

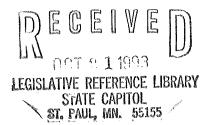
PERA Reporting Manual for Payroll and Personnel Officers





Public Employees Retirement Association 514 St. Peter Street, Suite 200 St. Paul, Minnesota 55102

Introduction



The Public Employees Retirement Association of Minnesota is pleased to provide you with this employer manual. This manual is designed to explain the rules for determining PERA membership, the procedures for reporting earnings and contributions, and the qualifications for benefits.

The information provided in this publication is meant to explain the provisions of the law as simply and accurately as possible. If there is any discrepancy between the manual and the actual law, the provisions of the law will govern.

This manual is not intended to make the employers experts on PERA benefits; specific reporting and benefit questions should be directed to PERA staff.

If you have questions or need further clarification of topics covered, please feel free to call on the PERA staff at (612) 296-7460 or toll-free 1 800 652-9026.

Laurie Fiori Hacking

Laurie Fion Hackery

Executive Director

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PERA Administration

The Minnesota Public Employees Retirement Association (PERA) administers pension funds for approximately 130,000 county and local public employees, their survivors, and dependents. Approximately 2,250 separate government employers at the county and local level in Minnesota participate in the PERA-administered retirement system. The PERA funds provide a variety of retirement annuities, and survivor and disability benefits.

PERA is governed by a ten-member Board of Trustees. The State Auditor is automatically a member. Six members are appointed by the Governor. The six appointed members represent cities, counties, school boards, police and fire members, retired annuitants, and the general public. The remaining three members are elected by the PERA membership. All board members serve four-year terms.

The PERA Board of Trustees administers PERA funds in accordance with statutes passed by the Legislature. The Board bears fiduciary obligation to PERA's members, the governmental employers, the state, and the taxpayers.

The Board appoints an Executive Director to serve as chief administrative officer. With approval of the Board, the Director develops the annual administrative budget, determines staffing requirements, contracts for actuarial and other services, and directs the day-to-day operations of the Association. The Director also sits on the State Investment Advisory Council, which advises the State Board of Investment on the management and investment of pension funds and other assets.

PERA administers five distinct pension plans. Each plan has a unique set of membership qualifications, contribution rates and benefit provisions, all of which are detailed in this manual. In addition to the above retirement plans, PERA offers group term life insurance to PERA members. Participation in this insurance program is completely voluntary for both employers and members.

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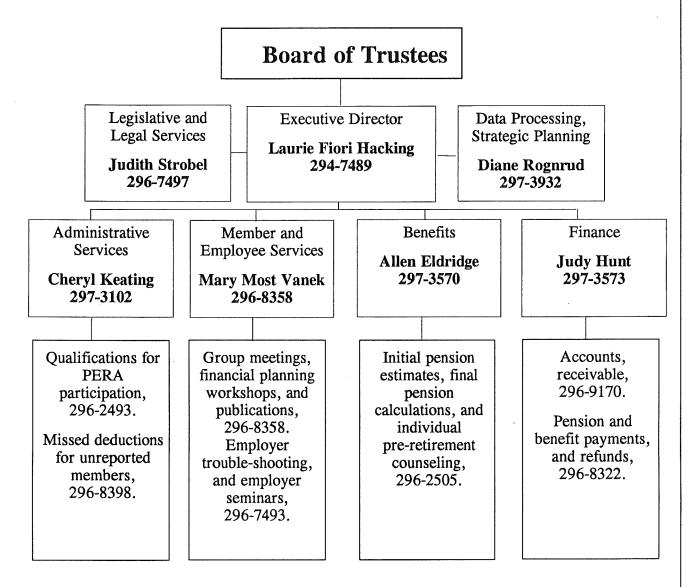
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Administrative Organization



PERA's mission is to deliver retirement annuities and benefits to eligible members in accordance with the law, and to maintain a financially sound retirement system. PERA's success in carrying out its mission depends upon its employees, for through their development, training, and efforts, PERA achieves its goals which are:

- providing quality services that are appropriate, personalized, informative, accessible and timely;
- obtaining and disseminating accurate and complete information;
- influencing legislation that is beneficial to our members, beneficiaries, and governmental units while maintaining PERA's financial soundness.

Determining Plan Participation

Coordinated Plan

Consists of public employees who earn over \$425 in a month (excludes police officers and firefighters).

Basic Plan

Closed to new membership.
Participants in this plan are employees hired prior to January 1, 1968, who did not vote for Social Security coverage.

Police and Fire Plan

Consists of police officers and firefighters.



Defined Contribution Plan

Elected officials (optional) and ambulance service personnel.

PERA Life Insurance

PERA Basic, Coordinated and Police and Fire Plan members may enroll in the insurance program if authorized by the employer.

Police & Fire Consolidation

Members of a municipal police or firefighter relief association who have elected to have PERA administer their plan.

Determining Plan Participation

Introduction

This section explains:

- government agencies who are covered and not covered by PERA,
- employees not covered by PERA,
- optional membership at employee's discretion,
- optional membership at employer's discretion,
- employees covered by each plan administered by PERA, and
- employees subject to Social Security and/or Medicare withholding.

First, we will discuss those employers who can and cannot participate in PERA.

Employers

Individuals who are employed by a governmental subdivision; such as a county, city, town, school district within the State of Minnesota, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources, are eligible for PERA. Public employees whose salary from one governmental agency exceeds \$425 in any month must participate in PERA, unless Minnesota law prohibits coverage for a particular position. A listing of the employees not covered by PERA or whose membership is optional is explained in this section.

Certain government agencies and their employees cannot participate in PERA. They are: municipal housing and redevelopment authorities organized under the provisions of section 469.001 to 469.047; port authorities organized under sections 469.048 to 469.068; or hospital districts organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37, or the successor of the district.

Independent Contractors

Independent contractors and their employees cannot participate in PERA. If a copy of the contract has not been submitted previously, send a copy to PERA for a determination as to whether the individual is an independent contractor or a public employee.

NOTE: PERA reviews whether:

- the contractor has the right to control the means and manner of performance,
- the contractor is paid a sum for the job rather than on an hourly basis,
- the employer does not provide any fringe benefits to the contractor,
- the contractor hires and discharges his or her own assistants, and
- the work performed is a specialty required of a particular occupation.

While these are some of the factors PERA reviews in making a determination about whether the independent contractor should be considered a public employee, other circumstances may also play a part.

Employees Not Covered

Some employees cannot become PERA members because Minnesota law prohibits it for particular jobs. The positions listed below and on the next page are excluded from membership, regardless of earnings level, unless otherwise indicated.

- 1. Elected public officers, or persons appointed to fill a vacant elected position who did not choose to participate in PERA by filing an application for membership.
 - 2. Election officers (judges).
- 3. Patient and inmate personnel who perform services in charitable, penal, or correctional institutions.
- 4. Employees hired for a pre-determined period of time to be six consecutive months or less. Should employment go beyond six months and the employee earns more than \$425 in one month after the six-month period, the employee must then be reported for membership. Employees who are hired for an unlimited period and who may be serving a probationary period cannot be excluded.
- 5. Employees who earn \$425 or less in a calendar month or whose annual compensation is stipulated in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees. (Earnings excluded by stipulation for an employee hired after the start of a year must be pro-rated by the number of months left in the year multiplied by \$425.) Refer to page 4 for more details on the \$5,100 stipulation.
- **6.** Emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster.
- 7. Employees in a position for which earnings are covered by Teachers Retirement Association (TRA), Minnesota State Retirement System, Duluth Teachers Retirement Fund Association, Minneapolis

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 a person who is also employed in a second position from becoming a member of PERA, unless contributions are made from the second position to TRA.

- 8. Persons who 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.
- 9. Part-time employees who are also full-time students enrolled in and regularly attending classes at an accredited school, college, or university. Certification of full-time student status and part-time employment may be requested at any time.
- 10. Resident physicians, medical interns, and pharmacist residents and pharmacist interns serving in a degree or residency program in public hospitals.
- 11. Students who are serving an internship or residency program sponsored by an accredited educational institution.
- 12. Persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute.
- 13. Foreign citizens working with a work permit of less than three years, or an H-1B visa valid for less than three years of employment.
- **14.** Public hospital employees who elected not to participate before 1972.
- 15. Volunteer ambulance personnel who are advanced life support emergency medical service staff who are not covered by the PERA Defined Contribution Plan.

- 16. Volunteer firefighters who receive credit in a local relief association operating under Minnesota Statutes Chapter 424A. However, membership continues for those volunteer firefighters who were reported for participation in PERA before July 1, 1989, and who chose to continue that coverage.
- 17. PERA retirees and, in most cases, disabilitants who are receiving a monthly benefit from PERA.

Optional Membership at Employee Discretion

The following employees have the option to participate in PERA.

- 1. Elected officials or persons appointed to fill elected positions.
- 2. City managers or chief administrative officers who are qualified under Minnesota Statutes, Section 353.28.

Optional Membership at Employer Discretion

An employer may choose to exclude from PERA coverage:

- county historical society employees
- non-temporary employees under a \$5,100 annual stipulation.

County Historical Society Employees

At the option of a county, county historical society employees may participate in PERA. The county board must pass a resolution to authorize participation of historical society employees. Once passed, all employees who subsequently earn more than \$425 in any month must participate.

\$5,100 Annual Stipulation

The annual stipulation allows an employer to hire an employee in a non-temporary position, without reporting the person to

PERA if the compensation for the position will not exceed \$5,100 in a calendar year or school year for school employees. (A contract year is July through June for school employees and January through December for all other employees.)

This allows the employee to earn over \$425 in any given month throughout the year without having to be reported to PERA, as long as the total annual salary does not exceed \$5,100 (\$425 times 12 months). Without the stipulation, a non-temporary employee must be reported to PERA the first of the month in which earnings exceed \$425.

If you are excluding employees from PERA participation using the annual \$5,100 stipulation and wish to continue the exclusions, you must renew the stipulations at the beginning of each contract year.

If an employee is hired for part of the year, the annual stipulation must be prorated for the number of months the individual will be employed.

For example, if a city hires someone on March 15, the city can sign a stipulation that the person will not be reported to PERA because the employee will not be paid more than \$4,250 for the rest of the calendar year (\$425 multiplied by 10 months). If the employer is a school district, the school can sign a stipulation that the person will not be reported to PERA because the employee will not be paid more than \$1,700 (\$425 times four months). If the person continues employment the next year, the annual \$5,100 could then apply.

If you choose to use the stipulation exclusion, the signed stipulation kept in the personnel file must:

- (1) State that the employee is being excluded from PERA because earnings are not expected to exceed \$5,100 (or a fraction thereof) during the calendar or school year;
- (2) Include the dates of the calendar or school year the stipulation covers;

(3) Be signed and dated by the employer at the start of each new contract year. A contract year is July through June for school employees and January through December for all other employees.

PERA has a stipulation form available for your use. To make sure that a written stipulation meets the necessary requirements, we suggest that you use our form, available upon request.

Please Note! If at any time during the year the employee earns more than the stipulated amount, the stipulation becomes invalid. Contributions to PERA would be due from the first month in the year in which the individual exceeded \$425.

When you are considering an annual stipulation for an employee, be sure to factor

in any anticipated pay increase or retroactive payments. Another important factor in making your decision to use the stipulation may be pending or potential contract settlements affecting salary increases.

If an employee, who has been excluded from PERA membership under a written \$5,100 stipulation, receives a retroactive contract settlement that will or could increase the annual salary to more than \$5,100, the following applies:

(1) If the annual salary has already exceeded \$5,100, the employee must be reported to PERA immediately. Omitted deductions will be due from the first pay period in the month in which the employee earned over \$425. Omitted deductions would also be due on the prorated portion of the settlement amount beginning with the month in which membership commences.

- (2) If annual earnings have not yet exceeded \$5,100, but could do so before the end of the year, the employer has two choices:
- (a) Continue to exempt the person under the salary stipulation. If the annual limitation amount is later exceeded, the person must be reported to PERA, and omitted deductions would be due as previously described.
- (b) Void the stipulation as if it had never been prepared. The employee would be reported immediately if previous monthly earnings had exceeded \$425. Omitted deductions would be due as described previously. If the person has not yet earned over \$425 in a month, membership would not occur until that eligibility requirement is met.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, NN 55102 Telephone (612) 296-7460

EMPLOYEE EARNINGS STIPULATION/EXEMPTION

INSTRUCTIONS: A written stipulation is required on any part-time employee who is excluded from membership in PERA because the person is not expected to earn more than \$5,100 per calendar year or school year for school employees. To be valid, the employer must sign and date this document AT THE BEGINHING of EACH contract year. Retain this form in the employee's personnel file; do not send it to PERA. If a person is hird for part of a year, the earnings stipulation/exemption cannot be used to cover the partial year if the estimated salary, when divided by the number of remaining months in the year, exceeds \$425 per month.

IMPORTANT: If the earnings of the employee covered under this stipulation exceed \$5,100 in a calendar or school year, this stipulation is no longer valid for that year and PERA contributions are required beginning with the month in which the employee first exceeded \$425. PERA may request a copy of this document at any time.

STIPULATION				
The part-time employee listed below indicated because his/her earnings exceed \$5.100.	w is being excluded from PERA members with this governmental subdivision	ership for the period(s) on are not expected to		
Name of Employing Governmental Unit	t	Unit No Unique Code		
Full Hame of Employee		Soc. Sec. No.		
Dates of Calendar/School Year(s)	Authorized Signature and Title	Date(s) Signed		
	- Control of the Cont			
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Employees Covered

Below we briefly describe each plan administered by PERA. For detailed information about each plan, refer to the Section in this manual that applies. There are times when the number of positions an employee holds will dictate PERA membership or treatment of earnings in one or all positions. Accordingly, there is a special section devoted to employees with more than one public-sector job.

Coordinated Plan

PERA Coordinated Plan membership is required for all non-temporary Minnesota city, county, township, school district, and other public agency employees, regardless of age, who have earned over \$425 in any given month. Full-time police officers and firefighters are also excluded from the Coordinated Plan. These employees participate in the Police and Fire Plan. Elected officials who have earned over \$425 in a month have the option to join this plan. A non-temporary employee is a person hired to work in a position for more than a six consecutive month period.

The Coordinated Plan members pay into both PERA and Social Security.

Basic Plan

The Basic Plan has been closed to new membership since January 1, 1968, and about 3,200 workers are still active in the plan. Participants in the Basic Plan are employees hired prior to January 1, 1968, who did not elect to coordinate their pension coverage with Social Security. Accordingly, Basic Plan members do not contribute to Social Security on the public employment earnings. However, Basic members had an opportunity to elect to pay for only Medicare coverage in October 1989. Those who elected to do so, or those persons who changed jobs to another governmental agency after April 1, 1986, contribute to Medicare.

Police and Fire Plan

All full-time police officers, professional firefighters and certain part-time police officers and firefighters whose salary exceeded \$425 in any month participate in the PERA Police and Fire Plan. Police and Fire Plan members do not contribute to Social Security on their public employment earnings. However, police officers and firefighters hired after March 31, 1986, must pay the Medicare deductions.

Police and Fire Consolidation Plan

The Police and Fire Consolidation Plan is for members of a municipal police or firefighter relief association who have elected to have PERA take over the administration of their plan.

Defined Contribution Plan

The Defined Contribution Plan (DCP) is exclusively for elected officials and basic and advanced life support emergency medical service personnel. Elected officials who chose coverage in the DCP and earn less than \$425 a month are not covered by Social Security, but would be subject to Medicare if newly elected after March 31, 1986. Elected officials whose monthly salary exceeds \$425 must participate in Social Security and Medicare. Volunteer ambulance service personnel whose DCP contributions are more than 7.5 percent are also exempt from Social Security contributions, but would be subject to Medicare if hired after March 31, 1986.

PERA Life Insurance

PERA members may enroll in a group life insurance program and receive decreasing term life, dependent term life, and accidental death and dismemberment insurance. The program is available to active PERA members (except those in the Defined Contribution Plan) whose employers agree to withhold the monthly premiums as a salary deduction. Employer participation in the program is voluntary.

