level, beginning July 1, 1990. Elected officials who were members of the Coordinated Plan at any time between July 1, 1990 and June 30, 1991, had the option to discontinue that coverage and enroll in the DCP as an alternative to the Coordinated Plan. (For more details about membership in the Coordinated Plan, see Chapter 3 Defined Benefit Plan.)

Over 4,000 elected officials are in the DCP

1. DCP membership is currently open to individuals as follows who are elected by the public at large to a local political subdivision: Persons elected to a governing-body position or appointed to fill a vacant governing-body position. (Governing body officials serve as the primary policy makers for local government and include the city council, county commissioners, township supervisors, school board, and special district boards.)

   Note: The DCP is the only PERA retirement plan available to officials who are newly elected or appointed to a governing-body position after June 30, 2002. However, if you have an elected official that established Coordinated Plan membership prior to July 1, 2002, that person remains a member of that plan if re-elected to the same office in your political subdivision without having had a termination of service and 30-day break in public service.

2. Persons elected to a non-governing body position or appointed to fill a vacant elected non-govering body position, except county sheriffs. Non-governing body elected positions include but may not be limited to city or township clerks and county attorneys or treasurers.

   Note: For non-governing body elected officials who earn more than $425 per month, the Coordinated Plan is an alternative to the DCP. For non-governing body elected officials who never exceed $425 per month, the DCP is the only PERA retirement plan available.

3. Effective July 1, 2010, DCP participation became available to county sheriffs but only if they are retired and drawing a monthly pension from the PERA Police & Fire Plan and, therefore, excluded from belonging to that public safety plan. Effective 8/1/2024, they are not eligible to participate in the DCP if they have previous employment with the county.

   Note: An elected county sheriff who qualifies for mandatory participation in the PERA Police & Fire Plan does not have the option to join the DCP. (For more details about membership in the Police & Fire Plan, see Chapter 3 Defined Benefit Plan.)

For easy reference, Figures 1 and 2 provide guidance for determining if a public official holding an elected position has the option to join the DCP.

FIGURE 1

GOVERNING-BODY ELECTED POSITIONS ELIGIBLE FOR DCP COVERAGE
A person elected to a local governing-body position (no minimum earnings)[1]
A person appointed to a vacant governing-body position for the remainder of the term (no minimum level of monthly earnings)[1]
[1] The DCP is the only PERA plan available to governing-body officials whose term of office begins after 6/30/02 for services to be rendered in that position.

FIGURE 2

NON-GOVERNING BODY ELECTED POSITIONS ELIGIBLE FOR DCP COVERAGE
A person elected to a non-governing body position (no minimum earnings)[1]
A person appointed to a vacant non-governing body elected position for the remainder of the term (no minimum level of earnings)[1]
[1] The Coordinated Plan is an alternative to the DCP for non-governing body elected officials (except sheriffs) who earn more than $425 in a month. In contrast, if a non-governing body elected official always earns less than $425 in a month, the DCP is the only PERA plan available.

Since July 1, 2010, DCP membership is also open to certain individuals first appointed to a board or commission of a governmental unit (i.e. joint powers board, planning commission, parks board). Effective May 20, 2023, DCP participation was also expanded to a limited group of public employees paid less than $425 monthly to fill roles otherwise held by a non-governing elected official such as township and city clerk or treasurer, county auditor, treasurer, or recorder. This change applies to the position types listed above and does not extend DCP to all employees excluded due to salary.

Note: If the employee's earnings exceed $425 in any month, DCP participation must immediately stop and Coordinated Plan deductions must begin. This mandatory membership rule ONLY applies to this expanded DCP group; there is no salary restriction for elected officials in the DCP.

MEMBERSHIP CHOICE

As the employer, you are responsible for informing your public officials of their right to participate in a PERA plan. Give the following PERA documents to officials who have the option to join the DCP. They are available on the PERA website for printing or can be mailed to you by contacting the PERA office.

1. A copy of the DCP handbook.
2. The form *Membership Election by Public Officials* is for elected officials and those appointed to a board or commission. The DCP Election by Appointed Public Official form is for use by those appointed (hired) to non-elected public official positions. Part A of the form includes a check box for you (the employer) to indicate the individual's pension plan eligibility. Part B is then completed by the official, who must indicate a membership choice and sign. Part B also explains Social Security coverage that may or may not be required.

For the DCP enrollment to be valid, the required election form must be signed within 30 days of their first day of service with a governmental subdivision and it must be received by PERA within 60 days of their first day of service. Not making a selection within this 30-day period results in an automatic election to opt out of the DCP. Either DCP election is permanent for all current and future service with the governmental subdivision.

If an eligible public official chooses to not enroll in the DCP (or the Coordinated Plan if applicable), you must retain the signed *Membership Election by Public Officials* form in your records. Do not send it to PERA since the person did not choose to have PERA coverage. In these situations, we recommend that you remind the individual at least annually of the right to PERA membership. This is best done by completing the membership election form each year to get signed confirmation of the person's decision.

MEMBER ENROLLMENT

You may enroll an eligible elected or appointed public official into the DCP only after the person has given written authorization for such deductions. As noted previously, authorization is provided through completion of the *Membership Election by Public Officials* form or *DCP Election by Appointed Public Official* form. The election form must be completed and signed within 30 days of their first day of service and receive by PERA within 60 days of their first day of service.

Each DCP member must have an individual account in PERA's records. If you have access to PERA's online Employer Reporting and Information System (ERIS), you will create the individual account directly. On the other hand, if you do not have the necessary technology to use ERIS, PERA staff will create the account upon receipt of the signed election form. (For information about ERIS, refer to Chapter 6.)

CONTRIBUTIONS

Subject to annual contribution limits set by the IRS, public officials who choose to participate in the DCP contribute 5 percent of their salary and their employers contribute an identical amount. The member's payroll deductions are made on a tax-sheltered basis.

If an eligible official elects DCP coverage, you are to withhold deductions from the person's salary as of the pay period next following the date in which the coverage was elected. Some forms of compensation are not subject to PERA withholding and cannot be used to compute pension plan deductions. Among other things, PERA-eligible salary does not include per diems paid either as an allowance to cover expenses or to reimburse actual expenses. More details are in Chapter 5 Eligible Earnings.

Employee deductions and employer contributions are remitted to PERA on a pay period frequency. Please refer to Chapter 7 Contribution Reporting for full details. That chapter also provides information on the annual contribution limits that apply to an individual's DCP account.

Under previous laws (in effect through June 30, 2011), a DCP member, who had elected public service before July 1, 1991 that was not covered by a retirement plan, could pay DCP contributions on that past service and invest those contributions, plus matching employer contributions, in the DCP. The Minnesota Legislature repealed those provisions, thereby prohibiting any purchases of past elected service that had not been initiated by an elected official prior to July 1, 2011.

MEDICARE AND SOCIAL SECURITY

Under the Federal Insurance Contributions Act (FICA), Medicare withholding (1.45 percent of salary) is required for all public employees hired, elected, or appointed after March 31, 1986, including those who enroll in the DCP.

Determining Social Security participation for elected officials is more difficult, however, due to various changes made in the federal and state regulations that dictate coverage in Social Security and PERA's retirement plans. As a general rule it is important to know that an elected official who has the option to join the PERA Coordinated Plan must pay into Social Security, regardless of whether the individual chooses to enroll in the DCP or the Coordinated Plan, or chooses to have no PERA coverage.

Figures 3 and 4 identify when an elected official, with the exception of a county sheriff, must pay the Social Security OASDI (Old Age Survivors Disability Insurance) portion of FICA. Both charts assume that your governmental unit has not established a Section 218 Agreement to provide Social Security participation for your elected officials.[1]

If your unit has a Section 218 Agreement modification, you must withhold both Social Security and Medicare taxes from the earnings of the elected officials who individually voted in the referendum to have such coverage, except that county sheriffs are excluded from participating in Social Security under a 218 Agreement. Full FICA participation is also required for all persons elected to a governing body position after the date in which the referendum had been held, except that county sheriffs who must join the Police & Fire Plan are exempt from Social Security participation.

FIGURE 3:
Social Security Coverage - Governing Body Elected Officials (i.e. city council, township, county or school board, or special districts).

DATE FIRST ELECTED OR APPOINTED	LEVEL OF EARNINGS	DID OFFICIAL ENROLL IN DCP?	WITHHOLD SOCIAL SECURITY? (OASDI)
After 6/30/02	n/a	Yes	No. Mandatory Social Security participation is not applicable due to the DCP coverage.
After 6/30/02	n/a	No	Yes. Federal law mandates Social Security participation for elected officials who are not members of a public retirement plan (DCP).
Before 6/30/02	Less than $425 in all months	Yes	No. Mandatory Social Security participation is not applicable due to the DCP coverage.
		No	Yes. Federal law mandates Social Security participation for elected officials who are not members of a public retirement plan (DCP).
Before 6/30/02	More than $425 in any single month	n/a	Yes. Social Security participation is required for all elected officials who had the option to join the Coordinated Plan even if the officials did not choose to become PERA members. This is due to Minnesota's 218 Agreement covering the Coordinated Plan.
This chart assumes that the employer has not provided Social Security participation to its elected officials through a Section 218 Agreement. Employers that executed a 218 modification must withhold Social Security and Medicare from the salary of all elected officials who individually voted for such coverage and all who take office after the date of the referendum and who qualify for DCP coverage.			

1 Beginning in 1951, states were allowed to enter into voluntary agreements called "Section 218 Agreements" with the federal government to provide social security coverage to public employees. Minnesota laws enacted in 2006, allow a single county, city, township, school district, or special authority to voluntarily offer Social Security participation to its elected officials, except county sheriffs who hold positions that are covered by the PERA DCP and excluded from the Coordinated Plan. To extend the Social Security coverage, the employer must modify Minnesota's Section 218 Agreement. For a description of the process and sample forms, refer to the Social Security section of our Website.

FIGURE 4

Social Security Coverage - Non-Governing Body Elected Officials (except county sheriffs)

DID OFFICIAL ENROLL IN DCP?	DOES THE OFFICIAL HAVE OPTION TO JOIN COORDINATED PLAN INSTEAD OF DCP?	WITHHOLD SOCIAL SECURITY (OASDI)?
No	No	Yes. Under federal law, Social Security is mandatory for public employees who are not covered by a public retirement system.
	Yes*	Yes. Person must pay Social Security because the elected position falls under the Section 218 Agreement covering the Coordinated Plan.
Yes	No	No. Mandatory Social Security participation is not applicable due to the DCP membership.
	Yes*	Yes. Person must pay Social Security because the position falls under the Section 218 Agreement covering the Coordinated Plan, which requires Social Security coverage even if the official chooses to pay into the DCP.

*As of 7/1/2023 and prior to 1/1/2015, these officials can opt to join the Coordinated Plan if they will earn more than $425 in any month. Between 1/1/2015 and 6/30/2023, they needed earnings over $5,100 in a year to have the option to join the Coordinated Plan instead of the DCP. This chart assumes that the employer has not provided Social Security participation to its elected officials through a Section 218 Agreement. Employers that executed a 218 modification must withhold Social Security and Medicare from the salary of the elected officials who individually voted for such coverage and all elected officials taking office after the date of the referendum and who qualify for DCP coverage, except that county sheriffs cannot be given Social Security coverage under a 218 Agreement.

ELECTED COUNTY SHERIFFS

Generally, sheriffs must be enrolled in the PERA Police & Fire Plan when their monthly earnings exceed $425. The Police & Fire Plan member will pay the Medicare tax but not the Social Security tax.

An exception is made if the sheriff is receiving a pension from the PERA Police & Fire Plan. In this situation, the sheriff is excluded from again contributing to the Police & Fire Plan and, under laws effective July 1, 2010, the sheriff (who is a reemployed retiree) may join the DCP. Effective 8/1/2024 they are not eligible for DCP participation if they were previously employed by the county. Furthermore, the elected sheriff who is a PERA retiree is exempt from Social Security participation even if the county in which the person serves has executed a Section 218 Agreement modification to provide Social Security coverage to its elected positions that qualify for DCP membership. This is because Minnesota's original Section 218 Agreement does not allow the extension of Social Security participation through a referendum process to any police officer position that is covered by another public retirement system.

FEDERAL FORM SSA-1945

Under federal requirements, you must provide Form SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security,to any employee (which includes elected or appointed public officials) who may be excluded from participating in Social Security as a result of choosing coverage under a public retirement system such as the DCP.

This federal form explains that a person's future Social Security retirement or disability benefit could be lowered under the Windfall Elimination Provision because of the lump-sum refund benefit payable from the DCP. The statement also indicates that the provisions of the Government Pension Offset can affect any possible Social Security benefit entitlement as a spouse or an ex-spouse.

The official's signature is required on Form SSA-1945 and you must send a copy of the signed form to PERA (retain the original) if the person chooses to join the DCP and that coverage prevents participation in Social Security. To obtain a paper copy of this form, please contact the Social Security office.

COVERAGE FOR CITY MANAGERS

A city manager whose compensation exceeds $425 in any month automatically becomes a member of the Coordinated Plan (see Chapter 3 Defined Benefit Plan for more details).

However, if it is the city manager's first employment with the city they may, with city council approval, withdraw from the Coordinated Plan in order to participate in the DCP or to have no PERA coverage. Their election must be made within 30 days of their first day of service with the city. If the new city manager was previously employed by the same city and the city contributed to the Coordinated, Police & Fire, or Correctional Plan or sponsored any supplemental pension or deferred compensation plan under Minnesota Statutes § 356.24 on their behalf, the new city manager must participate in the Coordinated Plan if their earnings exceed the $425 threshold.

City representatives must inform city managers first employed by the city of the right to be included or excluded from membership in a PERA retirement plan.

For PERA purposes, a city manager means (1) a person who is duly appointed to and is holding the position of city manager in a Plan B statutory city or in a home rule city operating under the "council-manager" form of government, or (2) a person who is appointed to and is holding the position of chief administrative officer of a home rule charter city or a statutory city under a charter provision, ordinance, or resolution establishing such a position and prescribing its duties and responsibilities.

The option for city managers to join the DCP began July 1, 2006. City managers employed on that date, who were not participating in the PERA Coordinated Plan, had the right to join the DCP. In these instances, the employer was to notify the city manager of the DCP coverage opportunity.

Conversely, city managers who were members of the Coordinated Plan on July 1, 2006 and who had more than six months of coverage did not have the option to transfer to the DCP. Their membership in the Coordinated Plan continued and could not be revoked.

MEMBERSHIP CHOICE

A city manager first employed by a city has optional PERA membership. The employer must complete Part A of the Membership Election by a City Manager form and provide it to the new city manager to complete and sign within 30 days of their first day of service with the city. The completed and signed form must be received by PERA within 60 days of their first day of service. Retain a copy of the form for city records. City managers have three PERA membership options and the choices are as follows:

1. **PARTICIPATE IN THE PERA COORDINATED PLAN**
   A city manager whose earnings exceed $425 in a month has only their first 30 days of service with a city to choose to not participate in the Coordinated Plan. If they did not make an election within 30 days, Coordinated Plan participation is mandatory if earnings exceed $425 in a month.

2. **PARTICIPATE IN THE DCP**
   A city manager can choose to be excluded from the Coordinated Plan with city council approval through a resolution and then can join the DCP with further city council approval in writing. An election to join the DCP is permanent for all current and future DCP-eligible service with the city.

3. **HAVE NO PERA COVERAGE**
   This election for exclusion from the Coordinated Plan can only be made within a city manager's first 30 days of first employment with a city. This election needs city council approval through a resolution.

If the city manager did not sign the Membership Election by a City Manager form within their 30-day election window and/or the form was not received by PERA within 60 days, if earnings exceed $425 then membership in the Coordinated Plan is required by law and continues until the individual terminates employment.

MEMBER ENROLLMENT

You may enroll an eligible city manager into the DCP only after the person has given written authorization for such deductions by completing the form *Membership Election by City Manager*. If you receive this form, please promptly forward it to PERA.

Each DCP member must have an individual account in PERA's records. If you have access to PERA's web system for employers, the Employer Reporting and Information System (ERIS), you will create the individual account directly. For information about ERIS, refer to Chapter 6.

On the other hand, if you do not have the computer technology necessary to use ERIS, PERA staff will create the account upon receipt of the signed membership election form.

CONTRIBUTIONS

Effective with salary paid after Jan. 1, 2011, city managers who are members of the DCP contribute 6.5 percent of their salary into the plan and their employers contribute an identical amount. A member's payroll deductions are made on a pre-tax basis and DCP contributions are subject to annual contribution limits set by the IRS.

If a city manager elects DCP coverage, the employer should withhold deductions from the person's salary as of the pay period next following the date in which the coverage was elected. Some forms of compensation are not subject to PERA withholding and cannot be used to compute pension plan deductions. Among other things, PERA-eligible salary does not include unused vacation, sick or personal leave hours or payments for expenses. For full details, please refer to Chapter 5 Eligible Earnings.

Employee deductions and employer contributions are remitted to PERA on a pay period frequency. Please refer to Chapter 7 Contribution Reporting for full details. That chapter also provides information on the annual contribution limits that apply to an individual's DCP account.

SOCIAL SECURITY AND MEDICARE

A city manager earning more than $425 in any month must pay into Social Security, regardless of whether the person chooses coverage in a PERA retirement plan. This is due to the Section 218 Agreement drawn up in 1968 covering positions that qualify for membership in the Coordinated Plan. All city managers hired after March 31, 1986 pay into Medicare.

COVERAGE FOR PHYSICIANS

Since April 4, 1996, physicians who are direct employees of a governmental subdivision have been eligible to participate in the DCP. For physicians who earn more than $425 in any month, the DCP is as an alternative to the Coordinated Plan. (See Chapter 3 for information about this defined benefit plan.)

Upon employment, a physician has the right to participate in the DCP but the option to do so must be exercised in writing within the first 30 days of employment. Employer representatives must inform their physicians of their PERA membership rights.

MEMBERSHIP ELECTION

If a physician chooses - within the first 30 days of employment - to participate in the DCP, they must do so by completing the *Membership Election by a Governmental Physician* form. The employer should complete Part A of that form and have the physician complete Part B. The election form must be completed and signed within 30 days of their first day of service and received by PERA within 30 days of their first day of service. If these deadlines are not met, participation in the Coordinated Plan will be mandatory when earnings exceed $425 in a month.

Each DCP member must have an individual account in PERA's records. If you have access to PERA's web system for employers, the Employer Reporting and Information System (ERIS), you will create the individual account directly. For information about ERIS, refer to Chapter 6.

On the other hand, if you do not have the computer technology necessary to use ERIS, PERA staff will create the account upon receipt of the signed membership election form.

If the physician does not file a written choice within the first 30 days of employment, or chooses not to participate in the DCP, you must enroll the physician in the Coordinated Plan if monthly earnings will exceed $425 in any month.

CONTRIBUTIONS

Physicians who are members of the DCP contribute 5 percent of their salary into the plan and their employers contribute an identical amount. A member's payroll deductions are made on a pre-tax basis and DCP contributions are subject to annual contribution limits set by the IRS.

If a physician elects DCP coverage, the employer should withhold deductions from the person's salary as of the pay period next following the date in which the coverage was elected. Some forms of compensation are not subject to PERA withholding and cannot be used to compute pension plan deductions. Among other things, PERA-eligible salary does not include unused vacation, sick or personal leave hours or payments for expenses. For full details, please refer to Chapter 5 Eligible Earnings.

Employee deductions and employer contributions are remitted to PERA on a pay period frequency. Please refer to Chapter 7 Contribution Reporting for full details. That chapter also provides information on the annual contribution limits that apply to an individual's DCP account.

SOCIAL SECURITY AND MEDICARE

A physician who earns more than $425 in any month must pay into Social Security, regardless of whether he or she is enrolled in the DCP or the Coordinated Plan. The Social Security participation is required under the Section 218 Agreement covering the Coordinated Plan. All employees hired after March 31, 1986 pay into Medicare.

COVERAGE FOR VOLUNTEER AMBULANCE PERSONNEL

Effective July 1, 1987, a public ambulance service had the option to elect to participate in the DCP. Before an ambulance service can extend DCP coverage for its personnel, its representative must contact PERA to obtain the Ambulance Service Questionnaire. Once completed and returned to PERA, staff will determine whether the ambulance service is eligible to participate in the DCP. An election by an ambulance service to participate in the DCP is permanent and cannot be revoked.

Once an ambulance service is enrolled in the program, individual participation in the plan is completely voluntary for the basic and advanced life-support emergency medical service personnel who are employed by or providing service for a public ambulance service in Minnesota. There are no minimum salary requirements.

A person's decision to participate in the DCP must be made within 30 days of the date the service joined, or 30 days from the date the individual became employed or began providing service to the agency, whichever is later. Making no selection within this 30-day period will result in an automatic election to opt-out of the DCP. Either election is permanent for all current and future service with the ambulance service.

Volunteer ambulance personnel who are paid wages for their services or those who are largely uncompensated may participate in the DCP, as long as they are not contributing to another public or private pension plan for the same ambulance service.

MEMBERSHIP ELECTION

If an eligible ambulance service chooses to participate in the DCP, each of its eligible personnel may decide to participate in the plan.

An individual's election to participate must be made within 30 days of either the date the ambulance service elects to participate in the plan or the date the individual begins employment with the service or began to provide services for the ambulance service.

If an ambulance service employee who participates in the DCP changes employment to a different ambulance service that is under the DCP, membership in the plan may continue under the other ambulance service. The DCP coverage continues if the employment with the other participating ambulance service commences within 30 days of terminating employment with the original service.

MEMBER ENROLLMENT

Once an ambulance service worker has authorized the withholding of DCP deductions, the employer must enroll the person by providing specific personal and employment data to PERA.

If you have access to PERA's Employer Reporting and Information System (ERIS) you will create the individual account directly. ERIS is a web system maintained exclusively for use by PERA-covered employers. Please refer to Chapter 6 for more information.

On the other hand, if you do not have the technology necessary to use ERIS, PERA staff will create the DCP account for the new employee upon receipt of the signed Notice to Discontinue Defined Contribution Plan Participation.

If an ambulance service employee who participates in the DCP changes employment to another governmental ambulance service covered by the DCP, membership in the plan may continue under the new service. The DCP coverage continues if the employment with the other participating ambulance service commences within 30 days of terminating employment with the original service.

CONTRIBUTIONS

An ambulance service that elects to participate in PERA's DCP determines the rate at which they will contribute on behalf of covered personnel. For employees who are paid wages, the ambulance service must establish a fixed percentage of that compensation to contribute on behalf of the employees. For employees who are volunteer or largely uncompensated, the employer may assign a unit value for each call or each period of alert duty and establish a contribution amount based on those units.

Paid personnel may choose to a make a member contribution up to the amount the ambulance service makes on their behalf. A member's payroll deductions are sheltered from federal or state income taxes. Please refer to Chapter 7 Contribution Reporting for instructions on remitting contribution payments and payroll data to PERA after each pay period.

SOCIAL SECURITY AND MEDICARE

Ambulance service employees hired after March 31, 1986, pay into Medicare. However, as shown in Figure 5, the worker is exempt from paying the Social Security portion of FICA if the combined required employee and employer contributions made to the DCP (as set by the employer) total at least 7.5 percent of the worker's compensation.

FIGURE 5

Social Security Participation for Ambulance Service Personnel

TOTAL EMPLOYEE AND EMPLOYER CONTRIBUTIONS	DID WORKER CHOOSE DCP?	WITHHOLD SOCIAL SECURITY TAX?
Combined required contributions are 7.5 percent or more	Yes	No. Mandatory Social Security participation does not apply.
Combined required contributions are 7.5 percent or more	No	Yes. Participation in Social Security is mandatory.
Combined required contributions are less than 7.5 percent	n/a	Yes. Participation in Social Security is mandatory.

DISCONTINUING DCP PARTICIPATION

DCP participation only ends when the worker terminates service, or moves from an ambulance service position to a non-ambulance position, or to an ambulance service not participating in the DCP. In these cases, the ambulance service must report the termination status and its effective date to PERA. See Updating Member Data later in this chapter for details on reporting a status change.

COVERAGE FOR VOLUNTEER OR ON-CALL FIREFIGHTERS

State laws passed in 2006 provide that certain volunteer or emergency on-call firefighters who serve as members of a municipal fire department or an independent nonprofit firefighting corporation may elect to participate in the DCP administered by PERA.

Any independent nonprofit firefighting corporation wishing to extend DCP coverage for its eligible firefighters must contact PERA to obtain a questionnaire to determine its eligibility to participate in the DCP.

Any municipality that is already participating in a PERA retirement plan may extend the DCP coverage to its firefighters who meet the eligibility criteria in Minnesota Statutes § 353D.01, subd. 2(a)(7) as described below.

MEMBER ELIGIBILITY

Volunteer or paid on-call emergency firefighters of a municipality or independent nonprofit firefighting corporation are eligible to participate in the DCP if they are not contributing to the PERA Police & Fire Plan or to a volunteer firefighter relief association under Chapter 424A for the same firefighter services.

If a person serves a single municipality as both an employee (on a full or part-time basis) and a volunteer firefighter, the person has the right to obtain membership in the DCP for the volunteer service earnings even if he or she is a member of the PERA Defined Benefit Plan for the non-volunteer services. See the following examples.

EXAMPLE 1

John Smith is a full-time fire inspector for "City A" and contributes to the PERA Coordinated Plan. John also volunteers as a firefighter for "City A" during evening hours. John is not covered for the volunteer firefighter service by a relief association and is not eligible to pay into the PERA Police & Fire Plan on any compensation received for the volunteer services. In this situation, John and "City A" could contribute to the DCP on the earnings of the volunteer firefighting services. Any DCP membership that John would have for the volunteer duties and compensation would be separate from and in addition to the Coordinated Plan membership he has as a full-time fire inspector with this city.

EXAMPLE 2

Tom Jones is a full-time police officer for "City B" and contributes to the PERA Police & Fire Plan. Tom also volunteers as a firefighter for this city. Tom is not earning any credit in a volunteer relief association and is not eligible to pay into the PERA Police & Fire Plan on the compensation he receives for the volunteer firefighting services. In this situation, Tom and "City B" could contribute to the DCP on the compensation for the volunteer firefighting services. Tom's DCP membership for the volunteer duties and compensation would be separate from and in addition to the Police & Fire Plan membership he has as a full-time police officer with this city.

MEMBER ENROLLMENT

The fire service must inform the volunteer or paid on call emergency firefighter of their optional DCP membership by completing Part A of the DCP Membership Certification for Certain Ambulance, Rescue or Volunteer Firefighter Positions form. The individual must complete and sign part B within 30 days of their first day. The election form must be received by PERA within 60 days of their first day. Making no selection within the 30-day election period will result in an automatic election to opt-out. Either election is permanent for all current and future DCP-eligible service with the fire department or nonprofit firefighting corporation. This form is available for printing from the PERA website or it can be mailed upon request.

Each DCP member must have an individual account in PERA's records that includes specific personal and employment data. If you have access to PERA's Employer Reporting and Information System (ERIS) you will create the individual account directly. (ERIS is a web system maintained exclusively for use by PERA-covered employers. Please refer to Chapter 6 for more information.)

On the other hand, if you do not have the computer technology necessary to use ERIS, PERA staff will create the DCP account for the new employee upon receipt of the completed *Defined Contribution Plan Membership Certification* form.

CONTRIBUTIONS

The employing entity may establish any percentage of compensation that it will contribute on behalf of the covered firefighters as long as the total member and employer amount is at least 7.5 percent of any compensation received by the firefighter for the firefighting services.

Generally, the amounts contributed are made solely by the covered member. The member's payroll deductions are made from their compensation on a pre-tax basis and DCP contributions are subject to the annual limit set by the IRS. Refer to Chapter 7 Contribution Reporting for additional details.

However, the employing unit may choose to make a contribution in addition to or in place of a contribution from the firefighter. If contributions are made through combined member and employer contributions, the municipality or eligible nonprofit fire fighting corporation is to provide written authorization to PERA indicating that it chooses to contribute an amount on behalf of its firefighters who elect to join the DCP. The form Provide DCP Coverage Option to Eligible Firefighters Sample Resolution is available for printing from the PERA website or it can be mailed upon request.

SOCIAL SECURITY AND MEDICARE

Paid on-call emergency firefighters who are members of the DCP do not pay Social Security contributions. The firefighters' compensation is exempt because the DCP is considered a public retirement system that is an alternative to Social Security due to its required combined DCP member and employer contributions of 7.5 percent or more of the firefighter's compensation.

Firefighters pay the Medicare portion of FICA taxes, however, unless they have continuous employment with a municipality that began on or before April 1, 1986.

Figure 6 will help you determine the form to use for DCP enrollments.

All forms are available online for printing or can be mailed upon request.

CHART OF ENROLLMENT FORMS

FIGURE 6: Enrolling an Eligible Person in the Defined Contribution Plan (DCP)

FILING REQUIREMENTS

All DCP-eligible individuals have 30 days from their first day of service with a governmental subdivision to make an election to participate in the DCP. Part A of each PERA membership election form must be completed and signed by the employer. The employer must promptly provide the election form to the DCP-eligible individual to inform them of their options for PERA membership. For an enrollment to be valid, the individual must complete and sign Part B of the election form within 30 days of their first day of service and the form must be received by PERA within 60 days of their first day. Making no selection within the 30-day election period results in an automatic election to opt-out of the DCP. An election to opt out of the DCP or to participate in the DCP is permanent for all current and future service with employer. Participation in the Coordinated Plan is permanent until a termination of service.

POSITION	PERA MEMBERSHIP ELECTION FORM	ADDITIONAL REQUIREMENTS
Governing-body elected officials	Membership Election by Public Officials	
Non-governing body elected officials	Membership Election by Public Officials	If their earnings exceed $425 in a month, the official has a choice to join the Coordinated Plan instead of the DCP. They cannot participate in both with their public official earnings.
As of May 20, 2023, employees appointed (hired) to perform functions required of a public officer in place of non-governing elected officials, such as such as township and city clerk or treasurer; county auditor, treasurer, or recorder	DCP Election by Appointed Public Official	Employed public officers may join the DCP if compensation will not exceed $425 in any month. If earnings exceed in any month, the employed public official must immediately be enrolled in the Coordinated Plan and DCP participation must stop.
Persons first appointed to a board/commission of a local governmental unit	Membership Election by Public Officials	
City manager first employed by a city	Membership Election by a City Manager	If their earnings exceed $425 in a month, the city manager first employed by a city has a choice to remain in the Coordinated Plan instead of the DCP. They cannot participate in both with their city manager earnings.
Physician	Membership Election by a Governmental Physician	If DCP membership is not selected and/or validated by PERA, the physician must participate in the Coordinated Plan when earnings exceed $425 in any month.
Basic or advanced life support emergency medical personnel with a public ambulance service	DCP Membership Certification for Certain Ambulance, Rescue or Volunteer Firefighter Positions	The individual may elect DCP coverage within 30 days of the date on which the service began DCP participation or within 30 days of the individual's start of service, whichever is later.
Volunteer or paid on-call emergency firefighter	DCP Membership Certification for Certain Ambulance, Rescue or Volunteer Firefighter Positions	The firefighter may join the DCP provided they are not participating in a public retirement system.

MISSING FORMS

You must mail completed, signed membership election forms to PERA before or at the same time in which the first DCP deduction is sent to PERA for the particular individual. The election form must be received by PERA within 60 days of the individual's first day of service for their DCP membership to be valid. Upon receipt of the membership form and deduction, we will mail to each new member a "welcome" letter, and forms for designating investments.

If you submit retirement plan deductions before having provided the proper membership form and enrollment data, we will create a partial account for the individual using the limited identification information provided with the first payroll deduction. The contributions made on behalf of the DCP member will be invested in the Balanced Fund until the individual provides investment selections to PERA in writing.

If the membership form is not signed within 30 days of the individual's first day of service or it is not received by PERA within 60 days of the individual's first day of service, PERA must declare the person's DCP membership to be in error and issue the appropriate refund. Information about processing deductions made in error is in Chapter 7 Contribution Reporting.

