

## Clarification of Termination Definition and Working After Retirement Limits

At its December 14, 2009 meeting, the PSRS/PEERS Board of Trustees approved changes to the regulations that define termination, clarify the limits on working after retirement, and require employers to maintain a log of hours and earnings for PSRS and PEERS retirees.

First, the Board clarified the separation of employment necessary to “terminate” and be eligible to receive a benefit from PSRS or PEERS. Currently, the requirement is a separation from **eligible employment** for 60 days. The Board approved changing that requirement to a one (1) month **total separation** (no work in any capacity; as a temporary substitute, as a part-time employee, or as a volunteer) from a PSRS- or PEERS-covered employer. While this should not impact the start of a new school term for a July retiree, anyone hoping to retire as of July 1 will not be allowed to work for a covered employer until August 1, which may impact working during summer school, depending on the district’s school calendar.

Second, the Board clarified that the post-retirement employment limits (550 hours and 50% earnings for PSRS retirees, and 550 hours for PEERS retirees) must be pro-rated for individuals who retire during the school year (effective retirement dates other than July 1). The pro-rated limits are contained in a chart in the amended regulation.

Finally, the Board modified the regulation requiring both school districts and retirees to maintain a log of their post-retirement employment. Hours worked and compensation earned each month will be required for PSRS retirees, and hours worked each month will be required for PEERS retirees. These logs must be maintained, and provided to PSRS/PEERS when requested. The forms used to keep these required logs will be included in the correspondence sent each year when a retiree is reported as working for a covered employer.

Copies of the amended regulations are available on our Web site, [www.psrs-peers.org](http://www.psrs-peers.org). The rule making process will make these changes effective for anyone retiring from PSRS or PEERS on or after July 1, 2010. Please feel free to contact your ESR with questions about how these changes will affect your employment of PSRS and PEERS retirees.

## Social Security/Section 218 Update

As the July 1, 2010 implementation date quickly approaches, we wanted to take this opportunity to recap what we know about the Social Security/Section 218 changes and their relation to PSRS:

- Social Security status **has no effect** on eligibility for PSRS or PEERS membership;
- Social Security status for each individual will be determined by the employer;
- All compensation earned by an individual for a single employer will be treated the same way for Social Security purposes;
- For members employed by more than one employer, each employer will determine the Social Security status of the employee without regard to the other district's determination;
- Any PSRS member subject to Social Security contributions will contribute two-thirds the normal PSRS contribution rate (9.33% for 2010-2011);
- On January 4, 2010, PSRS/PEERS will roll out a new version of EMERS, which will contain the changes necessary to report PSRS members covered by Social Security. This new version of EMERS will be downloaded during the employer's next EMERS transmission after January 18, 2010.

Please watch our Web site for additional information. We will update the information on our Web site as we are notified of new information. Questions concerning Social Security coverage, eligible positions, etc. should be directed to the Office of Administration, State Social Security Administrator, at [218agreements@oa.mo.gov](mailto:218agreements@oa.mo.gov).

## 2010-2011 Contribution Rate Set

The PSRS/PEERS Board of Trustees, at their October Board meeting, set the PSRS and PEERS contribution rates for the 2010-2011 school year. The member and employer matching contribution rates will increase to **14.00%** of compensation for PSRS members, and **6.63%** of compensation for PEERS members. The employer contribution rate required for full-time retiree employment also increases to **14.00%** for full-time PSRS retirees and **6.63%** for full-time PEERS retirees. Your EMERS rates file for 2010-2011 will be included in the EMERS update mentioned above.

## “DSRs” Are Now “ESRs”

Recently, we made a small change to our organization, changing the position of “District Service Representative (DSR)” to “Employer Service Representative (ESR).”

You shouldn't notice any change, other than references to your “ESR” in the newsletter or in correspondence.

## Pre-Retirement Seminars

Keep in mind our Pre-Retirement Planning Seminars for employees approaching retirement. Seminars are held throughout the state during the evening hours. The meeting calendar is available on our Web site. Registration is required and can be completed on-line or by calling our office at (800) 392-6848. Please don't refer your employees to your ESR for these types of requests.

## Second Annual Employer Conference a Success!

Thanks to each of you who attended and helped make our Second Annual Employer Conference a huge success! This year's attendance was up more than 100 from our first conference, making the sessions more valuable for everyone who attended. We continue to strive to make this conference as beneficial as possible for you. Please contact your ESR with any topics you would like to see covered at future conferences.

We continue to seek more comfortable/hospitable/adequate/appropriate facilities for next year's conference. Our **tentative** date for the Third Annual Employer Conference is **Wednesday, October 20, 2010**. Mark your calendars (in pencil) and we will keep you updated on our conference scheduling efforts.



## PSRS/PEERS Accepting Rollover Funds for Certain Remittances

If a member in your district is in the process of making a purchase with our office, they are probably aware that they can use tax-sheltered funds to pay for the purchase. What they may not be aware of is that these tax-sheltered funds can also be used to pay the member portion of any Sick Leave remittances or member funds required for Prior Year Corrections. You, as an employer, cannot withhold and shelter additional contributions from their current compensation, in addition to current contributions due on the compensation, and use it to pay for these types of transactions.