Social Security and Medicare Coverage

Over the years, coverage by Social Security and Medicare for public employees has changed. Prior to July 1, 1991, employees who were not covered by a public pension plan (such as temporary employees or employees who have never earned \$425 a month) could not contribute to Social Security on their public service earnings. Effective July 1, 1991 (because of the 1990 Budget Reconciliation Act), these employees, with some exceptions, must contribute to Social Security.

Employees currently exempt from Social Security tax are: individuals hired under programs such as CETA, MEED, or JPTA;

emergency employees; students employed by the same educational institutions where they are enrolled and regularly attending classes; election judges who earn less than \$100 per year; foreign students or visitors with an F-1 or J-1 visa; elected officials who do not qualify for the PERA Coordinated Plan who are enrolled in the PERA Defined Contribution Plan (DCP); PERA Basic Plan and Police and Fire Plan members and PERA annuitants.

To identify which employees participate in the Social Security and/or Medicare programs, review the following charts.

In addition, certain restrictions apply to DCP members who are volunteer ambulance service personnel. These employees are

Employees who pay Social Security and Medicare Contributions

7.65% 1993 Contribution Rate

- Coordinated Plan members
- Elected officials not enrolled in DCP
- Elected officials enrolled in DCP whose monthly salary exceeds \$425
- Volunteer ambulance personnel whose DCP contributions are less than 7.5% of salary
- Employees not covered by a qualified public pension plan such as, those who are temporary, or employees who have never earned \$425 a month or who were placed on a written \$5,100 annual stipulation.

Medicare Covered Employees

1.45% 1993 Contribution Rate

- Basic Plan members who elected coverage in 1989
- Police and Fire Plan members newly hired after March 31, 1986
- PERA annuitants re-hired after March 31, 1986
- Elected officials of the DCP elected after March 31, 1986, who earn less than \$425 a month
- Volunteer ambulance service personnel whose DCP contributions are at least 7.5% of salary and who were hired after March 31, 1986

Employees Not Covered by Social Security or Medicare

- Basic Plan members who did not elect Medicare coverage in 1989
- Police and Fire Plan members hired before April 1, 1986
- before April 1, 1986 who earn less than \$425 a month. (DCP contributions for volunteer ambulance personnel must be at least 7.5% of salary.)
- Employees excluded from the 1990 Budget Reconciliation Act (such as PERA annuitants re-hired before April 1, 1986; CETA, MEED, or JPTA employees; emergency workers; election judges paid less than \$100 annually; etc.)

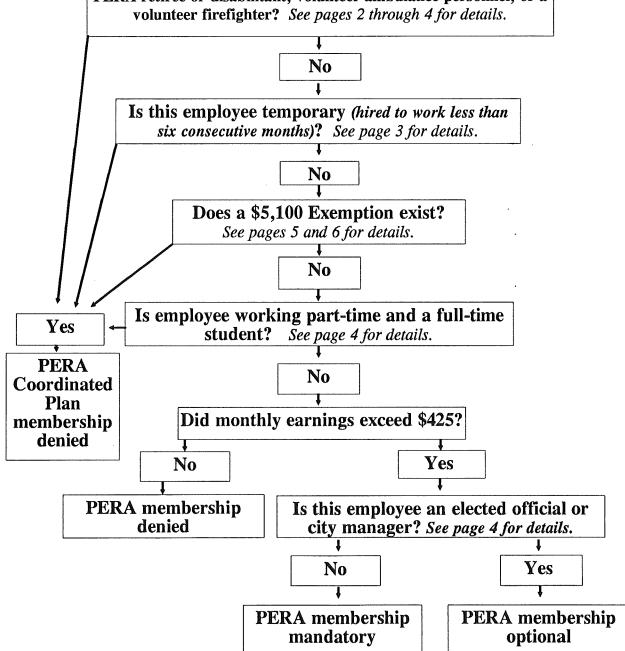
covered by Social Security if the employee and employer contributions to their DCP plan are less than 7.5 percent of their compensation.

Employees who are exempt from Social Security are still required to pay Medicare if hired after March 31, 1986. Exempt employees who were hired prior to April 1, 1986, would not be covered by Social Security or Medicare, except for Basic Plan members who elected Medicare coverage in 1989.

Coordinated Plan

Is new employee eligible for the PERA Coordinated Plan?

Is the person hired an independent contractor, full-time police officer or firefighter, election judge, patient or inmate personnel, emergency employee, resident physician, medical intern, foreigner, PERA retiree or disabilitant, volunteer ambulance personnel, or a volunteer firefighter? See pages 2 through 4 for details.



Coordinated Plan

Introduction

This section explains:

- the Coordinated Plan qualified positions,
- membership exclusions,
- employee and employer membership options,
- earnings used to determine eligibility,
- what forms need to be completed to enroll in the plan,
- terminated employees returning to work, and
- prior membership rules.

First, we will discuss those employees who can and cannot participate.

Note: When you hire employees who transfer from one public-sector job to another or for an individual who holds more than one public sector position, refer to the section on Employees Holding Multiple Positions.

Employees Covered

Coordinated Plan Contribution Rate

Member Share 4.23 percent of salary Employer Share 4.48 percent of salary

PERA Coordinated Plan membership is required for all non-temporary Minnesota city, county, township, school district, and other public agency employees, regardless of age, who have earned over \$425 in any given month. A non-temporary employee is a person hired to work in a position for more than a six consecutive month period.

The Coordinated Plan members pay into both PERA and Social Security. The employee pays the member deduction of 4.23 percent of gross salary and Social Security contributions (7.65 percent - 1993 rate). For information on Social Security coverage and reporting procedures, you will need to call the Internal Revenue Service (IRS) at their toll-free number 1 800 829-1040.

Employees Not Covered

Some employees cannot become PERA Coordinated Plan members because some job positions are prohibited by Minnesota law. The positions listed below and on the next two pages are excluded from membership in the PERA Coordinated Plan, regardless of earnings level, unless otherwise indicated.

1. Independent contractors and their employees. If a copy of this contract has not been submitted previously, send a copy to PERA for a determination as to whether the individual is an independent contractor or a public employee.

NOTE: PERA reviews whether:

- the contractor has the right to control the means and manner of performance,
- the contractor is paid a sum for the job rather than on an hourly basis,
- the employer does not provide any fringe benefits to the contractor,
- the contractor hires and discharges his or her own assistants, and
- the work performed is a specialty required of a particular occupation.

While these are some of the factors PERA reviews in making a determination about

whether the independent contractor should be considered a public employee, other circumstances may also play a part.

- 2. Elected public officers, or persons appointed to fill a vacant elected position who did not choose to partipate in PERA by filing an application for membership.
 - 3. Election officers (judges).
- 4. Patient and inmate personnel who perform services in charitable, penal, or correctional institutions.
- 5. Employees hired for a pre-determined period of time to be six consecutive months or less. Employees who are hired for an unlimited period who may be serving a probationary period cannot be excluded.

Note: Should employment go beyond six months and the employee earns more than \$425 in one month after the six-month period, the employee must then be reported for membership. PERA membership would begin from the seventh month if the monthly salary exceeded \$425. Here is an example to illustrate this point:

An employee was hired January 15 with the expectation that the position would end March 31. However, employment continued beyond not only March 31, but also beyond July 15, the six-month anniversary of employment. July salary earned past July 15 is potentially PERA eligible. In fact, the employee earned \$500 in the period from July 16 through July 31. Under these circumstances, PERA deductions are due on the \$500 salary earned. Normally, PERA deductions are due on salary earned from the first pay period in which earnings for the month surpass \$425. Under these circumstances, however, salary earned from July 1 through July 15 is not subject to deductions due to the exclusion allowed temporary employees.

Some special membership considerations apply when an employee transfers from one temporary position to another temporary position, and when an employee concurrently holds a temporary and a part-time position. Please see the section on Transfers and Employees Holding More Than One Public-Sector Job for complete details.

- 6. Employees who earn \$425 or less in a calendar month. When determining monthly earnings for a potential PERA member, use earnings from the first to the last day of a given calendar month. This differs from the dates earnings are paid. See page 9 for more details.
- 7. Emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster.
- 8. Employees in a position for which earnings are covered by Teachers Retirement Association (TRA), PERA Police and Fire Fund, Minnesota State Retirement System, **Duluth Teachers Retirement Fund** Association, Minneapolis 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 a person who is also employed in a second position from becoming a member of PERA, unless contributions are made to TRA on the second position. For more information on employees with more than one public-sector job, refer to the section on Employees Holding Multiple Positions.
- 9. Persons who 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.

- 10. Part-time employees who are also full-time students enrolled in and regularly attending classes at an accredited school, college, or university. Certification of full-time student status and part-time employment may be requested at any time.
- 11. Resident physicians, medical interns, and pharmacist residents, and pharmacist interns serving in a degree or residency program in public hospitals.
- 12. Students who are serving an internship or residency program sponsored by an accredited educational institution.
- 13. Persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute.
- 14. Volunteer ambulance personnel who are advanced life support emergency medical service staff. These employees can participate in the PERA Defined Contribution Plan.
- 15. Volunteer firefighters who receive credit in a local relief association operating under Minnesota Statutes Chapter 424A. However, membership continues for those volunteer firefighters who were reported for participation in PERA before July 1, 1989, and who chose to continue that coverage.
- 16. Foreign citizens working with a work permit of less than three years, or an H-1B visa valid for less than three years of employment.
- 17. PERA retirees and in most cases disabilitants who are receiving a monthly benefit from PERA.
- 18. Full-time police officers and firefighters. These employees are covered by the PERA Police and Fire Plan.
- 19. Police dispatchers and jailers, if they are POST Board licensed and their duties are primarily law enforcement (please see Police and Fire Plan Section for additional information).

Optional Membership at Employee Discretion

Membership is optional for the following employees if monthly earnings are more than \$425. These employees have the option to either contribute or not contribute to PERA.

Elected Officials

An elected public officer or person appointed to fill an elected position has the option to join PERA. The option is exercised by completing the PERA membership form. Deductions are to be taken from salary covering the month the option is exercised — if earnings exceed \$425.

City Manager

A city manager or chief administrative officer who is qualified under Minnesota Statutes, Section 353.028 automatically becomes a PERA member (if earnings exceed \$425 in any month) unless he or she elects to be excluded from membership. The election of exclusion must be filed with PERA within six months following commencement of employment. The election must be in writing on a form provided by PERA and must be approved by resolution of the employer's governing body (this is usually the city council).

Optional Membership at Employer Discretion

An employer may choose to exclude from PERA coverage:

- county historical society employees,
- non-temporary employees under a \$5,100 annual stipulation.

County Historical Society Employees

At the option of a county, county historical society employees may participate in PERA. The county board must pass a resolution to authorize participation of historical society employees. Once passed, all employees who subsequently earn more than \$425 in any month must participate.

\$5,100 Annual Stipulation

The annual stipulation allows an employer to hire an employee in a non-temporary position without reporting the person to PERA if the compensation for the position will not exceed \$5,100 in a calendar year or school year for school employees. (A contract year is July through June for school employees and January through December for all other employees.)

This allows the employee to earn over \$425 in any given month throughout the year without having to be reported to PERA, as long as the total annual salary does not exceed \$5,100 (\$425 times 12 months). Without the stipulation, a non-temporary employee must be reported to PERA the first of the month in which earnings exceed \$425.

If you are excluding employees from PERA participation using the annual \$5,100 stipulation and wish to continue the exclusions, you must renew the stipulations at the beginning of each contract year.

If an employee is hired for part of the year, the annual stipulation must be prorated

for the number of months the individual will be employed.

For example, if a city hires someone on March 15, the city can sign a stipulation that the person will not be reported to PERA because the employee will not be paid more than \$4,250 for the rest of the calendar year (\$425 times 10 months). If the employer is a school district, the school can sign a stipulation that the person will not be reported to PERA because the employee will not be paid more than \$1,700 (\$425 times four months). If the person continues employment the next year, the annual \$5,100 could then apply.

If you choose to use the stipulation exclusion, the signed stipulation kept in the personnel file must:

- (1) State that the employee is being excluded from PERA because earnings are not expected to exceed \$5,100 (or a fraction thereof) during the calendar or school year;
- (2) Include the dates of the calendar or school year the stipulation covers;
- (3) Be signed and dated by the employer at the start of each contract year. A contract year is July through June for school employees and January through December for all other employees.

PERA has a stipulation form available for your use. To make sure that a written stipulation meets the necessary requirements, we suggest that you use our form, available upon request.

Please Note! If at any time during the year the employee earns more than the stipulated amount, the stipulation becomes invalid. Contributions to PERA would be due from the first month in the year in which the individual exceeded \$425.

When you are considering an annual stipulation for an employee, be sure to factor in any anticipated pay increases or retroactive payments. Another important

factor in making your decision to use the stipulation may be pending or potential contract settlements affecting salary increases.

If an employee, who has been excluded from PERA membership under a written \$5,100 stipulation, receives a retroactive contract settlement that will or could increase the annual salary to more than \$5,100, the following applies:

(1) If the annual salary has already

exceeded \$5,100, the employee must be reported to PERA immediately. Omitted deductions will be due from the first pay period in the month in which the employee earned over \$425. Omitted deductions would also be due on the prorated portion of the settlement amount beginning with the month in which membership commences.

- (2) If annual earnings have not yet exceeded \$5,100, but could do so before the end of the year, the employer has two choices:
 - (a) Continue to exempt the person under the salary stipulation. If the annual limitation amount is later exceeded, the person must be reported to PERA, and omitted deductions would

be due as previously described.

(b) Void the stipulation as if it had never been prepared. The employee would be reported immediately if previous monthly earnings had exceeded \$425. Omitted deductions would be due as described previously. If the person has not yet earned over \$425 in a month, membership would not occur until that eligibility requirement is met.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, NM 55102 Telephone (612) 296-7460

EMPLOYEE EARNINGS STIPULATION/EXEMPTION

INSTRUCTIONS: A written stipulation is required on any part-time employee who is excluded from membership in PERA because the person is not expected to earn more than \$5,100 per calendar year or school year for school employees. To be valid, the employer must sign and date this document AT THE BEGINNING of EACH contract year. Retain this form in the employee's personnel file; do not send it to PERA. If a person is hired for part of a year, the earnings stipulation/exemption cannot be used to cover the partial year if the estimated salary, when divided by the number of remaining months in the year, exceeds \$425 per month.

IMPORTANT: If the earnings of the employee covered under this stipulation exceed \$5,100 in a calendar or school year, this stipulation is no longer valid for that year and PERA contributions are required beginning with the month in which the employee first exceeded \$425. PERA may request a copy of this document at any time.

STIPULATION				
The part-time employee listed below is being excluded from PERA men indicated because his/her earnings with this governmental subdivis	mbership for the period(s) ion are not expected to			
exceed \$5.100. Name of Employing Governmental Unit Unit No Unique Code				
Full Name of Employee	Soc. Sec. No.			
Dates of Calendar/School Year(s) Authorized Signature and Title	Date(s) Signed			
·				
·				
	·			
PH-00002-01 (7/1/88)				

Employees Under the Annual Stipulation Who Change to Full-time Employment

With PERA's prior written approval, a stipulation can be cancelled without an obligation for omitted deductions if an employee's original job status is changed from part time to full time, and this change will cause the employee to exceed the \$5,100 (or other stipulated) earnings limitation. PERA can consider the cancellation either because the employee resigned the original part-time position to accept another job which is full time, or because job responsibilities were added to the original part-time job which caused it to become full time.

If an employer finds it necessary to cancel a \$5,100 annual stipulation, the following information should be submitted to PERA:

(1) a copy of the employee's \$5,100 annual stipulation for that contract year, and

(2) a letter explaining the circumstances of the employee's change of employment status.

Following review of this material, PERA will either approve or disapprove the request for cancellation and notify the employer of the decision.

- When a request for cancellation is denied, membership will be effective the first pay period of the month in which earnings exceeded \$425. A list of earnings from the beginning of the stipulated period will be needed.
- When a request for cancellation is approved, the employee becomes eligible for PERA membership effective the day following cancellation of the stipulation. Deductions are due for the remainder of the month in which cancellation occurs, if those earnings surpass \$425.

Eligible Earnings

Generally, PERA-eligible earnings are considered gross salary and are paid to employees for labor performed or services rendered. PERA contributions are to be made from total (gross) salary before deducting deferred compensation or supplemental retirement plans, or other voluntary reductions in salary.