UPDATING MEMBER DATA

You must keep the personal and employment information on your DCP members up to date.

If you have computer capabilities at work, you will report changes in a member's name or address, or a termination of public service, electronically using PERA's Employer Reporting and Information System (ERIS). If you do not have the necessary computer capabilities, you will report these changes using the *Member Information Change Report*.

To report a member's termination of public service, please be sure to report the status code "T" and the effective date of the separation. Timely submission of terminations in employment or plan membership discontinuations will help to ensure that we provide accurate information about the rights available to the former members.

Complete information about reporting employment status changes can be found in Chapter 6.

INVESTMENT OPTIONS

Employer and employee contributions for DCP participants are combined and used to purchase shares in the account(s) selected by the employee.

Two percent of the employer contributions to the Defined Contribution Plan (2 cents for each $1.00 contributed by the employer) are used by PERA for administrative costs of the plan. In addition, 0.25 percent (one quarter of one percent) of the value of the member's shares is retained by PERA each year to help defray the costs of administering the plan. This asset-based charge amounts to $2.50 for each $1,000 in a member's account.

PERA's DCP members choose to invest in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. As directed by law, undesignated contributions are placed in the Balanced Fund. Brief descriptions about each of the seven accounts can be found in the Member Benefits Chapter. Comprehensive information can be found in the Minnesota Supplemental Investment Fund Prospectus brochure published each year by the Minnesota State Board of Investment. The brochure is available from PERA upon request and is mailed to each DCP participant annually.

REFUND OPTIONS

Members who terminate public service have three options as to what to do with their DCP funds as stated below.

1. Leave the money in the account – Once participation is discontinued, no additional contributions (employee or employer) will be put in the member's account. The value of the account will be solely affected by the performance of the fund(s) in which the money is invested.

2. Roll the account balance over to another tax-deferred account through one of two types of rollovers.

   - A direct rollover in which the untaxed funds are transferred by PERA into the qualified tax-deferred plan of the member's choice. By using a direct rollover, the employee does not face an IRS early withdrawal penalty or income tax liabilities at the time the rollover is made.

   - An indirect rollover in which the funds are paid to the employee and then transferred to a different tax-deferred plan by the employee. This rollover may result in the employee paying an early withdrawal IRS penalty on untaxed amounts if the member is under age 59 ½ at the time of withdrawal.

3. Withdraw the funds – A terminated member leaving the DCP can withdraw the funds and have the account balance paid by PERA to him or her directly. The withdrawal is subject to federal and state taxation and, possibly, an IRS early withdrawal penalty tax. Under current rules, PERA must withhold federal tax of 20% on amounts over $200 before issuing payment to the terminated member. For information on possible IRS penalties for withdrawal of tax-deferred funds, employees should consult with the IRS or a qualified tax advisor.

ELIGIBLE EARNINGS

5-2 PERA-ELIGIBLE SALARY

5-5 COMPENSATION THAT IS NOT SALARY

5-7 CLOSER LOOK AT SOME COMMON TYPES OF PAY

Workers Compensation Payments

Pay While on Personal, Parental, or Military Leave

Members on Paid Medical Leave

Short-term Disability Insurance Benefits

Vacation Leave for Terminating Members

This chapter of the PERA Employer Manual will help employers determine which earnings an employee receives are eligible to use when determining pension contributions for the Defined Benefit or Defined Contribution plans.

The Employer Manual is intended to provide general information. The rights and obligations of public employers and members are governed by state and federal laws, rules, and regulations. The Minnesota Legislature or the federal government may change the statutes, rules, and regulations governing PERA at any time. If there is a discrepancy between the information in this document, the statutes and regulations shall govern.

In determining what is and is not salary for retirement purposes, employers and PERA staff sometimes need to go beyond the name that is given to the payment and consider what the payment is for and the source of the payment. If an employer is uncertain about how to treat compensation for PERA purposes, we ask that you contact PERA for a determination before remitting contributions. In certain instances, PERA will ask that this request be in writing and include documentation relating to the compensation such as personnel policies or labor agreements.

Only compensation that qualifies as PERA-eligible salary may be used to determine membership eligibility. When an employee's earnings qualifies them for mandatory membership in a PERA retirement plan and no other membership exclusion applies, the employer must withhold PERA deductions from all PERA-eligible salary.

Once membership is established, PERA deductions must continue on all future salary earned by the individual, even if monthly earnings do not exceed $425 in any subsequent months. An employee remains a member until termination of service or termination of membership as defined in PERA law.

For help enrolling new members and remitting contributions, please refer to Chapter 6 Maintaining Member and Employer Records and Chapter 7 Contribution Reporting.

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PERA-ELIGIBLE SALARY

What is considered eligible salary for PERA purposes is the same for the Defined Contribution Plan and the Defined Benefit Plans (the General Plan (Coordinated or Basic), the Correctional Plan and the Police and Fire Plan).

PERA-eligible earnings are not identical to Social Security deductible earnings or to state or federal taxable income under the Internal Revenue Service.

PERA-eligible salary is not identical to Social Security-deductible earnings or to state or federal taxable income.

Only compensation that is salary for PERA purposes may be used to determine membership eligibility. When an employee's level of earnings qualifies him or her for mandatory membership in a PERA retirement plan, the employer must begin to withhold PERA deductions from the eligible salary immediately (assuming that the employee is not excluded from membership for other reasons). An employee remains a member until termination of service or termination of membership as defined in PERA law.

As explained in Chapter 7 Contribution Reporting, PERA member and employer contributions are calculated on eligible salary before any tax-deferred deductions that an employee chooses to have made for a 457 deferred compensation plan, supplemental retirement plan, or other voluntary salary reduction programs.

On the next page is a list of forms of compensation that are salary for PERA contribution purposes based on Minn. Stat. § 353.01, subd. 10(a). This list is not meant to be all-inclusive. If you are not sure how to treat a particular payment to an employee, please contact the PERA office for a determination before remitting contributions. In certain instances, PERA staff will ask to review documentation relating to the pay such as personnel policies, bargaining agreements, board meeting minutes, court orders, settlements, etc.

Salary for PERA contribution purposes includes the following:

- The wages, salary or periodic compensation paid by the employer to an employee who performs services in an eligible position during the coverage period being reported. This includes overtime, cash tips received by an employee and treated as wages by an employer, and salary paid to district court reporters. In some instances, it may include fees paid to employees in addition to salary or wages.
- Voluntary deductions that an employee chooses to have made for 457 deferred compensation plans, supplemental retirement plans, or other voluntary reduction programs that would have otherwise been available as a cash payment such as tax-deferred employee deductions for flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, and transportation costs for transit passes, vanpool fares and parking.
- Cash payments for accrued or banked overtime hours when the amount can be attached to an earnings period. Employers that pay overtime compensatory pay on an annual or periodic basis must report the amounts separately from any regular earnings being paid to the employees and must indicate a specific earnings period for the pay.

  Example: An employer pays a lump-sum amount to all employees that have accumulated unused overtime hours at the end of each calendar year. The pay should be reported to PERA with the coverage dates of January 1, 20XX through December 31, 20XX.

- An excused absence from work in which the employee uses vacation, sick or personal leave to cover the missed work hours. This includes sick leave that is used by an employee who has received hours under a sick leave donation program.
- Pay to an employee while on a medical leave of absence if the person receives at least 50 percent of the average regular salary that the employee had earned during the six months of PERA-covered employment immediately prior to the starting date of the leave. See the section Closer Look at Some Types of Pay that appears later in this chapter for more information.
- Pay to an employee while on a personal, parental, or military leave of absence if the compensation is equivalent to the average regular salary that the member had received in the six months of PERA-covered employment immediately prior to the leave.
- Holiday pay when paid as routine earnings for a period of excused absence and lump-sum payments for accrued holidays that are available to a group of employees. Employers that pay unused holiday pay on an annual basis, or when an employee terminates employment, must report the amount separate from any regular earnings being paid and must indicate a specific earnings period for the holiday pay.
- Additional pay for working on a scheduled holiday.

  Example: A police officer works on July 4th and has the choice of taking another day off with pay or receiving an extra day's pay. When the employee takes the extra day of pay, the payment is viewed similarly to overtime pay and is PERA-eligible salary.
- A merit or performance bonus if it is paid under a written compensation plan, policy or bargaining agreement, is paid to the employee for attaining performance goals, duties, or measures and covers a specified earnings period. Performance or merit pay may be in addition to regular salary or may replace regular salary increases. Report retroactive merit or performance bonus pay separate from any regular salary the employee has earned and indicate a specific earnings period for the performance pay.
- Retroactive pay or "back pay" that is paid to employees or former employees for services rendered during a period before the current payroll period. Often, retroactive pay is the result of a salary increase negotiated through a collective bargaining agreement or a personnel policy. Report retroactive pay and its earnings period separate from any regular salary the employee has earned.
- An amount awarded to an employee through a grievance proceeding, settlement, or court order that applies on or after May 24, 2013, when the payment represents lost wages for a period of suspension, or for a period of involuntary termination, that is not a wrongful discharge under Minn. Stat. § 356.50, provided that it meets the following criteria:
  1. It is attached to a specific earnings period in which member's regular salary was not paid due to a suspension or a period of involuntary termination,
  2. It is at least equal to the average regular earnings the person had been receiving during the six months of PERA-covered employment immediately prior to the suspension or period of involuntary termination; and

Always report earnings from the current payroll period separate from any pay that is earned in a different period

3. It does not exceed the compensation that the public employee would have earned if regularly employed during the applicable period.

In this situation, the employer is not required to get a salary-eligibility determination in advance from PERA and should automatically report the eligible back-pay compensation on the Salary Deduction Report under the pay type "grievance."

- Payments of back wages that are made to remedy a wrongful discharge are PERA-eligible salary only if the employer paying the amounts, under a court order, arbitration document, or settlement agreement, obtains an advance determination from PERA staff. In this situation, the employee has the option to purchase the applicable period by making a voluntary payment to PERA. Any payment made by the employee may not be made as a tax-deferred contribution. If the employee chooses to pay PERA contributions to cover the period of lost wages, the employer is obligated to pay the employer contributions with interest. In these cases, PERA mails an invoice to the employer. See Wrongful Discharges in Chapter 7 Contribution Reporting for more details.
- Longevity or stability pay that is paid to the employee as routine wages on a periodic basis of at least annually, or more frequently, and is attached to a specific earnings period. Employers that make payment to the employee on an annual basis must report the amount separate from any regular earnings and indicate a specific earnings period for the longevity or stability pay (such as 01/01/20XX – 12/31/20XX).
- Salary, wages, or sick leave paid in addition to Worker's Compensation payments. Also see Workers Compensation payments later in this chapter under the section Closer Look at Some Types of Pay.
- Employer contributions for an employee to a post-retirement health care savings program or a laborers pension fund listed in Minn. Stat. § 356.24, subd. 1, clauses 7, 8, 9, and 10. The employer contribution qualifies as salary when an agreement between the parties establishes that the contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages.
- Jury duty leave paid by employers - Paid absences of employees excused from work for jury duty.
- Court appearance pay awarded by the employer to its current police officer employees.

COMPENSATION THAT IS NOT SALARY

Some forms of compensation are not considered salary for PERA contribution purposes under Minn. Stat. § 353.01, subd. 10(b). PERA withholding cannot be made on the following forms of compensation. Again, this list is not all-inclusive.

- Fees paid to district court reporters
- Payment for unused annual, sick, vacation, or personal leave, in lump-sum or periodic
- The value of hours donated by an employee under a vacation or sick leave donation program
- A bonus payment that is not performance or merit pay, including but not limited to:
  - Service awards made on a one-time basis such as an amount paid to an employee who completed 10 or 20 years of service,
  - Compensation given to employees as an incentive or recognition for the preservation of sick leave,
  - Referral pay given to employees that help to recruit new workers, and
  - Signing bonuses awarded to employees
- Lump-sum settlements not attached to a specific earnings period
- Any form of severance or retirement incentive payments,
- Court-ordered damages
- An allowance payment or per diem for or reimbursement of expenses. This includes but is not limited to parking, mileage, meals, travel, moving, education, uniforms, tools, charges assessed for personal use of a company vehicle. Allowance payments are excluded from PERA-eligible salary regardless of whether the individual uses the full amount for expenses or receives cash for any unused portion
- Workers' Compensation payments or disability insurance payments, including payments from self-insured employers. Also see Workers' Compensation payments and Short-Term Disability Benefits later in this chapter under the section Closer Look at Some Types of Pay.
- Pay to an employee while on an authorized medical leave of absence that represents less than 50 percent of the average regular earnings that would have been received had the individual not been on leave. See the section Closer Look at Some Types of Pay later in this chapter for more information
- Pay to an employee who is on an authorized personal, parental, or military leave of absence, during which the person receives a reduced salary for the pay period(s) that is less than the average regular salary that the member had received during the six months of PERA-covered employment immediately prior to the leave. See the section Closer Look at Some Types of Pay later in this chapter for more information

- Employer-paid fringe benefits, including but not limited to:
  - Employer-paid premiums for all types of insurance,
  - Membership dues or fees for use of fitness or recreational facilities,
  - Incentive payments or cash awards, such as those relating to wellness programs,
  - the value of any non-monetary benefits,
  - any form of payment made in lieu of an employer-paid fringe benefit;
  - an employer-paid amount made to a deferred compensation or tax-sheltered annuity program, and
  - Any amount paid by the employer as a supplement to salary —either as a lump-sum amount or a fixed (or matching) amount paid on a recurring basis —which is not available to the employee as cash
- Amounts that an employer pays directly to an employee to be used toward the cost of insurance coverage regardless of whether the individual uses the full amount for insurance coverage or receives cash for any unused allowance
- The amount equal to that which the employing unit would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:
  - discontinues, or for new hires does not provide payment toward the cost of the employee's selected insurance coverage;
  - makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverage under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverage under a group plan offered by the employer; and
  - provides increased salary rates for employees who do not have any employer-paid group insurance coverage
- Except as provided in Minn. Stat. § 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters for ambulance or fire fighting services
- Jury duty compensation paid to a PERA member by the court, or expense payments to a PERA member, that are paid in addition to regular salary while on jury duty leave. Some county employers add the pay for jury services to their employees' wages and issue one payment. When this is done, the pay for jury services is not PERA-eligible salary
- Amounts paid to a former police officer for a court date appearance that falls after the individual's termination date and thus after the employer/employee relationship has ended
- Compensation in excess of the limitations of Minn. Stat. § 356.611 as discussed in Chapter 7 Contribution Reporting.

CLOSER LOOK AT SOME COMMON TYPES OF PAY

The information in this section will focus on compensation situations in which employers have commonly asked questions.

WORKERS COMPENSATION PAYMENTS

As you know, Workers' Compensation is a form of insurance that provides compensation to employees who have work-related accidents or illnesses and are not able to work a regular schedule. It is generally provided by an outside insurance company, but can also be from self-insured employer arrangements.

Workers' Compensation benefits are generally computed at about 2/3 of the person's gross average salary.

Minn. Stat. § 353.01, subdivision 10(b) lists Workers' Compensation payments or disability insurance payments, including payments from employer self-insurance arrangements, as compensation that is not considered salary for PERA purposes. When an employee who is on a leave of absence receives a Workers' Compensation benefit payment, PERA deductions should not be taken from the Workers' Compensation benefit payments and should not be reported as part of the employee's salary.

On the other hand, compensation that is paid in addition to Worker's Compensation benefits is salary for PERA purposes. Generally, the compensation is equal to one-third of the person's usual wage or salary. This pay usually results from the employee using accumulated sick, vacation, or paid-time-off hours to augment the Worker's Compensation benefit in order to maintain his or her full salary level.

On occasion, you might pay an employee who is absent from work and drawing Workers' Compensation benefits his or her full regular salary while the Workers' Compensation claim is pending. When this pay is issued, it is PERA-eligible salary and contributions must be withheld. However, if the claim is approved, and you are later reimbursed from the insurer or the employee, then the portion of the previously reported salary that is equal to the Workers' Compensation benefit amount is no longer salary for PERA purposes. In this instance, you may adjust the salary and contributions previous reported to PERA to correct the overpayment. Or, you may ask our office to issue a refund of member deductions for the salary amounts that have been retroactively replaced by Workers' Compensation payments. In the latter situation, we would also issue a credit to the employer for the overpaid employer contributions.

PAY WHILE ON PERSONAL, PARENTAL, OR MILITARY LEAVE

If a member uses accrued sick or vacation hours while on a personal, parental, or military leave of absence in order to draw his or her regular wages, the compensation received each pay period is salary for PERA purposes. See Example A.

> Paid time off that provides regular wages to an employee while on leave is salary for PERA purpose.

EXAMPLE A – PARENTAL LEAVE

Evelyn has requested a parental leave of three months. A review of her employment for the six months prior to the date in which the leave will begin shows that her hourly base-rate of pay was $20.50 and her average pay for 80 regular work hours was $2,040.

Evelyn has 126 hours of banked sick and vacation hours and plans to use those hours to cover a portion of her parental leave. These hours are not enough to provide pay to Evelyn for the full leave period. However, based on her regular work schedule of 8 hours a day, Evelyn will draw her normal level of pay for two pay periods in the leave period. Because Evelyn is using her accrued sick and vacation hours during her leave at the same rate in which she normally works (8 hours a day), the compensation she receives is PERA-eligible salary.

In the first pay period in which Evelyn is on a paid leave of absence, she is paid $2,040 for 80 hours of accrued leave. PERA deductions are to be withheld from this compensation.

In the second pay period in which Evelyn is on a leave of absence, she will use the remaining balance of accrued leave hours (46) and her pay check will be $943. This compensation is also PERA-eligible salary because Evelyn is receiving paid time off at the same rate as her regular pay and work schedule.

To see how this would change if Evelyn is allowed to use her accrued sick and vacation hours at a rate that is below her normal number of regular hours of work, see Example B.

PAID TIME OFF AT A RATE LESS THAN REGULAR PAY

If a member who goes on a personal, parental, or military leave on or after May 24, 2013, is granted paid time off by an employer at a rate that is less than regular earnings, the pay will be considered salary for PERA purposes only if it is equivalent to the average earnings the employee had received during the six months of PERA-covered employment immediately prior to the start of the leave. See Examples B and C. (Note: For personal, parental, or military leaves that began before May 24, 2013, any amount of paid time off is salary from which PERA deductions are required.)

EXAMPLE B – PARENTAL LEAVE

The facts are the same as in Example A except that Evelyn is allowed by her employer to spread her total accrued sick and vacation hours (126) across the entire leave of absence so that she can receive an equal level of pay for each payroll period in which she will be absent.

In this situation, instead of using 8 hours to cover her absence each day, Evelyn will use only 4.2 hours. For a biweekly payroll period, her pay will be $1071, rather than her normal earnings of $2,040.

Here, the compensation of $1,071 that will be paid to Evelyn each pay period of the parental leave period is not salary for PERA purposes because it is represents paid time off at a rate less than the regular pay that she had been receiving before the leave began.

EXAMPLE C – MILITARY LEAVE

Bill will be on military leave for eight months. His hourly rate of pay during the last six months of PERA-covered employment before the leave begins is $25, and his regular wages and hours of work in a pay period averaged $2,000 and 80 hours, respectively.

Bill has 960 hours of banked paid time off (PTO), but that is not enough to allow him to maintain his current base salary level during the entire leave period. Bill asks for approval to use 60 hours of PTO each pay period. This would provide a pay check of $1,500 each pay period while Bill is on military leave of absence.

PAID TIME OFF FOR MILITARY TRAINING

Generally, pay to a member who is granted up to 15 paid working days per year for annual training with a reserve component of the armed forces is salary for PERA purposes. However, the pay is not PERA-eligible salary if the pay is spread across multiple pay periods and, consequently, is not comparable to the regular earnings that the employee would have earned had he or she not been on leave. The member's regular earnings will be determined using the employment earnings that the person had during the six months of PERA-covered employment immediately prior to the military leave.

DIFFERENTIAL PAY WHILE ON MILITARY LEAVE

Some employers pay military-differential pay to employees on active duty in the uniformed services for a period of more than 30 days. Oftentimes the differential pay represents only a portion of the wages the employees would have otherwise received if they were working.

If a member goes on a military leave on or after May 24, 2013, and receives differential pay from the employer, the paid time off is not salary for PERA purposes if it is less than the average regular earnings the member had been receiving during the six months of PERA-covered employment immediately prior to the leave. (Note: For military leaves that began before May 24, 2013, any amount of differential pay is salary for PERA contribution purposes.)

In this situation, the compensation of $1,500 that will be paid to Bill each pay period of the military leave period is not salary for PERA purposes because it represents paid time off at a rate less than the regular pay he had been receiving before the leave began.

MEMBERS ON PAID MEDICAL LEAVE

When a member who is absent due to an authorized medical leave of absence continues to draw his or her normal regular pay during the leave period, that compensation is salary for PERA purposes.

However, if a PERA member who goes on a medical leave on or after May 24, 2013 is granted paid time off at a rate that is less than regular pay, the compensation while on the paid medical leave may not always be PERA-eligible salary as noted in this section. (For medical leaves that began before May 24, 2013, any amount of paid time off is salary from which PERA deductions are required.)

PAID TIME OFF AT A RATE LESS THAN 50% OF REGULAR PAY

If a member goes on a paid medical leave on or after May 24, 2013, and receives paid time off that is at least one half of the average payroll earnings that the person had received during the six months immediately prior to the medical leave, then the compensation received during the leave is salary for PERA purposes. See Example D.

On the other hand, if the paid time off is less than one-half of the average earnings the individual received in the six months of covered employment prior to the leave, then the pay is not eligible salary for pension purposes and may not be reported to PERA. See Example E.

Marilyn has requested a medical leave for 60 days. Marilyn's hourly rate of pay is $15. During the last six months of PERA-covered employment prior to the start of the leave, her biweekly earnings averaged $540 and hours worked averaged 40.

Marilyn has 80 hours of banked paid time off (PTO). She wants to use 20 PTO hours each pay period, which would provide $300 to her for each pay period during the medical leave.

In this situation, the $300 that will be paid to Marilyn each pay period during the medical leave is salary for PERA purposes because it is at least one-half of the average pay she received ($540) during the six months prior to the leave.

EXAMPLE E – MEDICAL LEAVE

Thomas has requested a medical leave of four months. During the six months prior to the start of the leave, his semi-monthly earnings averaged $1,152, and hours worked averaged 64.

Thomas has 200 hours of banked sick and vacation hours and he wants to use those to draw an equal level of pay during the entire leave period. He asks to use 25 hours each pay period, which would provide him $450 per pay period while on leave.

If approved, Thomas's use of the sick and vacation hours would be at a rate that is less than one-half of the normal number of regular hours worked prior to the start of the leave (64); therefore, the associated compensation of $450 will not be salary for PERA purposes.

SHORT-TERM DISABILITY INSURANCE BENEFITS

As stated earlier, disability insurance payments are not PERA-eligible salary. This includes short-term disability payments from self-insured employers unless PERA determines that the payments are more like an extension of a current or previous sick leave program, rather than a disability insurance benefit. Factors that are considered when evaluating a short-term disability program include, but are not limited to:

- whether the program is based on the accrual of disability leave hours by the employee,
- whether the employer is replacing the full salary of the employee,
- whether the employee continues to accrue leave benefits while drawing the short-term disability pay, and
- whether the employer continues to pay the cost of medical coverage provided as part of its benefit package.

Self-insured employers that are not sure if payments to their employees under a short-term disability program are salary for PERA purposes should request a review by PERA staff of the program's provisions.

VACATION LEAVE FOR TERMINATING MEMBERS

When a PERA member is terminating public service, the individual often times is eligible to receive compensation for accrued vacation hours and severance pay as part of finalizing the employee's separation. Employers may pay a terminating member for accumulated vacation leave after the employee's last day of work, or may keep the employee on the payroll in an active status until the accrued leave is fully used and paid out. When the payment is for unused vacation hours, no PERA contributions should be withheld from the pay as noted in this section.

Don't withhold deductions on lump sum payments that represent unused vacation hours.

LUMP-SUM PAYMENTS OF UNUSED VACATION

The effective date of the employee's termination is the last day worked. If accumulated vacation hours are paid in a lump sum in one payroll period or in more than one payroll periods after the employee has terminated employment, PERA contributions are not to be deducted. Do not report the payment(s) of unused vacation leave to PERA for the employees.

ON PAYROLL IN A PAID TIME-OFF STATUS

The effective date of the employee's termination is the last day the employee is in a paid status while using accrued vacation hours and while earning other employer-provided benefits. If the PERA member is carried on the payroll by the employer as an active employee and continues to draw his or her normal level of pay by using all accrued vacation leave, PERA contributions are deducted from the amounts that represent used vacation hours for each pay.

MAINTAIN MEMBER AND EMPLOYMENT RECORDS

6-1 REPORTING METHODS

Web Reporting

6-5 MEMBER ENROLLMENT

Optional Member Enrollments

6-9 MEMBER EMPLOYMENT STATUS CHANGES

6-15 FURLOUGHS OR BUDGETARY LEAVES

6-17 UPDATING MEMBER INFORMATION

6-19 PERIODIC REPORTS SENT TO EMPLOYERS

6-20 MAINTAIN EMPLOYER RECORDS

Contacts

Change in Entity Name or Status

Outsourcing Operations

Privatization

PERA maintains a database on all current and former retirement system members and a database on the governmental employers that participate in, or are eligible to participate in, one or more of the retirement plans we administer.

As a payroll or benefit administrator, you play a key role in ensuring that the data in PERA's records are accurate and up-to-date. Late or inaccurate information could delay and negatively affect the quality of the services we provide to you or your employees.

This chapter will help you to create member records for new employees, update a member's employment status when events such as a leave of absence or termination occur, report a change in a member's name or address, and maintain the data that PERA maintains on your agency and the employees who perform PERA reporting duties.

The Employer Manual is intended to provide general information. The rights and obligations of public employers and members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. The statutes and regulations shall govern if there is any discrepancy between them and the information in this document.

REPORTING METHODS

As a payroll or benefit administrator, you have two ways in which you can provide personal and employment data on the employees in your agency that participate in a PERA retirement plan. These are as follows:

1. If you have Internet and e-mail capabilities at work, you must use PERA's internet Employer Reporting and Information System (ERIS) to enroll eligible employees, report salary and contribution data on members for each pay period, and update the employment status of members when changes occur.

   Note: An exception exists for employers that are enrolled in the Statewide Volunteer Firefighter (SVF) Retirement Plan. PERA has not yet expanded its web system to include the SVF plan; therefore, paper forms must be used. Refer to Chapter 2 for full information.

2. If you do not have Internet or e-mail capabilities, you will report to PERA using paper forms. The exact form to use is dependent upon the task to be done as explained in this chapter. All forms can be downloaded for printing from PERA's website or mailed upon request.

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WEB REPORTING

The Employer Reporting and Information System (ERIS) provides a way for most employers to create and update members' accounts and to maintain information on the personnel in your agency who are contacts for PERA.

The system operates through PERA's website, mnpera.org and does not require any computer programming or data downloads. There is no cost to you to use ERIS and the required browser (Microsoft Internet Explorer version 6 or higher, Mozilla Firefox, or Safari) can be downloaded for free.

Basically, there are two input methods available if you, or others within your agency, use ERIS to perform PERA reporting tasks.

1. Direct data entry – With this method, authorized users connect to PERA's computer system and access windows that allow them to directly input data. In many cases, the system will perform validations as data are entered and allow the user to print a copy of the recorded information.
2. Transmit computer files - As an alternative to online data entry, an employer may send data on members in a computer file. Under this method, you will need to have internal or contracted programmers create a file that meets the requirements described in the Computer File Format chapter. Then, with proper security rights, the person can send the file to PERA over the Internet. Confirmation of receipt is provided through an online message. (Any employer that wants to move to this method must contact PERA to discuss the testing process to be performed before electronic submissions may begin.)

ERIS ADMINISTRATOR

The first step an employer takes before registering for access to ERIS is to determine who within the agency will serve as the System Administrator. An employer may have up to two ERIS Administrators.

> Each ERIS user must have a unique user name and password.

The ERIS Administrators maintain security rights for their agency and are the only individuals who can do so. They decide which employees in the employer unit will have access to the system as "Representatives" and set their security levels for ERIS purposes. There is no limit to the number of ERIS Representatives an employer can have.

Individuals who will be ERIS Administrators must initially register for system access from PERA's website. The person completes an online form containing certain required items (name, e-mail address, phone number, etc.)

When individuals register for ERIS access, they receive an immediate confirmation through e-mail. They also receive a letter in the mail that includes a document describing the terms for use and an *Agreement and Authorization for Access* form, which must be signed by the person who registered for access and by another person of authority within the employer unit. The signed form must be returned so that a temporary password can be issued to the new user.

LOG ON

As a registered ERIS user (Administrator and Representative), you will enter the system using a unique User Name and password. Initially, PERA assigns a temporary password to each user. The temporary password, which is a unique combination of alphabet and numeric characters, must be changed after the initial entry into the system.

ERIS users are responsible for keeping their user names and passwords confidential. No one should share these security items with other employees they work with as it will erode the integrity of the system.

Passwords will expire six months from the date they are created; however, users may change their passwords at any time. For easy reference, the password expiration date is shown on the ERIS Home Page after you have entered the system.

ERIS MODULES

ERIS is easy to navigate, even for occasional users. The system is organized into modules that allow users to perform one or more pension administration tasks. ERIS contains an online Help Manual with instructions on how to use the features that are available in each module.

ERIS has an online Help Manual with step by step instructions

ERIS MODULE	WHAT YOU CAN DO AS AN AUTHORIZED USER
Member Account	This module is used for several tasks. You can change the employment status of a member (i.e. report a layoff, leave, termination, or an employee's return from leave or layoff). You can update personal information (name, address, birth date) and certain position data (appointment status, hire date, etc.) on active members. You can also complete an online certification form for an employee who had been enrolled in the Correctional Plan without the certification.
Search • Employee • Benefit Recipient	This module lets you search PERA's records and view the account of one or more of your members. You can also find out if a specific individual is receiving a monthly retirement or disability benefit from PERA. Additionally, using the search module you can look for records that match certain conditions, such as members without birth dates and addresses. This allows you to verify that PERA's records are not missing data that could prevent members from getting benefit estimates or newsletters.
Enroll Member	This module is used to enroll an employee into the PERA Coordinated, Correctional or Police & Fire plan, or PERA's Defined Contribution Plan. If enrolling a person in the Correctional Plan, which requires a certification by your agency, you can fill out an online form to validate the person's membership.
Maintain Employer	Using this module, you can update the name, address, and phone number on individuals who are PERA contacts for your agency (including yourself if you are a contact person). If you are the ERIS Administrator for your agency, you will use this module to add ERIS representatives and control their access to the system.

Transmit File	This module is used to send formatted data files to PERA. This includes contribution and member demographic files as described in the Computer File Format chapter. Employers may also use the Transmit File module to submit their annual Exclusion Report to PERA as a text or Excel data file. Details are in Chapter 3 Defined Benefit Plans and in Chapter 9 Computer File Format. Certain employers will also use this module to send Excel spreadsheets containing salary data on members who had time off under a budgetary leave or furlough.
Transmit Test File	Use this module to send a test file to PERA. The contents of the file you send will be evaluated against the format standards and PERA staff will inform you of the test results. File sent using this module will not be processed in PERA's production environment.
Change Password	This module contains features to allow any registered user to change their password.
SDR Reporting • New SDR • SDR History	Using this tool, the user creates a customized Salary Deduction Report (SDR) following each pay period or may create a supplemental report covering retroactive pay or wages paid to reemployed PERA retirees. More details are in Chapter 7 Contribution Reporting. Employers can also use this module to view a history of the SDRs that have been received or posted to PERA's system in the last two years.
Pending Reports	The Pending Reports section is the result of PERA's ongoing automation initiatives designed to make reporting more efficient, accurate and cost effective for employers. If PERA needs you to complete a specific report, the report will be listed in this section. **Annual Salary Threshold lists employees hired before 7/1/2023 whose reported earnings did not meet the annual threshold.** **Higher than Normal Salary** asks about members who had recent earnings that appear to be significantly higher than the amount usually reported to PERA. **Missing Enrollments** is generated for employers that have not provided new member information that is required when an employee is enrolled in a PERA plan. **Status Verification Report** seeks to confirm the current status of employees who have been on leave/layoff or without salary for an extended period. **Summer Earnings Verification** asks employers to validate the summer earnings within the high-five of a member that has recently begun drawing a PERA benefit.
Exclusion Report	Employers may use this tool to create an online Exclusion Report and send the report over PERA's secure internet connection. To create the report, the employer inputs information on the employees who worked during a specific calendar year (or fiscal year for school districts), but who did not participate in a PERA retirement plan or another public pension plan. Details about the data that is needed on the annual Exclusion Report are in Chapter 3 Defined Benefit Plans.

