



Spotlight: Verification of Termination

When a member is ready to retire, their employer must verify that the termination of their employment meets specific criteria. A Verification of Termination (VOT) officially documents an employee's separation from all public service and is a requirement of a member's retirement application process.

These tips will help you prevent errors and delays to a member's retirement.

1. Use the Right Termination Date

The termination date of a retiring member is a significant occasion in many ways. To report this date accurately, take care to list the last day of employment, not the first day that the member is no longer employed.

PERA benefits start the month after the termination date. Providing the correct information is critical, particularly when a member terminates at the end of a month. In some cases, an error of just one day can delay the benefit by a full month.

REPORTING LAST DAY

Dana's last date of employment is on **December 31**. When will Dana's pension payments begin?

Termination reported	Benefit Begin Date
December 31	January 1
January 1	February 1

PERA benefits start the month after the termination date

2. Refrain from Making Prior Arrangements

A right to a retirement benefit requires a complete and continuous separation from all public employment for 30 days. A complete separation also means there can be no written or verbal agreement prior to termination to provide future services to any public employer.

A member's separation is invalid if a prior agreement was made or they are rehired without

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Administer and promote sustainable retirement plans and provide services that our members value.



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a 30-day break in public employment. Upon discovery that the member did not meet termination requirements for retirement, the member's benefit will be canceled, the member will need to pay back any retirement benefits received, and both the member and employer may be billed for omitted deductions.

3. Use Electronic Verification of Termination (eVOT)

When initiated by a member, employers are able to verify termination online by using the timesaving eVOT feature in PERA's Employer Reporting Information System (ERIS). At this time, employers may only respond to requests and are not able to submit an eVOT independently.

On-Demand Training: New Reporting Leaves Process

In this webinar, we discuss:

1. Old Process
2. Difficulties
3. New Process & Benefits
4. Walkthrough (Step-by-Step)

Walk through the steps that can be taken to report your leaves via our new pending report on ERIS, or through an upload transmit method within the platform.

Resources are now available to view on our website, including supplemental information in chapter 9 of the employer manual, file format specifications and a Q&A document created based on employer feedback.

Access the training and resources on our [website](https://mnpera.org/employer-education): mnpera.org/employer-education

2022 IRS Contribution and Compensation Limits

The Internal Revenue Service (IRS) limits contributions made to Defined Contribution Plans (DCP) and compensation eligible for Defined Benefit Plans (DBP). These limits are adjusted annually.

These federal limits affect only a small percent of covered employees; however, employers and PERA have a responsibility to monitor each member's salary and retirement contributions against these limits.

Beginning with paid dates on or after January 1, 2022, PERA will administer the annual IRS limit on a pro rata basis and apply a maximum reported salary amount for each individual pay period.

The following are the pay period limits for an employee subject to the \$305,000 annual limit, based on common payroll cycles:

DBP Limits - IRS Section 401(a)(17)	
Enrolled in a DB Plan on/after July 1, 1995	\$305,000
Enrolled in a DB Plan before July 1, 1995	\$450,000

DCP Limits - IRC Section 415(c)(1)(A)	
Combined DCP employee and employer contributions	\$61,000

Pay period limits for employees subject to 2022 IRS compensation limit	
Annual	\$305,000.00
Monthly	\$25,416.67
Semi-Monthly	\$12,708.33
Bi-Weekly	\$11,730.77

New Change in 2022: Monitoring of DBP Compensation Limit

PERA's prior practice was to evaluate the earnings of DBP employees on a yearly basis. However, a review conducted by PERA auditors and legal advisors recommended a different way of evaluating salary to ensure PERA compliance with IRS regulations.

What You Need to Do

Please monitor your DBP employees' earnings each payroll cycle and do not withhold or submit contributions in excess of the applicable pay period limit. If PERA receives reported compensation that exceeds these limits, we will contact you to coordinate an adjustment or refund.



ERIS Corner: Designate a Disability Contact

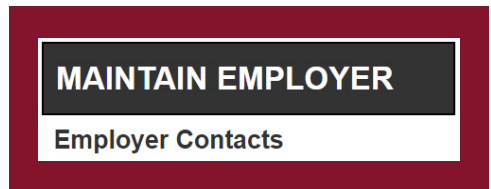
The number of Police & Fire members applying for disability benefits has significantly increased. Some employers have designated one representative to complete the forms associated with the disability process to aid in these larger volumes.

PERA currently sends disability letters for employers to the primary “Payroll Contact.”

If disability letters are not getting sent to the correct payroll contact, employers can review the “Roles” assigned to contacts in ERIS.

Employers with P&F members can designate a “Police Disability Contact” and a “Fire Disability Contact.” All other plans will have the letters sent to the primary payroll contact. These contacts will receive the disability letters.

Update your staff contact roles



Click on the Employer Contacts page under the Maintain Employer heading in ERIS. Search for your employee using the

fields, or create a new ERIS representative account with the assigned contact role.



If you have any questions or need help designating a representative through ERIS, please feel free to reach out.

Live Training: Welcome to PERA Reporting

Are you a new employee administering PERA as a payroll, business manager or HR? Welcome! The process of administering PERA benefits can seem daunting. Take advantage of this recurring training program for new employees, or for those looking for a refresher to increase your comfort level with the PERA process. On-demand version coming soon in 2022!

Scheduled dates for 2022

Thursday, January 27 @ 11:00a - 12:30p
Thursday, April 28 @ 11:00a - 12:30p

Thursday, July 28 @ 11:00a - 12:30p
Thursday, October 27 @ 11:00a - 12:30p

No Change to Contribution Rates

The latest omnibus pension bill did not include any change to current contribution rates. The rates for all Minnesota PERA pension plans will not change in January. Similarly, the contribution rates for the Defined Contribution Plans (DCP) will also remain stable.

Please refer to the following table for a full list of contribution rates currently in place.

Defined Benefit Plans		
Plan	Employer	Employee
Coordinated	7.50%	6.50%
Correctional	8.75%	5.83%
Police & Fire	17.70%	11.80%
Basic	11.78%	9.10%

Defined Contribution Plans		
Plan	Employer	Employee
Elected Official	5.00%	5.00%
Physicians	5.00%	5.00%
City Managers	6.50%	6.50%



Public Employees Retirement Association
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St. Paul, MN 55103

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Ask PERA!

Have a question for PERA?
We'd love to hear from you!

Email

employer.reps@mnpera.org

Employer Line

651-296-3636 (metro area)
1-888-892-7372 (toll-free)

Member Line

651-296-7460 (metro area)
1-800-652-9026 (toll-free)

Website

www.mnpera.org

Q. Why would a member want to make a payment for their unpaid leave?



PERA uses three factors to determine a member's monthly benefit: service, age, and salary. Two of the factors—service and salary—may be affected by an unpaid leave. This optional leave purchase can be helpful to members who want to avoid a possible reduction in their benefit calculation. To help members determine if the purchase would be beneficial, monthly estimates and purchase information will be mailed to impacted individuals.

Members may choose to purchase their unpaid leave with PERA to increase their overall service credit, and possibly boost their highest average salary. If the member is missing service during the leave, then the purchase will increase the benefit amount. If the member is only missing partial salary during the leave, then it depends if the salary purchase is in the member's final average salary period. Generally the highest average salary period occurs when the member is within five years from retirement, but it truly depends on where the member's highest average salary occurs in their career.

Additional details are provided in the [Leave Purchases](#) member fact sheet.