Gross salary includes regular wages, overtime earnings, compensatory time, pay for used vacation and used sick leave, holidays, retroactive wage settlements, and merit increases. Gross salary also includes bonuses unless the bonus is paid at or because of retirement.

By law, some forms of compensation are not subject to PERA deductions and must not

Salary Subject To PERA Withholding

Earnings, wages, and overtime

Used vacation and used sick leave pay

Merit increases, bonuses, and/or incentive pay

Retroactive or back pay

Compensatory, longevity, or stability pay

Per diems paid in addition to expenses

Salary paid in addition to workers' compensation payments

Employee - paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount that reduces the employee's salary

Employee suggestion awards

Salary paid to district court reporters

Federal and state grants, unless grant by-laws specifically prohibit the use of grant money (funds) for pension contributions

Fees paid to employees (excluding court reporters) in addition to salary.

be reported on the Salary Deduction Report. Excluded compensation is unused sick leave or unused vacation payments, severance pay, employer-paid flexible spending accounts, retirement incentive pay or retirement bonuses, lump-sum settlements not attached to a specific earnings period, payments in advance for expenses or reimbursements for expenses, workers' compensation payments, long-term/short-term disability payments, jury duty pay and charges assessed for personal use of a company vehicle.

The chart below shows how to easily identify salary that is and is not PERA deductible.

PERA-deductible earnings are **not** identical to Social Security-deductible earnings. For Social Security and salary information contact the Internal Revenue Service at 1 800 829-1040.

Salary Not Subject To PERA Withholding

Periodic or lump-sum unused annual (vacation) or unused sick leave payments

Severance pay

Retirement incentive pay or retirement bonuses

Lump-sum settlements not attached to a specific earnings period

All payments made to an employee instead of any employer-paid group insurance coverage, including the difference between single and family rates

Expense payments, per diem payments that represent expenses, uniform expense payments, and flat monthly expense payments

Workers' compensation payments

Long-term/short-term disability payments

Employer-paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount paid to an employee to pay for insurance premiums that is in addition to the employee's regular salary

Charges assessed for personal use of a company vehicle

Fees paid to district court reporters

Salary paid to election judges

Jury duty pay

Salary Earned Versus Salary Paid

When determining monthly earnings for a potential new PERA member, include earnings from the first to the last day of a given (calendar) month. This differs from the dates earnings are paid.

If your pay period or periods all lie within the first and last day of the month, it will be relatively easy to see whether an employee earned more than \$425 in a particular month. However, you may need to break down earnings by days worked, at least for determining eligibility for PERA membership, if it is unclear whether the employee will exceed \$425 in monthly earnings and your payroll periods include the last part of one month and the beginning of another month.

Although you may need to break down earnings to determine PERA eligibility initially, you need not report how you did this to PERA on your Salary Deduction Report. Instead, you will want to retain this information in the employee's personnel file, in the event it is needed to document eligibility for PERA at some point in the future.

PERA deductions are required from the first pay period in which an employee's salary for the month exceeds \$425, and all future salary, even if monthly earnings fall below \$425. An employee remains a PERA member until termination of public service.

Salary Earned Versus Salary Paid

When determining monthly earnings for a potential new PERA member, use earnings from the 1st to the 30th (or 31st) of a given calendar month. This differs from the dates earnings are paid.

For Example:

Pay Period	Paid Date	Salary Paid	Salary Earned June 1 through June 30
5/9 - 5/22	6/1	\$250.00	v
5/23 - 6/5	6/15	$200.00 \div 14 \times 5 =$	\$ 71.43
6/6 - 6/19	6/29	225.00	225.00
6/20 - 7/3	7/13	150.00 ÷ 14 X 11 =	<u>117.86</u>
			\$ 414.29 *

^{*} Based on salary earned in June the employee does not qualify for PERA coverage.

How to Enroll Employees for Membership

A completed and signed membership form must be submitted to PERA for each new employee who qualifies for PERA membership. The form is required when the employee is beginning a new job even if one was submitted by a previous employer or by the current employer.

Coordinated members are to complete a pink Membership form. The Membership form must be sent to PERA with the first deduction submitted to PERA, or within 30 days of the first deduction.

All items on the form are to be completed. The following pages describe how to complete those items on the Coordinated Membership form about which questions are often asked.

1	514 St	. Peter St Teleph	reet, Suite none (612)	200, St 296–7460		02 PE	RA OFFICE USE	
	MEMBERSHIP - COORDINATED OR BASIC FUND							
INSTRUCTIONS: Use this form to report a NEW, REINSTATING, OR TRANSFERRING EMPLOYEE. The employer is to complete the top section; the employee must complete the lower section. Please read reverse side for facts about data requested.								
	NOTE: CHECK CURRENT SALARY				RÉ PERA ELIGIBILITY.	Beginning Em Month Di	ployment Date	
E	Unit Ng Unique Code Governmental Subdivision and Department						· 1	
P	M 0001-00 City of Anytown P Date PERA Deductions Began (if different from beginning employment date, indicate reason for						5 9 X	
L	7-3-9X Employee did not exceed \$425 in a given month							
0	Employee's Position Title Is	this an electe	d position?	Yes (Hav	s (Have employee read section on reverse side.) X No			
E	custodian Employer's Signature and Title					Date a/		
R	Janes Adam.	Vaires	e Cles	೭	3	1/3/	9X	
	Employee's Social Security No.	A B	irth Date (Mo.,D	ay, Yr.)	Sex Male Ty Female	Maritel Status		
	443-21-1111 Name of Employes - PRINT (Last		5/21/55		(Middle Initial)		Names, If Any)	
1	Nelson		Mary		E	Smith		
1 '	Address - PRINT (Number and St							
	123 Main Street			·····	State	Zip Code		
	Anytown		7		MN	55555		
	Name of Spouse - PRINT (Last)	(C) 1"	(rat)		(Middle Initial)		Date (Mo., Day Yr)	
	Nelson		John	es" Previous	L VCurrent PERA Memb	3/17/5; er No:	LX No	
	Have you ever been or are you n *If yes, please complete Reco Have you ever been a member o	rd of Public Se	rvice section of	reverse si	de.	nesociation?		
Jr	"If yes, name system and date	es of members	hip:		-			
E M P	DESIGNATION OF BENEFICIARY: By designating a beneficiary, you are providing explicit instructions to PERA for distribution of your employee contributions after your death assuming no survivor benefit or annuity is payable. Your distribution instructions must be absolutely clear; therefore, we must ask you to comply with the following: 1. Identify your beneficiary by full name, relationship (if applicable), and address. If your beneficiary is a married woman, use her given name, not her husband's first name (Mary J. Doe, not Mrs. John Doe).							
L O	2 If you name minor children	a do not donio	nata tha awardi	antel an thi	e form se it cannot b	a accepted.	,	
K	2. If you name minor children, do not designate the guardian(s) on this form as it cannot be accepted. Instructions such as who shall be named legal guardian of minor children should be placed in your will. 3. If you name more than one Primary Beneficiary, you may have portions distributed equally or unequally. If you wish equal distribution, you may leave the portion column blank and equal shares will be assumed. If unequal distribution is desired, you must insert below the portion each beneficiary is to receive. 4. Complete the Contingent Beneficiary section ONLY if you wish to provide payment instructions in the event that NONE of the Primary Beneficiaries survive you.							
E								
j	I hereby revoks any past designs may have made for PERA's Grou	rtions of bonef p Life Insuranc	iclary which ma a Plan) and sub	y appear es estitute the	n PERA records (exclu following: (More spa	ding say bens ce is provided	ficiery designation I on reverse side.)	
	PRIMARY BENEFICIARY: If one be	eneficiery – pe	y full refund. I	f more thea	ens - pay survivors	equally unless	noted otherwise.	
	Full Name of Beneficiary	Relationship			t, City, State, Zip)		Not Equal Shares	
	1. John L. Nelson	husband	1 123 Mai	n Stree	t. Anytown	MN 5555	5	
	2		 					
1 1	3.			· . ·				
	4.		<u> </u>		No. of the second secon			
	CONTINGENT BENEFICIARY: If n	one of the abo	ve-named surv	ives me, I d	asignste the followin	g as beneficie:	v :	
	1. Timothy Nelson	son	1		t, Anytown			
	2 Lauri Nelson	daughte	L (game	e as ab	رمين			
	. 3					0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-		
	4							
	76				do test page	I Date /		
	Signature of Employee (Use per. If a married woman, 60 red as masterial and 1/2/00							
	11 11 C. 19	elson	- 1			1 , -, ,,	•	

Completed Items:

- 1. Beginning Employment Date. For a new employee, this is the date the employee started working. For a reinstating employee this is the most recent date the person started work (returned to service).
- 2. Date PERA Deductions Began. NOTE: If this date is different from the beginning employment date, explain in detail why deductions were not submitted from date of employment. When completing this line, avoid using general explanations such as didn't earn enough or didn't qualify. Instead, indicate the specific exemption as shown on page 2 of this section, Employees Not Covered. (If more than one exemption applies, list all exemptions in detail.) For example, state that the employee did not earn \$425 a month; position held was not expected to last more than six months (indicate the beginning and ending dates for which the employee was originally hired); or the person was a full-time student, part-time employee; etc. If the employee should have been reported earlier than the date deductions began, so indicate and send a list of earnings, by pay period, from the date of hire. PERA will then determine the amount due. For more information on an employee who qualified for PERA coverage prior to the date deductions began, refer to the Adjustments Section.
- 3. Employer Signature and Date. Be sure to sign and date, so we know who to contact if we have any questions.

Employee-Completed Items:

- 4. Social Security Number.
- 5. Date of Birth.
- 6. Legal Name (Last, First, Middle Initial).
- 7. Address (Number and Street or Route and Box Number, City, State, and Zip Code).

- 8. Name of Spouse. If unmarried, leave blank.
- 9. Spouse's Birth Date. If unmarried, leave blank.
- 10. Previous or Current PERA Service Information. Check appropriate box. If "yes" is checked, list member number (if the member number is unknown, leave blank).
- 11. Beneficiary Designation. If no one qualifies to receive a monthly survivor payment after a member's death, PERA will, upon application, pay the member's contributions to the person or persons listed as beneficiary on this form. Employees who wish to change or update this designation may complete a Change of Beneficiary form, available through PERA.
 - 12. Signature of Employee (use pen).

State law requires employers to submit a PERA Membership form for each new or reinstated member. The information on the form will be used to administer the employee's PERA account and, eventually, to compute a refund, a retirement annuity, or a survivor or disability benefit. Certain information requested on the form is private; that is, it may be made available only to the employee, to the PERA staff who must use it in the normal course of conducting business, and to the employer. No private data will be shared with any unauthorized person or agency without the employee's written consent.

Changes in Name, Address, and Beneficiary

To change a name, address, and/or beneficiary, the employee is to complete a Change of Name, Address, and/or Beneficiary form and send it to the PERA office. If reporting only an address change for an active member, the change can be made by either calling, writing a letter, completing the change form, or by indicating

the address change on the Salary Deduction Report. However, address changes for PERA retirees, disabilitants, and survivor benefit recipients may only be made by letter or change form, with the benefit recipient's signature.

Do not use this form for Defined Contribution Plan (DCP) members and life insurance plan participants. Refer to the DCP or Life Insurance Section for detailed information.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, MN 55102

CHANGE OF NAME, ADDRESS, AND/OR BENEFICIARY

INSTRUCTIONS: USE PEN. Before following instructions shown below, read reverse side for facts about data requested.

- * To report a name change, check the Name Change box, insert your Social Security number, birth date, marital status, and PERA member number, complete the Name and Former Last Name line, sign this form, and return it to the PERA office.
- * To report an address change, check the Address Change box, insert your Social Security number, birth date, and PERA member number, complete the Name line and both Address lines, sign this form, and return it to the PERA office.
- To change your beneficiary, check the Beneficiary Change box, insert your Social Security number, birth date, and PERA member number, complete the Name, Address, and Beneficiary lines, sign this form, and return it to the PERA office. If you are perticipating in PERA's Group Life Insurance Plan and wish to change your insurance beneficiary designation, you must request a separate form for that purpose from our office.

NOTE: If we do not have the name and birth date of your spouse and you would like your annual Personal Banafit Statement to include benefit estimates with your spouse as "joint annuitant," insert your spouse's name and birth date and sign below. A "joint annuitant" is the person you would name at retirement to receive a monthly benefit upon your death.

		The second secon	The same of the sa		0111100			
CHECK REASON(S) FOR COMPLETING			ADDRESS CHANGE	BENEFICIARY				
Member's Soc. Sec. No.	Birth Date	e (Mo.,Day, Yr.)	Marital Status: Single Married	PERA Member				
Name of Member - PRINT (Last)	(First)		(Middle Initial)	(Former Last N	ames, If Any)			
Address of Member - PRINT (Number	and Street)			***				
City	··········		State	Zip Code				
Name of Spouse - PRINT (Last)	(First)	····.	(Middle Initial)	Spouse's Birth	Date (Mo., Day, Yr)			
DESIGNATION OF BENEFICIARY: By de of your employee contributions after instructions must be absolutely cleer;	your death assu therefore, we m	ming no survivor l nust ask you to co	penafit or annuity is payable mply with the following:	. Your distribut	stribution ion			
 Identify your beneficiary by full name, relationship (if applicable), and address. If your beneficiary is a married women, use her given name, not her husband's first name (Mary J. Dos, not Mrs. John Dos). If you name minor children, do not designate the guardian(s) on this form as it cannot be accepted. 								
instructions such as who she	be nemed lega	il guardian of mind	or children should be placed	in your will.				
3. If you name more than one Primary Beneficiary, you may have portions distributed equally or unequally. If you wish equal distribution, you may leave the portion column blank and equal shares will be assumed. If unequal distribution is desired, you must insert below the portion each person is to receive.								
that NONE of the Primary Ben	 Complete the Contingent Beneficiary section ONLY if you wish to provide payment instructions in the event that NONE of the Primary Beneficiaries survive you. 							
I hereby revoks any past designations of beneficiery which may appear on PERA records (excluding any beneficiary designation I may have made for PERA's Group Life insurance Plan) and substitute the following: (More space is provided on reverse side.)								
FRIMARY BENEFICIARY: If one beneficiary - pay full refund. If more than one - pay survivors equally unless noted otherwise.								
PTUMARY BENEFICIARY: H one benefit	Sery - Dear Area (resume. In more to	eu cus - bak antaracus ede	Bul Culess unter	dinerwise.			
	asty - pay tun t			Billy Children united	Dartina			
Full Name of Beneficiary	Relationship		(Street, City, State, Zip)	Bul fulces unter	Portion to Receive If Not Equal Shares			
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Full Name of Beneficiary				BITY UNICES NOTES	Dartina			
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Full Name of Beneficiary 1	Relationship EPB the above-na	Address	(Street, City, State, Zip)	beneficiery:	Partice			

PERA Coordinated Plan

Terminated Employees Returning to Work

An employee who terminates public employment, remains off work for 30 days or more and returns to a non-temporary position must re-qualify for PERA coverage. This means that if monthly earnings are more than \$425, PERA membership is mandatory unless another exemption applies. If a PERA-covered employee returns to work with the same employer in a non-temporary position within 30 days, the employee must again be reported regardless of the amount of earnings. An employee who terminates a part- or full-time job and returns to work in a temporary position does not qualify for PERA coverage until employment goes beyond six months and salary exceeds \$425 a month.

Returning to Work While Drawing a Monthly PERA Retirement or Disability Check

PERA retirees collecting monthly retirement payments may return to public service, after 30 days, but they cannot make contributions to PERA. In order to be considered retired, a person must terminate public service and be off work for at least 30 days.

Retirees are subject to the annual earnings limitations set by Social Security. (These limitations change annually. Please contact the Social Security Administration or PERA to get the current limits.) Therefore, employers must report the gross earnings of these retirees to PERA on their regular Salary Deduction Reports even though PERA deductions are not taken. For more information on reporting, refer to the Reporting Section. Do not report elected official earnings, because their salary is not included in the limitation.