MEMBER ENROLLMENT

Timely enrollments are required

The member enrollment process is used to provide specific personal and employment data on employees who qualify for PERA membership. Generally, employers are required to submit enrollment data on each new or returning member prior to, or along with, the first PERA deduction reported for the employee.

The member enrollment process must be completed when any of the following occur:

- You hire a new employee, or rehire a former employee, to a position that immediately qualifies for mandatory coverage in PERA's Defined Benefit Plan (DBP).
- If an employee, who did not qualify for PERA DBP membership when initially hired, subsequently meets the requirements for participation.
- When an eligible public official or employee exercises their optional right to join the Defined Benefit Plan or the Defined Contribution Plan.
- When an employee who is a PERA member moves to a different position in your agency that requires pension coverage in a different PERA retirement plan.

  Note: Completion of the enrollment process is not necessary if a non-elected employee changes positions within your agency and the change does not alter the person's pension coverage (such as when a Coordinated Plan member accepts a second position that is also covered by the Coordinated Plan). However, when an employee moves from one position to another, be sure to determine if continuing retirement plan membership is appropriate after the promotion or transfer occurs.
- When you hire a PERA retiree who is under age 66 to fill a non-elected position. While the retiree cannot again pay into a PERA Defined Benefit Plan, the earnings received after retirement must be reported under the Exempt Plan so that they can be monitored. See Chapter 7 Contribution Reporting chapter for information on reporting the wages of reemployed retirees.

  Note: A PERA retiree who is elected to a county sheriff position may join the Defined Contribution Plan if they do not have previous employment with the county. Refer to Chapter 4 Defined Contribution Plan for details.
- When a PERA-covered employee, who had been placed on an indefinite layoff, subsequently returns to fill a position in your agency that qualifies for PERA membership.

Timely enrollment of eligible employees is important because PERA uses the data provided to establish an account for the member. If a person is employed by more than one governmental unit, each employer must separately enroll the employee to ensure that PERA creates a distinct employment record for each employer that employs the person.

PERA sends follow-up requests for missing or incomplete enrollments at two month intervals. If repeated requests have been made, the law authorizes PERA to assess a $25 fine for each enrollment that has been requested from the employer and for which no response was provided.

When you enroll a new member, PERA mails a brochure to the person's home address that describes the provisions of the plan under which the person has been enrolled. New members of the Defined Contribution Plan will also receive the *PERA Change Form* and *DCP Investment Selection* form for completion.

SUBMITTING ENROLLMENT DATA

As mentioned previously, you are to submit enrollment data on each new or returning member prior to, or along with, the first PERA deduction reported for the employee. You will submit the enrollment data using either PERA's Internet reporting system (ERIS) or a paper form.

If registered as an ERIS user, you will use the Enroll Member module to input the employee's enrollment data directly into PERA's computer system. Or, as an alternative, you may enroll your new members through a computer file that meets the demographic specifications in the Computer File Format chapter. Properly formatted files are sent to PERA using the Transmit File module in ERIS.

If you do not have computer capabilities, you will use the Notice of Member Enrollment form to enroll new members, unless the membership coverage is optional for the individual. (Refer to Optional Member Enrollments in this chapter for more details.)

Regardless of whether you enroll new members through an electronic or manual method, you must provide the following data for each person:

- **Employer Name and ID Number** – This is the six-digit identification number that has been assigned to your unit.
- **Employee's Name** – Provide the complete name of the employee as it appears on your records.
- **Employee's Social Security Number** – The Social Security Number as listed on the employee's Social Security card and your records.
- **Employee's Mailing Address** – The mailing address of the employee.
- **Employee's Date of Birth** – The employee's date of birth.
- **Gender** – The employee is a male or female.
- **PERA Plan** – The plan under which the employee is being enrolled.
- **Date of Hire or Rehire (for this position)** – Provide the date the person begins employment in this position or the most recent date hired if the person is re-hired.

  Example of New Employee: *Rachel begins work on April 5, 2015 and is immediately eligible for membership in the Coordinated Plan. The hire date is 04/05/2015. This date should also be consistent with the payroll period in which the first PERA deduction is withheld (such as 04/01/2015 - 04/30/2015).*

  Example of Re-hire: *Kevin is hired on May 15, 2018 and he had worked for your unit previously from 02/01/1999 – 03/15/2008. Report the hire date as 05/15/2018.*

- **Eligibility Date** – This is the date that the employee holding this position becomes eligible for PERA coverage. If an employee's hire date and eligibility date are the same, the eligibility date is optional. However, if the two dates are different, both dates are required.

  Example: *Tony began work in a six-month temporary position on October 10, 2014 (hire date), but was excluded from PERA membership. A permanent job opening becomes available in February 2015 and you offer it to Tony beginning February 7, 2015. The eligibility date to report for Tony is 02/07/2015. (The hire date would be 10/10/2014.)*

- **Exclusion Code** – A delay in membership by more than 30 days must be documented as part of the employee's enrollment into the Defined Benefit Plan. PERA has established Exclusion Codes to use to explain the reason an employee was not enrolled on the starting date of employment. A list of Exclusion codes appears in Chapter 3 Defined Benefit Plan.
- **Position Appointment Classification** – Indicate if the position is full-time, part-time, intermittent/on-call, seasonal or another classification.
- **Position Title Classification** – Use the available PERA code that best describes the position held by this employee.
- **Employee's Job Title** – Provide the person's actual job title even if it is identical to the position classification.
- **Pay Cycle** – Indicate the frequency in which salary payments will be made to the employee, such as biweekly, monthly, etc.
- **Employer Authorization** – For paper enrollments, the form must be signed and dated and should include a daytime telephone number for future contacts if needed.

OPTIONAL MEMBER ENROLLMENTS

If a public employee, which includes elected officials, has the right to choose whether or not to join a PERA retirement plan, you, as the employer, must obtain written authorization before withholding any pension deductions. In addition, you must send the document containing the signature of the individual who is electing retirement plan coverage to PERA.

The specific PERA form to use to enroll a person whose membership is optional depends upon the position held. Full details about the membership options and any filing requirements are in Chapter 3 Defined Benefit Plan and Chapter 4 Defined Contribution Plan. Figure 1 provides a quick reference to the enrollment form to use for an optional membership.

FIGURE 1: Form for Enrolling Employees who have Membership Options

POSITION	ENROLLMENT FORM
City Manager/Administrator (first employed by a city)	Membership Election by a City Manager
Physician	Membership Election by a Governmental Physician
Local non-governing body elected official (includes an elected sheriff only if that person is drawing a retirement benefit from the PERA Police & Fire Plan and who wasn't previously employed by the county)	Membership Election by Public Officials
Local non-governing body appointed (hired) official whose earnings do not exceed $425 in a month.	DCP Election by Appointed Public Official
Elected or appointed governing-body official	Membership Election by Public Officials
Basic or advanced life support emergency medical personnel with a public ambulance service	DCP Membership Certification for Certain Ambulance, Rescue or Volunteer Firefighter Positions
Volunteer or on-call firefighter	DCP Membership Certification for Certain Ambulance, Rescue or Volunteer Firefighter Positions
Coordinated plan members who, while on a leave of absence, are employed by a labor organization	If the Coordinated Plan member wants to continue their PERA coverage while on leave, the labor organization must send a completed Labor Organization Employee Election to PERA

CORRECTIONAL OR POLICE & FIRE PLAN ENROLLMENTS

If your governmental unit employs individuals who qualify for coverage under the PERA Correctional Plan, you must certify that the position held by the employee qualifies for such coverage. This can be done by completing the paper *Correctional Officer Certification* form; however, if you use ERIS to enroll new members, you have the option to certify a position's eligibility for the Correctional Plan using an online form.

Employers have authority to enroll part-time police officers or part-time or volunteer firefighters into the Police & Fire Plan if the positions meet the membership requirements in law and if their governing board authorizes the coverage through a resolution. (Note: An exception is made in the law for part-time police officers of the Metropolitan Transit Commission. No resolution is required to enroll their part-time police officers.)

See Chapter 3 Defined Benefit Plan for the eligibility requirements.

A copy of the governing body's resolution declaring Police & Fire Plan coverage for a part-time police officer or firefighter as defined in state law is to be filed with PERA as soon as practicable after enrolling the employee into the Police and Fire Plan. Samples of the resolutions are online.

MEMBER EMPLOYMENT STATUS CHANGES

As a payroll administrator you have a responsibility to report employment status changes (such as personal or medical leaves of absence, layoffs, terminations of service, etc.) for PERA-covered employees. Under the law, you are to report the change in status during the pay period in which it occurs. Timely reporting of status changes will facilitate PERA's ability to pay refunds or monthly benefits to members and will ensure that employees receive up-to-date benefit computations and statements.

Similar to enrollments, you will report changes in a member's employment status either electronically using ERIS or manually on a paper form. Users of ERIS input the change information directly into the PERA record of the applicable member or, if approved, may send a computer data file containing the status change information.

If you do not have internet access, you will report member status changes using the Member Information Change Report (MIC). Instructions for completion are on the back of the form. The MIC should be sent to PERA by fax or postal mail. Please do not report employment status changes on a paper Salary Deduction Report (SDR) as this form is used solely for reporting salary and contributions.

There are various types of employment status changes that need to be reported and each one has a unique code for PERA purposes. A complete list appears in Figure 2. Immediately after the table, you will find detailed descriptions of each employment status change.

FIGURE 2: EMPLOYMENT STATUS CODES

CODE	STATUS	WHAT IT MEANS
A*	Active	Signifies a person's return to employment after being on a temporary layoff, medical leave, personal leave, military leave, or after being absent from work because of an illness or injury that qualified for Workers' Compensation benefits. This code should not be used to report the re-employment of an employee who had been placed on an indefinite layoff.
C	Deceased	Denotes the death of the member
I	Indefinite Layoff	Indicates that an employee has been placed on a layoff status for which there is no anticipated return to work
K*	Parental Leave	Signifies a maternity/paternity leave
L	Layoff	Indicates an unpaid period due to a temporary layoff or seasonal break in employment for an employee that you expect to recall to the position within a few months
M*	Medical Leave	Denotes a medical leave, whether paid or unpaid
N	New	This code distinguishes someone who is new or is reinstated into a PERA plan and has started to contribute as of the effective date.
P*	Personal leave	Signifies a personal leave
T	Employment Terminated	This code denotes that employment, or coverage under the applicable retirement plan, has ended due to an internal job change

W*	Workers' Compensation Leave	Identifies that the member is on an approved leave of absence because of an illness or injury that qualifies for Workers' Compensation benefits. (The member may or may not be drawing partial salary while on leave.)
X*	Military Leave	Signifies a person who is on a military leave
*Employers do not need to report these types of changes for DCP members since they do not accrue service credits for their employment.		

EMPLOYMENT STATUS DESCRIPTIONS

This section provides details about the types of employment status changes to be reported to PERA on members.

PARENTAL, PERSONAL OR MEDICAL LEAVES

A leave of absence is a specific period of time in which an employee has been authorized to be absent from work and the employer-employee relationship continues to exist. An employee on an approved leave of absence retains PERA membership rights even though he or she is not working.

Employers must notify PERA when a Defined Benefit Plan member has a leave of absence with or without pay for personal, parental, or medical reasons.

Additionally, there may be times when an employee begins a leave of absence in a paid status by drawing a normal level of pay, using accrued sick or vacation hours, and then moves to an unpaid status after depleting the accrued leave hours. In this situation, the employer should report the leave of absence with a beginning date that is the first day in which the employee did not report to work.

> ***Example:*** *Kim goes on a six-month medical leave effective July 10, 2018, but has enough sick and vacation time to remain in a fully-paid status for three months through October 6, 2018. The employer reports the Medical leave effective 07/10/2018, when it actually started, even though at the start of the leave the employee is receiving compensation that is equal to her normal regular wages.*

When a member draws their normal regular pay during an authorized medical, personal, or parental leave of absence, that compensation is salary for PERA purposes. However, if the compensation paid to the employee during the leave period is based on the individual using accrued sick, vacation, or personal time at a rate that is below the level the employee would have worked if not on a leave, the pay may not qualify as salary for PERA purposes. Refer to Chapter 7 Contribution Reporting for details and examples.

WORKERS' COMPENSATION LEAVE

When a Defined Benefit Plan member is on an approved leave of absence or is absent from work because of an illness or injury that qualifies for workers' compensation benefits, you need to advise PERA by reporting the status code of "W" along with the effective date of the leave. The leave should be reported even if you are paying a reduced salary amount to the employee.

If your agency pays reduced wages to an employee who is drawing temporary workers' compensation benefits, you must withhold PERA deductions from the compensation you pay to the employee. In these situations, the Defined Benefit Plan member will receive service credit for each calendar month of earnings. (Note: Members drawing temporary Workers' Compensation payments from a third-party insurance provider or a self-insured employer do not have PERA deductions withheld from these payments. Refer to Chapter 5 Eligible Earnings for details.)

A Defined Benefit Plan member who receives reduced pay while drawing temporary workers' compensation benefits has the option to make retirement plan contributions to maintain their full salary (without overtime) during the period in which wages were reduced. As the employer, you can choose to pay the employer contribution portion of the member's salary credit purchase. Members who want information about purchasing salary credit should contact PERA.

MILITARY LEAVE

The Uniformed Service Employment and Reemployment Rights Act (USERRA) states that any person who leaves public employment for active duty in the uniformed services shall be treated as being on military leave of absence during the period of unpaid service with the employer. To report that a member has gone on a military leave of absence, use the status code of 'X' and include the effective date of the leave.

Effective 7/1/2019, employers are required to report the return of a member from a military leave within 14 days of the member's reemployment and must retain a copy of the status update notification in the member's employment file.

Members of a PERA Defined Benefit Plan who go on military leave and return to public service upon their discharge may receive salary and service credit for the leave by making the employee contributions. The contributions are based on the salary (without overtime) and plan rates in effect during the leave. Further, payment must be made within a period of three times the member's length of military service not to exceed five years. Once the member payment has been made by your employee, you must pay the employer contributions due for the period of the military leave.

PERA sends a letter to a Defined Benefit Plan member who is reported as being on a military leave by the employing unit. The communication relays information about the member's options regarding purchasing service credit for the time away from their PERA-eligible position.

Effective 7/1/2019, active members have the option to purchase service credit for up to five years of military service outside of PERA-covered employment or those with a prior leave where the original purchase deadline under Federal law was missed. The purchase cost will be the full actuarially determined cost associated with the benefit increase. Members inquiring will receive a letter detailing the eligibility requirements, eligible service credits, the process, and cost examples.

There is no employer action associated with this legislation. If you receive questions from members, please refer them to PERA's Member Line.

Employers do not need to report a military leave for their Defined Contribution Plan members since that plan does not award service credits to the covered employees.

LAYOFF (TEMPORARY OR INDEFINITE)

A layoff is a suspension of employment that is authorized by the employer. A layoff can occur for various reasons, but often is due to lack of work or funds for the position. Temporary layoffs can also represent seasonal breaks in employment.

You need to report when a PERA member is placed on a layoff for a period of one calendar month or longer. An exception is made for a school district or charter school that has members who are off during the break in academic years (summer months of June, July and/or August) and who are expected to return in the fall when school resumes. A school district must, however, report any layoff that happens during the normal months of a school year (September – May) so that PERA can determine if the member is entitled to service credits under the layoff provisions of the law.

If you anticipate that a member's layoff will be temporary in duration and you expect that the employee will be recalled within a few months to return to the same position, use the status code of 'L' to report the break in employment. This code must be accompanied by the effective date of the layoff. (Members of a Defined Benefit Plan will receive service credits for up to three calendar months in which they do not earn salary due to a temporary layoff.)

On the other hand, if you place a PERA member on layoff for an indefinite period, you will report a status code of 'I' along with an effective date. An indefinite layoff occurs when the layoff is not temporary and you have not specified a date for the employee's return to work. (PERA members do not receive service credits for months in which they do not earn salary due to an indefinite layoff.)

RETURN FROM LEAVE OF ABSENCE

When a member returns to work after having been on a leave of absence, please be sure to update PERA. To report the end of a leave of absence, use employment status code 'A' along with the date that the employee returned to work.

A member of the General Employees Plan (Basic/Coordinated), the Correctional Plan or the Police & Fire Plan does not receive service credit for any calendar month in which salary was not earned due to a leave of absence. However, the member may have a right to voluntarily purchase some or all of the service credits that were lost.

In addition, if a Defined Benefit Plan member receives reduced pay while on a workers' compensation leave, or a medical leave after June 30, 2009, the employee may have the option to make retirement plan contributions in order to maintain their full salary (without overtime) during the leave period. In these situations, you can choose to pay the employer contribution portion of this salary credit purchase.

Generally, PERA will send information about purchasing service or salary credit to each member upon learning from the employer that the member has returned to work. PERA has a *Building Service Credit with PERA* brochure that summarizes ways in which members earn or may purchase credit.

However, we suggest that members who want to receive an estimate of the cost to make a service or salary credit purchase contact PERA directly.

RETURN FROM LAYOFF

Employers must inform PERA when members of a Defined Benefit Plan return to employment after having been reported on a temporary layoff. Please use the status code 'A,' along with an effective date that represents the date the employee returned to work.

Please note that you should not use this status code to report the re-employment of an employee who had been on an indefinite layoff (status code "I"). When a PERA member is recalled to work after having been placed on an indefinite layoff, you must complete the new member enrollment process.

MEMBER DEATH

When a PERA member dies, please report the date of death using the status code of 'C.'

TERMINATION OF SERVICE

Termination of public service is the ending of the work relationship between your governmental agency and the employee. A termination of public service requires more than the person being "off the payroll" and not compensated for a specified period.

For PERA purposes, termination of public service occurs when:

- The member resigns or is dismissed and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position in the same governmental unit; or
- When the employer-employee relationship is severed due to the expiration of a temporary, seasonal, or indefinite layoff.

Under the laws governing PERA, a termination of service does not occur if, prior to the separation date, the member has an agreement, verbal or written, to return to a governmental unit as an employee, independent contractor, or employee of an independent contractor. (An exception is made for a police officer who is required to return for a future court appearance.)

Termination of public service requires certain actions from the employer, including, but not limited to, the following:

- Complying with the governing personnel policies, collective bargaining agreements, or laws relating to employment termination. In many agencies this requires written resignations (which sometimes must be accepted by the governing body) or discharge notices.
- Treating the individual as a former employee. This includes paying accumulated leave hours at time of termination.
- Taking steps to fill the vacated position or eliminate it as a budgeted position.

If an elected official has plans to resign from office, apply for a PERA retirement benefit, and then run for a subsequent term of office in the same position held prior to retirement, the individual must resign from the elected position **before** filing for a subsequent term in the same office and must remain completely and continuously separated from that office for 30 days prior to the date of the election. In such situations, we suggest that the elected official call the PERA office in advance of their retirement to discuss the situation with a PERA counselor.

When you need to report a member's termination of public service, use the status code of 'T' with the appropriate effective date.

TERMINATION OF MEMBERSHIP

Sometimes, a member's coverage under a PERA retirement plan must end because the employee moves to a different position within the same governmental unit that either provides different pension coverage, or provides no retirement plan coverage. Here, the person continues to work for the governmental unit but their PERA membership must end.

In these situations, you will close the member's PERA employment record under the plan in which the employee will no longer contribute by reporting a status change of "T". See the next examples.

EXAMPLE 1: CHANGE IN PERA PLAN COVERAGE

An employee of the City of Anywhere, who is member of the Coordinated Plan, is promoted on December 1, 2017 to a full-time police officer position in the city's police department. In this example, the employer must report a termination date of November 30, 2017 covering the Coordinated Plan position and enroll the employee under the Police & Fire Plan as of December 1, 2017.

EXAMPLE 2: CHANGE IN RETIREMENT SYSTEM COVERAGE

A member of the Coordinated Plan is promoted to a teacher position within the same school district. Here, the employer must report a termination date to PERA covering the Coordinated Plan position and then enroll the person under the Teachers Retirement Association (TRA) and begin withholding TRA deductions.

EXAMPLE 3: PERA COVERAGE ENDS

A Coordinated Plan member transfers from a full-time job to a temporary position within the same employer unit. The length of the temporary position will be limited to five months; therefore under PERA law, the temporary position is excluded. Here, the employer will close the member's PERA coverage using the "T" status code with an effective date representing the last day of employment in the non-temporary position.

VERIFICATION OF TERMINATION FORM

If a member of a Defined Benefit Plan makes an application for retirement benefits before the date that the person has specified will be their date of termination of public service, PERA will ask that the *Verification of Termination* form be completed. PERA provides this form to the retiring employee who will then bring the form to you (the employer) to complete, date, and sign. It is generally the responsibility of the employee to return the form to PERA.

The *Verification of Termination* form is used to substantiate that the member intends to terminate public service as required by PERA law and by rules of the Internal Revenue Service which require bona fide separations from service. As the employing unit, you are asked to verify that no arrangements for reemployment as an employee, a consultant, a contractor, or an employee of an independent contractor were made prior to the employee's date of termination.

As noted previously, an elected official who plans to retire from office and then run for a subsequent term of office in the same position held prior to retirement must resign from the elected position **before** filing for a subsequent term in the same office and must remain continuously separated from that office for 30 days prior to the date of the election.

There can be financial consequences if terminating members begin to draw retirement benefits without meeting the legal requirements for such payments. If the member does not effectively terminate public service, any retirement benefits paid by PERA will be discontinued and the person must repay the benefit payments. In certain instances, the employee could also be retroactively reinstated to PERA membership and both the employer and member would be required to pay omitted deductions and interest as required under Minn. Stat. §353.27.

STRIKES

Members of a Defined Benefit Plan may purchase up to one year of service credit for any period of time in which they participated in a public strike without pay. Under M. S. §356.195, the purchase must be done within five years of the end of the strike.

PERA has not established an employment status code to cover a period without pay for a member who participated in a strike. If the member contacts PERA for information about the cost to purchase the related period of time, we will contact your office to get the payroll data needed to respond to the request. At that time, we will ask if you want to pay the employer portion of the purchase cost. This is your option; you are under no obligation to do so.

FURLOUGHS OR BUDGETARY LEAVES

Employers are increasingly using furloughs or special leave programs to achieve budgetary savings, particularly during difficult economic times or revenue shortfalls. In these instances, the unpaid leave results in a temporary reduction in the salary and work hours for the employees that participate.

Often times, the unpaid leave hours represent a single day without pay for the employee that occurs in one or more pay periods during the fiscal year. Although the reduced work hours result in a temporary reduction in pay for the affected employees, the time off is usually not reported to PERA as an employment status change because it does not cover a complete pay period.

A reduction in salary can affect the PERA benefits of Defined Benefit Plan members if the reduced earnings fall within their highest-paid 60 months of consecutive service. However, the members who have time off without pay under their employer's budgetary or special leave program have the option to maintain full salary (without overtime) despite the reduction in earnings.

Note: The purchase of salary credit is not available if the employer permanently or temporarily lowers an employee's salary without reducing the person's hours of work.

To maintain normal PERA salary levels for a period of reduced hours, the member must pay the employee and employer contributions on the missing salary with annual compound interest at 7.5 percent. However, the employer may agree to pay the employer contributions with applicable interest for its employees.

Payment from the employee must be received by PERA within one year after the end of the fiscal year in which the leave hours had been taken or within 30 days of termination of service by the member, whichever is sooner.

EMPLOYER CERTIFICATION AND SALARY REPORTING

All employers that administer a budgetary or special leave program must provide information to PERA when they first implement the program or upon any subsequent renewal. This information is provided through the *Leave Program Certification* form.

When completing this form, indicate whether or not your governing board has agreed to pay the applicable employer contributions with accrued interest thereon for the PERA members who voluntarily pay the employee contributions for the period of reduced work hours. When returning the completed form to PERA, include a copy of the board resolution, policy, bargaining agreement, etc., authorizing or describing the leave program.

In addition, you will need to provide specific payroll data on the employees who have reduced work hours so that PERA can calculate the cost to purchase salary credit and send a statement to each member. This reporting is done annually for all active members who had reduced hours. However, for a terminating member, you must report the data as soon as you are aware of the planned termination of service. Timing is especially important in these instances because a terminated member has only 30 days from the date employment ends to make a salary credit purchase.

If you have Excel capabilities, you may provide the salary data under a specific format as shown in Figure 3. The data must be in the order listed and no employee should be listed more than once in the worksheet. For convenience in preparing the Excel document, you may use PERA's *Budgetary Leave Data File* worksheet that is available online or by calling the PERA office.

FIGURE 3: Excel Spreadsheet - Members Having Unpaid Leave/Furlough Hours

FIELD NAME	DESCRIPTION
Last name	Last name of the member who had unpaid leave hours.
First name	First name of the member
SSN	Provide either the member's 9-digit Social Security Number (SSN) without or with dashes (XXXXXXXXX or XXX-XX-XXXX) or the last 4 digits (XXXX). *Note: Provide the full SSN if you will send the data to PERA using the secure file transfer method in ERIS; otherwise, provide only the last 4 digits of the SSN.*
Begin date	The format is month, date, and year (MM/DD/YYYY).
End date	The format is month, date, and year (MM/DD/YYYY).
Hourly pay rate	Enter the amount of the member's hourly rate of pay with no more than four decimal places (X,XXX.XXXX). Do not include the dollar sign ($). *Note: Omit this amount if the employee had more than one pay rate during the applicable period.*

Total unpaid hours	Enter the total number of unpaid leave or furlough hours (with two decimal places) that the member had for the applicable fiscal year (XXX.XX) *Note: Omit this figure if the employee had more than one pay rate during the applicable period.*
Total missed wages	Enter the total amount of wages (with two decimal places) that the member missed during the applicable period due to the unpaid leave hours. (This is also the total salary savings your unit had for this employee.) Do not include the dollar sign (XXX,XXX.XX). *Note: This amount is optional unless the employee had more than one pay rate.*
Employer PERA ID	The 6-digit number assigned to your unit by PERA. Note: This only needs to appear in the first row of member data; it is not needed for all other members in the spreadsheet.

Registered users of ERIS will submit their Excel spreadsheet using the system's Transmit File module. In this case, it is important to change the file type from 'SDR' to 'Misc' to ensure that the data is sent to the appropriate PERA directory. Employers that cannot send the data electronically may send a printed copy by fax (651-296-2493) or mail (60 Empire Drive, Ste. #200, St Paul, MN 55103-2088).

Upon receipt of the spreadsheet, PERA prepares and mails cost statements to the members who had reduced hours. The statement explains that they have the option to pay the additional pension contributions to maintain their salary level for PERA benefit calculation purposes. If the employer has agreed to pay the associated employer contributions with interest, PERA will send an invoice to the employer after having received payment of the employee portion.

UPDATING MEMBER INFORMATION

It is important that PERA receives personal information changes for active members. This includes changes in a member's name, address, and beneficiary designation.

NAME CHANGES

PERA's records should always carry the correct legal names of members. You may use ERIS to access the computer record of an active employee and directly update the recorded name of the member. A second way to update PERA's records electronically is to send a properly formatted Demographic Record using the Transmit File capability in ERIS. Of course, if you do not have internet capabilities, you may submit member name changes using the Member Information Change Report (MIC). In this case, we ask that you include the employee's former name on the form.

SOCIAL SECURITY NUMBER CHANGES

The only method available for correcting an employee's Social Security Number (SSN) is to notify PERA through the Member Information Change Report or by letter. PERA does not accept SSN changes through its electronic reporting methods. When reporting SSN changes, please make sure you provide the incorrect number, the correct number, and the member's name.

ADDRESS CHANGES

You may submit address changes on behalf of active members through the same reporting methods available for updating name changes; however, the preferred method is that the member report the address change directly (by phone, email or letter) or that the new data be provided through address services associated with the Post Office. Please note that you are not able to change the address of an employee who has terminated employment or a current employee who is receiving a PERA retirement or disability benefit.

Three different address change methods can be used to update PERA's records. They appear below in order of preference.

- Members and former members can make address changes by calling PERA's Member Services phone number.
- Address changes are made electronically using data updates made available by the U.S. Post Office —PERA participates in address change programs that provide immediate updates to addresses that are incorrect as part of batch mailings of our member newsletters.
- Employers may change the address of their active employees by directly updating the member accounts in PERA's system or by sending the data in a demographic record. Written address change notices may be either faxed or mailed to PERA and must include the last four-digits of the member's Social Security Number for identification purposes.

BENEFICIARY DESIGNATIONS

Each member enrolled in a PERA plan may designate a beneficiary who, in case of the death of the member, is entitled to the value of the member's account. Employers may not request beneficiary changes for a member.

If a member has no listed beneficiary, the funds will be payable to the person's surviving spouse, or if none, to the person's estate. Members may use the myPERA web system if they are unsure of their current beneficiaries, or they can contact PERA.

Members may change beneficiary designations at any time during their membership or after retirement using the myPERA online system. Members may also download and print the PERA Change Form and then mail the completed form to PERA. Employers are encouraged to provide information about the myPERA system to new employees as part of their orientation materials. You may also distribute the PERA Change Form to new retirement plan members.

PERIODIC REPORTS SENT TO EMPLOYERS

Periodically, PERA staff generates and sends various requests to employers in order to obtain missing data or forms that are necessary to complete the retirement plan accounts maintained on members. Your prompt response to these requests is required.

Among the requests that your agency could receive from PERA are:

- Requests for birth dates or home addresses that are not in our member data base. To respond, please either update the member's individual PERA record using ERIS or insert the missing birth dates or address data directly onto the report you receive and mail it back to our office.
- Requests for enrollment forms or data on employees who have been enrolled in a PERA plan and have member deductions posted to their accounts. Registered users of ERIS may respond to this request by entering the missing data in each online PERA member account. Employers that do not have ERIS must send a completed *Notice of Member Enrollment* form or the proper membership election form if the individual exercised an optional membership right.
- We may also contact you about employees who were enrolled in the Correctional Plan or the Police & Fire Plan if our records are missing the required plan certification or governing-body resolution.
- You may also receive the Status Verification report, which we usually produce twice a year in May and November. The purpose of this report is to confirm the continued employment of participating employees who have not had salary deductions for 8 or more months and to inquire about employees on a leave of absence or layoff for more than 12 months.
- If you receive this report, you must determine if the employment status data for the named employee(s) needs to be updated. An update can be done by either adding the new status code to the paper report for later processing by PERA, or using ERIS to update the online member account directly. All employers that receive the report must sign it and return it to PERA after they identify in the box provided on the first page the action they took when processing it. When an employer needs to complete this verification process, PERA sends an email or letter to the payroll contact for the agency. Registered users of ERIS will respond to this request by opening the web Status Verification Report and inputting the missing data for each listed PERA member. Employers that do not have ERIS must complete the paper report, sign it, and return it to PERA. Employers should complete this report within 30 days of receiving it.
- In February of each year, we mail a report to employers that have current or former employees who contributed to the Police & Fire Plan during the last calendar year. If you receive this report, you are to review the position title and classification data listed for each employee and note any necessary corrections or additions before they sign the report and return it to PERA.