Please contact your ESR to determine if we can accept tax-sheltered funds for your specific situation.

## Update Your ESR Information

Please take a few moments to make sure your ESR is current in EMERS. This is a great help to us when serving you.

To check (and change, if necessary):

- a. From the main EMERS wizard, select 6. System Functions; then click <Next>.
- b. Choose 1. Select School District, and then click <Next>.
- c. Select your school district from the list, and then click <Change>.
- d. Click on the General tab and change your Support name to your Employer Services Representative.
- e. Click <OK> and highlight your district; then click <Select> again.

## Listen to Us Online!

We continue to produce podcasts for our employers! A new podcast will be posted nearly every month covering topics such as working after retirement, system eligibility, compensation and contributions, so lend an ear and tune in! If you have a subject that you would like to see addressed, just let your ESR know.

## Remember Form SSA-1945 Due for All New PSRS Members

Please remember that, since January 1, 2005, the federal Social Security Administration requires that PSRS members sign the *SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security*, and that you provide a **copy** of each form to PSRS. This form is completed when the member is first employed in a Social Security “exempt” position. Annual filing is not required. Please go to [www.socialsecurity.gov/form1945/](http://www.socialsecurity.gov/form1945/) for more information.

## W-2s and Retirement Contributions

When processing your W-2s for the 2009 tax year, please remember that, according to the Internal Revenue Service, contributions sheltered under Section 414(h)(2) of the Internal Revenue Code (IRC) should be entered in Box 14 of the W-2, and the “Retirement Plan” box in Box 13 must be checked. This is the same information as provided for last tax year. We have not been notified of any changes in the reporting requirements. W-2 information and instructions are available at: [www.irs.gov/pub/irs-pdf/iw2w3.pdf](http://www.irs.gov/pub/irs-pdf/iw2w3.pdf).

Please contact your software provider with questions about how to get this information to appear correctly on your W-2s.

## EMERS Reporting Tips

- ***EMERS Tips On Our Web site***  
The information included on the “Employer” page on our Web site contains step-by-step instructions for some of the most frequently asked questions. If you see something that should be added to our “Tips,” please send your idea to your ESR.
- ***Know Your District Number!***  
When contacting our office, it is very helpful to us if you can give us your District Number. Having this number allows us to access your information more quickly, solving your problem more quickly. Your district number is shown at the bottom of your EMERS window. You can also contact your ESR for assistance.
- ***PSRS/PEERS Eligibility Determination***  
Remember, when determining if an employee is eligible for coverage by either plan, you must consider all of the employee’s regular employment with all employers covered by PSRS/PEERS.
- ***Provide The Correct Annual Base Salary For Each Member***  
One of the most common mistakes we encounter when determining service credit is that the Annual Base provided by the employer is not correct. The PSRS Annual Base Salary should always be reported as what the member would have earned full-time for the full school year, even if the member is only employed on a part-time basis, only employed for a portion of the school term, or both. The PEERS Annual Base is the minimum expected to be earned by the member, for the full school year. EMERS allows you to run a report that will show the Annual Base reported for each employee. Contact your ESR for assistance in generating this report.

- Correct Use of the PSRS Part-Time Indicator***  
 Please only mark those PSRS members as part-time who are employed to serve only on a part-time basis. Some employers have been reporting full-time members as part-time when working summer school (if the summer school is part-time), or when reporting payments for stipends or additional duties. Unless the member is employed to serve on a part-time basis, all payroll records should be reported without the part-time designation.
- Report Termination Information Timely***  
 When a member terminates eligible employment, please remember that we require an **Annual Base Salary** and a **Termination Date** for that member. Also, when submitting the final payroll record for that member, please mark the **Final Payroll – Member** indicator. If this information is provided, we can pay the member when requested without bothering you. Ask your ESR if you have questions. If the member does not have a payroll record in the batch you are sending, you can Insert a record into the batch, and provide the required information on that record.
- Member Work Files Provide Necessary Information***  
 You can create a Member Work File at any time, which is separate from a Payroll Work File. The best time to create this file is after you have posted your payroll work file for the payroll you are reporting. This Member Work File is how you can provide Annual Base Salary, Term of Position, and Position Code information during the school year. When you complete the information in the Member Work File, remember to Finish the Work File, and the information will be sent automatically the next time you transmit to our office. Contact your ESR with questions.
- Check the Contribution Amounts On Your Transmittals of Contributions***  
 Remember to check and make sure that the contributions due, listed on the Transmittal of Contributions generated by EMERS, match the amount of the checks you are remitting to PSRS and PEERS. You are responsible for withholding and remitting the contributions **due**.
- Employer Paid Insurance for Members ONLY Included in Retirement Compensation***  
 Please remember that any employer-paid insurance premiums for family coverage are **not** included in retirement compensation.

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*Employer Reporting Resource* is published periodically throughout the year.

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