PERA reduces or suspends (offsets) future pension payments to retirees who exceed the earnings limitations. PERA deductions may or may not be taken on earnings of employees collecting monthly PERA disability payments. Whether or not deductions should be taken is handled on a case-by-case basis. Please call the PERA office if your agency employs a person collecting monthly PERA disability payments.

Prior Membership Rules

The first part of this section described the current requirements for mandatory and optional membership. The rules and laws governing membership have changed over the years.

Earnings Requirements:	Per Month
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 present	425

Temporary or Seasonal Positions

Persons employed in temporary or seasonal 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, employment must not exceed six consecutive months.

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.

Stipulations For Employees

Employees were exempt if annual compensation was stipulated in advance to be not more than:

July 1, 1973, through March 23, 1974	\$	900
March 24, 1974, through June 2, 1977		1,800
June 3, 1977, through April 30, 1981		3,000
May 1, 1981, through June 30, 1988		3,900
July 1, 1988, through present		5,100

Basic Plan

Participants in the Basic Plan are employees hired prior to January 1, 1968, who did not elect Social Security coverage.

Does new employee have prior service not covered by Social Security which began before January 1, 1968, and ended within 30 days of the date employment began in your unit or department? Yes No Is the person hired an independent contractor, full-time police officer or firefighter, election judge, patient Not eligible for or inmate personnel, emergency Yes the Basic Plan employee, resident physician, medical intern, foreigner, PERA retiree or disabilitant, volunteer firefighter? No Not eligible for Did monthly earnings exceed \$425? No the Basic Plan Yes Is this employee an elected official? No Yes **PERA PERA** Membership Membership Mandatory **Optional**

Basic Plan

Introduction

This section explains:

- Basic Plan membership qualifications,
- Basic Plan exclusions and options,
- eligible earnings,
- enrollment,
- terminated employees returning to work, and
- prior membership rules.

First, we will discuss those employees who can and cannot participate.

Basic Plan Membership Qualifications

Basic Plan Contribution Rate

Member Share 8.23 percent of salary Employer Share 10.73 percent of salary

Although the Basic Plan has been closed to new membership since January 1, 1968, about 3,200 workers are still active in the plan. Participants in the Basic Plan are employees hired prior to January 1, 1968, who did not elect to coordinate their pension coverage with Social Security. Accordingly, Basic Plan members do not contribute to Social Security on their public employment earnings. However, Basic members had an opportunity to elect Medicare coverage in October 1989. Those who elected to do so contribute to Medicare (the 1993 rate is 1.45 percent of earnings).

Basic Plan Exclusions and Options

As mentioned earlier, the Basic Plan is closed to new membership. Although new members are not enrolled in the Basic Plan, changes in the nature of a Basic member's job – or a Basic member's switch to a new job – can present questions about the individual's continued participation in the plan.

For instance, all of the exclusions listed in the Coordinated Plan section apply to the Basic Plan as well. A Basic member, for example, must withdraw from participation if the member's job was changed to part time and the member enrolled as a full-time student. Also, a Basic employee who resigns his or her Basic job to accept an elected position will have the option to either continue or discontinue participation in PERA.

Eligible Earnings

Generally, PERA-eligible earnings are considered gross salary and are paid to employees for labor performed or services rendered. PERA contributions are to be made from total (gross) salary before deducting deferred compensation, supplemental retirement plans, or other voluntary reductions in salary.

Gross salary includes regular wages, overtime earnings, compensatory time, pay for used vacation and used sick leave, holidays, retroactive wage settlements, and merit increases. Gross salary also includes bonuses, unless the bonus is paid at or because of retirement.

By law, some forms of compensation are not subject to PERA deductions and must not be reported on the Salary Deduction Report. Excluded compensation is unused sick leave or unused vacation payments, severance pay, employer-paid flexible spending accounts, retirement incentive pay or retirement bonuses, lump-sum settlements not attached to a specific earnings period, payments in advance for expenses or reimbursements for expenses, workers' compensation payments, long-term/short-term disability payments,

jury duty pay, and charges assessed for personal use of a company vehicle.

A chart is shown to easily identify salary that is and is not PERA deductible.

PERA-deductible earnings are not identical to Social Security-deductible earnings. For Social Security and salary information contact the Internal Revenue Service at 1 800 829-1040.

Deductible and Non-deductible earnings

PERA contributions are to be made from total (gross) salary before deducting deferred compensation, supplemental retirement plans, or other voluntary reductions in salary. Earnings, wages, and certain payments on which deductions for credit in PERA must be made or cannot be made are shown below:

Salary Subject to PERA Withholding

Earnings, wages, and overtime

Used vacation and used sick leave pay

Merit increases and/or bonuses

Retroactive or back pay

Compensatory pay

Longevity pay

Stability pay

Per diems paid in addition to expenses

Salary paid in addition to workers' compensation payments

Employee - paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount that reduces the employee's salary

Employee suggestion awards

Salary paid to district court reporters

Federal and state grants, unless grant by-laws specifically prohibit the use of grant money (funds) for pension contributions

Fees paid to employees (excluding court reporters) in addition to salary

Salary Not Subject to PERA Withholding

Periodic or lump-sum unused annual (vacation) or unused sick leave payments

Severance pay

Retirement incentive pay or retirement bonuses

Lump sum settlements not attached to a specific earnings period

All payments made to an employee instead of any employer-paid group insurance coverage, including the difference between single and family rates

Expense payments, per diem payments that represent expenses, uniform expense payments, and flat monthly expense payments

Workers' compensation payments

Long-term/short-term disability payments

Employer-paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount paid to an employee to pay for insurance premiums that is in addition to the employee's regular salary

Jury duty pay

Charges assessed for personal use of a company vehicle

Fees paid to district court reporters

Salary paid to election judges

How to Enroll Employees for Membership

A completed and signed membership form must be submitted to PERA for each new employee who qualifies for PERA membership. The form is required when the employee is beginning a new job, even if one was submitted by a previous employer or by the current employer.

Basic members are to complete a pink membership form. The membership form must be sent to PERA with the first deduction submitted to PERA, or within 30 days of the first deduction.

All items on the form are to be completed. The following pages describe how to complete those items on the membership form about which questions are often asked.

Completed Items:

1. Beginning Employment Date. For an employee newly hired by your agency but who was a Basic Plan member or Police and Fire Plan member hired before January 1, 1968, in another governmental agency, this

nus	The sent to PERA	PUBLIC EMPL	OYEES RETIREME Street, Suite 200, phone (612) 296-74	St. Paul, MN 551	ON O2 PERA	OFFICE USE
4	NSTRUCTIONS: Use this for the top scation; the employ		- COORDINATED , REINSTATING, OR TRAN e lower section. Pleases	CEEDBING SMBIOVEE T	he amplement is to	complete
_	LACT. CHECK CHOCENT	TATE OUR VOA LAS	IS REQUIREMENTS TO EN	SURE PERA ELIGIBILITY.	Beginning Emplo	yment Date
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L	7-3-9X 2 En	nployee did	not exceed \$425	in a given mo	onth	
V V	Employee's Position Title	la this an elec	ted position? Yes	Have employee read sed	ition on reverse si	de.I (X) No
E	custodian				Date 1/	
R	Employer's Signature and	en Pains	ell Class	3	1/3/9	
	Employee's Social Securi		Birth Date (Mo.,Day, Yr.)	Sex	Marital Status	
	443-21-1111	_4	5/21/55	Male 🔯 Female		
	Name of Employee - PRI	NY (Car)	(First)	(Middle Initial)	(Former Last Na	mes, if Any)
	Nelson Address - PAINY (Numbe		Mary	E	Smith	
	123 Main Stree				54	
	City			State	Zip Code	1
	Anytown			MN	55555	ata (Mo. Day, Yr)
	Name of Spouse - PRINT	(Last) 8	(First)	(Middle Initial)	Spouse's Birth C	MO. DE
	Nelson	O D	John	Li vious/Current PERA Mem	1 3/17/53 ber No:	(X) No
	H yes, please comple	te Record of Public	er of PERA? Yes Presservice section on reverse	e side.		Yes X No
40	Have you ever been a m	ember of any other:	Minnesote bridge terreme	ent system of local feller	responstion	- ED 140
E M P	DESIGNATION OF BENEFI of your amployee contrib instructions must be abs	ICIARY: By designational countries after your designation to the countries of the countries	ng a beneficiary, you are ath assuming no survivor ire, we must ask you to c relationship (if applicable not her husband's first na	omply with the following	g: peneficiary is a	distribution bution
D O	2. If you name minor	r children, do not de:	signate the guardian(s) or ed legal guardian of min:	this form as it cannot l or children should be pla	be accepted. Leed in your will.	
R	If you wish equal	distribution, you may	neficiary, you may have y leave the portion column must insert below the por	tion each beneficiary is	to receive.	
	4. Complete the Com that NONE of the	tingent Beneficiary s Primary Beneficiaries	ection ONLY if you wish (I survive you.	o provide payment instr	uctions in the eve	
	I may have made for PER/	A's Group Life insure	eficiary which may appe noe Plan) and substitute	film tomown.B. Inc. ab.	eca is bioriosa o.	
1	PRIMARY BENEFICIARY:	W ene beneficiery -	pay full refund. If more	then ene – psy survivora	s equally unless m	sted otherwise.
4		t		treet, City, State, Zip)	1	to Receive If Not Equal Shares
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İ	3					
1	4					
1	7,			I designed the followed	na na hanafinizar	
	1		bevernamed survives me			
1	1. Timothy Nelso	on son	123 Main St	eet. Anytown	MN 55555	
	z Lauri Nelson	daugh	ter (same as	above)		
1	3					
1	4					
	Sispetius of Employee	Use pen. If a marre	ed woman, do not use hu	sband's first name.)	Date	
	Mary 6	Relson		12.	1/3/9X	

is the date the employee started working. For a reinstating employee this is the most recent date the person started work (returned to service).

- 2. Date PERA Deductions Began.
- 3. Employer Signature and Date. Be sure to sign and date the form, so we know who to contact if we have any questions.

Employee-Completed Items:

- 4. Social Security Number.
- 5. Date of Birth.
- 6. Legal Name (Last, First, Middle Initial).
- 7. Address (Number and Street or Route and Box Number, City, State, and Zip Code).
- 8. Name of Spouse. If unmarried, leave blank.
- 9. Spouse's Birth Date. If unmarried, leave blank.
- 10. Previous or Current PERA Service Information. Check appropriate box. If "yes" is checked, list member number (if unknown, leave blank).
- 11. Beneficiary Designation. If no one qualifies to receive a monthly survivor payment after a member's death, PERA will, upon application, pay the member's contributions to the person or persons listed as beneficiary on this form. Employees who wish to change or update this designation may complete a Change of Beneficiary form, available through PERA.
 - 12. Signature of Employee (use pen).

State law requires employers to submit a PERA membership form for each new member. The information on the form will be used to administer the employee's PERA account and, eventually, to compute a refund, a retirement annuity, or a survivor or disability benefit. Certain information

requested on the form is private; that is, it may be made available only to the employee, to the PERA staff who must use it in the normal course of conducting business, and to the employer. No private data will be shared with any unauthorized person or agency without the employee's written consent.

Changes in Name, Address, and Beneficiary

To change a name, address, and/or beneficiary, the employee is to complete a Change of Name, Address, and/or Beneficiary form and send it to the PERA office. If reporting only an address change for an active member, the change can be made by either calling, writing a letter, completing the change form, or by indicating the address change on the Salary Deduction Report. However, address changes for PERA retirees, disabilitants, or survivor benefit recipients may only be made by letter or change form, with the recipient's signature.

Do not use this form for DCP members and life insurance plan participants. Refer to the DCP or Life Insurance Section for detailed information.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, MN 55102

CHANGE OF NAME, ADDRESS, AND/OR BENEFICIARY

INSTRUCTIONS: USE PEN. Before following instructions shown below, read reverse side for facts about data requested.

- To report a name change, check the Name Change box, insert your Social Security number, birth date, marital status, and PERA member number, complete the Name and Former Lest Name line, sign this form, and return it to the PERA office.
- To report an address change, check the Address Change box, insert your Social Security number, birth date, and PERA member number, complete the Name line and both Address lines, sign this form, and return it to the PERA office.
- To change your beneficiary, check the Beneficiary Change box, insert your Social Security number, birth data, and PERA member number, complete the Name, Address, and Beneficiary lines, sign this form, and return it to the PERA office. If you are participating in PERA's Group Life insurance Plan and wish to change your insurance beneficiary designation, you must request a separate form for that purpose from our office.

NOTE: If we do not have the name and birth date of your spouse and you would like your annual Personal Banefit Statement to include benefit estimates with your spouse as "joint annuitant," insert your spouse's name and birth date and sign below. A "joint annuitant" is the person you would name at retirement to receive a monthly benefit upon your death.

CHECK REASON(S) FOR COMPLETING TH	KS FORM:	NAME CHANGE	ADDRESS CHANGE	BENEFICIARY	
Member's Soc. Sec. No.		e (Me_Day, Yr.)	Marital Status: Single Married	PERA Member	
Name of Member - PRINT (Lest)	(First)	1.0	(Middle Initial)	(Former Last N	ames, if Any)
Address of Member - PRINT (Number a	nd Street)				
City			State	Zip Code	
Name of Spouse - PRINT (Last)	(First)		(Middle Initial)		Date (Mo., Day, Yr)
DESIGNATION OF BENEFICIARY: By dee of your employee contributions after yo instructions must be absolutely clear; it 1. Identify your beneficiary by full married woman, use her given r 2. If you name minor children, do i instructions such as who shall it 3. If you name more than one Prin if you wish equal distribution, y if unequal distribution is desired 4. Complete the Contingent Benefit that NONE of the Primary Benefit that None of Beneficiary 1. 2. 3. CONTINGENT BENEFICIARY: If some of 1. 2. 3. 4. 4. 5. CONTINGENT BENEFICIARY: If some of	ur death assu- perefore, we n name, rot her neme, not her not designate se named legs sery Beneficia by may leave , you must in clary section iclaries surviv # beneficiary newshop Plan sry — pay full Relationship	ming no survivor in nust sak you to co nahip (if applicable husband's first na the guardian of or il guardian of mine ry, you may have the portion colum sart below the pot ONLY if you wish to you. which may appear) and substitute the Address	penert or annuty is peyson mply with the following:), and address. If your ben ms (Mary J. Doe, not Mrs I this form as it cannot be por children should be place portions distributed equally in blank and equal sheres we rion each person is to rece to provide payment instruct ren PERA records (excludin to following: (More space is ten one - pay survivors equally (Street, City, State, Zip)	eficiary is a john. Doe). sccepted. d in your will. or unequally. iil be assumed. ive. ions in the event g any beneficiary provided on revually unless noted	, designation (erse side.)
5					
Signature of Employee (Use pen. If a c	nerried womi	on, do not use hus	band's first name.)	Date	
PM/00016-01 (7/1/88)		- OVER	-		

Basic Members Who Have Terminated and Returned to Work

A Basic Plan member who terminates employment and returns to a PERA-covered position within 30 days, either with the same or a different employer, remains in the Basic Plan. But if the break in employment is more than 30 days, the individual is considered a new employee and must re-qualify for PERA membership. This means that if earnings are more than \$425 in one month and the position will last more than six months, PERA membership in either the Coordinated or Police and Fire Plan is mandatory.

Returning to Work While Drawing a Monthly PERA Retirement or Disability Check

PERA retirees collecting monthly retirement payments may return to public service, after 30 days, but they cannot make contributions to PERA. In order to be considered retired, a person must terminate public service and be off work for at least 30 days.

Retirees are subject to the annual earnings limitations set by Social Security. (These limitations change annually. Please contact the Social Security Administration or PERA to get the current limits.) Therefore, employers must report the gross earnings of these retirees to PERA on their regular Salary Deduction Reports even though PERA deductions are not taken. For more information on reporting, refer to the Reporting Section. Do not report elected official earnings; because their salary is not included in the limitation.

PERA reduces or suspends (offsets) future pension payments to retirees who exceed the earnings limitations.

PERA deductions may or may not be taken on earnings of employees collecting monthly PERA disability payments. Whether or not deductions should be taken is handled on a case-by-case basis. Please call the PERA office if your agency employs a person collecting monthly PERA disability payments.