- Near the end of the school year or calendar year, we will ask all employers to submit an Annual Exclusion Report that lists their workers and public officials who do not have coverage in a PERA Defined Benefit Plan, PERA's Defined Contribution Plan, or another public retirement system such as the Teachers Retirement Association or the Minnesota State Retirement System. Instructions for this process are in Chapter 3 Defined Benefit Plans and Chapter 9 Computer File Format.
- As noted previously, responding to these requests is required. Accurate employment information helps to ensure that we can provide accurate pension estimates to your employees and former employees. Additionally, the precision of the actuarial work that forecasts PERA's funding need depends greatly on the degree of completeness and accuracy of the information in PERA's database. If we have made repeated requests for forms or data and your agency has not responded to them, the law authorizes PERA to assess a $25 fine for each request for which no response was provided.
- Beginning in June 2018, if a school district employee begins to draw a PERA retirement or disability benefit, you may be required to validate the summer earnings that are part of the person's estimated high-five years of salary. This verification is needed so that PERA can determine the appropriate wages to use when finalizing the monthly benefit amount payable to the new benefit recipient. Our records must contain accurate earnings amounts and coverage periods. Any mistake in coding or not coding a summer contract payout with the school FY indicator can result in overpaid or underpaid monthly benefits. If you receive this report, you must review the salary information provided on the report and respond with a "yes" or "no" response to indicate if the listed pay period earnings represent a contract payout to an employee.

MAINTAIN EMPLOYER RECORDS

PERA maintains an employer database with records for all local units of government and school districts that are required by law to provide certain reports to PERA and to enroll their eligible employees into a PERA retirement plan. (Refer to the Chapter 1 About PERA chapter for descriptions of the governmental units that are covered or excluded.)

PERA assigns a six-digit identification (ID) number to every covered employer and places the number on all outgoing notices and other communications. Employers should, in turn, place their PERA ID number on all remittances to PERA.

CONTACTS

Every employer must designate one or more individuals to fulfill PERA's reporting responsibilities. To serve as a contact, the person must be an employee or officer who has the authority to complete, sign, and submit various forms or information on behalf of the unit of government.

While PERA has various contact roles, at least one individual from each employer agency must serve as the Payroll Contact. The Pay roll Contact is the person who has authority to respond to PERA inquires about contribution reporting (or lack thereof). PERA automatically sends its employer newsletter and any other special notices to each employer's Payroll Contact.

For most employers, the Payroll Contact person will be the employee who processes the payroll and prepares or oversees the creation of a Salary Deduction Report (SDR). However, if your agency contracts with an external firm to provide payroll services, the Payroll Contact for PERA could be either the employee of your unit who oversees the work of the outside firm, or the administrative head of your governmental unit (or a designee). When an employer authorizes an external firm to prepare its SDR and to respond to any related inquiries from PERA, we ask to receive specific data on the contracted provider company and its support personnel.

Each employer must designate at least one person to serve as a payroll contact.

PERA encourages you to designate individuals to fulfill non-payroll pension responsibilities as described in Figure 4. PERA automatically sends its quarterly newsletters to all contacts that have e-mail addresses on file.

CONTACT ROLE	WHO TO DESIGNATE
Human Resources/ Personnel	The employee who can respond to questions about the PERA membership coverage given to employees of the governmental unit, or to inquiries about the employment status of a member or excluded employee.
Finance/EFT	The employee who can respond to questions about the payment of funds to PERA.
Information Systems	This person should be the employee who could respond to technical questions, if they arise, about the data that is provided to PERA in computer files. This role only applies to employers that have their own computer programmers.
Outsourced or Contracted Payroll Services	This role is used only if the unit has outsourced its payroll functions to an external firm, such as an accounting firm or payroll service provider. The person given this role would be the individual employed by the external firm who is authorized to respond to PERA inquiries about pay period earnings, deductions, and contribution payments. An em- ployer agency that has a Contracted Payroll contact must also have a Payroll Contact person who is an employee of the covered governmental unit
Mail Recipient	Employers may designate any individual who wants to receive the employer newsletters and who has not been designated to serve in any of PERA's contact roles.

Employers should update their contact names, e-mail or mailing addresses, and phone numbers as changes occur. This can be done directly over the web using ERIS (described previously in this chapter) or by calling the PERA office. At times, PERA will send an employer profile document that reflects the contact data contained in the PERA database and ask employers to update outdated information or add new contacts.

CHANGE IN ENTITY NAME OR STATUS

If you change the name of your governmental unit, merge or consolidate with another Minnesota governmental unit, or close your operations, you must notify PERA at least 60 days before the change is made. In these situations, you must provide copies of any official documents associated with the change in status so that we can determine the impact the change may have on the PERA-covered employees. The documents you provide will also be forwarded to the Social Security office for their records.

Generally, PERA coverage continues for an employer agency that consolidates with another governmental subdivision. If the consolidated agency will operate under an existing name, the six-digit PERA Employer ID of the entity will continue to be used. However, if two or more entities merge to form a new governmental subdivision, a new PERA ID number must be assigned. An example of this would be when two school districts merge into a new district that is given a new name and Independent School District number.

OUTSOURCING OPERATIONS

If your governmental unit decides to contract with a private-sector company to provide some of the services that you currently provide, please inform PERA before the change happens so that we can determine the impact to any current PERA members. Here are a few examples.

Example 1: A new charter school contracts with a private management company to carry out its business operations, which includes hiring workers to non-instructional positions.

Example 2: As part of its budgeting process, a city council decides to outsource its computer management systems to a private company.

Example 3: The school board of an independent school district decides to outsource its student transportation services to a private bus company. The private company will manage the drivers and the transportation program and will continue to serve the students of the school district.

If, in the above examples or other similar situations, the outsourcing will mean that the employees are no longer employed by a governmental subdivision in Minnesota; the PERA coverage must stop. In these situations, it is important for the affected employees to understand their rights relating to PERA benefits and the employer may want to contact PERA to determine if holding a PERA informational session could be arranged.

PRIVATIZATION

Generally, when a covered medical facility or other public employer turns its operation over to a private non-profit or for-profit organization, such as when a hospital or nursing home considers a sale or lease to a private company, the employees who become employed by the private entity may not continue to contribute to the PERA retirement plans after the date of privatization. Similarly, any new employees hired by the private organization cannot become members of or contribute to PERA.

Under Minnesota Statutes Chapter 353F the entity that is looking to privatize may extend special enhanced termination benefits to the affected PERA members. A condition of offering the 353F plan features is that there are sufficient financial assets on hand specifically associated with the group of members to fund their PERA benefits. To determine this, an actuarial study must be performed by the state pension actuary. The cost of the study is assessed to the governmental subdivision that is being privatized.

In these situations, the General Plan members who were employed on the day before the effective date of the change in the operation of the unit, or who terminated employment with the governmental unit on the day before the effective date, may be afforded a modified benefit structure as follows:

- The members are eligible to receive a retirement benefit at retirement age without regard to the vesting requirement
- The members may continue to earn service credit for continued employment with the private entity for potential eligibility for the Rule of 90 or 30 years of service benefits while they work for the privatized entity.
- Deferred retirement benefits for the former members will be somewhat higher than they would normally be because the deferred pension grows while employed by the privatized entity. (For employees of facilities covered by 353F since December 31, 2010, the deferred augmentation rate is 2 percent, if that is affordable for the employer or 1 percent if the higher rate is not workable.)

To date, more than 20 public agencies, mostly hospitals and care facilities, have gone through privatization with coverage under 353F. A current list of the agencies that have gone through this process is available on the PERA website. The process that employers must follow if they wish their employees to receive coverage under the Chapter 353F is described below.

Employers anticipating the sale or lease of a facility who wish coverage under the statute must contact PERA and provide a resolution supporting the enhanced termination benefits available under the statute. The resolution must include a statement from the governing body agreeing to pay the cost of preparing the necessary actuarial calculations associated with this process. PERA also requires a copy of the sale or lease agreement and any other documentation that may be available to verify that the group to which the facility will be sold or leased is not a public employer under PERA's statutory definition.

Once the employer provides PERA with 50 percent of the cost of the actuarial study, we will direct our actuarial consultant to determine the impact privatization, under the terms of Chapter 353F, will have on the funding of PERA's retirement plan. The results of this study are presented to both PERA and the facility's governing board.

If the cost of extending the enhanced termination benefits under Chapter 353F is less than the cost to PERA of the employees continuing in the plan, the PERA Board of Trustees will approve the addition of the facility to Chapter 353F benefit provisions. This will extend the benefits under the chapter to employees after they lose continuing PERA coverage upon the sale or lease to the new entity for as long as they continue to work with the privatized entity.

If the study finds the cost of the privatization benefits exceed the cost of ongoing coverage in PERA, the local unit of government can choose to pay the difference to PERA so employees can receive the enhanced termination benefits. If the difference in cost is not paid, employees will be subject the Association's normal termination provisions.

Upon the effective date of the sale or lease to the new entity, employment information about the former PERA employees must continue to be reported to PERA, even though contributions are not, and cannot continue, to be paid to the Plan.

The process of transferring ownership of a public facility to private ownership inevitably results in serious concerns and anxiety among affected employees. PERA can send a representative to the facility early in the process to provide a group presentation on how privatization and Chapter 353F will impact member benefits.

When final action is taken setting the date for the transfer to the new entity, PERA will work with the facility to schedule a more in-depth presentation to the staff. While these group programs address most member questions, we realize that some employees will need additional individual counseling. Arrangements will be made to accommodate that need.

CONTRIBUTION REPORTING

7-2 TAX-SHELTERED DEDUCTIONS

7-2 CONTRIBUTION RATES

7-4 COMPENSATION OR CONTRIBUTION LIMITS

7-6 SOCIAL SECURITY AND MEDICARE COVERAGE

7-7 REMITTING PAYMENTS

7-9 SALARY DEDUCTION REPORTS

7-16 SPECIAL SITUATIONS

Wrongful Discharges

Earnings of Working Retirees

Summer Payouts for Schools

Adjustments

Omitted Deductions

Deductions in Error

Public employers are responsible for withholding pension deductions from the eligible salary paid to public employees whose coverage in a PERA retirement plan is mandatory, or when PERA membership is voluntary and the person chooses the coverage. Also, with limited exceptions, an employer contribution is payable on behalf of each covered employee at the same rate or higher than the member deduction.

As a participating employer, you are to remit full payment covering the employee deductions and the employer contributions due for each pay period along with a Salary Deduction Report (SDR) containing detailed salary and contribution data. Both the payment and the SDR must be received by PERA within 14 calendar days after the pay date to avoid interest or a late penalty.

This chapter will help payroll administrators fulfill their contribution reporting duties as they relate to the General Employees Plan (which encompasses the Coordinated Plan and the Basic Plan), the Correctional Plan, and the Police and Fire Plan (which are Defined Benefit Plans) as well as the PERA Defined Contribution Plan. This chapter does not include information about how PERA collects contributions to fund benefits for members of the Statewide Volunteer Firefighter (SVF) Plan. For that information, please refer to Chapter 2 of this manual.

The Employer Manual is intended to provide general information. The rights and obligations of public employers and members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. The statutes and regulations shall govern if there is any discrepancy between them and the information in this document.

TAX-SHELTERED DEDUCTIONS

The PERA retirement plans are "tax-qualified" under Section 401(a) of the Internal Revenue Code (IRC). Additionally, the plans are governmental plans within the meaning of IRC section 414(d) with an employer "pick up" of member contributions under Section 414(h)(2). This IRC section provides a mechanism under which member contributions that satisfy specific requirements are not immediately taxable to the employee. The IRC refers to these contributions as "employer pick ups," which basically means that the amounts that are withheld from employees' earnings are considered for tax purposes to be "picked up" by the employer through a salary reduction method and are, therefore, tax sheltered at the time of withholding.)

To ensure proper handling, you must calculate federal and state income tax withholdings on the amount that remains after the PERA member deduction and any voluntary employee-elective, tax-deferred deductions are subtracted from the employee's gross salary. See Figure 1. (Please refer to Chapter 5 Eligible Earnings for information on how to treat voluntary tax-deferred employee contributions to a deferred compensation plan, cafeteria plan, flexible spending account, etc. for PERA contribution purposes.)

FIGURE 1

EXAMPLE - PRE-TAXED PERA EMPLOYEE DEDUCTIONS	
Employee gross salary for a single pay period (assumes that the full amount is eligible for PERA withholding)	**$1,200.00**
PERA deductions at 6.50 percent withheld from the employee's pay ("picked up" by a salary reduction for tax reporting purposes)	**- 78.00**
Taxable Income - Federal and State	**$1,122.00**
Note: The employee's PERA deduction does not lower the salary used when calculating Social Security or Medicare withholding.	

Also, when you prepare the federal Form W-2 on employees who are PERA members, be sure to check the "retirement plan" box.

CONTRIBUTION RATES

Figures 2 and 3 show the contribution rates for all of the statewide pension plans administered by PERA. For these plans, member deductions and employer contributions are calculated on an employee's "PERA-eligible salary" as defined in PERA law. (Refer to Chapter 5 Eligible Earnings.)

The member deduction is a percentage of salary determined by the specific retirement plan in which an employee qualifies and has been enrolled. Employee deductions must be withheld at the contribution rate that is in effect on the date the salary is paid. With limited exceptions, an employer contribution is also payable on behalf of each member at the same rate or higher than the employee deduction.

FIGURE 2: EMPLOYEE DBP CONTRIBUTIONS

DEFINED BENEFIT PLAN (DBP)	RATE
General Employees Plan - Coordinated Plan	6.5%
Correctional	5.83%
Police & Fire (P&F)	11.8%

FIGURE 3: EMPLOYEE DCP CONTRIBUTIONS

DEFINED CONTRIBUTION PLAN (DCP)	RATE
Elected and Eligible Appointed Public Officials	5.00%
Physicians	5.00%
City Managers	6.5%
Ambulance/Rescue Squad Personnel	Rates set by Employer
Volunteer or On-call Firefighters (not covered for that service by the PERA Police & Fire Plan, Statewide Volunteer Firefighter (SVF) Plan under chapter 353G, or by a relief association under chapter 424A)	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member deductions and employer contributions

At times, PERA's Board of Trustees finds it necessary to ask the Legislature to modify the contribution rates for a Defined Benefit Plan to reflect funding needs and/or benefits. Such proposals are based on recommendations of a consulting actuary. PERA will notify participating employers of any changes made to the PERA contribution rates through the quarterly PERAphrase newsletters.

EMPLOYER RATES

Under state law, public employers that have one or more employees who qualify for membership under a PERA Defined Benefit Plan (excluding the SVF Plan) must pay employer contributions to PERA on behalf of each eligible employee. With the exception of the General Employees Plan (Basic and Coordinated plans), the employer contribution is an amount that matches the employee contribution. Employers with members of the General Employees Plan will match the employee contribution amount and pay an employer additional contribution at the rate set in Minnesota Statutes.

Figures 4 and 5 show the employer contribution rates for the PERA statewide Defined Benefit and Defined Contribution plans (except the Statewide Volunteer Firefighter Retirement Plan). As with the employee rates, you calculate the contributions on the salary of each eligible member at the rate in effect on the date the employee is paid.

FIGURE 4: EMPLOYER DBP CONTRIBUTIONS

DEFINED BENEFIT PLAN (DBP)	RATE
General Employees Plan - Coordinated Plan	7.5%[1]
Correctional	8.75%
Police & Fire (P&F)[3]	17.7%
[1] Represents the employer match of the Coordinated Plan employee deduction, plus an employer additional 1%	

FIGURE 5: EMPLOYER DCP CONTRIBUTIONS

DEFINED CONTRIBUTION PLAN (DCP)	RATE
Elected and Eligible Appointed Public Officials	5.00%
Physicians	5.00%
City Managers	6.5%
Ambulance/Rescue Squad Personnel	Rates set by Employer
Volunteer or On-call Firefighters (not covered for that service by the PERA Police & Fire Plan, Statewide Volunteer Firefighter (SVF) Plan under chapter 353G, or by a relief association under chapter 424A)	7.5% or more made either solely from compensation paid to the firefighter or through a combination of member and employer contributions

Employers with employees under the PERA Defined Contribution Plan contribute an amount equal to the employee deduction unless Minnesota Statutes provide for the rate to be established by the employing unit.

COMPENSATION OR CONTRIBUTION LIMITS

The PERA defined benefit and defined contribution plans are considered to be tax-qualified plans and must be administered to comply with applicable provisions of the federal Internal Revenue Code (IRC). Two of these provisions, described here, may affect highly compensated employees.

DBP COMPENSATION LIMIT

Section 401(a)(17) of the IRC places an annual limit on the amount of compensation that is subject to retirement withholding for members of a Defined Benefit Plan (DBP). This includes members of the PERA Basic, Coordinated, Correctional, or Police & Fire plans.

To ensure continued IRS compliance, PERA evaluates payments through each pay period. Figure 6 shows the reportable limits that an employee hired after July 1, 1995 would have in 2024 and 2025 for common pay periods.

As noted, the maximum annual compensation amount is higher for members whose original date of PERA membership is before July 1, 1995 (per Minnesota Statutes §356.611). The higher limit applies to pre-July 1995 DBP members, even if they had a break in service and PERA membership.

FIGURE 6: REPORTABLE COMPENSATION LIMIT DEFINED BENEFIT PLANS

YEAR	SALARY LIMIT BY PAY PERIOD	NOTE
2025	**Annually:** $350,000 **Monthly:** $29,166.67 **Semi-monthly:** $14,583.33 **Bi-weekly:** $13,461.54	Members hired before July 1, 1995 would have a different pay period limit based on the annual limit of $520,000.
2024	**Annually:** $345,000 **Monthly:** $28,750.00 **Semi-monthly:** $14,375.00 **Bi-weekly:** $13,269.23	Members hired before July 1, 1995 would have a different pay period limit based on the annual limit of $505,000.

Employers must monitor employee earnings and implement the contribution limits for each pay period. If PERA finds that an employer has reported compensation or contributions in excess of these limits, we will contact you to coordinate an adjustment or refund.

DCP CONTRIBUTION LIMIT

IRC Section 415(c) limits the amount of annual employee and employer contributions that may be made on behalf of an individual who participates in qualified Defined Contribution Plans (DCP). Figure 7 that follows shows the federal contribution limits in effect for DCP members for calendar year 2024 and 2025.

FIGURE 7: CONTRIBUTIONS LIMIT —DCP MEMBERS

YEAR	ANNUAL LIMIT
2025	$70,000
2024	$69,000

The annual limit in figure 7 includes both employer and employee contributions. For each member, the employer is to monitor the amount of annual employee and employer contributions and discontinue contributions if the federal limit has been reached.

SOCIAL SECURITY AND MEDICARE COVERAGE

In Minnesota, most non-public safety employees who are PERA members pay into Social Security and Medicare due to a "Section 218 Agreement" between the state and federal governments.

The Minnesota Section 218 Agreement calls for Social Security coverage of all individuals holding positions that qualify for coverage in the Coordinated Plan. This includes persons who have the option to join the Coordinated Plan (i.e. physicians, city managers and certain non-governing body elected officials) even if they do not choose such coverage. It also includes employees who are drawing a PERA retirement benefit and who hold a position that would otherwise provide membership in the Coordinated Plan. Reemployed retirees, or employees who retired under a PERA Phased Retirement Option, may not contribute to PERA on the post-retirement earnings, but they must pay Social Security and Medicare on those wages. (See Special Situations later in this chapter for instructions on reporting the salary of working retirees to PERA.)

On the other hand, employees who are members of the Police and Fire Plan or the Basic plan are not subject to Social Security withholding because their positions are not covered under Minnesota's 218 Agreement and are not subject to mandatory Social Security under federal regulations. Medicare participation is required, however, for police officers or firefighters who are hired after March 31, 1986. If a police officer or firefighter was hired before April 1, 1986, is a member of the PERA Police and Fire Plan, and has been continuously employed by the same employer, the individual is exempt from the Medicare program.

With respect to the Correctional Plan, all members are subject to Medicare withholding. However, members of the Correctional Plan are covered for Social Security purposes only if that coverage had been approved through a referendum conducted by the employing county. If a referendum has passed, PERA would have established a separate modification agreement with the federal government to extend Social Security coverage to the correctional service employees of that employer. For information about Social Security coverage for the Correctional Plan members of a specific employer, contact the PERA office.

The information in Figure 8 will serve as a quick reference tool. It provides guidance on when a public employee who holds a position that qualifies for coverage under a PERA Defined Benefit Plan must pay Social Security and Medicare taxes.

FIGURE 8 SOCIAL SECURITY AND MEDICARE WITHHOLDING

PERA PLAN UNDER WHICH THE POSITION QUALIFIES FOR MEMBERSHIP	WITHHOLD SOCIAL SECURITY?	WITHHOLD MEDICARE?
Basic	No	No[1]
Coordinated	Yes	Yes[2]
Correctional	Varies[3]	Yes[3]
Police and Fire	No[4]	Yes[5]

PERA PLAN UNDER WHICH THE POSITION QUALIFIES FOR MEMBERSHIP	WITHHOLD SOCIAL SECURITY?	WITHHOLD MEDICARE?

[1] Do not withhold Medicare unless you know that the member voted for Medicare coverage in the referendum held in 1989.
[2] Medicare is required for all employees hired after March 31, 1986.

[3] Social Security coverage can be provided only if a referendum extending such coverage was held by the employer and approved by the eligible member(s). Contact PERA for information about a specific employer.

[4] An exception must be made for tribal police officers who are Police and Fire members. The Social Security Administration and the Internal Revenue Service have determined that tribal police officers must make Social Security contributions in addition to the PERA contributions.

[5] Medicare is required for all employees hired after March 31, 1986. Police and Fire Plan members who have been continuously employed by the same employer since before 4/1/86 are exempt from the Medicare program.

Determining Social Security and Medicare coverage for individuals in positions that provide coverage under the Defined Contribution Plan varies based on several factors. See Chapter 4 Defined Contribution Plan.

REMITTING PAYMENTS

Minnesota law requires employers to remit full payment of all employees' PERA deductions and the total employer contributions due at the end of each payroll cycle. You will remit such payments using either PERA's Electronic Funds Transfer (EFT) process or by sending a paper check. Both methods are described below.

Your payment must be received by PERA within 14 calendar days of the date the employees were paid (often referred to as the "check date"). When the 14th day falls on a weekend or holiday, payment is due by the last business day prior to the weekend or holiday. If payment for Defined Benefit Plan contributions is received later than 14 calendar days after the employees were paid, PERA is required by law to assess a late charge for the payment. Interest at an annual rate is charged from the date due until full payment was received. The applicable interest rates are 8.0% from July 1, 2015 to June 30, 2018, 7.5% from July 1, 2019 to June 30, 2023, and 7.0% thereafter. The minimum late charge is $10.

A contribution payment must represent the full amount due for the applicable pay period. If your payment is less than the amount required, your unit must pay the shortage, even if it represents an employee's deduction. In the case of member contribution shortages, your unit must pay the amount due and then collect reimbursement from the wages of the applicable employee(s). PERA will charge interest at the annual compound rate set in law on a payment of shortages that is not paid within 30 days following the date the amount was initially due.

ELECTRONIC FUNDS TRANSFER

Employers should use the Electronic Funds Transfer (EFT) to remit payments to PERA. EFT is a convenient way for employers to send a payment directly from their bank accounts to PERA's account without writing a check. It is an economical alternative to checks because the employer is able to choose the day in which the bank account is debited. Materials about EFT are available under the Employer section of the PERA website or by calling the PERA office.

There are two types of EFT—the ACH Credit method and the ACH Debit method:

ACH Debit Method - Under the ACH Debit method, you would use either a special Internet system or an automated phone service to authorize an EFT payment. The payment is then transferred between your governmental unit's bank and PERA's financial institution. Both the Internet and telephone services are provided by a third-party payment processor with which PER has contracted.

ACH Credit Method - The ACH Credit method allows you to generate an electronic request for transfer of funds using either your own self-developed application or the software program of a financial institution. The electronic payment request must be prepared in a specified format. Once sent to the financial institution, it generates an ACH transaction that debits your unit's bank account and credits PERA's account on the payment due date.

If you want to make payments using EFT, please call PERA. Generally, it takes two weeks to complete the enrollment process and you would be notified by PERA once EFT has been approved. At that point, your unit may begin submitting payments electronically.

EFT is an economical alternative to sending checks.

CHECKS

As an alternative to EFT, you may remit payments of employee deductions and employer contributions in the form of checks made payable to the Public Employees Retirement Association. The check should contain your PERA-assigned six-digit employer number and the paid date associated with the contribution payment. (Place the data in the memo area or on the check stub.) Adding these items to a paper check can increase the time it takes for PERA staff to process the funds and post the member deductions.

MAIL CHECKS TO:

PERA
PO Box 4383
Saint Paul, MN 55101-4383.

As applicable, please include all associated documents, such as invoices, paper ***Salary Deduction Reports***, member enrollment or election forms, etc., in the envelope with the check.

SALARY DEDUCTION REPORTS

As the payroll administrator for a governmental unit, your PERA-covered employees rely on you to provide accurate payroll information in a timely manner. You fulfill this responsibility by providing specific payroll data at the end of each payroll period in which pension deductions have been withheld from employees' earnings.

With the exception of the SVF Plan, PERA uses a Salary Deduction Report (SDR) to collect payroll data on employees who are covered under a PERA Defined Benefit or Defined Contribution Plan. Like a contribution payment, the law requires that the completed SDR be received by PERA within 14 calendar days after the date in which the members are paid. If the SDR is received after the due date, PERA may assess a late charge of $5 per calendar day and will do so when a frequency of late submissions is noted.

When PERA receives a SDR and corresponding payment from an employer, staff reconciles the amounts and posts the payroll data to each member's account. The posted data is then used to prepare benefit estimates for members and to determine amounts payable to new retirees, survivors and members who become disabled.

ACCEPTABLE SDR FORMATS

PERA has established standard reporting formats for both electronic and paper forms of the Salary Deduction Report (SDR) to ensure that the information provided by over 1,800 units of government can be processed efficiently. The method used by an employer to create and send a completed SDR to PERA will depend on its computer capabilities as described in this section.

INTERNET REPORTING

Payroll administrators with Internet access and e-mail capabilities at work are required to use PERA's Employer Reporting and Information System (ERIS) to submit their SDR. This is a web system maintained exclusively for use by PERA-covered employers. (Refer to the Chapter 6 Maintain Member and Employer Records for more information on this system.)

Authorized ERIS users can create a SDR using an online data entry process or they can transmit a properly formatted data file to PERA.

ONLINE DATA ENTRY

Authorized employers use ERIS to easily create a custom SDR that lists their current members. Once the online report is created, the employer inputs the PERA-eligible salary for each covered employee. Next, with a click of the "Save/Calculate" button, the system (ERIS) will calculate the required employee deductions and employer contributions. The amounts calculated by the system can be changed by the employer if rounding differences occur.

Upon entry, the SDR data are immediately checked for accuracy and employers may make corrections as needed. Employers may also save the SDR without submitting it to PERA. Saving the data on PERA's server allows the employer to work on the report in stages. Once the SDR is complete, it can be easily sent over PERA's Internet connection and an immediate confirmation of receipt is provided to the employer.

PERA retains a copy of all SDRs that have been saved or sent to PERA for up to two years and employers may print a stored report at any time.

You may use ERIS to create a SDR using an online data entry process.

FILE TRANSFER

As an alternative to the online data entry process in ERIS, you may submit member salary and contribution data in a computer file. If you choose this method, you will use either your internal programmers or resources you contract to create and format a data file that meets specific requirements. The file specifications are in the Computer File Format Chapter of this manual.

Employer representatives who have the proper security rights in ERIS will transmit the data file to PERA over the Internet. The process is quick and confirmation of receipt is provided through an online ERIS message.

Only one SDR file may be sent at a time. If a data file is ever transmitted in error, the employer should promptly report the submission mistake to PERA.

Any employer that wants to move to the File Transfer reporting method must contact PERA to discuss the testing process that must be performed before electronic submissions may begin.

PAPER DEDUCTION REPORT

If you are a payroll administrator who does not have Internet or e-mail capabilities at work, you will use a paper *Salary Deduction Report* to provide payroll data to PERA. Before using this method, you will need to complete and mail an *Exemption from Web Reporting* form to document that you do not have the computer resources needed to use PERA's web system.

Under the paper reporting method, PERA prints a Salary Deduction Report (SDR) containing the names, Social Security numbers (limited to last 4 digits), and retirement plans for all active employees of your unit. PERA generates and mails the pre-printed report using the pay schedules on file for each employer. If you use the paper SDR, please keep PERA aware of any pay cycle changes that occur.

Once you receive the pre-printed SDR, you must complete all of the open items. This includes adding the paid date for the period along with each member's salary, deduction amount, earnings period, etc.

Each pre-printed SDR contains a unique identification number that enables PERA staff to quickly retrieve the electronic version of the report for data entry. Because of this numbering system, you should not make copies of any pre-printed SDR to use for a subsequent pay period. You may call PERA during business hours to request an additional pre-printed SDR.

PERA uses a Post Office box to collect the paper SDRs and related payments or documents. The address is:

PERA
PO Box 4383
Saint Paul, MN 55101-4383

SDR CONTENTS

Regardless of the PERA reporting method you use, it is important that the information reported on the SDR is accurate and complete. This includes reporting PERA-eligible salary for the pay periods in which the amounts were earned by employees. Contribution coverage dates are a key factor in determining the period of service for which a Defined Benefit Plan member is entitled to pension credit.

As stated earlier, you may send the SDR data via a computer file that has been formatted to match the specifications in the Computer File Format chapter. Similarly, any employer using the paper or web SDR must provide specific payroll data as described below. For a paper SDR only, the person who completes the report must sign and date it and insert his or her job title and business telephone number.

EMPLOYER ID NUMBER

Each report must include the six-digit identification number that has been assigned to the employer by PERA. Some employers may have been assigned more than one identification number under practices in place prior to July 2000. If you currently report contribution data under multiple PERA identification numbers, contact our office to determine if these accounts can be combined under a single employer record.

PAID DATE

This is the “check date” which represents the date the pay was issued to the listed employees.

MEMBER NAME AND SOCIAL SECURITY NUMBER

Members are listed by full name (last, first, middle initial). To add a new member, you must provide the employee’s full Social Security Number the first time the person appears on the report. SDRs without the full Social Security Number of a new member cannot be processed until the missing information is obtained by PERA. (Please immediately enroll each new member into PERA.)

PERA PLAN

This is the plan under which you have enrolled the employee and into which the salary and contributions are to be reported. The codes used on a paper SDR are listed below.

PLAN NAME	PLAN CODE
Basic	BASI
Coordinated	COOR
Correctional	CORR
Police and Fire	PF
DCP Ambulance	DCPA
DCP City Managers	DCPM

PLAN NAME	PLAN CODE
DCP Elected Officials	DCPE
DCP Physicians	DCPP
DCP Volunteer Firefighters	DCPV
Exempt Plan (re-employed PERA disabilitants and certain reemployed PERA retirees as well as employees who are working under a Phased Retirement Option.	EXMT

ELIGIBLE SALARY

Each member's PERA-eligible salary is needed on the SDR. This is the salary amount before deducting state and federal income taxes and before any voluntary employee pre-tax reductions are made. It is important to not include compensation that is not salary for PERA purposes. (Refer to Eligible Earnings, Chapter 5 for more details.) If there is no salary to report for a listed member just leave the Eligible Salary column blank.

The SDR must also include salary amounts that are earned by employees who are collecting a PERA disability benefit, drawing a retirement benefit (for employees under age 66), working under a Phased Retirement Option (PRO), or having employment with a public employer that privatized under Minnesota Statutes 353F. More information on reporting the earnings of PERA retirees appears later under Special Situations.

PAY TYPE

This two-digit code identifies the type of pay the employee received. Only one pay code may be entered on a line for a single member. If an employee has been paid eligible salary that represents two types of pay, such as regular wages and retroactive pay, the employer must report the salary amounts using two entries on a single SDR or could prepare a separate SDR for each type of pay.

The pay type is important for awarding service credits to members of a Defined Benefit Plan (DBP) and for calculating their high-five average salaries. Acceptable codes are listed in the Figure 9.