Prior Membership Rules

The first part of this section described the current requirements for mandatory and optional membership. The rules and laws governing membership have changed over the years.

Earnings Limitations:	Per Month
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 present	425

Temporary or Seasonal Positions

Persons employed in temporary or seasonal 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, employment must not exceed six consecutive months.

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.

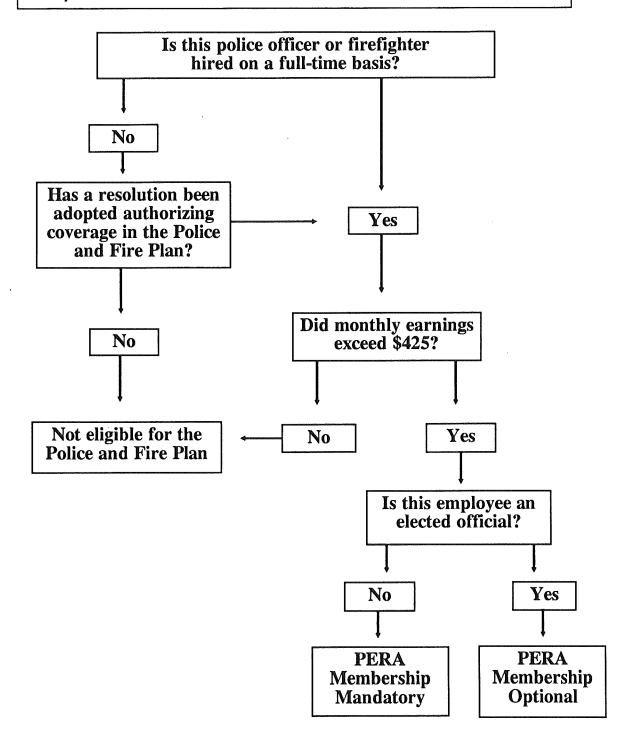
Stipulations for Employees

Employees were exempt if annual compensation was stipulated in advance to be not more than:

July 1, 1973, through March 23, 1974	\$ 900
March 24, 1974, through June 2, 1977	1,800
June 3, 1977, through April 30, 1981	3,000
May 1, 1981, through June 30, 1988	3,900
July 1, 1988, through present	5,100

Police and Fire Plan

Employee serving as a police officer or firefighter after July 1,1961, becomes a member of the Police and Fire Plan



Police and Fire Plan

Introduction

This section explains:

- Police and Fire Plan membership qualifications,
- membership exclusions,
- membership options,
- eligible earnings,
- what to do when you hire a police officer or firefighter who may work multiple jobs with the same employer,
- enrollment,
- terminated employees returning to work, and
- prior membership rules.

First, we will discuss those employees who can and cannot participate.

Employees Covered

Police and Fire Plan Contribution Rate

Member Share 8 percent of salary Employer Share 12 percent of salary

Effective January 1, 1994, the Police and Fire Plan contribution rate will be 7.6 percent member share and 11.4 percent employer share.

Membership in the PERA Police and Fire Plan is mandated for the following employees:

1. All full-time police officers and professional firefighters whose salary exceeds \$425 in any month. Police and Fire Plan members do not contribute to Social Security on their public employment

earnings. However, police officers and firefighters hired after March 31, 1986, must pay the Medicare deduction (1.45 percent - 1993 rate).

2. Volunteer firefighters who are not covered under a local relief association under Chapter 424A must participate in PERA Police and Fire Plan if they earn more than \$425 in any month.

Volunteer firefighters who receive credit in a local relief association operating under Chapter 424A are excluded from PERA coverage, with the exception of volunteer firefighters who were reported for participation in PERA prior to July 1, 1989, based on their volunteer firefighter earnings. These employees must continue their PERA participation — even if they are also participating in a local relief association.

Membership Exclusions

The following employees are excluded from membership in the Police and Fire Plan:

- 1. All public employees whose job duties do not encompass fire fighting and law enforcement.
- 2. Police officers and firefighters in temporary positions (employment will last less than six months).
- 3. Employees who earn less than \$425 each month.
- 4. Part-time police officers and firefighters unless their employer's governing body agrees to have them enrolled in the Police and Fire Plan (see Part-time Police Officers and Firefighters on page 3).
- 5. Volunteer firefighters covered by a relief association because of their firefighting activities.

Police and Fire Plan Options and Exclusions

Theoretically speaking, the exclusions and options available to the Coordinated Plan apply as well to the Police and Fire Plan. As a practical matter, however, few of these exclusions or options will apply to Police and Fire Plan members. For instance, there are, presumably, few if any election officers or physician interns employed in law enforcement. (Election officers and physician interns are excluded from PERA.) But there might be part-time police officers or firefighters who are also full-time students and, as a result, are excluded from participation in the PERA Police and Fire Plan. And, certainly, there are elected law enforcement officials who will want to exercise the right to participate in the Police and Fire Plan. (See Membership Exclusions listed under the Coordinated Plan for a complete list of exclusions and options.)

Optional Membership at Employer Discretion

Employers may exercise options for part-time officers, police officers and firefighters who transfer to another position, and dispatchers and jailers with regard to membership in the PERA Police and Fire Plan.

Part-time Police Officers and Firefighters

Part-time police officers and firefighters contribute to the PERA Coordinated Plan unless a resolution is adopted by the employer making them eligible for coverage in the Police and Fire Plan. A sample resolution is shown.

Police and Fire Plan Members Transferred to Another Position

A member of the Police and Fire Plan who is transferred to a different position with associated police or fire functions (such as, a jailer, dispatcher or fire inspector) in the

same department or a related department with the same employer may continue Police and Fire Plan coverage if a resolution is adopted by the employer.

A Police or Fire Plan member who is elected or assumes an appointed position, including but not limited to, the positions of city council member, city manager, or finance director is not eligible to retain membership in this Plan, but may be covered by the Coordinated or Defined Contribution Plans.

Fire Inspectors and Fire Marshals

Fire inspectors and fire marshals must pay into the Coordinated Plan unless their primary job is that of firefighting. A resolution must also be adopted, by the employer, making them eligible for coverage in the Police and Fire Plan.

Dispatchers and Jailers

Dispatchers and jailers must pay into the Coordinated Plan unless the position requires POST Board licensing and their primary job is that of law enforcement (with the exception of a person transferred from a police or firefighter position as explained above). A resolution must also be adopted, by the employer, making them eligible for coverage in the Police and Fire Plan.

(Sample Resolution)

Resolved that the City Council of the City of Anytown, duly assembled in meeting on June 2, 199X, does hereby declare that effective (insert date) the position John Smith holds is that of a police officer (firefighter) as defined in Minnesota Statutes, Section 353.64, Subdivision 2. (Subd. 3 for a firefigher) Said employee shall, therefore, become a member of the Public Employees Retirement Association Police and Fire Plan.

I, Jack Jones, City Clerk, do hereby certify that the foregoing copy is a true and correct transcript of a resolution adopted by the city council of the City of Anytown on June 2, 199X.

Jack Jones (signature)

Eligible Earnings

Generally, PERA-eligible earnings are considered gross salary and are paid to employees for labor performed or services rendered. PERA contributions are to be made from total (gross) salary before deducting deferred compensation or supplemental retirement plans, or other voluntary reductions in salary.

Gross salary includes regular wages, overtime earnings, compensatory time, pay for used vacation and used sick leave, holidays, retroactive wage settlements, and merit increases. Gross salary also includes bonuses unless the bonus is paid at or because of retirement.

By law, some forms of compensation are not subject to PERA deductions and must not be reported on the Salary Deduction Report. Excluded compensation is unused sick leave or unused vacation payments, severance pay, employer-paid flexible spending accounts, retirement incentive pay or retirement bonuses, lump sum settlements not attached to a specific earnings period, payments in advance for expenses or reimbursements for expenses, workers' compensation payments, long-term/short-term disability payments, jury duty pay, and charges assessed for personal use of a company vehicle. The chart shows how to easily identify salary that is and is not PERA deductible.

PERA-deductible earnings are not identical to Social Security-deductible earnings. For Social Security and salary information contact the Internal Revenue Service at 1 800 829-1040.

Salary Subject To PERA Withholding

Earnings, wages, and overtime

Used vacation and used sick leave pay

Merit increases and/or bonuses

Retroactive or back pay

Compensatory pay

Longevity or stability pay

Per diems paid in addition to expenses

Salary paid in addition to workers' compensation payments

Employee-paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount that reduces the employee's salary

Employee suggestion awards

Salary paid to district court reporters

Federal and state grants, unless grant by-laws specifically prohibit the use of grant money (funds) for pension contributions

Fees paid to employees (excluding court reporters) in addition to salary

Salary Not Subject To PERA Witholding

Periodic or lump-sum unused annual (vacation) or unused sick leave payments

Severance pay

Retirement incentive pay or retirement bonuses

Lump Sum settlements not attached to a specific earnings period

All payments made to an employee instead of any employer-paid group insurance coverage, including the difference between single and family rates

Expense payments, per diem payments that represent expenses, uniform expense payments, and flat monthly expense payments

Workers' compensation payments

Long-term/short-term disability payments

Employer-paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount paid to an employee to pay for insurance premiums that is in addition to the employee's regular salary

Charges assessed for personal use of a company vehicle

Jury duty pay

Fees paid to district court reporters

Salary paid to election judges

Police Officers/Firefighters Who Also Hold a Non Police or Fire Position

Employees holding multiple jobs with the same employer pay PERA deductions on combined earnings only if the jobs are covered by the same fund. For PERA purposes, the Basic and Coordinated Plans are in the same fund, but the Police and Fire Plan is separate. Earnings are not combined if an employee in the Police and Fire Plan takes a second job that may be covered by the Coordinated Plan. (See the chart below for an example dealing with an employee with multiple jobs for the same employer.)

To further illustrate the point, an individual works part time as a janitor for employer A and pays into the Coordinated Plan. The employee is offered and accepts a full-time job as a police officer for employer A that will pay \$2,000 per month. Because

the Coordinated Plan and the Police and Fire Plan are considered separate, earnings from these two positions are not combined even though the employee simultaneously holds these jobs. For this employee, therefore, Coordinated deductions continue on the janitor job, but Police and Fire contributions will need to be paid on the police officer position.

Changing the example will demonstrate when earnings should be combined. If the above Coordinated employee accepted a part-time job as a police officer (which is, by definition, in the Coordinated Plan unless the city council passes a resolution to make it Police and Fire), earnings must be combined and Coordinated deductions taken on all earnings. For more information on employees holding multiple positions refer to the section Employees With More Than One Public-Sector Job.

An individual works two positions with the same employer



Employee not eligible for PERA on part-time position because earnings are less than \$425 *



Full-time police or fire position

Part-time non-police and fire position - earns less than \$425 a month *

* If part-time earnings exceed \$425, employee must pay into the Coordinated Plan

How to Enroll Employees for Membership

A completed and signed membership form must be submitted to PERA for each new employee who qualifies for PERA membership. The form is required when the employee is beginning a new job even if one was submitted by a previous employer or by the current employer.

Police and Fire Plan members are to complete a green membership form. The membership form must be sent with the first deduction submitted to PERA, or within 30 days of the first deduction.

All items on the form are to be completed. The following pages describe how to complete those items on the Police and Fire membership form about which questions are often asked.

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	514 St.	Peter St Teleph	YEES RETIREME reet, Suite 200, lone (612) 296-74 P - POLICE AND	St. Paul, MN 55: 60	DN LO2	PERA OFFICË USE
	NSTRUCTIONS: Use this form to replayed must come to section; the amployed must come to the section of the secti	port a NEW, R complete the l	EINSTATING, OR TRANS	FERRING EMPLOYEE. 1	The employer is	s to complete requested.
	NOTE: CHECK CURRENT SALARY	AND STATUS	REQUIREMENTS TO EN	SURE PERA ELIGIBILITY	Beginning Fr	polovment Date
E			vision and Department			Day Year =
м		y of Any	·		06-25	
P	Date PERA Deductions Began (IF di	tterent from	pointing employment of	ate indicate reason to	C S T O O O O	uctions)
Ĺ	06-25-9X			,		2
ō		this an electer	d position? Yes (F	ave employee read se	tion on tayers	a side.) IV No
Y	Police Officer	employee part	t-time? Yes (Attac	h certified copy of res	olution adopte:	d by governing body
R	Employer's Signature and Title		airall Clu	2	Date 1/12	
	Employee's Social Security No.	A 6i	rth Date (Mo., Day, Yr.)	⊒ Sex	Marital State	
	221-22-2311	4 6	09-09-62	🕽 🔯 Male 🔲 Female	Single [Married
	Name of Employee - PRINT (Last)	C (F	irst)	(Middle Initial)	(Former Last	Names, If Any)
1	Nelson	6 "	Steven	P		
1	Address - PRINT (Number and Stre	set)	Terrore			
	111 Main Street		7			
1	City			State	Zip Code	
1 1	Anytown Name of Spouse - PRINT (Last)			MN	55555	1
1 1	Name of Spouse - PRINT (Last)	O IF	irst)	(Middle Initial)		th Date (Mo., Day, Yr)
	Nelson	O M	ary	E	01-03	
! _'	Have you sver been or are you no *if yes, please complete Record	w a member	of PERAT Yes" Previo	ous/Current PERA Mem	ber No:	X No
10	Have you ever been a member of	Any other Min	pasota public taticamen	t evetem or local ratio	association?	L I Ves* IVI No
1	"If yes, name system and dates	of membersh	ip:	t system of local tens	association:	
E	DESIGNATION OF BENEFICIARY: B			roviding explicit instru	ctions to PERA	for distribution
м	or your amployee contributions aft	er vour death	assuming no survivor t	sonafit or annuity is pa	vahle. Your di	stribution
P	instructions must be absolutely cle					
L	 Identify your beneficiary by married woman, use her given 	tuli name, rela en name, cot	stionship (if applicable), has husband's first nam	and address, if your i	peneficiary is a	
ō	2. If you name minor children,					
Y	Instructions such as who sh	be nemad	legal guardian of minor	children should be pla	ced in your wi	in.
Ē	3. If you name more than one	Primary Benef	iciary, you may have po	rtions distributed equi	fly or unequal	ly.
E	If you wish equal distribution is des	n, you may le	eve the portion column	blank and equal share	s will be assun	ned.
1-1	4. Complete the Contingent Ber					
1 1	that NONE of the Primary Be	neficiaries su	rvive you.	provide payment man	actions in the	
l I	4 haraba maraba ana mantatan da da ada and					
1 1	I hereby revoks any pest designati- msy have made for PERA's Group	ons or benence Life Insurance	igry which may appear Plant and substitute th	on PERA records (exc)	uding any ben-	enciary designation (
	PRIMARY BENEFICIARY: If one ben					
	venerious; ir one cen		TOTAL PROPERTY. IT MOVE UN	en que - beà satainots	ednenA nuiss;	Portion
	Full Name of Beneficiary	Relationship	Address for	set, City, State, Zip)		to Receive If Not Equal Shares
		1 1			MN 5555	
1	1. Mary Nelson	Spouse	111 Main Str	eec Anycown	FII 3333.	<u> </u>
1 1	2					
1 1	3					
	J	 -				
	4.	<u> </u>	<u></u>			
	CONTINGENT BENEFICIARY: If non	e of the abov	e-named survives me, I	designate the following	ng as beneficia	ny:
	1. Jason Nelson	Son	111 Main Str	eet, Anytown	MN 5555	5
1 1						
	2	 				
1 1	3					
1 1	4					
1 1	9.					
1 1	Signature of Employee (Use pen.	f a married w	roman, do not use husb	and's first name	Date	
1 !	Steven Talson			19	1/12/	100
ليبيا				<u> </u>	1/12/	41
PVV U	0010-02 (7/1/88)		- 1 -			

Completed Items:

- 1. Beginning Employment Date. For a new employee, this is the date the employee started working. For a reinstating employee, this is the most recent date the person started work (returned to service).
- 2. Date PERA Deductions Began. **NOTE:** If this date is different from the beginning employment date, explain in detail why deductions were not submitted from date of employment. When completing this line, avoid using general explanations such as didn't earn enough or didn't qualify. Instead, indicate the specific exemption as shown on page 2 of the Coordinated Plan section, Employees Not Covered. (If more than one exemption applies list all exemptions in detail.) For example, state that the employee did not earn \$425 a month; position held was not expected to last more than six months; or the person was a full-time student, part-time employee; etc. If the employee should have been reported earlier than the date deductions began, so indicate and send a list of earnings, by pay period, from the date of hire. PERA will then determine the amount due. For more information on an employee who qualified for PERA coverage prior to the date deductions began, refer to the Adjustments Section.
- 3. Employer Signature and Date. Be sure to sign and date, so we know who to contact if we have any questions.