FIGURE 9

CODE	TYPE OF PAY	DESCRIPTION
01	Regular Activity	Use Pay Type 01 to report the PERA-eligible salary earned by a member in the current pay period for regular activity (wages, overtime, and paid days off). Members of the Coordinated, Basic, Correctional, or Police and Fire plans will receive one service credit for each month a deduction is taken from salary coded as Type 01. When determining contributions on pay coded as Type 01, use the rate in effect on the date the salary or wages are paid to the employees (commonly referred to as the "check date."). This pay type is also used when reporting the following: a) earnings of a re-employed retiree who is drawing a DBP benefit and who is under full Social Security retirement age, b) salary earned by a person receiving a PERA disability benefit, or c) wages of retired employees who are working under a Phased Retirement Option or for a public employer that privatized under Minnesota Statutes 353F.

CODE	TYPE OF PAY	DESCRIPTION
02	Lump sum payments of accrued over-time or holiday compensatory hours	Use Code 02 to report periodic payments of unused, accrued overtime or holiday compensatory time, which meet PERA's definition of salary and cover an earning's period before the current pay period. If you pay compensatory pay each year to members, you must report that amount separately from the individual's regular salary and indicate the earnings period for each pay type. No additional service credits are awarded to members who receive retroactive payments; however, the pay increases the salary the member has for the applicable period. **Example**: Mark works overtime over various months and banks the hours rather than draw the pay as it was earned. At year-end, the employer's policy requires the depletion of the accrued hours; therefore, Mark is paid for the banked overtime hours. When reporting this pay, the employer creates a separate entry on the SDR for Mark's compensatory pay and identifies the earning's period as 01/01/20XX – 12/31/20XX. When determining employee and employer contributions on pay coded as Type 02, use the contribution rate in effect on the date the amount is paid even if the compensatory time was earned in a period when contribution rates were different.
04	Grievance Pay	Grievance pay is generally back wages awarded under a court order, settlement agreement, or grievance proceedings if the payment does not represent a wrongful discharge settlement. Under state law, amounts paid to an employee through a grievance proceeding or legal settlement agreement are subject to PERA deductions. Please refer to Special Situations later in this chapter for full details. You must create a separate entry on the SDR to report grievance pay and indicate the applicable coverage period. The employee and employer contributions due on the grievance pay are based on the rates in effect when the back pay is paid to the employee.
05	Retroactive Pay	Retroactive payments are additional wages paid to an employee for one or more pay periods ***outside the current*** period with the exception of compensatory or grievance pay described previously. You must create a separate entry on the SDR to report retroactive pay and indicate the coverage dates in which the pay was earned. For example, use 01/01/20XX -12/31/20XX) to indicate retroactive pay earned over a calendar year. When PERA receives retroactive pay covering more than one calendar month for a member, PERA prorates the pay into monthly amounts and increases the regular pay already reported for the member for the applicable months. No additional service credits are awarded to members for retroactive pay. Calculate employee and employer contributions on retroactive pay using the plan rate in effect on the date the amount is paid even if the earning's period falls into more than one rate period.

CODE	TYPE OF PAY	DESCRIPTION
06	Omitted Deductions – 60 days or less	Omitted deductions represent amounts that are due on salary that was earned in the past by an employee and was not reported to PERA or subject to PERA withholding. (See Special Situations later in the chapter for more details.) Omitted deductions may be reported on the SDR only if the period of omission began less than 60 days before the beginning of the current pay period and PERA has not yet invoiced the employer for the omitted deductions due. When reporting omitted deductions on the SDR, calculate the missing contributions using the plan rate in effect on the date the amounts were paid to the employee. Report the entry separate from any regular pay and provide the beginning and ending dates for the period being corrected. When omitted employee deductions and employer contributions are received by PERA, the member is awarded service credits for the applicable period.

MEMBER CONTRIBUTION

The amount that was deducted from the salary of each eligible member is needed. Sometimes due to rounding differences, there is a variance (plus or minus) in the contribution amount calculated by the employer and PERA. A member contribution variance of $1.00 or less is disregarded by PERA if the total of all variances is $5.00 or less.

The member contribution field is to be left blank for employees who are working but are also drawing a PERA retirement benefit and, therefore, exempt from paying into a PERA retirement plan on their post-retirement wages.

OVERTIME

The amount that your agency deems as overtime pay for the listed employee. Including overtime pay began on 1/1/2015 for employees who are members of the Coordinated, Correctional, or Police and Fire plans.

PAY PERIOD

The actual beginning and ending dates over which a member earned the reported salary are required. Most often this will reflect the dates of the most recent pay period. At times, the pay period will reflect the dates of an earlier period such as when paying retroactive wages. A single SDR may contain different pay period coverage dates for one or more members as long as the payments have the same paid (or check) date.

ADJUSTMENTS

This column on the SDR is to be left blank unless you are correcting (increasing or decreasing) the salary or deductions that had been reported in one or more past member transactions. Adjustments are accepted in limited situations only as described in the Special Situations section of this chapter.

SCHOOL FISCAL YEAR INDICATOR

This item applies only to school districts. It is a four-digit date filled in ONLY when an employee is paid earnings in a summer month (July, August or September) that represent a contract payout for time worked in other months of the school term. Employers need to identify summer payout amounts to ensure that the pay is credited to the non-summer months in which the employee actually worked. More details appear under Special Situations later in this chapter.

REMITTANCE TOTALS

Each SDR must include remittance summary totals as listed below. PERA compares the total contribution amounts reported on the SDR to the employer's corresponding payment. Differences need to be resolved before the deduction amounts can be posted to the members' accounts. When applicable, remittance totals must reflect any positive or negative adjustments that appear on the SDR.

TOTAL EARNINGS

For each PERA plan for which contributions are submitted, you will add the salaries of all employees contributing to the plan. Please keep separate the earnings a member has under more than one plan. For example, do not combine under a single plan a member's earnings from a Coordinated Plan position and a Police and Fire Plan position.

TOTAL MEMBER DEDUCTIONS WITHHELD

This is the sum of employee deductions for each plan.

TOTAL EMPLOYER CONTRIBUTIONS

For each retirement plan, this amount is determined by multiplying the total members' earnings by the applicable contribution rate. Please calculate the employer contributions using the rate in effect on the date the employees are paid.

EMPLOYER ADDITIONAL AMOUNT

This relates only to the Basic and Coordinated Plans. To calculate the total employer additional contributions for a plan, multiply the total members' earnings by the applicable additional contribution rate.

PLAN TOTAL

This is the sum of contributions for each plan. Add the total member deductions, and the total employer contributions, and any additional employer contributions for each plan.

GRAND TOTAL

This is the sum of the total employee, employer, and additional employer contributions being made for all plans.

SPECIAL SITUATIONS

This section provides information on handling special compensation situations that may surface.

WRONGFUL DISCHARGES

When the court, an arbitrator, or authorized panel determines that a public employee has been wrongfully discharged, actions are often taken to make the individual "whole" by awarding compensation in an amount equal to what the person would have been paid had employment continued.

Under Minn. Stat. §356.50, a person is entitled to voluntarily obtain allowable service credit under PERA for the uncovered period caused by the wrongful discharge when: had the individual worked during the applicable period. Sometimes, a settlement agreement reduces an employee's back-pay award because the person received unemployment compensation, workers' compensation, or had wages from other employment. In this situation, PERA must add those amounts to the actual back-pay award to ensure that employee and employer contributions are based on amounts that reflect the salary or wages that the employee would have received if he or she had not been wrongfully discharged.

If a member makes a voluntary payment for the period of wrongful discharge, PERA will invoice the employer to collect the required employer contributions and charge annual interest as required by law. The voluntary member payment, which is based on the contribution rate(s) in effect for the period of lost service, must be made within 60 days of either the receipt of the back pay or a billing from the retirement fund, whichever is later. The employer payment must be made within 30 days of the date in which PERA receives the member's payment.

- a court, arbitrator, or a board, commission, or panel acting under the Veterans Preference Act, has determined that a wrongful discharge from employment occurred;
- the person is awarded back pay with respect to that discharge; and
- the award does not include an amount for any lost PERA coverage.

In the case of a wrongful discharge, the employer may not withhold PERA deductions from the back-wage payment made to the employee. Under PERA law, the affected employee is not required to make this payment. However, if the employee wants to receive PERA service credit for the period of wrongful discharge, he or she has the option to do so, but must work directly with PERA to complete the process. (IRS regulations for governmental plans do not allow a member's optional payment of pension contributions to be tax-sheltered amounts that are made through a salary reduction (employer "pick up"). Instead, the employee contributions must be remitted to PERA directly through a personal check.

If a member wishes to obtain service credits for a period of wrongful discharge, the person must pay an amount equal to the contributions that would have been paid had the individual worked during the applicable period. Sometimes, a settlement agreement reduces an employee's back-pay award because the person received unemployment compensation, workers' compensation, or had wages from other employment. In this situation, PERA must add those amounts to the actual back-pay award to ensure that employee and employer contributions are based on amounts that reflect the salary or wages that the employee would have received if he or she had not been wrongfully discharged.

If a member makes a voluntary payment for the period of wrongful discharge, PERA will invoice the employer to collect the required employer contributions and charge annual interest as required by law. The voluntary member payment, which is based on the contribution rate(s) in effect for the period of lost service, must be made within 60 days of either the receipt of the back pay or a billing from the retirement fund, whichever is later. The employer payment must be made within 30 days of the date in which PERA receives the member's payment.

PAYING LOST WAGES FOR A PERIOD OF SUSPENSION OR A PERIOD OF INVOLUNTARY TERMINATION THAT IS NOT A WRONGFUL DISCHARGE

Effective May 24, 2013, if an employer awards a payment of lost wages to an employee through a grievance proceeding, settlement, or court order, for a prior period of suspension or period of involuntary termination, that is not found to have been a wrongful discharge, the amount is subject to mandatory employee and employer contributions if it meets the following criteria:

- It is attached to a specific earnings period in which member's regular salary was not paid due to a suspension or a period of involuntary termination,
- It is at least equal to the average regular earnings the person had been receiving during the six months of PERA-covered employment immediately prior to the suspension or period of involuntary termination; and
- It does not exceed the compensation that the public employee would have earned if regularly employed during the applicable period.

In this situation, the employer must report the back-pay award on the Salary Deduction Report. The employee and employer contributions due on the grievance pay are based on the rates in effect when the back pay is paid to the employee. No interest will be due on the back-pay amount if the payment is received in the PERA office within 14 days of its paid date.

To report the back-pay award, the employer would add a separate line to the SDR that includes the salary amount, the pay type 04 to indicate a grievance or settlement payment, and the coverage dates of the back pay. It is important to include the full coverage dates associated with the back pay to ensure that the member will receive proper service or salary credit.

EARNINGS OF WORKING RETIREES

Employers that employ PERA retirees must in most cases report the wages earned by those employees, but will not withhold any PERA deductions from those amounts.

PERA law requires you to report the earnings of all employees working under a Phased Retirement Option (PRO) Agreement and employees who are drawing PERA retirement benefits, are under age 66, and are working in a non-elected public service position. (The PRO is available only to Coordinated or Basic Plan members age 62 or older. Individuals who agree to employment under the PRO may begin collecting their PERA retirement benefits without a formal termination of employment or break in service. More information is available in Chapter 6 Maintain Member and Employer Records and on PERA's website.) At your option, you may report the earnings of all reemployed PERA retirees—including retirees who are over age 66.

You will report an employee's post-retirement earnings on a pay period basis on your ***Salary Deduction Report***. The earnings are listed under the Exempt Plan (Plan ID 99). No employee deductions or employer contributions are payable on the salary earned after PERA retirement.

FICA COVERAGE OF RETIREES

Rehired retirees and former members of the Coordinated Plan who are working under a PRO agreement are subject to both Social Security and Medicare if the positions they hold would otherwise qualify for coverage under the PERA Coordinated Plan or the Correctional Plan.

On the other hand, rehired retirees who hold positions that would otherwise be covered under the PERA Police and Fire Plan or the Basic Plan are not subject to Social Security withholding but are subject to Medicare. (If your elected sheriff is a reemployed retiree who is drawing a benefit from the PERA Police and Fire Plan, refer to Chapter 4 Defined Contribution Plan for information on Social Security participation for that position.)

SUMMER PAYOUTS FOR SCHOOLS

All PERA-eligible salary is to be reported based on the period in which the compensation was earned. Adhering to this requirement is sometimes complicated for school districts that allow employees to work fewer than 12 months (commonly 9 or 10 months) and extend their pay checks over 12 months.

In these situations, special reporting is needed when reporting earnings for pay periods in which the employee has not actually worked, but is drawing a pay check. The employer must report the "contract payouts" correctly to ensure that the salary of each affected member is properly recorded in the PERA account. The reporting requirements covering summer payouts are as follows:

- Include the 4-digit School Fiscal Year (such as 2015) when reporting summer pay-out salaries issued in June, July, or August. Do not include the fiscal year data when reporting salary that was earned during any non-summer months as it may affect the member's service credits or average salary amounts used to calculate benefits.

- The School Fiscal Year Indicator must only be used when reporting regular salary (pay type 01). If this indicator is connected to other pay types, the transaction will be flagged by PERA as a potential error.
- Each summer payout amount must have a coverage period that is different from other pay periods reported for the member. For example, if you issue two summer payout checks to one employee, report two different earnings periods to PERA.
- The coverage period you associate with a summer payout can reflect the actual pay cycle of the summer months such as 6/1/15 - 6/15/15 and 6/16/2015 - 6/30/2015 for semi-monthly cycles. On the other hand, each transaction could contain "artificial" pay period dates as long as the length of the coverage period is at least 5 days such as 6/1/2015 - 6/6/2015 or 6/2/2015 - 6/7/2015.

When PERA receives earnings coded with the School Fiscal Year Indicator, the reported salary is spread across the calendar months in which the employee actually worked during the applicable school year (such as September 2014 – June 2015). The prorated amount will increase the monthly salary that had been earned by the member for the coverage period.

EXAMPLE
A teacher's aide works for 9 months and has asked to be paid over 12 months. All salary issued to this employee in June, July and August 2015 will represent pay for time worked during the school term months of September 2014 through June 2015. Therefore, when reporting the payout amounts to PERA (under pay type 01) for the paid dates in June, July and August, you would insert "2015" as the School Fiscal Year and report a different earnings period for each check that you issue to the employee (such as 6/1/15 - 6/15/15, 6/16/15 - 6/30/15, and so on).

Some schools report summer payouts on the same SDR that contains salary data for employees who work year round in each of the 12 calendar months. In this situation, do not include the School Fiscal Year data for those employees that work year-round. As an alternative, you may prepare a separate SDR covering the employees who work year round and a separate SDR for those employees that receive summer payouts.

Additionally, some schools produce SDRs for all of their summer payouts at the beginning of the summer. If your unit does this, please do not send all of the reports to PERA unless you are also sending payments for the reports.

EXTENDING PAYCHECKS NON-SCHOOLS

Although somewhat rare, some cities, townships, or counties allow their seasonal workers to receive paychecks in all 12 months of the year even though the employees do not actually work all 12 months. Here is an example.

A golf pro working for a city performs services for 9 months each year but is paid over 12 months. The paychecks issued to this employee in December, January, and February of each year represent pay for time worked during the calendar months of March through November.

In this situation, when reporting the payout amounts for the December, January, and February payroll dates, the employer must report the earnings as retroactive pay (pay type 05), rather than regular pay. In addition, the employer must provide coverage dates that reflect the full period of employment for that year, such as 03/01/2015 through 11/30/2015 in our example.

PERA members who are employed on a seasonal basis are entitled to up to three months of service credit for periods in which they do not have earnings because work is not available to them. To get the layoff credits, however, the employer must report the temporary layoff to PERA. Refer to Chapter 6 Maintain Member and Employer Records for information on reporting employment status changes.

ADJUSTMENTS

There are certain times in which employers may make adjustments on a *Salary Deduction Report* (paper, web, or computer file) and avoid additional paperwork, billings, or credits from PERA. Adjustments are separate transactions added to the *Salary Deduction Report* (SDR) to increase or decrease the amount of salary or deductions that had previously been reported for a member.

When adding an adjustment to an SDR, please follow these guidelines:

- Use the plus sign (+) on a paper SDR or in a computer file to identify an amount that is an increase. (This is not necessary for web SDRs created online using ERIS.)
- A negative adjustment is not allowed for a member of a Defined Contribution Plan and is accepted on a member of a Defined Benefit Plan only in specific situations authorized by PERA. When allowed, a negative adjustment must include the minus sign (-) to identify that the amount is a subtraction.
- The period dates for an adjustment must match the starting and ending dates that had been reported for the original transaction(s) being modified. A separate transaction must be added to the SDR for each pay period that is being adjusted.
- Use the contribution rate that was in effect for the original salary transaction. The current contribution rate, if different, does not apply.
- If making an adjustment on a paper SDR or via a computer file, insert the Adjustment Indicator of "A" in the appropriate column. (This indicator is not necessary for SDRs created online using ERIS.)
- You may not use a positive adjustment to report both salary and deductions that were omitted for a member. If contributions on behalf of an eligible employee were delayed, the omission must be corrected using the procedures described under 'Omitted Deductions."
- The SDR summary and grand totals must factor in adjustment amounts when applicable.

If you transmit the SDR data in computer files and have not automated the adjustment process, you may use PERA's *Electronic Adjustment Reconciliation* form to report adjustments. If using this form, your payment amount must equal the totals reported in the SDR file and any additional amounts or credits reported on the reconciliation form.

POSITIVE ADJUSTMENTS

A positive adjustment is often times included on a SDR to correct a situation in which a member's salary for a prior pay period was understated but the correct deduction amount had been report ed to PERA. A positive adjustment is also used when a member's deduction was underpaid for the reported salary amount.

An example of a positive adjustment to increase a member's earnings for a single prior pay period is shown in Figure 10.

PAPER SDR EXAMPLE

Let's say you reported earnings of $3,000.00 for Tom Jones and member deductions of $157.50 on an SDR that you filed with PERA. The earnings period covered 1/16/15 through 1/31/15 and had a paid date of 2/11/15. After sending the SDR to PERA you realized that the member deduction was short by $37.50. (It should be 6.5% of salary or $195.00.) The employer contributions were in the correct amounts however.

To correct the member deduction on PERA's records, you could add a positive adjustment for Tom on the next SDR covering the pay period of 1/16/2015 through 1/31/2015. You would report an additional $37.50 as member deductions on the salary that Tom earned from 1/16/15 through 1/31/15. The contribution adjustment would look like this on the paper SDR: (The adjustment, if made on the web SDR, would be the same except the plus sign (+) would not be part of the entry.)

FIGURE 10

NAME & SSN	PLAN	PAY TYPE	PERA SALARY	MEMBER DEDUCTION	BEGIN DATE	END DATE	ADJUSTMENT INDICATOR
Jones, Tom -8888	CORD	01	0.00	+37.50	1/16/15	1/31/15	A

When PERA processes this adjustment, Tom's earnings for the stated pay period in January will remain unchanged at $3,000.00; however, his employee contribution will be increased by $37.50 (to $195.00).

As noted earlier in the guidelines, do not use a positive adjustment to report both salary and deductions that were overlooked for an eligible employee. In these cases, the omission must be corrected using the procedures described under 'Omitted Deductions."

NEGATIVE ADJUSTMENTS

For members of a Defined Benefit Plan (Basic, Coordinated, Correctional, or Police and Fire), you may use a negative adjustment to correct ***certain*** situations when authorized by PERA. This restriction exists because certain contribution overpayments must be corrected directly by PERA and must include interest to compensation the member for the period of time in which the money was in PERA's possession and not available to the employee as it otherwise would have been.

The following information is provided to help you evaluate when you may use a negative transaction to lower the salary or contribution amount originally reported to PERA on behalf of an employee who is a member of a DBP. (Note: A negative adjustment is never allowed for a member of the Defined Contribution Plan.)

A negative adjustment may be used when the gross pay and associated contribution amounts for a member of the Basic, Coordinated, Correctional, or Police and Fire plan was overstated.

NEGATIVE ADJUSTMENT EXAMPLE 1

An employer reports wages of $1000 to PERA for 80 hours of work in February 2015 for John Doe, a Coordinated Plan member. After issuing the check, the payroll clerk realizes that John worked 72 hours and was overpaid $100. In this case, the overpayment of salary and deductions may be corrected using PERA's adjustment procedures. To correct the wages and Coordinated Plan contributions for February, the employer would insert a negative adjustment line on the next SDR to subtract $100 in salary, $6.50 in member deductions and $7.50 in employer contributions.

Figure 11 shows how to report the negative adjustment line for John Doe.

FIGURE 11

NAME & SSN	PAY TYPE	PERA SALARY	MEMBER DEDUCTION	BEGIN DATE	END DATE	ADJUSTMENT INDICATOR
Doe, John -6666	01	-100.00	+37.50	1/16/15	1/31/15	A

Another situation in which a negative adjustment may be used is if an employee on a Workers' Compensation leave is paid full wages and later repays the employer an amount that is equal to the Workers' Compensation award payment. Here, a negative adjustment may be made to lower the employee's wage and deduction.

The use of negative adjustments is limited.

NEGATIVE ADJUSTMENT EXAMPLE 2

A city reports compensation for Peter Olsen of $2,000 under the Coordinated Plan for two weekly pay periods in May 2015 while he is on a Workers' Compensation leave. The amount reported represents the full salary that Peter would have received during the two pay periods had he not been on leave. The city is paying full wages using Peter's accrued sick leave hours.

Peter receives a check from Workers' Compensation representing two-thirds (about 67 percent) of his usual weekly pay and subsequently writes a personal check to the city to repay that amount and restore some sick leave accruals. Upon receiving payment, the city must reduce the salary that had been reported to PERA because the amount Peter received in Workers' Compensation benefits is not PERA-eligible salary. To correct PERA's records, the city must lower Peter's salary for both pay periods to reflect the difference between the Workers Compensation award (67% of salary) and the full amount initially paid by the city ($2,000).

In this example, the city would report two adjustments on the SDR as shown in Figure 12.

FIGURE 12

NAME & SSN	PAY TYPE	PERA SALARY	MEMBER DEDUCTION	BEGIN DATE	END DATE	ADJUSTMENT INDICATOR
Olsen, Peter -5555	01	-1340.00	-87.10	5/03/15	5/07/15	A
Olsen, Peter -5555	01	-1340.00	-87.10	5/09/15	5/14/15	A

OMITTED DEDUCTIONS

On occasion, an employer may mistakenly delay the enrollment of an eligible employee into a Defined Benefit Plan (Coordinated, Basic, Correctional, or Police and Fire). And sometimes, an employer may fail to report all eligible salary and deductions for a member. In both instances, PERA considers the missing employee and employer amounts to be "Omitted Deductions."

Current employees are not liable for omitted member deductions due beyond a 60-day period.

When omitted deductions are discovered, the employer must enroll the employee into the proper retirement plan and begin to withhold PERA deductions from the employee's eligible salary. Relating to the period in which deductions had been omitted, the member is responsible for paying the employee deductions due for the 60 days of earnings immediately before the pay period in which PERA deductions were first withheld.

If the period of omitted deductions is past due for more than 60 days, the employer must allow PERA to compute all missing employee deductions and employer contributions. In these situations, annual compound interest as set in law is charged. PERA will send a billing to the employer.

Under the law, an employer that pays employee contributions on behalf of a member may not recover the amounts from the employee. If PERA were to receive a payment from an employee for omitted deductions beyond the 60-day omission period, the payment would be returned to the member and PERA would request payment from the employer.

It is important to note that there is a three-year statute of limitations on collecting omitted deductions. PERA may bill for omitted deductions due on eligible salary earned in the calendar year in which the contribution omission is discovered, plus the three previous calendar years.

If omitted deductions are due on earnings for an employee who has terminated employment, the omitted employer contributions plus interest are still due. The employer will not, however, be billed for the employee's share of omitted deductions. Under this circumstance, the terminated employee will have the option to pay the omitted employee deductions to obtain service credit for the period in question.

How omitted deductions are reported to PERA varies as described below.

ADDING OMITTED DEDUCTIONS TO THE SDR

If the period of omission began less than 60 days preceding the beginning of the current pay period, an employer may calculate the omitted employee and employer contributions and report the total salary amount and deductions covering the full period on a *Salary Deduction Report* (web, paper or computer file).

To report an omitted deduction period of 60 days or less, the employer would add a separate line to the SDR and use the pay type 06 to indicate an omitted deduction. Both the salary and employee deduction amounts must be included in this transaction, along with the coverage dates of the omitted deduction period. It is important to include the full coverage dates associated with the omitted deductions to ensure that the member will receive proper service or salary credit. Finally, the plan summary totals and the grand total of the report must be increased accordingly.

EXAMPLE (60-DAY OMITTED DEDUCTION)

An employee, who is projected to have annual earnings of $16,000, made $500 from April 12, 2015 through April 25, 2015 and $650 from April 26 through May 8, 2015. No PERA deductions were withheld. The employer finds the oversight and on the next payroll period beginning May 9, 2015 withholds PERA deductions from the employee's earnings. Since the employee clearly qualified for mandatory PERA membership on April 12th, omitted deductions are due on all earnings from April 12, 2015 through May 8, 2015. The omitted employee and employer contributions must be calculated using the rates in effect when those earnings were paid to the employee.

In this example, the employer may report the omitted deductions for the two pay periods on a single SDR. The SDR entry would reflect the total salary of $1,150 and the coverage dates of April 12 through May 8, 2015. (The pay type would be 06.) Employer contributions must also be paid on the employee's earnings, but no interest would be due.

OMITTED DEDUCTIONS BILLED BY PERA

When the period of omitted deductions is past due for more than 60 days, the employer must allow PERA to compute all missing employee deductions and employer contributions. In these situations, annual compound interest of 8.0% from July 1, 2015 to June 30, 2018, 7.5% from July 1, 2019 to June 30, 2023 and 7.0% thereafter is charged. PERA will send a billing to the employer.

For PERA to bill for omitted employee and employer contributions, an employer will need to take the following steps:

- Withhold the correct member contribution amount from the employee's current salary. If the employee has not been enrolled in PERA, provide the member's enrollment data or form.
- Submit a list of earnings, by pay period, for the full omitted deduction period or for the current calendar year plus the three previous calendar years, whichever is shorter. The list of earnings may be submitted on the PERA-Individual Record of Earnings form.
- Wait for a billing. PERA staff will review the earnings data you provide, compute

the employer and employee contribution liabilities with interest, and send an Omitted Deduction Billing Report.

- Send full payment to PERA upon receipt of the invoice. If the billing covers more than one employee and full payment cannot be sent for all employees listed, the employer should identify on the invoice the employees for whom payment was not sent, the unpaid amount, and the reason for the delay. PERA must have an explanation of why a payment does not equal the grand total to determine which member accounts to credit. When sending payment, please submit a copy of the omitted deduction invoice with the payment.

DEDUCTIONS IN ERROR

At times, it is discovered that employee deductions have been credited to a current or former member's PERA account in error. How a deduction in error situation is corrected is governed by Minnesota Statutes. In some situations, the law limits the period that can be corrected retroactively; therefore, employers should not attempt to correct deductions in error independently.

Deductions in error fall into three categories based on the circumstances as follows:

- If an employee had deductions withheld for coverage in a PERA retirement plan and it is later determined that the position or person did not qualify for PERA membership, the error is referred to as "erroneous membership."
- If amounts that are not salary for PERA purposes were subject to retirement plan withholdings by mistake, the error is categorized as "ineligible salary." This category will also include contributions made on compensation that exceeds the annual limits under IRC Section 401(a)(17) or the contribution limits under IRC Section 415(c) for participants in the Defined Contribution Plan.
- If an employee was enrolled in the wrong PERA retirement plan (such as the Coordinated Plan when the position qualified under the Defined Contribution Plan) or an employee was enrolled in the wrong retirement system (such as PERA but should have been under the Teachers Retirement Association), the error is referred to as a "plan coverage error."

If you believe that retirement deductions have been paid in error on behalf of one or more employees, provide an explanation to PERA. The steps taken to correct the error will depend upon the type of error as described below.

ERRONEOUS MEMBERSHIP

DEFINED BENEFIT PLAN

If an employee has been covered under the Coordinated, Correctional or Police and Fire Plan and the individual never met the requirements for membership in that plan or another public retirement system in Minnesota, the erroneous membership is corrected in one of two ways:

If the membership coverage began ***on*** or ***after*** January 1, 1990, PERA must refund the invalid member deductions to the employee with compound interest at the rate paid to terminating employees who take a refund of their contributions. At the end of the calendar year in which the refund covering erroneous membership is issued, PERA will mail a Form 1099 to the individual for tax reporting purposes. Relating to the invalid employer contributions, PERA will issue a credit to the employer. No check is issued to the employer because state law and federal regulations require that the invalid contributions be kept in the plan and used to offset future employer contributions.

If the erroneous membership began before January 1, 1990, the employee has the option to continue or discontinue PERA coverage. In this instance, the employer should continue withholding deductions from the employee's earnings and send a letter to PERA explaining the reason the employee does not qualify for coverage. PERA will notify the employee of his or her options and subsequently notify the employer of the employee's decision regarding membership.

A statute of limitations may mean that some ineligible salary amounts remain credited to the employees.

DEFINED CONTRIBUTION PLAN

On the other hand, if a current or former public employee was under the Defined Contribution Plan (DCP) and the individual does not qualify for coverage in that plan or any of the Defined Benefit Plans administered by PERA, the employer must notify PERA of the error and immediately stop withholding DCP deductions.

With respect to the DCP deductions made in error, PERA will issue a refund to the individual in an amount equal to the actual deductions withheld from the person's salary. The employing unit will be credited for the employer contributions after subtracting administrative fees. Any gains that exist at the time of the member refund are divided between employee and employer in proportion to the amounts paid by each.

Sometimes due to investment losses, the balance in a person's DCP account is less than the total member contributions originally remitted. When this occurs, the difference is reflected in the amounts credited to the employer. If the DCP account balance is lower than the original member deductions, PERA collects the difference from the employer.

INELIGIBLE SALARY

Under Minnesota Statutes certain forms of compensation are excluded from the definition of eligible salary and may not be used for purposes of calculating retirement plan contributions or benefits. (Refer to Minn. Stat. §353.01, subd 10 and Chapter 5 Eligible Earnings.)

In addition, there are annual compensation or contribution limits that cannot be exceeded. (See Compensation or Contribution Limits earlier in this chapter for details.)

If PERA determines that deductions have been taken from amounts that are not salary for pension purposes, the employer must immediately stop reporting the invalid contribution amounts to PERA. Further, PERA will remove all ineligible salary that is reported during the fiscal year (July 1 through June 30) in which PERA discovers the error and the two preceding fiscal years. Amounts reported to PERA prior to three fiscal years will remain credited to the member(s) and be treated as valid salary.

Any refund of employee deductions that had been taken from ineligible salary must be issued to the member by PERA and will include interest at the same rate paid to members who take refunds. At the end of the calendar year in which a refund has been issued, PERA will mail a Form 1099 to the individual for tax reporting purposes.

PERA will issue a credit of employer contributions that had been made on ineligible salary. The employer will then use the credit to offset future employer contributions that are payable to PERA.

PLAN COVERAGE ERRORS

Employers should not attempt to correct PERA plan coverage errors on their own. In these situations it is better for PERA to assess the situation and determine the proper steps to take.

If a public employee has been covered under the Coordinated, Basic, Correctional or Police and Fire Plan and the individual should have been covered by a different retirement plan, including a plan administered by the Teachers Retirement Association or the Minnesota State Retirement System, the employer must immediately enroll the employee under the correct retirement plan and begin to withhold the proper amount from the salary of the employee.

Under laws in effect since July 1, 2010, the employee's coverage will be adjusted retroactively only if the period of correction is limited to the fiscal year (July 1 through June 30) in which the plan coverage error is found and the two preceding fiscal years. If the plan coverage error began before this three year limitation period, the past employee contributions are considered valid and remain credited to the member. No correction of plan coverage errors will be made on the accounts of terminated employees.

COVERAGE ERROR BETWEEN TWO PERA PLANS

When a plan coverage error relating to an active member of the Coordinated, Correctional or Police and Fire plans can be corrected retroactively, PERA will determine if the total amount standing in the member's account is more or less than the amount needed for the period being corrected.

If the coverage error caused excess contributions to be remitted, PERA will refund the excess employee deductions to the member with interest and credit the employer for the excess employer contributions. On the other hand, if additional amounts are needed to correct the plan coverage error, PERA would collect the required employee and employer contributions from the employer. No interest will be due if the additional amounts are received by PERA within 30 days of the invoice date.

To correct a situation in which a public employee was provided coverage under the Coordinated, Correctional or Police and Fire plan and should have been under the Defined Contribution Plan, PERA will transfer the erroneous employee deductions and employer contributions to the DCP once the employer has enrolled the person under that plan. No statute of limitations currently applies in this situation. Furthermore, the transfer of funds to the individual's DCP account will include interest at the same rate paid to members who take refunds.

COVERAGE ERROR BETWEEN PERA AND TRA

Sometimes, an employee of a school district is enrolled in the PERA Coordinated Plan and should have been covered by the Teachers Retirement Association (TRA) or vice versa. In these situations, the first corrective step to take in all situations is to enroll the employee under the correct retirement system and withhold the proper deductions from the employee's next pay check.

The second step is to determine whether or not a retroactive correction will be made to change the system under which the past contributions are credited. The laws that govern both PERA and TRA provide that if the coverage error began within the current or preceding two fiscal years, a retroactive correction must be made to give the employee credit under the proper retirement plan.

When retroactive correction is called for, PERA will accept a negative adjustment on the Salary Deduction Report to correct the coverage error provided the period involved is limited to the current school year or calendar year only. If the period goes back to a previous school and/or calendar year, PERA will work with TRA to make the retroactive correction through a transfer of funds between the two systems.

If employee and employer amounts received by PERA are fully or partially payable to TRA, we will ask TRA to determine the total employee and employer contributions that should have been paid for the period of eligibility. PERA will then transfer to TRA either all of the invalid contributions in the member's account or the exact amount that is payable to them.

Once the transfer of funds is made, any excess employee deductions remaining in the PERA account will be refunded to the member with interest. Likewise, any excess employer contributions would be credited to the employer. Conversely, if the amount transferred from the PERA account does not cover the employee contributions payable to TRA, the employer will need to collect the additional employee and employer contributions.

MEMBER BENEFITS

8-2 BENEFIT INFORMATION RESOURCES

8-3 REFUNDS

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PERA was established in 1931 by the Minnesota Legislature to provide public employees with a reliable retirement plan. PERA has stood the test of time, becoming the state's largest public defined benefit plan.

Participating employers are critical to the successful administration of the retirement system. Every day, PERA Service Representatives work in partnership with you and other employers to support our members/your employees from the first day of enrollment through the date they leave public service and apply for benefits. Our organizations have a shared goal - to help members understand their benefits so they can plan for and achieve a secure financial future.

This chapter of the manual will help you to learn about the role you play in helping your covered employees to secure PERA benefits upon their termination of public service, disability, or death. It provides benefit information relating to PERA's Defined Benefit Plan, which includes the Coordinated Plan, the Police & Fire Plan, and the Correctional Plan. The chapter also provides benefit information for the Defined Contribution Plan, which is exclusively for elected local governmental officials, certain appointed public officers, city managers, physicians, certain appointed members of a local board, volunteer ambulance service personnel, and volunteer or emergency on-call firefighters.

The information in this section is intended as a general guide to benefit provisions and procedures based on current law. Actual benefits are based upon the laws in effect at the time a member terminates public service. If there is any discrepancy between this information and the actual law, the provisions of the law will govern.

BENEFIT INFORMATION RESOURCES

PERA provides numerous reference materials and education services at no cost to members or employers. As the employer, you can help members obtain information about their PERA benefits throughout their years of membership by doing the following:

- From the start of membership, recommend that your PERA members visit the PERA website (mnpera.org) to obtain information about PERA membership, benefits, and services.
- Regularly promote the myPERA online account to your employees. Registered myPERA users can view their account balances, update beneficiaries, and change their personal data. Members of the Coordinated Plan, Police & Fire Plan, and the Correctional Plan can also generate retirement and disability benefit estimates
- Consider sponsoring a group information meeting for your members. PERA's education specialists offer virtual or in-person options. If you want to sponsor a meeting with your covered employees, call the Member Service Center to make the arrangements.
- Inform employees about PERA education program opportunities. PERA provides two member education programs and individual counseling sessions:
  - Ready to Retire is intended for members who plan to retire within one year and focuses on the application process step-by-step.
  - From Hire to Retire is designed for all members to learn about PERA benefits.
  - PERA also offers individual meetings by phone and at our St. Paul office, which are designed for members who are within six months of retirement.
- Refer employees who have specific questions about benefits to call Member Services at 1-800-652-9026, or 651-296-7460 or email at benefits@mnpera.org.
- Respond to any requests from PERA Service Representatives to verify periods of employment and salary for past or current members. The information you provide will be used to determine benefit eligibility and to calculate benefit payments.
- Learn about PERA's Phased Retirement Option (PRO) so that you can determine how it could be advantageous for both your entity and certain Coordinated Plan members.
- Help retiring members of the Coordinated Plan, Police & Fire Plan, and Correctional Plan to immediately qualify to draw benefits (if age and service requirements have been met) by making sure that a "bona fide" separation has occurred with your entity. A right to a monthly benefit requires a complete and continuous separation from all public employment for 30 days. Prior to terminating service, your employees cannot have a written or verbal agreement to provide services after retirement to the same public employer. Independent contractors and employees of independent contractors may not work for their same employer for 30 days.
- Know the PERA reporting duties you will have if you employ a person who is receiving a retirement or disability benefit under the Coordinated Plan, Police & Fire Plan, or Correctional Plan. In many cases, you must report the wages (without contributions) to PERA.

REFUNDS

ELIGIBILITY

Members of a PERA Defined Benefit Plan (DBP) who terminate covered employment and have a 30-day break in public service may request a refund of their accumulated employee contributions plus interest.

Members of a PERA Defined Contribution Plan (DCP) may request a refund of their account value upon termination of public service. Generally, to qualify for a refund payment, the individual must be an inactive member of DCP.

WHAT IS INCLUDED IN A REFUND PAYMENT

A refund from PERA represents a lump-sum payment of the member's account balance as described in the next table.

Currently, members of the Defined Contribution Plan who are age 65 or older do not need to terminate public service in order to receive a full or partial distribution of their account balance. While still working, or after having terminated service, the individuals may request a full refund or, on an annual basis, they may take a distribution of at least $5,000.

WHAT IS THE MEMBER'S ACCOUNT BALANCE?

Under a DBP, a member's account balance is:

- the accumulated member deductions that had been withheld from wages
- plus interest at the rate(s) specified in law, compounded annually. (The rate is 3 percent effective July 1, 2018.)

The account balance does not include employer contributions. These amounts are not credited to individual accounts; they are dedicated to the payment of future pensions and remain with the system.

Under a DCP, a member's account balance is:

- the value of shares purchased with both member and employer contributions*
- minus administrative fees.

*These combined contributions are used to purchase shares in the investment accounts that the member has chosen. The final value of shares is determined by market and economic conditions. PERA cannot guarantee that the value of an account will not decrease to a level below the original purchase price of the shares.

REFUND APPLICATION PROCEDURES

Payment of a refund is not automatic. A member must complete the *Application for Refund*, which can be obtained from the PERA website or mailed upon request. The member must mail the completed form to PERA on or after the date of termination. Only applications with original signatures will be processed.

You can support employees who want a PERA refund by doing the following:

- Refer the employees to the PERA website to download the application and related brochures (such as the *Applying for a Refund* brochure).

  Note: Do not accumulate copies of the blank refund application in order to have inventoried forms on hand for employees. The form content could change over time and the member needs to use the most current form.

- Immediately report the member's termination date to PERA. This can be done through the employer internet system (ERIS), or the member may ask that you sign the refund application to expedite the process.

- If your terminating employees need more information about the refund process, ask them to call Member Services at 1-800-652-9026, or 651-296-7460 or email at benefits@mnpera.org.

PERA has up to 120 days after receipt of the application to process the refund or trust transfer. Generally, payment will be mailed within 90 days from the date that PERA receives a valid application.

TAXES ON A REFUND

Generally, all of a member's refund payment consists of tax-deferred (pre-tax) funds. If the refund is paid directly to the member, PERA must withhold federal taxes of 20 percent on the taxable portion of the refund. PERA will withhold 6.25% state tax for Minnesota residents unless another amount is selected on the W-4MNP Minnesota state tax withholding form. Members can defer taxes by rolling over the refund to another qualified plan that accepts rollovers by completing the rollover section on the refund application.

For members who end public service before age 55 (age 50 for qualified public safety employees) and take their PERA refund prior to age 59½, the payment could be subject to an IRS early withdrawal penalty of 10 percent unless it is rolled over. See the Tax Notice About Your Rollover Options fact sheet on PERA's website for more information.

PERA will issue an IRS Form 1099-R to the former member in January of the following year for filing their tax return.

Any PERA member who is considering taking a refund should understand the related tax implications and may want to consult with a professional tax advisor before completing the refund application.

LEAVING FUNDS WITH PERA AFTER TERMINATING SERVICE

Members who terminate public service may, in lieu of applying for a refund, leave their retirement plan contributions with PERA until a later date. Leaving the funds with PERA might be advantageous in these situations:

- If the member is vested in the Defined Benefit Plan, the employee may leave the contributions with PERA in order to receive a lifetime monthly benefit after reaching retirement age. Eligibility for a deferred benefit and the age at which the person may first begin receiving a benefit depend upon the specific retirement plan under which the person had participated and the date of termination of service. The brochure *Applying for a Refund* will help members understand their option to defer their money for a future benefit.
- Employees who might again become members of PERA's Defined Benefit Plan or might become members of another Minnesota public retirement system (i.e., the Teachers Retirement Association or the Minnesota State Retirement System) may want to leave their funds with PERA to qualify later for a Combined Service Annuity. The brochure *Combined Service Annuity* has details.
- Individuals with membership in PERA's Defined Contribution Plan have the option to leave their funds in the plan for investment. The inactive member may transfer money from one investment account to another, however, can no longer submit additional contributions to their PERA account.

If a member is deferring their benefit, there is a required age a member must start receiving payments. Required minimum distributions (RMDs) are the minimum benefit amounts a member must withdraw from their retirement account each year. With the 2022 Secure 2.0 Act, the current law has the RMD age as:

- 73 for a person who attains age 72 after December 31, 2022 and age 73 before January 1, 2033, and
- 75 for an individual who attains age 74 after December 31, 2032

If the member reached age 72 on or before December 31, 2022, the RMD age is based on prior law. If an RMD is not taken by that date, the IRS may impose an excise tax. For more information, visit the IRS website at irs.gov. If the member is actively working in a PERA-covered job, or drawing a monthly retirement benefit, the member is NOT required to take an RMD, regardless of age.

If a member of a Defined Benefit Plan leaves PERA-covered employment, their account becomes inactive. If they remain out of PERA service, are not vested, and do not apply for a refund within five years after their last member contribution was made, they will forfeit their member contributions and interest from PERA.

RETIREMENT BENEFITS

There are no monthly retirement benefits available to members of the Defined Contribution Plan upon their termination of service; however, the members are entitled to receive a lump-sum refund. See the Refund section of this chapter for more information.

A vested member of the Defined Benefit Plan can begin taking a retirement benefit once the person reaches early retirement age

This section describes the retirement benefits available under the Coordinated Plan, Police & Fire Plan, and the Correctional Plan. More details about the retirement benefits available to Defined Benefit Plan members can be found in the Member Handbooks for each retirement plan.

COORDINATED PLAN

Vested members of the Coordinated Plan will receive unreduced benefits from PERA when they reach full retirement age. A member may retire prior to that date, but the pension will be permanently reduced by doing so. The eligibility requirements for full and reduced benefits under the Coordinated Plan are described in the following sections.

FULL RETIREMENT (UNREDUCED BENEFITS)

Full retirement age for individuals first hired into Minnesota public service prior to July 1, 1989, is 65. For those hired after that date, full retirement age is 66.

Individuals hired prior to July 1, 1989, also qualify for a full pension when their age plus years of public service total at least 90 (Rule of 90), regardless of age.

A minimum of one year of public service is required to qualify for a retirement benefit for active members at or over their Social Security full retirement age.

EARLY RETIREMENT (REDUCED BENEFITS)

A member of the Coordinated Plan who retires before full retirement age may be eligible for a reduced benefit if:

- The member is at least age 55 with three or more years of service (vesting requirements may be different if the member terminated prior to July 1, 2023); or
- The member has 30 or more years of service, regardless of age (if first hired prior to July 1, 1989).

PHASED RETIREMENT OPTION

Members of the Coordinated Plan can receive a PERA pension without formally resigning and continuing to work part-time under the Phased Retirement Option (PRO).

The decision to allow members to participate in the PRO Program is strictly up to the employer. The initial agreement to work under the PRO must not exceed one year, but it can be renewed for periods of up to a year for a total of five years. An employer is under no obligation to enter or renew a phased retirement agreement. Phased retirement requires a written agreement between the employer and the individual, which must be submitted to PERA along with the *Retirement Application*.

The use of a PRO has several benefits for employers and employees; however, there are also some potential consequences for members. The PERA Web site contains more information about this program, including Retirement Planning. You will also find reporting information and instructions in Chapter 6 of this manual.

POLICE & FIRE PLAN

FULL RETIREMENT (UNREDUCED BENEFITS)

A full benefit is payable to members of the Police & Fire Plan when they meet the following vesting and age requirements:

- Age 55
  - with three years of service if first a member of the Association before July 1, 2010,
  - with five years of service if first a member of the Association on July 1, 2010, or later (note: graded between 5-10 years)
- A minimum of one year of public service is required to qualify for a retirement benefit for active members at or over age 65.
- The member's age plus years of service equal at least 90 (Rule of 90), if hired prior to July to July 1, 1989.

EARLY RETIREMENT (REDUCED BENEFITS)

A reduced benefit is available to Police & Fire Plan members who are vested between the ages of 50 and 55. A reduced benefit is also available at any age with 30 years of service if first hired prior to July 1, 1989.

CORRECTIONAL PLAN

FULL RETIREMENT (UNREDUCED BENEFITS)

A full benefit is payable to members of the Correctional Plan when they meet the following vesting and age requirements:

- Age 55
  - With three years of service if first a member of the Association prior to July 1, 2010, or,
  - With five years of service if first a member of the Association on July 1, 2010, or later (note: graded 5-10 years).
- The member's age plus years of service equal at least 90 (Rule of 90), if first hired prior to July 1, 1989.
- A minimum of one year of public service is required to qualify for a retirement benefit for active members at or over age 65.

EARLY RETIREMENT (REDUCED BENEFITS)

A reduced benefit is available to Correctional Plan members who are vested between the ages of 50 and 55. A reduced benefit is also available at any age with 30 years of service if first hired prior to July 1, 1989.

MEMBERS WITH CREDITS IN OTHER FUNDS

Members may elect to combine PERA service with service in another Minnesota public pension funds and qualify for a retirement benefit from each fund in which the member participates. PERA refers to this as a Combined Service Annuity (CSA).

As explained in the brochure *Combined Service Annuity*, members qualify for a CSA if they have six or more months of service in each fund and have not yet begun to receive a benefit from any of the designated funds. The member must be vested in the plan with longest vesting requirement. The benefits from each fund must begin within one year of each other. Benefits are based upon the formula of each fund and the member's high-five average salary, no matter when it was earned.

The following retirement funds qualify for combined service with PERA:

- State General Employees Retirement Fund
- Teachers Retirement Fund, including the Associations formerly known as Minneapolis and Duluth Teachers Retirement Funds
- State Patrol Retirement Fund
- Public Employees General Retirement Fund, including the Association formerly known as MERF
- Public Employees Police & Fire Fund
- Local Correctional Employee Retirement Plan
- Judges' Retirement Fund
- St. Paul Teachers Retirement Fund Association
- Legislators' Retirement Fund
- Elective State Officers' Retirement Plan
- Unclassified Employees Retirement Plan

NON-VESTED MEMBERS WHO RETIRE AT AGE 65 OR OLDER

Members of the Coordinated Plan, Correctional Plan or the Police & Fire Plan, who have at least one year of service but are not vested, are eligible for a proportionate annuity if they are working at the time they reach the normal retirement age for the respective plan, but at least age 65.

RETIREMENT BENEFIT CALCULATION

A Defined Benefit Plan member's annual monthly benefit is based on a benefit formula that is comprised of three components:

RETIREMENT BENEFIT CALCULATION FORMULA

PLAN % FACTOR × MEMBER'S HIGH-FIVE SALARY × YEARS OF CREDIT

Descriptions of each component in the retirement formula are as follows:

PLAN % FACTOR

The plan percentage factors depend upon the specific Defined Benefit Plan as follows:

- **Coordinated:** 1.7% of their highest average salary for each year of service credit

  If first hired before 7/1/89, the Coordinated Plan monthly benefit will be computed two different ways and the formula that results in the higher amount is used to compute the benefit payable. Full details about Coordinated Plan benefit calculations are found in the Member Handbook.

- **Correctional:** 1.9% of their highest average salary for each year of service credit

- **Police & Fire:** 3% of their highest average salary for each year of service credit

HIGH-FIVE SALARY

This is the average of the highest 60 consecutive months of salary for the member.

YEARS OF CREDIT

In general, members earn service credit for each month in which they worked and earned compensation that was subject to PERA contributions. Members receive credit for up to three months while on a temporary layoff status, and, participants may be able to purchase service credit for authorized leaves of absence. If the member was previously a PERA member who left public service and received a refund of their member contributions, the member may repay the refund plus interest to restore lost credit. The fact sheets Leave Purchases and Repaying a Refund has details.

DEFERRED PENSION

Members of the Coordinated Plan, Police & Fire Plan, or the Correctional Plan who leave public service after becoming vested but before reaching retirement age may leave their contributions with PERA and qualify for a deferred pension.

A deferred pension is calculated as of the date of termination, based upon the member's years of service and high-five average salary.

RETIREMENT APPLICATION PROCEDURES

Payment of a retirement benefit is not automatic. A member will need to download the Application for Retirement or contact PERA to have the application mailed. Upon request, PERA will provide a retirement packet to the member that includes necessary forms and brochures to explain the process. A member can file the retirement application with PERA as early as six months prior to the effective date of retirement.

Your role in the retirement application process and the benefit continuation procedures is as follows:

- Complete the *Verification of Termination* form when you receive it from the member or from PERA. In most cases, you should return this form to the member who is then responsible for sending it to PERA. However, you may return the form directly to PERA if you and the member made this agreement, or if you received the form from PERA. We also ask that you report the date of termination to PERA once the member's employment has actually ended. Use your normal reporting process to provide the data, such as ERIS or the Member Information Change Report.
- If you decide to extend the Phased Retirement Program (PRO) to one or more Coordinated Plan members, you will need to complete Part A of the written agreement. You will also need to report the earnings of the PRO participant on the Salary Deduction Report. Refer to Chapter 7 for more details.
- If you employ an individual who is receiving a retirement benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan, you may need to report the post-retirement earnings of the individual on the Salary Deduction Report. Reporting instructions can be found in Chapter 7.

Once all of the required documents have been received, PERA will pay an estimated retirement benefit approximately three weeks from the effective date of the member's retirement. The member's final benefit amount will be calculated when all salary deductions have been received, which usually occurs about three months after the retirement effective date. The final benefit is the actual monthly amount that will be paid for the duration of the member's retirement, not including any annual increases.

RETIREMENT BENEFIT PAYMENT OPTIONS

As part of the retirement application process under the Defined Benefit Plan, the member must choose one of five payment options. All of the options provide the retiring member with a monthly benefit for life.

Because each member's circumstances are unique, PERA Service Representatives do not advise members on which option to select. Members will need to consider their financial needs in retirement and the need to provide survivor benefits. PERA's role in the process is to provide information about the payment options available so that the member can make an informed decision when completing the application. The worksheet, Which PERA Pension is Right for You, may help members to evaluate their income needs before choosing a benefit payment option.

SINGLE-LIFE BENEFIT

A single-life monthly benefit provides the maximum amount payable during the member's lifetime. Under this option, no monthly payments will be made to any person after the death of the retired member. However, any balance of employee contributions at the time of death will be paid to the member's designated beneficiaries.

SURVIVOR OPTIONS

A member may elect from one of four survivor options. Selecting the survivor option means the member will receive a monthly lifetime benefit that is smaller than the single life benefit so that, upon his or her death, a lifetime monthly benefit can be paid to a surviving spouse or another individual.

At the time of retirement, the member may elect a 25, 50, 75, or 100 percent survivor option. Upon the retiree's death, the designated survivor (if living) would draw the selected percentage of the pension that had been received by the member for the survivor's lifetime.

For all survivor options, the member can designate his or her spouse as the survivor regardless of the spouse's age. Under IRS law, if someone other than the spouse will be the designated survivor, there are age restrictions for the 75 percent and 100 percent survivor options.

If the designated survivor dies before the retiree, the amount of the monthly pension will increase to the level of the single-life benefit prospectively, which is the amount the member would have received had the survivor option not originally been selected.

REVOKING AN OPTION

Selection of a survivor option for a spouse can be revoked in the event of a marriage dissolution or annulment. The monthly benefit would then revert to a single-life benefit. The payment, however, may still be split between the parties if the court orders the revocation of the benefit selection and both the member and former spouse sign a PERA form acknowledging the change.

If a survivor is a non-spouse, the selection of survivor option can be revoked upon mutual agreement between the former PERA member and the person designated as a survivor. Contact a PERA Service Representative for more information.

REPORTING RESPONSIBILITIES UPON RE-EMPLOYMENT

Employment after commencement of a retirement benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan may impact the person's eligibility for that benefit. Generally, when a PERA retiree, who is under his or her full Social Security retirement age, resumes public service after retirement, the employer must report the earnings of the individual to PERA. Reporting instructions can be found in Chapter 7.

DISABILITY BENEFITS

PERA's defined benefit plans provide important protection for members when they become ill or are injured and the condition (physical or psychological) is expected to last at least one year. The disability must have occurred before the member terminated public employment. Disability benefits generally provide a monthly benefit payable before the member reaches retirement age.

Members of a Defined Contribution Plan, who qualify for total and permanent disability under the laws governing PERA, have the option of receiving monthly payments from their account or a lump-sum refund. Monthly disability payments must be in $100 increments. The benefit ends when the disability status ends or when the account is depleted, whichever is sooner.

The remainder of this section describes the disability benefits provided under the Coordinated Plan, Police & Fire Plan, and the Correctional Plan. For more details, consult the disability section of the Member Handbook for each retirement plan.

DEFINITION OF PERA DISABILITY

For members of the Coordinated Plan, disability means a disabling condition (physical or psychological) expected to last at least one year, which makes it impossible for the employee to engage in any substantial gainful activity.

For members of the Police & Fire Plan or the Correctional Plan, disability means a disabling condition (physical or psychological) expected to last at least one year, which makes it impossible for the employee to perform the normal duties of the public safety position that is (or was) held by the individual. There are two types of benefits depending on whether the disabling condition arose out of an act of duty as follows:

- **Duty disability** – applies if the person becomes disabled as a direct result of any injury, sickness, or other medically determinable condition that incurred in or arose out of the performance of the normal or less frequent duties of the particular position either of which are specific to protecting the property and personal safety of others and that present inherent dangers specific to the public safety positions covered by the applicable plan. Note: The member must complete a treatment requirement if they are applying for a duty disability benefit due to a psychological condition. After completion of psychological treatment, the member may apply for duty disability benefits based on that psychological condition, however they must complete the treatment requirement and submit a valid disability application within 18 months of termination.
- **Regular disability** – applies if the disabling condition resulted from a disease or injury arising from activities while not at work, or while at work and performing the normal or less frequent job duties that do not present inherent dangers that are specific to the occupations covered by the applicable retirement plan.

A member of the Police & Fire Plan may also qualify for "total and permanent" disability benefits if he or she cannot engage in any substantial gainful activity, regardless of whether the disability is a duty or regular disability.

SERVICE AND AGE REQUIREMENTS

The member must be employed in public service when they become disabled. The member must also apply for disability benefits within 18 months of the date they terminate public service. There are also certain service and age requirements that must be met.

COORDINATED PLAN

The applicant must be under normal retirement age and be vested. If the employee's public employment has terminated at any time, at least two of the required years of service to be vested must have been rendered after last becoming an active member.

CORRECTIONAL PLAN

- **Duty Disability** – No minimum service required.
- **Regular Disability** – Requires at least one year of Correctional Plan covered employment.

POLICE & FIRE PLAN

- **Duty Disability** – No minimum service is required. Individuals over age 55 cannot receive a benefit if they have (or will have) 20 or more years of service credit on the date the benefit would be effective, unless the individual qualifies for "total and permanent" disability benefits.
- **Regular Disability** – Requires at least one year of PERA-covered public service. Individuals over age 55 cannot receive a benefit if they have (or will have) 15 or more years of service credit on the date the benefit would be effective, unless the individual qualifies for "total and permanent" disability benefits.

DISABILITY APPLICATION PROCEDURES

The PERA disability application process for a member of the Coordinated Plan, Police & Fire Plan or Correctional Plan involves several participants, each with a distinct role.

The process begins when the member applies for disability benefits while still on payroll or within 18 months of having terminated employment. Additionally, the applicant must provide medical evidence supporting the claim of disability. Disability applicants must file the following:

- A minimum of two medical reports. One report must be signed by a licensed medical doctor and another signed by a medical doctor, APRN, psychologist, or chiropractor. The application includes PERA's Authorization for Release of Medical Records.
- Evidence of age and any name change(s) that have occurred. If the individual chooses a Survivor Option, similar evidence is required for the named survivor.
- If application is being made for a benefit under the Correctional Plan or the Police & Fire Plan, the member must also work with his or her employer to obtain the necessary report of injury form and copies of the pertinent job description, and a record of the employee's pre-employment physical examination, if applicable.

The applicant is responsible for the cost of securing medical documentation. However, if PERA's medical evaluator recommends an independent medical evaluation, PERA will pay the cost of that examination.

Your role in the disability application and benefit continuation procedures is as follows:

- Indicate in ERIS your Police Disability Contact, Fire Disability Contact, or a Payroll Contact. The letters PERA sends to you will be addressed to that representative.
- Complete the Certification by a Governmental Unit Regarding Disability, which will be mailed to your office by PERA staff. This form collects information about the applicant's employment status, salary, and receipt of any Workers' Compensation payment.
- For those applying for a benefit from the Correctional Plan or the Police & Fire Plan, send the following documents to PERA:
    - The Required Employer Information for a Public Safety Disability Applicant form that you will receive from PERA. This form will assist in evaluating the individual's application and in obtaining information about work that may have been available for the employee, along with any reasonable accommodations considered by the employer and the employer's knowledge of the individual's ability to perform assigned job duties.
    - Copies of all First Report(s) of Injury filed on behalf of the employee and
    - A copy of the job description for the position the individual held on either a) the date of disability, or b) 90 days prior to the individuals last day of work if the onset of the disability was more than two years ago.
- If you employ an individual who is receiving a disability benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan, contact PERA's Service Representatives at 651-296-7460 or 1-800-652-9026 to discuss the employment conditions and to learn about the reporting duties you have on behalf of this person.

A medical evaluator under contract with PERA will review the disability application and supporting materials and recommend approval or denial to PERA based on the definition of disability previously outlined. If benefits are approved, PERA pays disability benefits after the person no longer has sick leave or vacation time credited on the records of the employer and the person is not receiving any salary payments.

As part of the disability application process, the applicant has the option to have payment of the disability benefit made on a monthly basis as a single-life benefit or under the 25, 50, 75, or 100 percent survivor option. All of the options provide the applicant with a monthly benefit for life. Selecting a survivor option means the disabled member will receive a monthly lifetime benefit that is smaller than the single life benefit so that, upon his or her death, a monthly benefit can be paid to the designated survivor.

After benefits begin, PERA requires the member complete disability reapplication. The member provides periodic medical evidence as proof that the disability is continuing. The cost of medical examinations is the member's responsibility unless PERA requests an independent medical examination.

DISABILITY BENEFIT CALCULATION

COORDINATED PLAN

Members receive 1.7 percent of their high-five salary for each year of credited service.

POLICE & FIRE PLAN

Members receive a minimum in-the-line-of-duty benefit equivalent to 20 years of service (60 percent of salary) and a minimum regular disability benefit equivalent to 15 years of service (45 percent of salary).

Police & Fire Plan members will receive 99 percent of salary if the disability is considered duty total and permanent.

Additionally, Police & Fire Plan members deemed eligible for a duty-related benefit may also be eligible for continuance of employer-paid health insurance under Minnesota Statutes Section 299A.465. The first 20 years of a duty-disability benefit is considered federally tax free.

Regular, not total and permanent disability benefits are capped at 15 years or 45 percent of salary.

CORRECTIONAL PLAN

Members receive a minimum in-the-line-of-duty benefit equivalent to 25 years of service (47.5 percent of salary) and a minimum non-duty disability benefit equivalent to 10 years of service (19 percent of salary), with 1.9 percent of average salary given for each year of service over 25 or 10, respectively. The first 25 years of a duty-disability benefit is considered federally tax free.

WORKERS' COMPENSATION FOR COORDINATED AND CORRECTIONAL PLANS

The PERA single-life disability benefit plus any workers' compensation that the member is receiving cannot be more than the higher of either the salary the person has been receiving at the time the disability began or the current salary for a similar position. If the total salary and benefits exceed the person's former earnings or the salary for a similar position, the PERA disability payments will be reduced by an amount sufficient to return the person's earnings to this limit. Any amount deducted from your disability benefit due to employment or workers' compensation is not recoverable at a later date.

REPORTING RESPONSIBILITIES UPON RE-EMPLOYMENT

Employment after commencement of a disability benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan may impact a person's eligibility for that benefit. The employing unit should contact PERA's Service Representatives at 651-296-7460 or 1-800-652-9026 to discuss the employment conditions. Generally, when the individual is reemployed but remains disabled under the law, the employer will be required to report the earnings of the individual on the Salary Deduction Report using the reporting instructions in Chapter 7.

TRIAL WORK PERIOD

Coordinated members collecting a disability benefit who remain totally and permanently disabled may be able to return to part-time employment with minimal salary and continue to receive the benefits. In these instances of partial reemployment, the employer will not withhold PERA deductions from the salary, but must report the wages on the Salary Deduction Report.

Upon written request submitted to PERA, an individual who is receiving disability benefits under the Coordinated Plan can return to work on a full-time or less than full-time basis for up to six months on a trial basis for the previous employer or to a similar position with another employer.

During the six months, the employer will not withhold deductions from the employee's salary unless the individual has waived further disability benefits. If employment is extended beyond six months, the employer must begin to withhold PERA deductions from the employee's salary and PERA will discontinue the disability benefit.

POLICE & FIRE PLAN

Individuals drawing disability benefits under the Police & Fire Plan, who remain disabled under the law, can work as long as the position does not have physical requirement similar to the position from which the individual is disabled. The position cannot be covered by the Police & Fire plan. The employer will not withhold PERA deductions from these earnings, but must report the earnings on the Salary Deduction Report under the Exempt plan so that PERA staff can determine if the earnings remain under the limits set in law.

CORRECTIONAL PLAN

Individuals drawing disability benefits under the Correctional Plan, who remain disabled under the law, can work as long as the position is not covered by the Correctional Plan or the Police & Fire Plan. The employer will not withhold PERA deductions from these earnings, but must report the wage on the Salary Deduction Report under the Exempt Plan so that PERA staff can determine if the earnings remain under the limits set in law.

DEATH BENEFITS

One of the benefits of membership under a Defined Benefit Plan is protection for the member's family in the event of the individual's death. Generally, survivor benefits will follow a simple succession: 1) any survivor benefits due would first go to the surviving spouse; 2) if there is no spouse, benefits would then be payable to any dependent children and 3) if there are no survivor benefits due, the balance in the account would be distributed to the designated beneficiaries, or if none, to the person's estate.