Employee-Completed Items:

- 4. Social Security Number.
- 5. Date of Birth.
- 6. Legal Name (Last, First, Middle).
- 7. Address (Number and Street or Route and Box Number, City, State, and Zip Code).
- **8.** Name of Spouse. If unmarried, leave blank.

- 9. Spouse's Birth Date. If unmarried, leave blank.
- 10. Previous or Current PERA Service Information. Check appropriate box. If "yes" is checked, list member number (if unknown, leave blank).
- 11. Beneficiary Designation. If no one qualifies to receive a monthly survivor payment after a member's death, PERA will, upon application, pay the member's contributions to the person or persons listed as beneficiary on this form. Employees who wish to change or update this designation may complete a Change of Beneficiary form available through PERA.
 - 12. Signature of Employee (use pen).

State law requires employers to submit a PERA membership form for each new member. The information on the form will be used to administer the employee's PERA account and, eventually, to compute a refund, a retirement annuity, or a survivor or disability benefit. Certain information requested on the form is private; that is, it may be made available only to the employee, to the PERA staff who must use it in the normal course of conducting business, and to the employer. No private data will be shared with any unauthorized person or agency without the employee's written consent.

Changes in Name, Address, and Beneficiary

To change a name, address, and/or beneficiary, the employee is to complete Change of Name, Address, and/or Beneficiary Form and send it to the PERA office. If reporting only an address change for an active member, the change can be made by either calling, writing a letter, completing the change form, or by indicating the address change on the Salary Deduction Report. However, address changes for PERA retirees, disabilitants, or survivor benefit recipients may only be made by letter or a change form with the recipient's signature.

Do not use this form for DCP members and life insurance plan participants. Refer to the DCP or Life Insurance Section for detailed information.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, MN 55102

CHANGE OF NAME, ADDRESS, AND/OR BENEFICIARY

RUCTIONS: USE PEN. Before following instructions shown below, read reverse side for facts about data requested.

- To report a name change, check the Name Change box, insert your Social Security number, birth date, marital status, and PERA member number, complete the Name and Former Last Name line, sign this form, and return it to the PERA office.
- To report an address change, check the Address Change box, insert your Social Security number, birth date, and PERA member number, complete the Name line and both Address lines, sign this form, and return it to the PERA office.
- To change your beneficiary, check the Banaficiary Change box, insert your Social Security number, birth dete, and PERA member number, complete the Name, Address, and Beneficiary lines, sign this form, and return it to the PERA office. If you are participating in PERA's Group Life Insurance Plan and wish to change your insurance beneficiary designation, you must request a separate form for that purpose from our office.

NOTE; If we do not have the name and birth date of your spouse and you would like your annual Personal Benefit Statement

A "joint annuitant" is the person you wo			The second secon	
CHECK REASON(S) FOR COMPLETING TH		ADDRESS CHANGE	BENEFICIARY	
Member's Soc. Sec. No.	Birth Date (Mo.,Day, Yr.)	Maritel Status: Single Married	PERA Member	Number
Name of Member - PRINT (Last)	(First)	(Middle Initial)	(Former Last N	smes, If Any)
Address of Member - PRINT (Number an	d Street)			
City		State	Zip Code	
Name of Spouse - PRINT (Last)	(Firet)	(Middle Initial)	Spouse's Birth	Date (Mo., Day, Yr)
DESIGNATION OF BENEFICIARY: By design of your employee contributions after your instructions must be absolutely cleer; the second of the secon	ir death assuming no survivor prefore, we must ask you to c hame, relationship (if applicableme, not her husband's first not designate the guardien(s) of named legal guardien of minery Beneficiary, you may have u may leave the portion colunyou must leave the portion on the portion of the por	benefit or ennuity is payablomply with the following: e), and address. If your bename (Mary J. Doe, not Mrs. on this form as it cannot be nor children should be placed portions distributed equally no blank and equal sheres wortion each person is to receive to provide payment instruct or on PERA records (excluding the following: (More space is then one – pay survivors equals (Street, City, State, Zip)	e. Your distribut eficiary is a John. Doe), eccepted. d in your will. or unequelly, iill be assumed. iive. ions in the event g any baneficiary provided on rav eatly unless notes	r designation (erse side.)
4				
5				
Signature of Employee (Use pan. If a m	arried women, do not use hus	sband's first name.)	Date	
		Variable Control of the Control of t		

Terminated Employees Returning to Work

An employee who terminates public employment, remains off work for 30 days or more, and returns to a non-temporary position must re-qualify for PERA coverage. This means that if monthly earnings are more than \$425, PERA membership is mandatory unless another exemption applies. If a PERA-covered employee returns to work with the same employer in a non-temporary position within 30 days, the employee must again be reported regardless of the amount earned. An employee who terminates a part- or full-time job and returns to work in a temporary position does not qualify for PERA coverage until employment goes beyond six months and salary exceeds \$425 a month.

Returning to Work While Drawing a Monthly PERA Retirement Check

PERA retirees collecting monthly retirement payments may return to public service, after 30 days, but they cannot pay contributions to PERA. In order to be considered retired, a person must terminate public service and be off work for at least 30 days.

Retirees are subject to the annual earnings limitations set by Social Security. (These limitations change annually. Please contact the Social Security Administration or PERA to get the current limits.) Therefore, employers must report the gross earnings of these retirees to PERA on their regular Salary Deduction Reports even though PERA deductions are not taken. For more information on reporting, refer to the Reporting Section. Do not report elected official earnings; because their salary is not included in the limitation.

PERA reduces or suspends (offsets) future pension payments to retirees who exceed the earnings limitations. PERA deductions may or may not be taken on earnings of employees collecting monthly PERA disability payments. Whether or not deductions should be taken is handled on a case-by-case basis. Please call the PERA office if your agency employs a person collecting monthly PERA disability payments.

Prior Membership Rules

The first part of this section described the current requirements for mandatory and optional membership. The rules and laws governing membership have changed over the years.

Earnings Requirements:	Per Month
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 present	425

Temporary or Seasonal Positions

Persons employed in temporary or seasonal 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, employment must not exceed six consecutive months.

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.

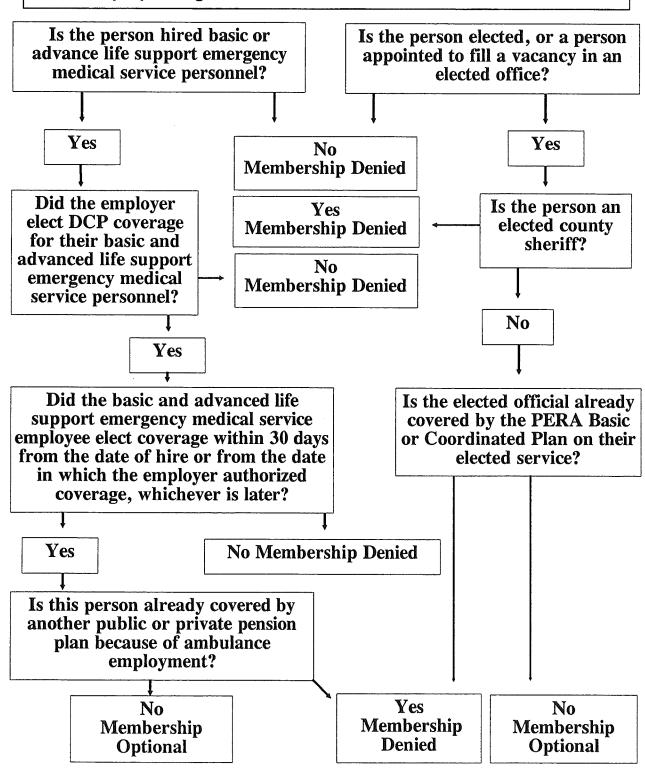
Stipulations For Employees

Employees were exempt if annual compensation was stipulated in advance to be not more than:

July 1, 1973, through March 23, 1974	\$ 900
March 24, 1974, through June 2, 1977	1,800
June 3, 1977, through April 30, 1981	3,000
May 1, 1981, through June 30, 1988	3,900
July 1, 1988, through present	5,100

Defined Contribution Plan

Is employee eligible for the PERA Defined Contribution Plan?



Defined Contribution Plan

Introduction

The Defined Contribution Plan (DCP) administered by the Public Employees Retirement Association (PERA) was established by the Minnesota Legislature in Minnesota Statutes, Chapter 353D. It is exclusively for elected officials and basic and advanced life support emergency medical service personnel.

This section is designed to explain:

- who is eligible for DCP membership,
- the procedures for enrollment,
- and the options available to elected officials for purchasing past service.

Eligibility/Contributions

Listed are the types of employees eligible to participate in the Defined Contribution Plan and their respective contribution rates.

Elected Officials

An official is eligible to enroll if he or she is an elected local government officer or a person appointed to fill a vacancy in an elected office. The official cannot already be a member of the Public Employees Retirement Association for service rendered in that elected position. In addition, an elected official is eligible for the DCP only with regard to the position to which the official was elected by the public at large in the political subdivision. An elected county sheriff is not eligible for the Defined Contribution Plan for service rendered as sheriff.

Participation in the DCP begins on the first day of the pay period for which the contributions were deducted, or if the pay period coverage dates are not provided, the date on which the membership form or contributions are received by PERA, whichever is first. The election to participate in the plan is revocable.

The contribution rates for an elected official are:

Member Share

Employer Share

5 percent of salary

5 percent of salary

Ambulance Personnel

Participation is open to basic and advanced life support emergency medical service personnel whose employers have elected to participate. Once a service elects to enroll, its eligible personnel individually elect to participate or decline to participate in the plan within 30 days. Personnel who participate in another public or private pension plan because of their ambulance employment are not eligible to join the PERA Defined Contribution Plan. An election to participate by the service or an individual is revocable.

The employer sets the amount of the employer contribution to be paid on behalf of its employees. The contribution must be based on a per call or period of alert duty, or if salaried employees, upon a fixed percent of salary. Paid employees may elect to contribute to the plan, but their contributions may not exceed the employer contribution.

Eligible Earnings

Generally, PERA-eligible earnings are considered gross salary and are paid to employees for labor performed or services rendered. PERA contributions are to be made from total (gross) salary before deducting deferred compensation or

supplemental retirement plans, or other voluntary reductions in salary.

Gross salary includes regular wages, overtime earnings, compensatory time, pay for used vacation and used sick leave, holidays, retroactive wage settlements, and merit increases. Gross salary also includes bonuses, unless the bonus is paid at or because of retirement.

By law, some forms of compensation are not subject to PERA deductions and must not be reported on the Deduction Report.

Excluded compensation is unused sick leave or unused vacation payments, severance pay, employer-paid flexible spending accounts, retirement incentive pay or retirement bonuses, lump sum settlements not attached to a specific earnings period, payments in advance for expenses or reimbursements for expenses, workers' compensation payments, long-term or short-term disability payments, jury duty pay, and charges assessed for personal use of a company vehicle.

Elected officials who earn salary for service on committees and boards that are not within the same governmental entity to which the official was elected (examples are joint and regional boards) cannot have DCP withholding. Per diems which are simply a reimbursement for incurred expenses or fixed payments intended to be used to pay expenses are also not considered salary for PERA purposes. Also, any compensation for service which is not considered a regular part of the duties for which the individual was elected are not PERA deductible.

A chart shows how to easily identify salary that is and is not subject to PERA withholding.

PERA-deductible earnings are not identical to Social Security-deductible earnings. For Social Security and salary information, contact the Internal Revenue Service at 1 800 829-1040.

Salary Subject to DCP Withholding

Earnings, wages, and overtime
Used vacation and used sick leave pay
Merit increases, bonuses, and/or incentive pay
Retroactive or back pay

Compensatory, longevity, or stability pay Per diems paid in addition to expenses Salary paid in addition to workers' compensation payments

Employee - paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount that reduces the employee's salary

Employee suggestion awards

Federal and state grants, unless grant by-laws specifically prohibit the use of grant money (funds) for pension contributions

Fees paid to employees (excluding court reporters) in addition to salary.

Salary Not Subject to DCP Withholding

Periodic or lump-sum unused annual (vacation) or unused sick leave payments

Severance pay

Retirement incentive pay or retirement bonuses

Lump sum settlements not attached to a specific earnings period

All payments made to an employee instead of any employer-paid group insurance coverage, including the difference between single and family rates

Expense payments, per diem payments that represent expenses, uniform expense payments, and flat monthly expense payments

Workers' compensation payments

Long-term/short-term disability payments

Employer-paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount paid to an employee to pay for insurance premiums that is in addition to the employee's regular salary

Charges assessed for personal use of a company vehicle

Jury duty pay

Enrollment

A completed and signed Defined Contribution Plan Membership Form must be submitted to PERA for each new employee who participates in the DCP. The form is required even if one was submitted by a previous employer.

The membership form is to be submitted to PERA when sending payment for employee and employer contributions. For elected officials, membership in the Defined Contribution Plan begins on the first day of the payroll period in which contributions were withheld from elective salary. If

contributions are submitted without a membership form, the membership form must be sent within 60 days of the receipt of contributions or the elected official will not be considered a participant in the plan and PERA will issue a refund of contributions.

Membership Form Item-By-Item Instructions

1. Unit No.-Unique Code. PERA's identification number assigned to each employer, to be used on all correspondence. The unit number is a six-digit number. The first four digits identify the employer. The last two digits, called a unique code, designate the type of employee for DCP members. For ambulance service personnel, the last two

digits are - 50. For elected officials, the last two digits are - 51.

If PERA has not assigned a DCP unit number, leave this block blank, and PERA will assign your agency a number.

- 2. Employee's Job Title. List the title of the position the employee holds.
- 3. Employer's Signature, Title, and Date. This certifies that the employee is eligible to enroll.
- **4. Social Security Number.** Enter social security number.

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ł	Employer's Signature and Witte			A)	Date		<u>'</u>
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- **5. Name.** Enter last, first name, and middle initial; complete mailing address.
- 6. Investment Selection. Employee and employer contributions are invested in accounts selected by the employee. Whole percentages are used for the various investments and must total 100 percent. (Refer to the Investment Options Booklet for information on the individual funds.)
- 7. Previous or Current DCP Service Information. Check appropriate box. If "yes" is checked, list member number (if unknown, leave blank).
- 8. Beneficiary designation. PERA will, upon application, pay the member's contributions to the person or persons listed as beneficiary on this form. Employees who wish to change or update this designation may complete a Change of Beneficiary form, available through PERA.
 - 9. Signature of Employee (use pen).

State law requires employers to submit a PERA membership form for each new or reinstated member. The information on the form will be used to administer the employee's PERA account. Certain information requested on the form is private; that is, it may be made available only to the employee, to the PERA staff who must use it in the normal course of conducting business, and to the employer. No private data will be shared with any unauthorized person or agency without the employee's written consent.

Investment Options

Under DCP, participants determine how employee and employer contributions are to be invested through the purchase of shares in accounts of the Minnesota Supplemental Investment Fund. Total contributions plus investment performance determine the ultimate benefit, which is paid as a lump sum upon withdrawal.

How it Works

Members must designate a percentage of total payroll contributions to be placed in one or more of the accounts of the Minnesota Supplemental Investment Fund. The total of the percentages may not exceed 100 percent. If a member assigns less than 100 percent of all contributions to specific accounts or makes no allocation, the balance will be used to purchase shares in the Income Share Account.

Members of the DCP also have the option of changing allocations or transferring all or portions of previously purchased shares from one account to another at any time. The one exception is the Fixed Interest Account. Transfers may be made into this fund only once a year—in the fall— when the new contract is announced. Funds transferred into this account must remain in the account until the contract reaches maturity or until the member terminates public service.