Upon the death of a member of the Defined Contribution Plan, the value of the account is payable, upon application, to the member's beneficiaries, or if none are designated, to the member's spouse. If no spouse, it will be paid to the member's estate. No monthly payments are available.

The remainder of this section describes the benefits that are available to survivors upon the death of an active or deferred member of the Coordinated, Police and Fire, or Correctional Plan member. The specific benefits payable upon the death of a vested member are different from those payable after the death of a non-vested member.

COORDINATED PLAN

PERA provides the survivors of vested Coordinated members with several benefit options.

If the Coordinated member dies while an employee of a PERA-covered employer, the surviving spouse generally has the following options:

1. Elect to receive a surviving spouse benefit that is payable for the spouse's lifetime. There is no minimum age requirement, but reductions are made from the time the member would have reached full retirement age.
2. Instead of the surviving spouse benefit, the qualifying survivor may elect to receive a term-certain benefit for a specified period of 10, 15, or 20 years and then the benefits stop. The shorter the term, the larger the monthly benefit, but payments cannot be greater than 75 percent of the member's average monthly salary during the five highest-paid consecutive years of service. All term-certain options are actuarially equivalent, which means they are designed to pay out the same total amount over time as the (lifetime) surviving spouse benefit, otherwise payable. If the spouse chooses the term-certain benefit, but dies before the end of the period, the value of the benefit that would have been paid for the remaining time would be commuted and paid in a lump sum to the survivor's estate.
3. The last option available to the surviving spouse, if he or she is the designated beneficiary on PERA's records, is to elect a refund of the employee contributions in the account plus interest.

If there is no eligible surviving spouse, the dependent children are entitled to a benefit payable until age 23.

If the Coordinated member is a former member at the time of death, but is vested to receive a future deferred pension, the surviving spouse may qualify for a 100 percent Survivor Option monthly benefits. The spouse benefit can begin immediately, if the former Coordinated Plan member was first hired prior to July 1, 1989, and has 30 or more years of service. If the years of service for the deferred member are less than 30, the survivor benefit cannot begin until the deceased member would have reached age 55. The benefit is payable to the spouse for his or her lifetime, even upon remarriage.

POLICE & FIRE PLAN

PERA provides survivor benefits for its active Police & Fire members who die prior to retirement.

SPOUSE BENEFITS

The surviving spouse of a vested active Police & Fire member is eligible for a survivor benefit that is based on 50 percent of the average salary that the active member had during the six months of service immediately prior to death. If the member's death is a result of hazardous activities while protecting the safety or property of others, a benefit of 60 percent of salary is payable to the surviving spouse, even if the member is not vested in the plan at the time of death.

If the member is over 50 at the time of death, PERA will also calculate a survivor benefit based on a formula using the member's total years of service, high-five average salary, age at death, and the age of the surviving spouse. The spouse will always receive the higher of these two amounts. The benefit continues for the spouse's lifetime, even upon remarriage.

The surviving spouse of a Police & Fire Plan member, if designated as beneficiary, may forego the survivor benefit in favor of receiving a lump-sum refund of the employee contributions in the account plus interest. A refund cannot be paid, however, if there are dependent children.

CHILDREN'S BENEFITS

Dependent children of Police & Fire Plan members are also eligible for survivor benefits. By law, a dependent child means a member's biological or adopted, unmarried child who is under age of 23.

Benefits to dependent children are equal to 10 percent of the average monthly salary that the member had earned during the last six months of service. The dependent child's benefit is payable until age 23.

FAMILY MAXIMUM BENEFIT

The family maximum combined monthly benefit is 70 percent of the average monthly salary during the member's last six months of service (80 percent if the member died while engaged in hazardous activities).

There is also a minimum family benefit of 50 percent of this average salary. This family minimum increases to 60 percent if the death occurs while engaged in hazardous activities. As an example, if the member is survived by two dependent children and no spouse, the children would each be entitled to 25 percent of the member's average salary, thus equaling the 50 percent family minimum.

CORRECTIONAL PLAN

Under the Correctional Plan, a surviving spouse of a vested active member may elect to receive a survivor benefit if the member dies prior to receiving a retirement benefit. There is no minimum age requirement, but reductions are made from the date at which the member would have reached age 55. The survivor benefit would be payable for the lifetime of that individual.

TERM-CERTAIN OPTIONS

The surviving spouse of a Correctional Plan member, if designated as beneficiary, may decline the survivor benefit in favor of receiving a term-certain benefit. Term-certain benefits provide monthly payments over a specific number of years and then end. A shorter term results in a larger monthly benefit.

The surviving spouse may elect to receive a term-certain benefit for a period of 10, 15, or 20 years. All of these term-certain options are actuarially equivalent, which means they are designed to pay out the same total amount over time as the survivor benefit.

The term-certain benefit amount is based on the member's years of public service and high-five salary. (All years of service are used in the calculation if the member has between three and five years of service.) The benefit is also based on the age of the surviving spouse and is reduced for each month it is drawn before the member would have reached full retirement age.

If the spouse chooses a term-certain benefit, but dies before the end of the specified period, the value of the benefit that would have been paid for the remaining time will be paid in a lump sum to the survivor's estate.

The surviving spouse of a Correctional Plan member, if designated as beneficiary, may decline the survivor benefit in favor of receiving a lump-sum refund of the employee contributions in the account plus interest. A refund cannot be paid, however, if there are dependent children.

CHILDREN'S BENEFITS

If there are dependent children and no eligible surviving spouse, the dependent children are entitled to a benefit payable until age 23.

REPORTING THE DEATH OF AN ACTIVE MEMBER

In the event of an active member's death, it is important to immediately call or email our office so that we can review the decedent's account to determine what benefits, if any, are due. PERA Service Representatives will obtain a copy of the death certificate and provide the necessary claim forms to the surviving spouse, or the named beneficiaries, or the personal representative or executor in cases where the estate is the beneficiary.

When you report the final salary of the deceased member on the Salary Deduction Report, please be sure to also report the date of death through your normal reporting process. Refer to Chapter 6 for details on how to report employment status changes.

PERA Service Representatives may need to contact you for additional information if the individual was a member of the Police & Fire Plan and his or her death is the result of hazardous activities while protecting the safety or property of others.

COMPUTER FILE FORMATS

9-2 TESTING PROCESS

9-3 CONTRIBUTION (SDR) FILE LAYOUT

Contribution File Header

Plan Summary Record

Detail Contribution Transactions

Reporting an Adjustment in a Contribution File

9-15 CONTRIBUTION EDITS

9-17 DEMOGRAPHIC FILE LAYOUT

9-23 EXCLUSION REPORT FILE

Exclusion Report Excel Format

Exclusion Report Text File

9-27 ANNUAL LEAVE REPORT FILE

9-28 SPECIFIC SITUATIONS

9-29 PERA ANNUAL LEAVE REPORT – FILE FORMAT SPECIFICATIONS

9-30 LIST OF VALIDATION ERRORS

Over 800 employers use PERA's online Employer Reporting and Information System (ERIS) to send computer files to PERA for processing.

PERA has the following computer file formats.

The Contribution file (also called the SDR file) provides the pay period salary and contribution data for electronic submission of the Salary Deduction Report (SDR). The file includes three types of records: the header, plan summary, and detail member transactions. As a general rule, the Contribution data file must be a fixed length text file. Employers that have more than 50 active members and do not have technical support to convert their payroll data into the text format may contact PERA staff at 651-296-3636 or 1-888-892-7372 option #2 to discuss submitting their data via Excel.

The Demographic Data Record format has a single record type that used to enroll new employees into a PERA plan or to update a member's retirement account status as employment changes, such as leaves of absence or terminations occur, or to report member's personal data changes, such as changes in name or address.

The Exclusion Report file is used to comply with the annual legal requirement of providing information about all employees – including elected officials – who worked during the reporting year and were not members of a PERA Defined Benefit or Defined Contribution Plan or another Minnesota public retirement system. The Exclusion Report file can be a text file (.txt) with fixed length fields or an Excel file (.xlsx preferred, but .xls is acceptable).

This section contains the technical information that is needed to prepare one or more data files for PERA. Formatting the data to align with PERA's requirements will ensure that the files can be processed efficiently into PERA's database.

Questions about electronic reporting requirements may be directed to PERA's Employer Services Department at 651-296-3636 or 1-888-892-7372 or may be submitted through PERA's website to employer.reps@mnpera.org

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TESTING PROCESS

PERA has a testing process that helps to ensure that employers can generate a computer file in the format established for PERA reporting. Employers are to participate in the testing process when any of the following changes occur:

- The agency wishes to move to electronic reporting as an alternative to using paper forms or entering data in an ERIS online report,
- The employer or its contracted payroll service provider is upgrading its software and the new application provides different capabilities that could impact PERA reporting;
- The employer is undertaking a computer system conversion (such as from a mainframe system to a client-server environment), or
- When PERA modifies its file format and requests test files be submitted for review and approval under the revised layout.

Whenever possible, test files should contain “live” data extracted from existing systems. For the SDR and Demographic process, the testing will run alongside the normal reporting processes. In other words, employers continue to report contribution data through their current method while submitting a test file. For example, an employer that reports using the web SDR module must simultaneously complete the online SDR and an electronic test file.

Employers should keep a copy of all PERA files in case there is a problem that prevents PERA from reading the electronic data.

If you have never accessed PERA’s Employer Reporting and Information System (ERIS) you must first create an account by registering online at mnpera.org) and select Employers, Online Services, and then the Access ERIS button. To get to the registration screen, click the ERIS button and then the Request Access link (in blue) that is below the log in box. Enter your employer unit (6 digits without a dash) and your first and last name. After you select submit, you will need to enter your contact information. When you receive the message, Registration was Successful, close our site. A packet with the access form and information will be generated and mailed to you for return.

When you are ready to send a test file, call PERA at 651-296-3636 or 1-888-892-7372 option #2 to report that you are sending a test file. Then log in to ERIS and select the Transmit File module. Next, click the link to access the screen that has been developed specifically for sending test files. Then, browse your system and select the specific file. Click the Submit button to send the file over PERA’s secure internet line.

Upon receipt of the test file, PERA will process the data to determine its acceptability and notify the employer of the outcome. Once approved, employers will the Transmit File module in ERIS to send their files electronically. When in production, do not use the test link to send your files. Instead, identify the type of file on the main Transmit File screen in ERIS. Those entities that have not been approved based on their initial test file must continue reporting in their current method until they submit a test file that passes PERA’s requirements.

The remainder of this chapter focuses on the details of PERA’s file layouts.

CONTRIBUTION (SDR) FILE LAYOUT

Contribution or SDR data files that are created by employers must end with the extension of .sdr or the files will not be accepted by PERA's transfer application. Where possible, the files should be named as follows: "**PERAC000000mmddyyyy**.sdr" where:

PERA a constant agency identifier,

C is a constant indicator that this is a Contribution file,

000000 is the unique six-digit employer ID assigned by PERA and

mmddyyyy is the paid date of the payroll period to which the transactions in the file applies.

The text Contribution or SDR data file must contain three different record types (Report Header, Plan Summary, and Detail Transaction). Each of these record types must be identified with the appropriate type indicator.

PERA's system reads contribution files sequentially; therefore, the data must be in the following order:

1. Report Header Record,
2. Plan Summary Record, and
3. Detail Transaction Records associated with the preceding Plan Summary Record.

EXAMPLE A — ORDER OF CONTRIBUTION RECORDS

Report Header Record

- Plan Summary Record (Coord.)
  - Detail Transaction Record
  - Detail Transaction Record
  - Detail Transaction Record
  - Detail Transaction Record
    - Plan Summary Record (Coord.)
      - Detail Transaction Record
      - Detail Transaction Record
      - Detail Transaction Record
      - Detail Transaction Record

EXAMPLE B — ORDER OF CONTRIBUTION RECORDS FOR TWO EMPLOYERS IN A SINGLE FILE

Report Header Record (First employer)

- Plan Summary Record (Coord.)
  - Detail Transaction Record
  - Detail Transaction Record
- Plan Summary Record (P&F)
  - Detail Transaction Record

Report Header Record (Second employer)

- Plan Summary Record (Coord.)
  - Detail Transaction Record
  - Detail Transaction Record

A Contribution File can be submitted for a single employer or for multiple entities. For each reporting employer, there must be one Header record. The Plan Summary and Detail Transaction record pattern must be repeated for each retirement plan being reported for the employer. Example A shows how a single employer would format data covering contributions for the Coordinated Plan and the Police and Fire Plan.

As indicated, a single Contribution File may also contain data on employees of different employers Including multiple pay periods in a single file is commonly done by external payroll system providers serving multiple governmental employers. It is also done by employers that act as the fiscal agent for another entity. In these instances, PERA uses the presence of a second Header Record (after a Detail Transaction Record) to signal the beginning of the next employer report. (See example B.)

A single Contribution File may also contain data from multiple pay cycles for a single employer as long as all of the data covers a single and identical paid date. For example, a single Contribution File may contain data from the bi-weekly pay period of 05/02/2014 - 05/15/2014 and the semi-monthly pay period of 05/01/2014 - 05/15/2014 when both pay periods had the same paid date, such as 05/25/2014.

Employers that create and send contribution files to PERA are responsible for keeping a copy as a backup in case there is a problem that prevents PERA from reading the electronic data.

PERA's system will perform various assessments of the salary, deductions, and coverage period data that are reported by employers in order to determine if the submitted information can be posted to individual member accounts. When certain inconsistencies are found, the entire contribution file is held until a PERA staff member has been able to work with the reporting employer to resolve the discrepancies. Additional information on suspended data is found later in this section.

Employers may view the status of a recent or past contribution file that has been transmitted to PERA by accessing the online SDR History window in the Employer Reporting and Information System (ERIS). PERA displays the status of all contribution files that have been received in the last two years. Access to ERIS is available at mnpera.org Online Access.

CONTRIBUTION FILE HEADER

The first record in the Contribution File must be the Header Record, which has a length of 200. This record provides information that identifies the employer entity that is making the PERA contributions for a single specified paid date. Additionally, it summarizes the total contributions and number of plans included.

Employers must submit one Contribution Header Record for each group of jointly submitted plan summary and member detail records. Employers can report only one paid date per Report Header Record. The following table contains the record format for a Contribution File Header Record. The final column in the table provides definitions, instructions, and additional information to help guide you in the preparation of this file.

CONTRIBUTION (SDR) FILE - REPORT HEADER RECORD

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
1	2	2	R	Record Transaction Type	Numeric	30	Must be 30
3	8	6	R	Employer Number	Numeric	000100 to 999999	The unique employer identifier that has been assigned by PERA. The first four digits represent the main PERA-assigned ID number and last two digits are the suffix code.
9	16	8	R	Paid Date	Numeric	YYYYMMDD (4-digit year, 2-digit month, 2-digit day)	Date the employee compensation was paid by the employer (also referred to as the “check date.” Employers can report only one paid date per Contribution File.
17	17	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Contribution Total is a positive (+) or a negative (-) amount.
18	31	14	R	Contribution Total	Numeric	00000000000000 to 99999999999999 Include leading zeros and no decimals	Net total of all employer and member amounts reported. The contribution total, plus any included invoices or credit memos, must equal the payment that is sent. Data must have two decimal positions with an implied decimal point. Example: $5,143.75 would appear as 00000000514375 in this field.
32	37	6	R	Number of Plan Summary Records	Numeric	Right justify Fill with leading zeros	Number of plan summary records associated with the SDR Header record. The number reported must match the number of plan summary records submitted.
38	200	163	R	Filler		Pad with blanks	Unused - Reserved for future expansion

PLAN SUMMARY RECORD

The following table contains the record format for the summary record reported with contribution transactions. Summary data is reported on a per plan basis; therefore, employers will populate one plan summary record for each reported plan. The transaction code for use with this record format is 31.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
1	2	2	R	Transaction Code	Numeric	31	Transaction code for plan summary record. One per plan.
3	8	6	R	Employer Number	Numeric	000100 to 999999	The unique identification number assigned by PERA where the first four digits represent the main PERA-assigned ID number and last two digits are the suffix code.
9	10	2	R	Plan ID	Numeric	**01:** Basic **02**: Coordinated **03:** Police & Fire (includes consolidated local plans) **07:** Privatization **11:** Correctional **14:** DCP Ambulance **15:** DCP Physician **16:** DCP Elected Official **17:** DCP City Manager **99:** Exempt Re-employed PERA Benefit Recipient (a person drawing a monthly retirement or disability benefit)	PERA will use the Plan ID to determine the applicable contribution rates and perform validations of the salary, deductions, and employer contributions reported for the coverage and paid dates.
11	11	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Plan Total is a positive or negative amount. A negative cannot be reported for any of the DCP accounts.
12	23	12	R	Plan Total	Numeric	000000000000 to 999999999999 Include leading zeros and no decimal	Net total of the employee deductions and employer contributions for each plan. This amount must equal the sum of these fields for the reported plan: Member Total, Employer Total, and Additional Total. Data must have two decimal positions with implied decimal point ($3,800.15 would appear as 000000380015).
24	24	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Member Total is a positive or negative amount. DCP Plans cannot have a negative Member Total.
25	36	12	R	Member Total	Numeric	000000000000 to 999999999999 Include leading zeros and no decimal	Net total of the Member contribution amounts. This amount must equal the sum of all Member Amounts reported in the Detail Transactions Record for this plan. Data must have two decimal positions with implied decimal point. Example: $3,800.15 would appear as 000000380015
37	37	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Employer Total is a positive (+) or a negative (-) amount. DCP Plans cannot have a negative Employer Total.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
38	49	12	R	Employer Total	Numeric	000000000000 to 999999999999 Include leading zeros and no decimal	Net total of the Employer contribution amount. This amount must equal the sum of the Employer Contributions reported in the Detail Transactions Record for this plan For the coordinated plan this should equal the match amount Data must have two decimal positions with implied decimal point.
50	50	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **–** = Decrease/negative	Indicates whether the Additional Total is a positive (+) or a negative (-) amount. DCP Plans cannot have a negative Additional Total.
51	62	12	R	Employer Additional Total	Numeric	000000000000 to 999999999999 Include leading zeros and no decimal	Net total of the Employer Additional contribution amount. Data must have two decimal positions with implied decimal point.
63	68	6	R	Number of detail records	Numeric	Right justify Fill with leading zeros	Number of detail records associated with summary record.
69	200	132	R			Pad with blanks	Unused - Reserved for future expansion

DETAIL CONTRIBUTION TRANSACTIONS

The table below contains the record format for reporting contribution detail transactions. The transaction code is 38.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
1	2	2	R	Transaction Code		38	Transaction code. One per transaction line.
3	8	6	R	Employer Number	Numeric	000100 to 999999	The unique identifier number as assigned by PERA where the first four digits represent the main PERA-assigned ID number and last two digits are the suffix code.
9	10	2	R	Plan ID	Numeric	**01:** Basic **02**: Coordinated **03:** Police & Fire (includes consolidated local plans) **07:** Privatization **11:** Correctional **14:** DCP Ambulance **15:** DCP Physician **16:** DCP Elected Official **17:** DCP City Manager **99:** Exempt Re-employed PERA Benefit Recipient (a person drawing a monthly retirement or disability benefit)	PERA will use the Plan ID to determine the applicable contribution rates and perform validations of the salary, deductions, and employer contributions reported for the coverage and paid dates.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
11	19	9	R	Social Security Number	Numeric	Values other than 000000000 or 999999999 No embedded dashes	Must be the valid Social Security Number for the named employee as shown on the person's Social Security card. PERA's record must reflect that this SSN covers a person who has an active employment status under the applicable Employer and Plan ID. If the member is not reported under the Employer and Plan ID, the transaction will be held until the employer enrolls the employee.
20	49	30	R	Employee Last Name	Alphanumeric	Must reflect the last name of the employee. Omit space, hyphen, or apostrophe. May be upper or lower case as preferred by the employer.	Employee's last name as maintained in the employer's records. If the employee has changed his/her name, the submission of this record will not change PERA's records. Changes in name must be reported through a Demographic Record, the ERIS system, or a paper Member Information Change form.
50	79	30	R	Employee First Name	Alphanumeric	Must reflect the first name of the employee. May be upper or lower case as preferred by the employer.	Employee's first name as maintained in the employer's records. If the employee has changed his/her name, the submission of this record will not change PERA's records. Changes in name must be reported through a Demographic Record, the ERIS system, or a paper Member Information Change form.
80	80	1	O	Employee Middle Initial	Alphanumeric	Alphabet letter without punctuation. May be upper or lower case.	Employee's middle initial as maintained in the employer's records.
81	84	4	O	Title After Name	Alphanumeric	Suffix to member's name such as Jr Sr III or MD No punctuation	Must reflect the member's name as maintained in the employer's records. Do not use this field for titles such as Miss, Mr. or Mrs.
85	92	8	R	Payroll Coverage Start Date	Numeric	YYYYMMDD (4-digit year, 2-digit month, 2-digit day)	Beginning date of payroll period to which the Detail Transaction Record applies. Only one earnings period can be entered on each line. If more than one earnings period must be reported for a member, use additional lines for each earning period. The coverage period (Coverage Start Date through Coverage End Date) must represent the dates in which the member earned the reported salary. Note: If reporting an adjustment (Adjustment Indicator = A), the Coverage Start date must match the date reported on the original transaction to PERA.
93	100	8	R	Payroll End Date	Numeric	YYYYMMDD (4-digit year, 2-digit month, 2-digit day)	Ending date of payroll period to which the Detail Transaction Record applies. Only one earnings period can be entered on a line. Use additional lines to report salary for more than one earnings period. Coverage End Date cannot be less than Coverage Start Date and must be at least 5 days after the reported Coverage Start Date. The coverage period (Coverage Start Date through Coverage End Date) must represent the dates in which the member earned the reported salary. Note: If reporting an adjustment (Adjustment Indicator = A), the Coverage End date must match the date reported on the original transaction to PERA.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
101	102	2	R	Pay Type	Numeric	**01:** Regular activity **02:** Lump sum payments of unused, accrued compensatory time **04:** Grievance pay **05:** Lump sum payments that have a retroactive earnings period **06:** Omitted Deduction from earnings of member	Established pay types determine how to allocate reported salaries and award service credit to members. **01** is used to report that a member earned salary for regular activity (includes overtime and paid days off) during the current pay period. Determine the contribution amounts due on regular pay using the plan rate in effect on the date the pay is paid. **02** is used to report lump-sum payments of unused, accrued compensatory time, holiday time, etc., which meet PERA's definition of salary and cover a retroactive earnings period. Determine the contribution amounts due on pay coded as 02, using the contribution rate in effect on the date the amounts are *paid* even if the total compensation period falls into more than one contribution rate period. **04** is used to report lump-sum grievance pay that represents lost wages awarded under court order, wrongful discharge settlements, or other types of settlement agreements. The coverage period must be the dates in which no salary had been reported for the member. When determining the contribution amounts due on grievance pay, always use the contribution rate in effect on the date the salary was earned. PERA staff must validate that all grievance pay meets the legal definition of salary by reviewing a copy of the applicable written agreement. Use Code **05** to report retroactive amounts that meet PERA's definition of salary. Examples include pay increases awarded through union negotiations that cover past pay periods, annual payments for longevity pay, and certain types of performance bonus pay. For pay classified under this code, report the coverage dates the pay was *earned*. It is preferred that you use a separate transaction line to identify each earning period to which the pay is to be applied by PERA. Alternatively, at a minimum, identify the overall period to which the full payment applies. For example use 01/01/XX -12/31/XX) to indicate pay earned over a calendar year. When determining the contribution amounts due on retroactive pay, always use the contribution rate in effect on the date the retroactive pay is *paid* even if the earnings period falls into more than one contribution rate period. Code **06** is for omitted deductions covering a period of 60 days or less. You may pay omitted deductions through a Detail Contribution record only if you have not received an invoice from PERA for the amounts due. Coverage dates must reflect the entire omitted deduction period. This transaction is to be separate from a transaction that covers any regular pay period earnings for the member. When determining omitted employee contributions use the contribution rate in effect on the date the salary was paid.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
103	103	1	R	Adjustment Indicator	Alphanumeric	**A:** Adjustment **O:** Not an adjustment	Employers reporting adjustments electronically must: • Insert an 'A' in this field and • Insert the amount of the adjustment in the PERA Eligible Earnings field or the Member Amount field or into both fields if applicable. Adjustments can only be made to Defined Benefit Plans. They cannot be made to any of the Defined Contribution Plans. Please refer to Reporting an Adjustment later in this chapter and the Adjustment section of the Contribution Reporting Chapter 7.
104	104	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Member Amount is a positive or negative amount. To report a negative (-) Member Contribution Amount,
105	114	10	R	Member Amount	Numeric	0000000000 to 9999999999 Include leading zeros and no decimal	This must reflect the deduction amount withheld from the member's salary. It must equal the reported PERA-Eligible Earnings times the contribution rate in effect for the specified pay period for the applicable plan. No member deduction amount may be reported under the Plan covering Exempt Benefit Recipients (Plan ID 99). • If the Member Amount differs from our system-calculated deduction using reported eligible earnings and plan rate, the transaction will receive an error status, and PERA will issue an invoice or a credit memo to the employer as appropriate. • The reporting of a member deduction amount must be consistent with the person's employment status.
115	115	1	R	Increase / Decrease	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	To report a negative (-) PERA Eligible Earnings, the Adjustment Indicator must be "A" or the negative amount will error out. DCP Plans cannot have a negative PERA Eligible Earnings.
116	125	10	R	PERA Eligible Earnings	Numeric	0000000000 to 9999999999 Include leading zeros and no decimal	Salary earned that is subject to PERA deductions for the reported period. Note: PERA-deductible earnings are not identical to Social Security-deductible earnings for state or federal taxable compensation. For a list of salary that is and is not PERA-eligible, refer to Eligible Earnings Chapter 5.
126	126	1	R	Increase/ Decrease Employer Amount	Alphanumeric	**+** = Increase/positive	Indicates whether the Employer Amount reported in positions 127-136 is a positive or negative amount.
127	136	10	R	Employer Amount	Numeric	0000000000 to 9999999999 Include leading zeros and no decimal	Employer contribution amount made on behalf of the member. The amount should be pulled from your payroll system to include the employer portion being remitted for the member. For the Coordinated and Basic plan, this must be the total of the employer match and the employer additional.

POSITION FROM	THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
137	140	4	R	School Fiscal Year	Numeric	Valid values are either 0000 (zeros) or YYYY (4-digit year)	This field is used to identify school district employees who are being paid "summer payouts" for hours that were actually worked during the 9-month school term but for which the pay is being spread into the months of June, July, and August. The year to report in this field is the school fiscal year in the regular pay you are reporting in positions 116-125 was actually earned by the member. Adding the School Fiscal Year will cause PERA to prorate the eligible earnings reported for the member over each of the calendar months during which the pay was earned. School districts must always zero-fill for school employees who work all year-round, such as payroll clerks, maintenance workers, etc. For 9- or 10-month employees always zero-fill this field during non-summer months (Typically Sept. through May). Employers that are not school districts are to always zero fill this field.
141	160	20	R	Filler		Pad with blanks	Unused - Reserved for future expansion
161	161	1	O	Increase / Decrease Compensated Hours	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Compensated hours reported in positions 162-167 is a positive or negative amount. Do not complete for DCP members.
162	167	6	O	Compensated Hours	Numeric	00000 to 999999 Include leading zeros and no decimal	For non-DCP members, this is the number of hours for which an employee receives compensation during the period being reported. Data must have two decimal positions with implied decimal point. Example: The Compensated hours for an employee who works 57 ¼ hours in a coverage period is to be reported as 005725. This will be understood by PERA to be 57 hours and 15 minutes. Employers choosing to provide this data should provide compensated hours for an employee on all salary with Pay Type of 01, 02, 03, 04, or 06.
168	168	1	O	Increase / Decrease Overtime Pay	Alphanumeric	**+** = Increase/positive **−** = Decrease/negative	Indicates whether the Overtime pay earnings reported in positions 169-179 is a positive or negative amount. This field must be completed when the value in positions 169-179 is any number other than zero (0). You do not need to complete for DCP members or for reemployed retirees being reported under the Exempt Plan.
169	178	10	R	Overtime Pay	Numeric	0000000000 to 9999999999 Include leading zeros and no decimal	This is the portion of the PERA-eligible earnings reported for the member in positions 116-125 that your agency considers to be overtime. Do not complete for DCP members or for reemployed retirees under the Exempt Plan.
179	200	22	R	Filler		Pad with blanks	Unused - Reserved for future expansion

REPORTING AN ADJUSTMENT IN A CONTRIBUTION FILE

If you need to increase or decrease the salary or contributions for a past reporting period, you can submit an adjustment transaction for that same reporting period. Although you may do so, you do not need to create a separate file simply to report an adjustment. The adjustment of a prior period may be included in any Contribution file, regardless of the paid date of the payroll in which you place the adjustment transaction. For example, let's say that you are preparing the normal payroll data for PERA covering the paid date of 08/31/2014 and you want to adjust past salary for a specific member that was earned from 5/01/2014 – 5/31/2014 and paid on 05/31/2014. In this situation, you may add data to the Contribution file being built for the regular August pay period and include the single member adjustment to modify the May 2014 salary or contribution.

The Paid Date associated with a Contribution file does not need to reflect the paid date of the original transaction you are adjusting. The table below will help you properly complete the fields within the 200-character Member Detail Contribution Transaction Record that are specific to adjustments.

DETAIL CONTRIBUTION TRANSACTION RECORD FOR AN ADJUSTMENT TRANSACTION

POSITION FROM	POSITION THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
1	2	2	R	Transaction Code	Numeric	38	Transaction code for the SDR header summary record.
3	8	6	R	Employer Number	Numeric	000100 to 999999	A unique identifier assigned by PERA where the first four digits represent the main PERA-assigned ID number and last two digits are the suffix code.
9	10	2	R	Plan ID	Numeric	**01:** Basic **02**: Coordinated **03:** Police & Fire (includes consolidated local plans) **07:** Privatization **11:** Correctional **14:** DCP Ambulance **15:** DCP Physician **16:** DCP Elected Official **17:** DCP City Manager **99:** Exempt Re-employed PERA Benefit Recipient (a person drawing a monthly retirement or disability benefit)	PERA will use the Plan ID to determine the applicable contribution rates and perform validations of the salary, deductions, and employer contributions reported for the coverage and paid dates.
11	19	9	R	Social Security Number	Numeric	Values other than 000000000 or 999999999 No embedded dashes	Must be the valid Social Security Number (SSN) for the employee as shown on the person's Social Security card. PERA's record must reflect that this SSN covers a person who has an active employment status under the applicable Employer and Plan ID. If the member is not reported under the Employer and Plan ID, the transaction will be held until the employer enrolls the employee.
20	84	85	Pad the fields in these positions with blanks as they are not to be completed for an adjustment.				

POSITION FROM	POSITION THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
85	92	8	R	Payroll Coverage Start Date		YYYYMMDD (4-digit year, 2-digit month, 2-digit day)	Beginning date of payroll period to which the Detail Transaction Record applies. Only one earnings period can be entered on each line. If more than one earnings period must be reported for a member, use additional lines for each earning period. The coverage period (Coverage Start Date through Coverage End Date) must represent the dates in which the member earned the reported salary. Note: If reporting an adjustment (Adjustment Indicator = A), the Coverage Start date must match the date reported on the original transaction to PERA.
93	100	8	R	Payroll End Date	Ending date of reported pay period	YYYYMMDD (4-digit year, 2-digit month, 2-digit day)	Ending date of payroll period to which the Detail Transaction Record applies. Only one earnings period can be entered on a line. Use additional lines to report salary for more than one earnings period. Coverage End Date cannot be less than Coverage Start Date and must be at least 5 days after the reported Coverage Start Date. The coverage period (Coverage Start Date through Coverage End Date) must represent the dates in which the member earned the reported salary. Note: If reporting an adjustment (Adjustment Indicator = A), the Coverage End date must match the date reported on the original transaction to PERA.
101	102	2	R	Pay Type	Numeric	**01**: Regular activity **02** : Lump sum payments of unused, accrued compensatory time **04** Grievance pay **05:** Lump sum payments that have a retroactive earnings period	
103	103	1	R	Adjustment Indicator	Alphanu-meric	**A:** Adjustment **O:** Not an adjustment	Insert an “A” in this field to indicate that this is an adjustment to a previously submitted transaction. (Note: all other transaction records will contain an “O” here to indicate they are original transactions, not adjustments.)
104	104	1	R	Increase / Decrease	Alphanu-meric	**+** Increase/positive **−** Decrease/negative	
105	114	10	R	Member Amount	Numeric	0000000000 to 9999999999 Include leading zeros and no decimal	Insert Member Amount to be adjusted. Example of a Negative Member Amount Adjustment: If the original Member Amount was reported to PERA as $40 and should have been reported as $35, you must populate this field with a minus sign 0000000500 to indicate that you are subtracting from the original member amount.
115	115	1	R	Increase / Decrease	Alphanu-meric	**+** Increase/positive **−** Decrease/negative	

POSITION FROM	POSITION THRU	COUNT	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DATA TYPE	AVAILABLE VALUES AND FORMAT DETAILS	DATA DEFINITION AND ADDITIONAL INFORMATION
116	125	10	R	PERA Eligible Earnings	Numeric	0000000000 to 9999999999 Include leading zeros and no decimals	Report the amount of the adjustment only. For example, if the original Earnings Amount was reported to PERA as $842.11 and should have been reported as $736.84, insert "105.27" as the Eligible Earnings for this adjustment transaction. (Note: You would leave this field blank if you do not need to alter the original member eligible earnings. For example, if you correctly reported a member's earnings but made a mistake when you reported the contribution amount associated with those earnings, you should not insert any data in this field.)
168	168	1	O	Increase / Decrease Overtime Pay	Alphanumeric	+ Increase/positive − Decrease/negative	Indicates whether the Overtime pay amount in positions 169-179 is positive or negative. This field must be completed when the value in positions 169-179 is any number other than zero (0). You do not need to complete for DCP members or for reemployed retirees being reported under the Exempt Plan.
169	178	10	R	Overtime Pay	Numeric	0000000000 to 9999999999 Include leading zeros and no decimals	This is the portion of the PERA-eligible earnings reported for the member in positions 116-125 that your agency considers to be overtime. Do not complete for DCP members or for reemployed retirees under the Exempt Plan.
179	200	22	R	Filler		Pad with blanks	

CONTRIBUTION EDITS

Contribution transactions are checked for mathematical accuracy and are compared against data stored in the PERA database. When amounts do not balance, the entire file is suspended from the posting process and PERA will contact the payroll contact of the employer to resolve the discrepancies. Suspended contribution files can prevent PERA from issuing lump-sum refund checks to members or result in the underpayment or overpayment of benefits at the start of a member's retirement.

Listed on the following pages are validation edits that have been built into PERA's systems. For each edit, you will find tips on how to avoid having the contribution data suspended. Like you, our goal is to have the contribution reporting process run efficiently at all times so that we are able to provide better information and service to your employees.

EDIT: DUPLICATE FILE HAS BEEN RECEIVED

A contribution file cannot be processed when it is identical to a file previously received from the reporting employer. A file is believed to be a duplicate file when it contains transactions that have the same six-digit Employer ID, Member SSN, Plan ID, Pay Period Coverage Dates, Earnings, and Member Deduction Amounts as a file that has already been received and processed by PERA.

To prevent a duplicate file error, send a single file to PERA only once. If you are unsure of whether or not you have successfully transmitted a contribution file to PERA, use the SDR History window in ERIS to view a list of files received and processed by PERA.

School districts should make sure that their summer payoff coverage periods are not identical. If a school district submits all of its summer payoff contribution files to PERA at one time, the files must have different pay period coverage dates in them. For example, if sending two files that cover identical summer payoffs made to employees on June 16, 20XX, have a different starting date for the payroll periods. In this example, you might supply payroll coverage dates of 09/01/20XX through 05/31/20XX in one file and 09/02/20XX through 05/31/20XX in the second file. Be sure, however, that both files identify that this is summer payoff pay using the School Fiscal Year field in positions 137-140. By doing so, the salary amounts will be prorated over each of the calendar months during which it was earned (September through May in this example).

EDIT: MEMBER'S SOCIAL SECURITY NUMBER IS NOT IN PERA'S DATABASE

PERA cannot post an incoming deduction for an employee when the SSN in the contribution file does not match data in PERA's member database.

To prevent this issue, please complete the member enrollment process before or on the same day that you send a contribution file to PERA that contains a deduction for the new member. Additionally, please verify that the SSN you provide in the enrollment process is the same as the SSN in your electronic contribution file.

EDIT: CONTRIBUTION RECEIVED AFTER THE MEMBER HAS TERMINATED SERVICE

To be valid, a member deduction must cover a period in which the employee is actively working. PERA uses the employee SSN, Employer ID, Plan ID, member's employment status, and the begin pay period coverage date to determine if it is valid to receive a member deduction. Remember, coverage dates must represent the period in which the compensation was earned, not paid. PERA has built controls in its system to review any member deduction amount for a coverage period beginning after the effective date of the member's termination or death.

To prevent contributions from being suspended always report correct coverage dates that reflect the period in which compensation was earned. Also, only take deductions on PERA-eligible salary. Remember, not all forms of pay are subject to PERA withholding. Lastly, in situations in which the employee terminated service and was immediately re-employed in another department within your agency, complete the member enrollment process at once to update the person's employment status from terminated to new.

EDIT: MEMBER IS NOT ENROLLED UNDER THE REPORTING EMPLOYER & PLAN

PERA will post a deduction to a member account only when that member has an active employment status in PERA's database for the reported Employer Number and Plan ID.

To avoid having records suspended due to this edit, be sure to complete the member enrollment process before or on the same day that you send a contribution file that contains a deduction for the new member.

EDIT: MEMBER DEDUCTION IS NOT MATHEMATICALLY CORRECT

Every member deduction must be mathematically correct. A deduction amount must equal the reported PERA-Eligible Earnings for a member multiplied by the applicable plan rate.

Please take steps to ensure that you are reporting salary and deduction amounts correctly. You can check this yourself by dividing the deduction amount by the earnings to determine if it results in the proper plan rate percentage.

Also, use the correct contribution rate for the retirement plan under which the member participates. When new contribution rates are established, Minnesota Statutes dictate that the change be made based on paid date, not based on when pay was earned.

Lastly, do not increase an employee's earnings for a pay period as a way to correct insufficient earnings you reported in a previous pay period. When you need to correct earnings or deductions for a previous pay period, you must send a separate adjustment transaction.

DEMOGRAPHIC FILE LAYOUT

The Demographic File format has a single record type that used to enroll new employees into a PERA plan or to update a member's retirement account status as employment changes, such as leaves of absence or terminations occur, or to report member's personal data changes, such as changes in name or address.

Demographic files created by employers must end with the extension of .sdr or the files will not be accepted by PERA's transfer application. Where possible, the files should be named as follows: "**PERAC000000mmddyyyy**.sdr" where:

PERA a constant agency identifier,

C is a constant indicator that this is a Contribution file,

000000 is the unique six-digit employer ID assigned by PERA and

mmddyyyy is the paid date of the payroll period to which the transactions in the file applies.

Employers that create and send computer files to PERA are responsible for keeping a copy as a backup in case there is a problem that prevents PERA from reading the electronic data.

As explained earlier in this chapter, employers that have not used the Demographic File previously to enroll its new members or to update the employment status of members must first submit a test file to PERA through ERIS. To submit a test file, log on to ERIS and select Transmit File. Click the blue link labeled Transmit Test File and verify that SDR or Demographic File is selected. Once your file is successfully transmitted, you will receive a Transmit ID Number. A PERA staff member should contact you with the results of your test file within a few days of having received the file.

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
1	2	2	R	Transaction Code	Transaction Code for reporting demographic data	42	Processed as reported, if valid; rejected if invalid.
3	8	6	R	Employer Number	Unique identifier for employer		• Employer Number must exist in system (assigned by PERA) and employer must be eligible to participate in reported plans. • If reporting a name change or an employment status change other than N, the associated member must have an active employment record for the reported Employer Number.

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
9	10	2	R	Plan ID	Unique identifier for plan	Numeric **01:** Basic **02**: Coordinated **03:** Police & Fire (includes consolidated local plans) **07:** Privatization **11:** Correctional **14:** DCP Ambulance **15:** DCP Physician **16:** DCP Elected Official **17:** DCP City Manager **99:** Exempt Re-employed PERA Benefit Recipient (a person drawing a monthly retirement or disability benefit)	The CAMI system will check the validity of certain plans reported for employees. For example, employees reported under the Exempt Plan of 99 will be valid only if PERA's system indicates that the individual is receiving a retirement or disability benefit.
11	19	9	R	Social Security Number	Member Social Security Number	Numeric 111111111 to 999999999; 000000000 is not acceptable	• Report a valid SSN that matches the number shown on the employee's Social Security card • An SSN reported with all zeros will result in the transaction receiving an error status and may result in a refund to the employer. • If member is not active for the plan and employer reported, the member must be enrolled in the plan before PERA will receive contributions on the member's behalf. Members are enrolled through the enrollment process, separate from the contribution reporting process.
20	49	30	R	Last Name	Member's last name	Text field	• Must reflect the member name as maintained on the records of the employer. PERA will not update a member's record to reflect a new name unless the employer reports the change in name in this Demographic Data Record. A name reported in the Detail Contribution Transaction Record will not initiate a name change. • If reporting a name change, the member must have an active employment record for the reported Employer Number and Plan ID for PERA to change its records.

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
50	79	30	R	First Name	Member's first name	Text field	Must reflect the member name as maintained on the records of the employer. PERA will not update a member's record to reflect a new name unless the employer reports the change in name in this Demographic Data Record. A name reported in the Detail Contribution Transaction Record will not initiate a name change. • If reporting a name change, the member must have an active employment record for the Employer Number and Plan ID.
80	80	1	R	Middle Initial	Member's middle initial	Text field	Must reflect the member name as maintained on the employer's records.
81	84	4	R	Title Following Name	Suffixes to member's name such as Jr., Sr., III, etc.	Text field	• Must reflect the member name as maintained on the employer's records. • Do not include punctuation (.)
85	92	8	R only if enrolling employee; otherwise leave blank	Most Recent Hire Date	Date employee is to begin work in the current position held.	Date field CCYYMMDD	• For new employees, this is the original hire date; for employees who worked for you previously, this must be the most recent rehire date (not original hire date). • PERA compares the Hire Date reported to the Eligibility date if reported and the Demographic Data Record will be suspended when the Hire Date is after (greater than) the Eligibility Date. • For members reported with only a the Hire Date must fall within the pay coverage dates of the member's first deduction as reported in the Detail Contribution Transaction Record
93	100	8	R only if enrolling employee; otherwise leave blank	Eligibility Date	Date individual became eligible for PERA member-ship	Date field CCYYMMDD	• This is the date an employee becomes eligible for PERA coverage. This will be the same as the Hire date if the employee is eligible for membership immediately. If eligibility occurs sometime after a person is hired, the person's Hire and Eligibility dates will be different (Eligibility date will be later than Hire Date.) • Eligibility date must be reported if it is different from the Hire Date • Eligibility Date cannot be less than Hire Date • Eligibility Date must fall within the pay period dates of the member's first deduction as reported in the Detail Contribution Transaction Record

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
101	103	3	R for certain enrollments (see rules)	Exclusion Code	Code reflecting reason why individual was not eligible immediately upon hire	Numeric	An exclusion code must be reported when enrolling a member that has an eligibility date that is more than 30 days after the Hire Date. Valid codes are as follows: **001:** Full-time student under the age of 23 **002:** TRA annuitants who have resumed teaching service **003:** Receiving PERA retirement or disability benefit **004:** Foreign citizen (not applicable for Hennepin county as of 7/1/02) **005:** Federal service exclusion **006:** Degree or residency program **007:** Student internship **008:** Patient and inmate personnel **010:** Pension coverage prohibited under the associated federal or state grant **011:** Persons with supported employment or work-study positions **012:** Trades workers excluded in PERA law **101:** Persons hired to temporary positions limited to 6 months or less **102:** Emergency employee **103:** Part-time teaching service **104:** Paid on-call/volunteer ambulance personnel not in the DCP **105:** Election officials (judges) **106:** Persons hired to fill seasonal positions limited to 6 consecutive months or less **108:** Volunteer or paid on-call firefighters who are members of a firefighter relief association or PERA's SVF plan **201** Governing or non-governing body elected officials, city managers or administrative officers who have not chosen to join any PERA plan (DCP or DBP) **301:** Earnings never exceed $425 a month

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
104	105	2	R ONLY when reporting an employment status change or enrolling an employee; Otherwise leave blank	Member Employment Status	Code reflecting status of member	Alphanumeric Position 1, pad with blank Position 2, available values: **T:** Terminated **C:** Death **L:** Layoff (temporary) **I:** Layoff (indefinite) **W:** Workers' Compensation **K:** Maternity / Paternity Leave **M:** Medical leave **P:** Personal leave **X:** Military leave **A:** Return from a leave of absence or layoff **N:** Enroll new or rehired employee	Employment information reported with status codes is used to determine a member's eligibility for benefits and is used in conjunction with reported salary to determine allowable service credits. Complete this field only when you want to report a change in a member's employment, such as when an employee becomes eligible for membership, when an employee goes on a leave, or when an employee terminates employment. • PERA disregards any Member Employment Status Code that appears here if the Member Employment Status Effective Date is blank. • Do not send the same Member Employment Status change more than once as those submitted after the original one will error and require further research by PERA staff.
106	113	8	R ONLY when reporting a status change or enrolling an employee	Member Employment Status Effective Date	Date status became effective	Date field CCYYMMDD	An effective date must accompany a Member Employment Status that is reported; PERA disregards any date that appears here if the Member Employment Status Code is blank. A Member Employment Status Effective Date cannot be less than Hire Date or any previously reported status changes
114	117	4	R ONLY if enrolling an employee	Position Code	Code reflecting member's position	Alphanumeric Available values: **ADMN:** Administrator **OTHR:** Other **CTMG:** City Manager **CROF:** Correctional Officer, Guard, Joint Jailer/Dispatcher or equivalent position; Protection officer with Hennepin Medical Ctr **ELOF:** Elected Official **FRFT:** Fire Fighter **PLOF:** Police Officer **PRMD:** Paramedic **MDPH:** Medical Physician	This must be included whenever you are enrolling a member into a plan.

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
118	119	2	R ONLY if enrolling an employee	Position Class	Code reflecting member's position classifica-tion	Alphanumeric Available values: **FT**: Full-time **IO**: Intermittent /On call OT = Other **PT:** Part-time **SL**: Seasonal	This must be included whenever you are enrolling a member into a plan.
120	149	30	O	Job Title	Member's position title	Text field	
150	179	30	O	Birth Last Name	Member's birth last name, if applicable	Text field	
180	180	1	R if enrolling an employee	R if enrolling an employee	Sex	Alphanumeric **F**: Female **M:** Male	This must be included whenever you are enrolling a member into a plan.
181	188	8	R if enrolling an employee or changing a member's date of birth	Date of Birth	Member's date of birth	Date field CCYYMMDD	This must be included whenever you are enrolling a member into a plan or when you need to correct the date of birth recorded in PERA's CAMI system.
189	218	30	O	Address - Attn.	Person to whose attention corre-spondence must be sent	Text field	
219	258	40	R if enrolling an employee or changing an employee's address	Address 1	Address line 1	Text field	This must be included whenever you are enrolling a member into a plan or when you need to correct the address data recorded in PERA's CAMI system. Once you have reported a member's address, do not repeat the data in subsequent files you send to PERA. No punctuation should be included
259	298	40	O	Address 2	Address line 2	Text field	
299	318	20	R if enrolling an employee or changing an employee's address	City	City	Text field	This must be included whenever you are enrolling a member into a plan or when changing a member's address. No punctuation should be included

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
319	320	2	R if enrolling an employee or changing an employee's address	State	State	Alphanumeric 2-digit state code	This must be included whenever you are enrolling a member into a plan or when changing an employee's address.
321	325	5	R if enrolling an employee or changing an employee's address	Zip Code	Five-digit zip code	Numeric 00000 to 99999 Dash implied	This must be included whenever you are enrolling a member into a plan or changing an employee's address.
326	329	4	O	Zip + Four	'Plus four' code for five digit zip code	Numeric 0000 to 9999 Zero-fill if unknown	
330	400	71	Required	Filler	Filler	Pad with blanks	

EXCLUSION REPORT FILE

PERA Employers with internet and email capabilities are required to submit their annual Exclusion Report to PERA using ERIS. For school districts, the exclusion report covers employment from July 1 through June 30 and is due by Aug. 31. All other employers submit reports based on the calendar year of January 1 through December 31, with reports due by February 28 of the following year. More details about the Exclusion Report can be found in Defined Benefit Plans Chapter 3 of the Employer Manual.

The Exclusion Report file is used to comply with the annual legal requirement of providing information about all employees – including elected officials – who worked for your agency during the reporting year and were not members of a PERA Defined Benefit or Defined Contribution Plan or another Minnesota public retirement system. Employers may transmit a fixed-length text file (.txt) or an Excel file (.xlsx preferred; xls is accepted).

Each employer is directly responsible for sending its Exclusion Report to PERA. Before a text or Excel file can be transmitted through ERIS, the file is opened to validate that the employer number in the file is the same as the employer number for the person who is remitting the report. If the two employer numbers do not match, that ERIS user will not be able to send the file to PERA.

Employers that create and send computer files to PERA are responsible for keeping a copy as a backup in case there is a problem that prevents PERA from reading the electronic data.

As explained earlier, employers that have not remitted exclusion data to PERA in a data file must first submit a test file to PERA through ERIS to ensure that it meets the file format specifications. To submit a test file, log on to ERIS and select Transmit File. Click the blue link labeled Transmit Test File and select Exclusion Reporting File. Once your file is successfully transmitted, you will receive a Transmit ID Number. A PERA staff member should contact you with the results of your test file within a few days of having received the file.

EXCLUSION REPORT EXCEL FORMAT

The next table shows the Exclusion Report format for preparing an Excel file. The available values and requirements are as defined in the text file format with one exception, which is that the data reported as Annual Salary and Last Pay Period Salary must be formatted with the decimal point included.

EXCLUSION REPORT RECORD – Excel Format (.xlsx preferred / .xls accepted)

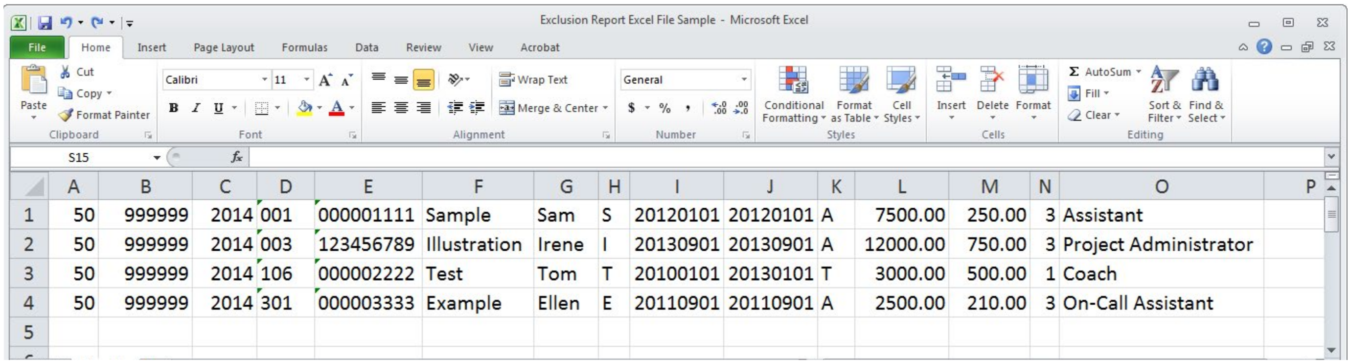
Follow values and business rules as defined in the Text File Format below

**EXCEPT: Annual Salary and Last Pay Period Salary fields must include the decimal point

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Trans Code	Employer Number	Year	Exclusion Code	SSN	LN	FN	MI	Original Hire Date	Last Hire Date	Status at Year End	Annual Salary	Amount Last Paid in the Year	Pay Cycle	Job Title

Note: When creating the spreadsheet, be sure to ensure that numbers in B, D, and E include any leading zeroes. For example, if you enter 003 in Cell D, the first two zeros must be visible (003 not 3). You can do this by formatting the cells as Text or Custom, not Number.

The next image is an example of a properly formatted Excel file for Exclusion Reporting.



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	50	999999	2014	001	000001111	Sample	Sam	S	20120101	20120101	A	7500.00	250.00	3	Assistant
2	50	999999	2014	003	123456789	Illustration	Irene	I	20130901	20130901	A	12000.00	750.00	3	Project Administrator
3	50	999999	2014	106	000002222	Test	Tom	T	20100101	20130101	T	3000.00	500.00	1	Coach
4	50	999999	2014	301	000003333	Example	Ellen	E	20110901	20110901	A	2500.00	210.00	3	On-Call Assistant
5															

EXCLUSION REPORT TEXT FILE

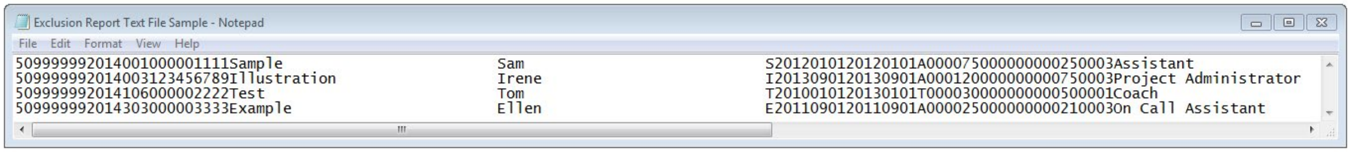
The following table contains the Exclusion Report Record format for the fixed file format.

EXCLUSION REPORT RECORD – Fixed File Format (.txt)

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
1	2	2	R	Transaction Code	Field designating the record as detail.	Numeric	Field must contain a value of 50.
3	8	6	R	Employer Number	Identification number given to the employer by PERA	Numeric	Must be a valid 6-digit PERA Employer Number
9	12	4	R	Exclusion Year	The calendar or fiscal year the report covers	Numeric YYYY	No Year before 2014 is valid
13	15	3	R	Exclusion Code	Employee's Exclusion Code	Numeric	Must be a valid PERA Exclusion Code for use as of 7/1/2014
16	24	9	R - Partial SSN unless Exclusion Code is 003 then Require Full	Social Security Number (SSN)	Full or Partial Social Security Number	Numeric	A record with Exclusion Code 003 must have full 9-digit SSN. For all other records, the first 5 digits must be zeros (00000) and the last 4-digits must reflect the numbers from the individual's SSN 000000000 is not acceptable
25			R	Last Name	Employee's Last Name	Alphanumeric	
55			R	First Name	Employee's First Name	Text field	
85			O	Middle Initial	Employee's Middle Initial	Text field	
86			R	Original Hire Date	Employee's Original Hire Date	Date Field YYYYMMDD	

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES AND INFORMATION RELATING TO FIELDS IN THE DEMOGRAPHIC DATA RECORD
94			R	Last Hire Date	Employee's Last Hire Date	Date Field YYYYMMDD	If the employee has been employed previously with your agency, this field must contain the last (most recent) date of hire. If the employee has only one period of employment with you, the Last Hire Date will be the same as the Original Hire Date.
102			R	Status at Year End	Employee's Employment Status at year end	Text field	Valid Status Codes are: **A:** Active **T:** Terminated
103	112	10	R	Annual Salary	Employee's Annual Salary	Numeric	Zero filled, right justified, two decimal positions, implied decimal point Example: 0003500001 will be understood to be salary of$35000.01
113	122		R	Last Pay Period Salary	Salary Amount last paid to the Employee in the Applicable Year	Numeric	Zero filled, right justified, two decimal positions, implied decimal point Example: 0000157899 will be understood to be salary of$1578.99
123	123	1	R	Pay Cycle	Employee's Pay Cycle	Numeric	Valid Pay Cycles are: **1:** Monthly **2:** Semi-Monthly **3:** Bi-weekly **4:** Quarterly **5:** Yearly **6:** Semi-Yearly **7:** Weekly **8:** Bi-Monthly **9:** Lump Sum
124	153	30	R	Job Title	Employee's Job Title	Alphanumeric	
154	250	97	R	Filler		Pad with Spaces	

The next image is an example of a properly formatted text file for Exclusion Reporting.


Exclusion Report Text File Sample - Notepad

File Edit Format View Help

```
509999992014001000001111Sample                         Sam                            S20120101201201 01A000075000000000250003Assistant
509999992014003123456789Illustration                   Irene                          I20130901201309 01A000120000000000750003Project Administrator
509999992014106000002222Test                           Tom                            T20100101201301 01T000030000000000500001Coach
509999992014303000003333Example                        Ellen                          E20110901201109 01A000025000000000210003On Call Assistant
```

ANNUAL LEAVE REPORT FILE

Any employer with at least one PERA member must complete an Annual Leave Report listing all authorized leaves that occurred in the year and resulted in any unpaid time. A response is required from every employer, even if no employees had an authorized leave during the year.

Local government employers report on a calendar year basis, with the 2021 report due by January 31, 2022. The first report for schools is fiscal year 2022 and is due by July 31, 2022.

For each member, you will provide:

- Leave Type
- Social Security Number
- Leave Start Date
- Leave End Date
- Hourly Rate
- Total Hours

PERA uses the reported data to notify members of their option to purchase missed salary credit and provide an estimate of costs and benefits.

Employers with an existing Employer Reporting and Information System (ERIS) account have two options for submitting their report data:

1. Transmit a properly formatted a fixed-length text file (.txt) or an Excel file (.xlsx preferred; xls is accepted). File format information is provided below.
2. Manually enter information into an online report

TESTING DATA FILES

An automated testing process is available but not required. Testing is available until an Annual Report is due. Once the report request is generated (mid-December for local government and mid-June for schools), only production files will be accepted.

To test a file, navigate to the Annual Leave Report Test File Transmit module and upload a formatted file. Formatting errors will be displayed on the report. A list of possible errors is provided below. You may resubmit new files until a successful test file is accepted. Once a valid file format is confirmed, PERA will record the approval and the testing option will no longer appear in your menu. If you wish to conduct further testing, contact PERA to request that testing be enabled.

AUTHORIZED LEAVES

On the Annual Leave report, “Authorized Leave” is a blanket term for leaves that would otherwise be reported as Medical, Parental or Personal. This report requires employers to list all unpaid leaves that occurred in the year

An authorized leave of absence is a specific period of time in which the employer has approved the employee to be away from work and the employer-employee relationship continues to exist. PERA does not specify this criteria and relies upon individual employer to define what constitutes an authorized leave of absence for their entity. Whether a single unpaid day off is defined as an authorized leave of absence is up to each employer to determine.

OPTIONAL REPORTING – DEMOGRAPHIC FILES

If you currently report leaves in ERIS or by transmitting a demographic file, you may continue to do so. Any leaves reported throughout the year will be pre-populated on your annual report and you may review and modify the dates of those records. That member list may also be exported to Excel for your records. Please note that demographic reporting of leave status and dates is not a substitute for the Annual Leave Report, which requires additional salary information.

The following table provides a cross-reference of Annual Leave Types and any corresponding

DEMOGRAPHIC STATUSES:

ANNUAL LEAVE TYPES (TRANSACTION CODE)	DEMOGRAPHIC CODE & STATUS
81 for Periodic Repetitive Leave	N/A – Reported Separately
82 for Budget Savings	N/A – Reported Separately
83 for Authorized Leave	K – Maternity/Paternity Leave M – Medical Leave P – Personal Leave
84 for Military	X – Military Leave
85 for Workers Compensation	W – Workers Compensation
N/A – Not Leave Statuses	T – Terminated C – Death L – Layoff (temporary) I – Layoff (indefinite)

SPECIFIC SITUATIONS

- **Leave Spans Multiple Reporting Periods:** If a member's leave continues into a subsequent year, employers will report the leaves over two annual reports. Example: For Year 1, report dates are Leave Begin Date to 12/31/YEAR 1 (or 6/30). Next year, you will report the remaining portion of the leave; the dates will begin with 1/1/YEAR 2 (or 7/1) to Leave End Date.
- **Terminations:** When you report member terminations throughout the year, PERA will send a request asking that you report any leaves on the member's account management screen in ERIS.
- **Multiple Leaves:** Separate lines will allow for accurate reporting of different leaves; however, any that occur within 30 days of each other should be reported as one continuous period.

PERA ANNUAL LEAVE REPORT – FILE FORMAT SPECIFICATIONS

Employees with more than one leave with 30+ day separation, enter each leave on separate lines

EXCEL FORMAT (.XLSX OR .XLS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G
Transaction Code *See text file rules*	Employer Number *See text file rules*	Full SSN *No dashes*	Leave Start Date *See text file rules*	Leave End Date *See text file rules*	Hourly Rate *No $, add decimal*	Total Hours *Add decimal*

TEXT FILE FORMAT (.TXT)

COLUMNS FROM	THRU	TOTAL	REQUIRED (R)/ OPTIONAL (O)	FIELD NAME	DESCRIPTION	AVAILABLE VALUES	RULES FOR EMPLOYEE RECORD FIELDS
1	2	2	R	Transaction Code	Field designating the record as detail.	Numeric	Field must contain a value: • 81 for Periodic Repetitive Leave • 82 for Budget Savings • 83 for Authorized Leave • 84 for Military • 85 for Workers Comp
3	8	6	R	Employer Number	Identification number given to the employer by PERA	Numeric	Must be a valid 6-digit PERA Employer Number
9	17	9	R	SSN	Full Social Security Number	Numeric	Full 9-digit SSN
18	25	8	R	Leave Start Date	Date Leave Started	Date field MMDDYYYY	Date of first day of Leave. Must be same date as employment status updated for Leave.
26	33	8	R	Leave End Date	Day before employee came back to work	Date field MMDDYYYY	Date of last day of Leave. Must be the day before the Return from Leave Employment Status we received.
34	39	6	R	Hourly Rate	Hourly Wage amount. If increased during the leave, enter the average	Numeric	Zero filled, right justified, two decimal positions, implied decimal point for Text format only Example: 001578 will be understood to be an hourly rate of $15.78
40	45	6	R	Total Hours	Total number of work hours eh employee missed 1 hour minimum	Numeric	Zero filled, right justified, two decimal positions, implied decimal point for Text format only Example: 009250 will be understood to be a Total of 92.50 hours missed

LIST OF VALIDATION ERRORS

TRANSMIT CODE

- Transmit Code is not in the first column of row 1 or 2. Please check the file. Starts with Transmit Code 81, 82, 83, 84, or 85.
- Transmit Code is invalid. Must be 2 digits. See Employer Manual for Transmit Codes.
- Transmit Code is invalid. It is required and cannot be blank.

EMPLOYER NUMBER

- Employer Number is invalid. Employer Number does not match login account Employer Number.
- Employer Number is invalid. Multiple employer numbers in one file. Must contain one employer number at a time.

SSN

- SSN is invalid. Must be 9 digits.
- SSN is invalid. It cannot be either all zeros or all nines.

DATES

- Leave Start Date or End Date is invalid. The format must be MMDDYYYY.

HOURLY RATE

- Hourly Rate is invalid. It must be less than $1,000.00. Please check the file to ensure a decimal point is being used for cents.
- Hourly Rate is invalid. Only numerics are allowed.

TOTAL HOURS

- Total Hours is invalid. It must be 2,088 hours or less. Please check the file to ensure a decimal point is being used for minutes.
- Total Hours is invalid. Only numerics are allowed.

OTHER

- Unable to process file due to file extension is not .xlsx or .xls or .txt.