Participants may choose from six investment options, ranging from a fixed interest fund to a stock market index vehicle. These funds were established by the State Board of Investment to meet varying investment goals. Following is a brief description of the six investment options. Refer to the "Investment Options" brochure for more detailed information.

Income Share Account — This fund has an objective of earning a high rate of return from increases in market value and current yield. The investment mix of the fund is approximately 60 percent common stocks,

35 percent bonds and 5 percent cash. This is a balanced investment program involving some risk in return for a higher average return than would be available through a money market.

Growth Share Account — The primary objective of this fund is to generate high returns from increases in market value. Thus, approximately 95 percent of the fund's assets are invested in stocks with the remainder in cash. This investment is for those who feel the stock market, over time, will provide higher returns than other types of investments. Conversely, the risk to the investor is higher.

Common Stock Index Account — Like the Growth Share Account, this fund is invested in common stocks. While the Growth Share's assets are managed by advisors, however, the Common Stock Index Account has its assets invested in approximately 2,000 different stocks chosen to match the return produced by the Wilshire 5000. This is a stock index, much like the Dow Jones.

Money Market Account — The Money Market Account invests in short maturity, fixed-income investments that pay rates competitive with those available in money markets. The fund's assets are invested in high quality, short-term investments, such as U.S. Treasury bills, bank certificates of deposit, repurchase agreements and high grade commercial paper. There is no investment in stocks or long-term bonds.

Bond Market Account — The Bond Market Account invests solely in fixed income securities (bonds). These high quality government and corporate bonds have intermediate to long-term maturities, from three to 20 years.

Fixed Interest Account — The most secure fund offered by the Minnesota Supplemental Investment Fund, the Fixed Interest Account, invests in guaranteed investment contracts (GICs) offered by major U.S. insurance companies and banks.

The objective is to protect investors from loss of their original investment, while providing a fixed rate of return over a three-year period. This conservative approach, however, also limits the potential for more substantial increases in value offered by the less secure funds.

The State Board of Investment accepts bids for GICs annually. Participants in the fund make contributions over the following 12 months and receive the guaranteed rate for the remainder of the contract period.

Lump-sum transfers to the Fixed Interest Account (including payments for past service) may be made only once a year when a new Fixed Interest Account contract is opened. PERA notifies DCP participants in writing when such transfers may be made.

Changes in Name, Address, Beneficiary or Investment Option

For change in name, address, beneficiary or investment option, the employee is to

complete Notice of Change Form and send it to the PERA office.

If reporting only an address change, the change can be made by either calling, writing a letter, completing the change form, or by indicating the address change on the DCP deduction report.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, MN 55102-1090 Telephone (612) 296-7460 NOTICE OF CHANGE - DEFINED CONTRIBUTION PLAN Before completing this form, please read the instructions and details about the data requested on the reverse side. Changes reported here will be made to your Defined Contribution Plan account only. If you need to make changes to another account you have under PERA, you must request and complete a different Change form. This form must be signed and dated in ink. CHANGE(S) BEING MADE: Name Address Beneficiary Investment (See Prospectus for Options & Details) Former Name Social Security No. DCP Member No. Name (PRINT) - Last, First, Middle Initial Address State Zip Code BENEFICIARY CHANGE - Instructions on how to complete this section and space for additional names are on the reverse side. REVOKE ANY PAST DESIGNATIONS MADE FOR MY PERA DEFINED CONTRIBUTION PLAN ACCOUNT AND SUBSTITUTE: PRIMARY BENEFICIARY: If one beneficiary - pay full refund. If more than one - pay survivors equally unless noted otherwise. Portion (%) If Not Equal Full Name of Beneficiary (Print) Relationship Address (Street, City, State, Zip) CONTINGENT BENEFICIARY (OPTIONAL): If NONE of the above-named survives me, I designate the following as beneficiary: SELECTION OF INVESTMENT OPTIONS FOR FUTURE CONTRIBUTIONS - Use whole percentages only. The total must be 100%. Percentage Bond Market Account Income Share Account | Money Market Account Growth Share Account | Fixed Interest Account Common Stock Index Account IMPORTANT: The total of all percentages you insert here must equal 100%. TRANSFER ALL PAST INVESTMENTS – Identify (by check mark) the account(s) you wish ALL PAST INVESTMENTS transferred from (left side). Indicate (by whole percentages) the account(s) you wish all past contributions transferred to (right side). Transfer To - Insert Whole Percentage Figure(s) Transfer All Investments From - Check Appropriate Box(es) I Income Share Account Income Share Account **Growth Share Account** Growth Share Account Common Stock Index Account Common Stock Index Account | Bond Market Account **Bond Market Account** Money Market Account Money Market Account All of the Above Accounts in Which I Have Money Invested TRANSFER A PORTION OF PAST INVESTMENTS - Indicate dollar amount(s) & accounts you wish the amount(s) transferred from/to. Dollar Amount(s) Transferred To: Dollar Amount(s) Transferred From: Income Share Account Income Share Account **Growth Share Account Growth Share Account** Common Stock Index Account Common Stock Index Account **Bond Market Account** Bond Market Account Money Market Account Money Market Account Date Signature (This Form Must be Signed in Pen and dated to be valid.) PW00017-02 (09-92)

Terminated Employees Returning to Work

Elected officials

An elected official who discontinued coverage or terminates public office and who is now again in an elected position must re-enroll if he/she chooses to participate. If an elected official is re-elected to the same office without a break in service, DCP membership is continuous. Should an elected official change from an elected position to a non-elected position, DCP membership is discontinued.

Ambulance Service Personnel

If an ambulance service employee who participates in DCP changes employment to another ambulance service covered by the DCP, he/she has the option to continue participation. But to do so, commencement in another participating ambulance service must occur within 30 days.

Should an employee change from an ambulance service position to a non-ambulance position or to an ambulance service not covered by the DCP, membership is discontinued.

Elected Officials Purchasing Past DCP Contributions

Elected officials who exercise their option to participate in DCP and who have previous uncovered service as an elected official may pay contributions on that past service performed before June 30, 1991, to be invested in their DCP account. Uncovered service is service as an elected official for which an employer did not contribute to a pension plan on the elected official's behalf.

PERA calculates the amount of past contributions by using the Coordinated or Basic contribution rates in effect at the time the service was rendered rather than using the current 5 percent rate. If the elected

official chooses to pay these past contributions, the employer is required to pay the corresponding employer contribution. Payment of these past contributions also requires payment, by both participant and employer, of 6 percent interest compounded annually.

Elected officials may choose to pay all or part of past contributions. Also, payment may be made in installments. The Internal Revenue Service limits payment of past and present (both employee and employer) contributions to 25 percent of taxable income from elected service in the current calendar year.

Generally, taxable income is gross salary from elected service minus contributions made to the DCP and other qualified tax deferred plans (like a 401K) or non-qualified 457 plans using earnings from the elective service.

Only elected officials who enroll in DCP may make past contributions on uncovered service. Elected officials interested in making a purchase should ask their employer(s) to complete a "Record of Annual Earnings for Elected Officials" and mail it to PERA. Employers can obtain the Record of Annual Earnings form by calling the PERA office.

Listed below are the steps for payment of past contributions:

- 1. A DCP Membership form and DCP Record of Annual Earnings are submitted to PERA.
- 2. Upon receipt of the DCP Record of Annual Earnings, PERA calculates the total cost of purchasing past contributions and sends the information to the elected official along with a DCP Worksheet to be used to submit payments for past service. Simultaneously, PERA will mail a separate notice to the employer informing them of their total potential liability for the employee's past service.

- 3. The elected official completes the DCP Worksheet to compute the maximum amount of past service that may be paid in the current tax year.
- 4. The elected official submits payments for past contributions to PERA with the completed DCP Worksheet. The payments may be made on a quarterly basis or at the end of the calendar year.
- 5. Upon receipt of the elected official's payment, PERA bills the employer for the corresponding employer share of past service.

6. Annually, PERA mails to the elected official with unpaid past service updated costs along with a DCP worksheet.

Elected officials have until January 31 of each year to make payments for past service based upon earnings in the previous year. Employers have until May 15 to make their payments.

In February of each year, PERA asks employers to report the taxable salary of elected DCP members who paid past contributions for the prior tax year.

Employees With More Than One Public-Sector Job

Introduction

This section is to help employers determine whether PERA membership is required for employees who hold more than one public-sector job. The situations that are described are:

- Employees working multiple positions for different employers
- Employees working multiple positions for the same employer
- A person working a part-time position and a full-time job
- Employees who change from one job to another
- An employee working two temporary positions
- A person working a part-time position earning less than \$425 monthly and a temporary position
- A person working a part-time position earning more than \$425 monthly and a temporary position
- Police officer/firefighter who also holds a part-time non-police/fire position
- Employees who hold an elected and non-elected position
- School district personnel who hold both a certified and non-certified job
- Volunteer ambulance personnel who also work in a PERA-covered position
- Employees under the annual stipulation who change to full-time employment
- Terminated employees returning to work
- PERA retirees returning to public employment

First, we will discuss whether the jobs are for the same or a different employer.

Employees Working Multiple Positions For Different Employers

When a person is employed by two different governmental agencies (such as a city and a school district), the employee must qualify for PERA coverage separately. However, if a person is working in two departments within a governmental agency this is considered the same employer. Example: a county may have different departments; such as human services, transportation, parks and recreation, revenue, etc.

If employees have two PERA or potentially PERA-eligible jobs and these positions are with different employers, the jobs are considered independent of one another. Under these circumstances, earnings are not combined for PERA reporting purposes. Here is an example to illustrate the point:

An employee has one position for employer A which is part time with earnings of \$200 per month. The same employee holds a second position with employer B with earnings of \$1,000 per month. Earnings are not combined because the jobs are for different employers. Therefore, PERA deductions are taken on the job with employer B, but not on the earnings from employer A.

For PERA purposes, individuals who change employment and begin a new position with a different employer must re-qualify for PERA coverage.

When A Basic Member Takes A Different Position

A Basic Plan member who terminates employment and returns to a PERA-qualified position within 30 days, either with the same or a different employer, remains in the Basic Plan. But if the break in employment is more than 30 days, the individual must participate in the PERA Coordinated Plan if PERA membership eligibility has been met.

Employees Working Multiple Positions For The Same Employer

When a person is employed by two different governmental agencies (such as a city and a school district), the employee must qualify for PERA coverage separately. However, if a person is working in two departments within a governmental agency it is considered the same employer. Example: a county may have different departments such as human services, transportation, parks and recreation, revenue, etc.

If an employee holds two jobs with the same employer, earnings are combined and PERA deductions are taken on the total gross earnings of both jobs, unless one or both of the positions is temporary. A temporary position exists when an employee is hired for a pre-determined period of time not to exceed six consecutive months.

There are some situations in which earnings from different positions may or may not be combined even if the employee works for only one employer. These are described in the next several pages.

A person working both full- and part-time positions

If the employee holds a part-time job with earnings of \$200 per month and a full-time job paying \$1,000 per month with the same employer, earnings are combined. PERA deductions are taken on the combined earnings of \$1,200.

Employees who change from one job to another

An employee in a PERA-covered job who in 30 days or less begins a new position maintains continuous PERA membership, unless:

- there is a termination and a 30 day break, (in this instance, the employee must re-qualify for coverage)
- the new position is temporary (if employment from two temporary positions surpasses six consecutive months, membership is required if monthly salary exceeds \$425)
- the former position is covered by the Coordinated Plan and the new position requires membership in the Police and Fire Plan, membership in the Coordinated Plan ceases upon termination of that job. The reverse is also true. If the former job was in the Police and Fire Plan and the new position is in the Coordinated Plan, membership in the Police and Fire Plan ends with acceptance of the Coordinated job. When membership in either the Police and Fire or Coordinated Plan ceases under the circumstances just noted, the employee may apply for a refund of contributions made while in the former position.

Employee working two temporary positions

If an employee resigns or is dismissed from a temporary position and within 30 days accepts another temporary position, PERA membership would be required from the beginning of reemployment, unless the total period covered by both positions is less than six consecutive months or the monthly earnings requirements are not met.

If there was at least 30 days between the termination of one temporary position and the reemployment in the other temporary

position, another six-month exemption can be used on the second temporary position.

A person working a part-time position earning less than \$425 monthly and a temporary position

Membership eligibility of an employee who holds concurrent temporary and non-temporary positions is determined by the salary of each separate position. In the situation where an employee works a part-time position, earning less than \$425 monthly, and a temporary position, PERA coverage is denied on both positions. If the temporary position exceeds six months, and combined monthly salaries exceed \$425, the employee must be reported to PERA for coverage from that point forward on both positions.

A person working a part-time position earning more than \$425 monthly and a temporary position

Membership eligibility for an employee who holds concurrent temporary and non-temporary positions is determined by the salary of each separate position. In the situation where an employee works a part-time position earning more than \$425 monthly and a temporary position, PERA coverage is required on the part-time position because earnings are more than \$425 a month. PERA contributions are due on the temporary position only if it exceeds six months.

Police officer/firefighter who also holds a non-police or fire position

Police and Fire Fund contributions are required on the full-time police officer or firefighter position. Non-police or fire positions that pay less than \$425 a month do not qualify for PERA coverage. However, if earnings exceed \$425 a month in the

position, the employee must be reported for Coordinated Plan coverage.

Coordinated and Basic Versus Police and Fire

Employees who hold multiple jobs with the same employer pay PERA deductions on combined earnings only if the jobs are considered in the same fund. For PERA purposes, the Basic and Coordinated plans are in the same fund, but the Police and Fire Plan is a separate fund. Earnings are not combined if an employee in the Police and Fire Plan takes a second job covered by the Coordinated Plan — and vice versa.

To illustrate the point, an employee works part time as a janitor for employer A and pays into the Coordinated Plan. The employee is offered and accepts a full-time job as a police officer for employer A that will pay \$2,000 per month. Because the Coordinated Plan and the Police and Fire Plan are considered separate, earnings from these two positions are not combined even though the employee simultaneously holds these jobs. For this employee, therefore, Coordinated deductions continue on the janitor job, but Police and Fire contributions will need to be paid on the police officer position.

A part-time police officer or firefighter also holds a part-time non-police or fire position

If the police job, as illustrated for the above individual, were part time paying more than \$425 a month, deductions normally would be reported to the Coordinated Plan (unless the city council passes a resolution authorizing coverage in the Police and Fire Plan). In this example, we are assuming the city council did not pass a resolution. Therefore, earnings are to be combined and Coordinated deductions taken on all earnings. This is the case when a Coordinated member holds multiple positions for the same employer that are not full-time police and fire jobs.

Employees who hold an elected and non-elected position

If an employee holds both an elected position and a non-elected position, he/she can participate in two different PERA Plans. The elected position is eligible for the Defined Contribution Plan (DCP) or the Coordinated Plan (if earnings exceed \$425 in a month). The non-elected position would be covered under the Coordinated, Basic or Police and Fire Plan. DCP contributions cannot be withheld from the earnings of a non-elected position.

The elected official has the option to participate in the DCP plan on the elected position or the Coordinated Plan if earnings exceed \$425 in a month. PERA membership is mandatory on the non-elected position if membership qualifications have been met.

School district personnel who hold both a certified and non-certified job

Another special case can emerge if an employee has both a certified job [normally covered under Teachers Retirement Association (TRA)] and a non-certified job (normally covered under PERA) for the same school district. If you are unable to determine eligibility in a situation where an employee holds TRA- and PERA-eligible positions, contact the TRA office for a determination. That number is (612) 296-2409 or toll free 800 652-9747.

As a general rule, the majority of combined salary dictates whether the employee contributes to TRA or to PERA. If over 50 percent of the salary earned is for teaching, then contributions from combined salary are paid into TRA. If over 50 percent of salary is from the non-teaching position, then contributions from combined salary are paid into PERA — if combined monthly earnings exceed \$425.

When a Basic member takes a different position

A Basic Plan member who terminates employment and returns to a PERA-qualified position within 30 days, either with the same or a different employer, remains in the Basic Plan. But if the break in employment is more than 30 days, the individual must participate in the PERA Coordinated Plan if PERA membership eligibility is met.

Volunteer ambulance personnel who also work a PERA-covered position

Volunteer ambulance personnel who are advanced life support emergency medical service staff and who were not reported for participation in one of PERA's retirement plans (Basic, Coordinated and Police and Fire) for that volunteer service prior to July 1, 1989, are excluded from participation in those plans for that service.

One exception to this exclusion applies to volunteer ambulance personnel who hold a separate PERA-covered position in addition to a volunteer ambulance position — in the same governmental agency. These individuals may elect to pay PERA deductions on ambulance earnings. Volunteers may make this election if they do not already contribute to another public or private pension plan on their ambulance earnings.

Example: A full-time custodian working in city hall who is a PERA Coordinated member and also a volunteer ambulance driver for the city may elect to have volunteer ambulance service earnings credited to the PERA Plan to which custodian deductions are credited. Under this election, earnings from both the custodian and ambulance positions are combined and Coordinated deductions are withheld.

This option is available only if volunteers are not participating in some other public or

private pension plan that covers their ambulance service. Once exercised, the election to take PERA deductions on ambulance earnings is revocable.

Employees under the annual stipulation who change to full-time employment

A stipulation can be cancelled without an obligation for omitted deductions if an employee's original job status is changed from part time to full time, and this change will cause the employee to exceed the \$5,100 (or other stipulated) earnings limitation. PERA can consider the cancellation either because the employee resigned the original part-time position to accept another job which is full time, or because job responsibilities were added to the original part-time job which caused it to become full time.

If an employer finds it necessary to cancel a \$5,100 annual stipulation, submit the following information to PERA:

- (1) a copy of the employee's \$5,100 annual stipulation for that contract year,
- (2) a letter explaining the circumstances of the employee's change of employment status, and
- (3) a list of the employee's earnings from the beginning of the stipulated period.

Following review of this material, PERA will decide if past contributions would be due.

Terminated employees returning to work

An employee who terminates public employment, remains off work for 30 days or more and returns to a non-temporary position must re-qualify for PERA coverage. This means that if monthly earnings are more than \$425, PERA membership is mandatory unless another exemption applies. If a PERA-covered employee returns to work with the same employer in a non-temporary position within 30 days, the employee must again be reported regardless of the amount earned. An employee who terminates a part- or full-time job and returns to work in a temporary position does not qualify for PERA coverage unless employment goes beyond six months and salary exceeds \$425 a month.

PERA retirees returning to public employment

For an individual to be considered retired, he/she must terminate and remain out of public service for at least 30 days. After 30 days, however, a retiree can return to public service, collect the full retirement annuity, but cannot make contributions to PERA. But, a retiree's earnings must remain within specified annual limitations or the PERA annuity will be suspended or reduced (offset).

When a retiree returns to employment covered by any of PERA's Plans, no contributions are to be reported to PERA. In this case, employers must report the gross earnings of the retiree to PERA on the Salary Deduction Report even though PERA deductions are not taken. Do not report elected officials' earnings; their salary is not included in the limitation. Refer to the Reporting Section of this manual for detailed information on reporting earnings on retirees.

Reporting

Introduction

The purpose of this section is to explain in detail how and when employer and employee contributions are to be submitted to PERA. It also explains how to complete the forms used to report earnings and contributions.

Accurate reporting is important to employees, because information supplied by employers will ultimately be used to determine when PERA members can retire and the value of their pensions.

There are three separate types of deduction reports. The particular version to be used depends upon the fund to which the employees belong.

- A Salary Deduction Report (green on white) is used for members of the Basic, Coordinated, and Police and Fire plans;
- A Police and Fire Consolidation Fund Deduction Report (gray on white) must be used for members of the Police and Fire Consolidation Plan; and,
- A Defined Contribution Deduction Report (salmon) is required for members of PERA's Defined Contribution Plan (DCP).

Four major topics are discussed in the following pages. The first segment addresses the general reporting requirements and procedures that apply to all funds. This is followed by three sections that provide detailed instructions for completing the three different types of deduction reports.

For information on the life insurance billings, refer to the Insurance Section. For information on reporting missing (omitted) employer and employee contributions or DCP buybacks, refer to the Adjustment Section of this manual.

General Reporting Issues

Originals and Duplicates of Deduction Reports

All deduction reports are three-part forms. The original and membership copy (the page immediately below the original) must be submitted to PERA with payment of employee and employer contributions. The third copy is to be retained by the employer.

How to Send Payments

Separate checks must be submitted for each of the following types of payments:

- 1. employee and employer contributions to the Coordinated, Basic, Police and Fire, and Police and Fire Consolidation Plans;
- 2. employer and employee contributions to the PERA Defined Contribution Plan;
 - 3. late charges;
 - 4. life insurance billings;
- 5. missing (omitted) employer and employee contributions; and
- **6.** buyback payments for the Defined Contribution Plan.

Checks are to be made payable to the Public Employees Retirement Association.

Checks for employee and employer contributions must be attached to the deduction report for which payment is submitted. Payments for late charges, life insurance premiums, missing employer and employee contributions, and DCP buybacks are to be returned with the billings for those payments. Please do not send cash through the mail.

Payments that are sent to PERA without the properly completed reports or billings will be returned to the employer for correction.

7/1/93

Employee Contributions Tax Deferred

Employee contributions to any of the PERA retirement plans are not taxed by either the state or the federal government until withdrawn. Contributions are considered withdrawn when they are paid out as a refund, a pension, or a survivor or disability benefit.

PERA deductions are computed on total gross salary or earnings. Federal and state taxes are calculated on the amount remaining after PERA contributions are subtracted from gross salary. It is this amount, gross salary minus PERA contributions (and other tax-deferred contributions), that is shown on the employee's W2 form as federal and state gross wages. Contact the Internal Revenue Service for complete details on the completion of the W2 form.

Coordinated Plan Member Example:

\$500.00 <u>-21.15</u> (500.00 x 4.23%) \$478.85 - Amount subject to Federal and state withholding

Eligible Earnings

Generally, PERA-eligible earnings are considered gross salary and are paid to employees for labor performed or services rendered. PERA contributions are to be made from total (gross) salary before deducting deferred compensation or supplemental retirement plans, or other voluntary reductions in salary.

Gross salary includes regular wages, overtime earnings, compensatory time, pay for used vacation and used sick leave, holidays, retroactive wage settlements, and merit increases. Gross salary also includes bonuses unless the bonus is paid at or because of retirement.

By law, some forms of compensation are not subject to PERA deductions and must not be reported on the Salary Deduction Report. Excluded compensation is unused sick leave or unused vacation payments, severance pay, employer-paid flexible spending accounts, retirement incentive pay, or retirement bonuses, lump-sum settlements not attached to a specific earnings period, payments in advance for expenses or reimbursements for expenses, workers' compensation payments, long-term or short-term disability insurance payments, jury duty pay, and charges assessed for personal use of a company vehicle.

A chart on the next page shows how to easily identify salary that is and is not PERA deductible.

PERA-deductible earnings are not identical to Social Security-deductible earnings. For Social Security and salary information contact the Internal Revenue Service at 1 800 829-1040.

Deductible and Non-deductible earnings

PERA contributions are to be made from total (gross) salary before deducting deferred compensation or supplemental retirement plans, or other voluntary reduction in salary. Earnings, wages, and certain payments on which deductions for credit in PERA must be made or cannot be made are shown below:

Salary Subject To PERA Withholding

Earnings, wages, and overtime

Used vacation and used sick leave pay

Merit increases and/or bonuses

Retroactive or back pay

Compensatory pay

Longevity pay

Stability pay

Per diems paid in addition to expenses

Salary paid in addition to workers' compensation payments

Employee - paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount that reduces the employee's salary

Employee suggestion awards

Salary paid to district court reporters

Federal and state grants, unless grant by-laws specifically prohibit the use of grant money (funds) for pension contributions

Fees paid to employees (excluding court reporters) in addition to salary.

Salary Not Subject To PERA Withholding

Periodic or lump-sum unused annual (vacation) or unused sick leave payments

Severance pay

Retirement incentive pay or retirement bonuses

Lump-sum settlements not attached to a specific earnings period

All payments made to an employee instead of any employer-paid group insurance coverage, including the difference between single and family rates

Expense payments, per diem payments that represent expenses, uniform expense payments, and flat monthly expense payments

Workers' compensation payments

Long-term or short-term disability insurance payments

Employer-paid flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or an amount paid to an employee to pay for insurance premiums that is in addition to the employee's regular salary

Charges assessed for personal use of a company vehicle

Jury duty pay

Fees paid to district court reporters

Salary paid to election judges

PERA-deductible earnings are not identical to Social Security-deductible earnings. For Social Security and salary information contact the Internal Revenue Service at 1 800 829-1040.

Reporting for Basic, Coordinated, and Police and Fire Plans

Computer Versus Manual Reporting

PERA operates two reporting systems for the Salary Deduction Report. One is for employers who use computer systems compatible with PERA's systems and who have passed PERA's "test" process. The other system is for employers who do not report with computer technology. There are, of course, some differences in procedures between the two systems. The non-computer (or manual) and computer reporting issues are discussed below. A separate segment appears later in this manual which details the specifications for computer reporting and PERA's test process.

Manual Reporting Process

PERA generates Salary Deduction Reports for those government employers who do not use computer technology to report to PERA and for those that have not completed PERA's testing process. Under this system, PERA generates a separate Salary Deduction Report for each payroll. This means, for example, that PERA will produce two reports for employers who have employees with a monthly pay period and a bi-weekly pay period. When PERA generates the Salary Deduction Report, all items are completed except for earnings, deductions, status code changes, paid date, and beginning and ending pay period dates. The employer must report employee earnings, compute employee and employer contributions, show changes in employment status, if any, sign the report, and return it with payment to PERA. Upon receipt of a completed Salary Deduction Report, PERA generates another and mails it to the employer. Normally a new report is mailed two to three working days after PERA's receipt of a completed report.

If additional PERA-generated Salary Deduction Reports are needed, either because one was not received or because a special report needs to be submitted; i.e. for retroactive pay, please call the PERA office. Additional reports will be produced as needed. Photocopies of Salary Deduction Reports will not be accepted.

Computer Reporting

Employers using a computer reporting system have passed PERA's test process and submit Salary Deduction Reports in paper copy as well as on PERA-approved computer media. PERA can accommodate reporting done by a number of IBM-compatible computer systems. For complete details about computer reporting and PERA's test process, see the section on Computer Reporting later in this manual.

When to Submit Deduction Reports and Payments

Deduction reports and payments for contributions to the Basic, Coordinated, and Police and Fire plans must be received by PERA within 20 days of the date employees are paid, or 20 calendar days from the end of the pay period, whichever is later. If the 20th day falls on a weekend or a holiday, payment must be received the workday before. Payments received after the due date will be assessed a late charge. (If no paid date appears on the report, PERA will use the end of the pay period to determine the payment due date.) The late charge is 6 percent of the total amount payable to PERA for payments five days or less past due. A 10 percent interest charge is assessed for payments past due for more than five days. The minimum late charge is \$10. Late charge interest is compounded annually. PERA will compute and bill for all late charges. Do not include late charges with your payment when submitting late deduction reports.

Detailed Instructions for Completing the Salary Deduction Report

As mentioned earlier, the Salary
Deduction Report is used for the Basic,
Coordinated, and Police and Fire plans.
When completing this report, list members
of each individual plan separately with Basic
members first, Coordinated members
second, and Police and Fire members last.
Within each of these plans, list members
alphabetically by last name.

Item-By-Item Instructions

These instructions refer to the sample Salary Deduction Report on the following page.

- 1. Employer Unit Name and Address: If PERA generates the Salary Deduction Report, check the employer name and address for accuracy. If incorrect, draw a line through the wrong information and write in the correct information. If the employer prints the report, list employer name and employer address.
- 2. PERA Mail Date: This is the date the Salary Deduction Report was mailed by PERA. If the employer rather than PERA produced the report, the item may be left blank.
- 3. Unit Number: PERA's identification number assigned to each employer to be used on all correspondence. The unit number is a six-digit number. The first four digits identify the employer. The last two digits, called a unique code, normally designate the type of pay period schedule used for the particular group of employees listed on the report or a different department within the same employer unit.

The unit number and unique codes are assigned by PERA. **DO NOT** change these numbers without prior approval from PERA. If the unit number is unknown or unassigned, contact PERA.

- 4. Pay Period: Show the beginning and ending dates of the pay period over which salary or wages, including overtime, were earned. A separate Salary Deduction Report must be submitted for employees being paid for earnings in addition to their regular salary or wages (such as retroactive pay, back pay, contract settlements, stability pay, longevity pay), and for employees on different pay periods and pay schedules. Refer to page 9 for more details.
- 5. Paid Date: Show the date on which the employees received their checks. If blank, PERA uses ending pay period date.
- 6. Member Number: Indicate the six-digit member number issued by PERA. If a new or reinstating member is being reported, leave blank (do not print zeroes), and PERA will issue a member number. If PERA generates the Salary Deduction Report, new member numbers will appear on the next report produced. If the employer rather than PERA generates the report, PERA will mail the employer a list with new member numbers.
- 7. Member Name and Social Security Number: List the member's legal name as shown on the PERA membership form. Members are to appear alphabetically by last name, first name, and middle initial. Place the member's Social Security number beneath the name. Please do not use punctuation.
- 8. Status Change and Effective Date:
 Complete this item if a new member is being reported, or if a current member is on a leave of absence, not working for a given pay period, receiving workers' compensation, terminating service, or is a PERA retiree or disabilitant who has returned to work. Indicate the status with the appropriate code listed below.

All status codes, except Q, B, and I, are to be reported only if there is a change in the member's status since the last reported payroll period. If no change in status has occurred since the last reported payroll

period, leave this item blank. Employees with the status codes of Q, B, and I, are to appear on the report for each pay period the status will apply. An effective date must accompany all codes except Q, B, and I.

N = new employee

T = termination

K = maternity, paternity, or adoption

C = death

L = layoff

M = medical leave of absence

P = personal leave

 \mathbf{R} = reinstated from prior PERA service

 \mathbf{X} = military leave

W = workers' compensation

A = returned from layoff, leave, strike, worker's compensation

- Q = A member (does not include a PERA retiree or disabilitant) who is not on a leave status and is still considered actively employed but has no earnings in the payroll period. Among other things, it is used for workers on strike and for part-time workers who did not work during the pay period.
- **B** = An employee who is receiving a monthly retirement check from PERA who has returned to work and for which there are earnings in the payroll period. Refer to the last page of this section for additional reporting information.
- I = An employee who is receiving a monthly PERA disability check who has returned to work and for which there are earnings in the payroll period. Refer to the last page of this section for additional reporting information.
- 9. Gross Amount Earned: This is gross salary before deduction of state and federal taxes and PERA deductions. Do not report salary that is not PERA deductible, except

for the salary of a PERA retiree or disabilitant who has returned to work, (but do not withhold PERA contributions). For a list of deductible and non-deductible earnings refer to Eligible Earnings.

- 10. Basic Plan: Show the 8.23 percent deduction for each Basic employee. This is 8.23 percent times the amount in Gross Amount Earned by that individual Basic member (item 9).
- 11. Coordinated Plan: Show the 4.23 percent deduction for each Coordinated employee. This is 4.23 percent times the amount in Gross Amount Earned by that individual Coordinated member (item 9).
- 12. Police and Fire: Show the 8 percent (7.6 percent effective January 1, 1994) deduction for that employee. This is 8 (7.6) percent times the amount in Gross Amount Earned by that individual Police and Fire Plan member (item 9).

Items 13 thru 26, Fund Summary Totals

These totals are to appear on only one page of the Salary Deduction Report, either the first or the last page of the report. Please do not combine totals from separate Salary Deduction Reports (different unique codes) in Fund Summary Totals.

- 13. Gross Earnings: The total of all Basic Plan members' gross earnings, listed in column 9, EXCLUDING the earnings of Coordinated and Police and Fire Plan employees and those of employees who have returned to work and are receiving a PERA monthly check.
- 14. Gross Earnings: The total of all Coordinated Plan members' gross earnings, listed in column 9, EXCLUDING the earnings of Basic and Police and Fire Plan employees and those of employees who have returned to work and are receiving a PERA monthly check.

- 15. Gross Earnings: The total of all Police and Fire Plan members' gross earnings, listed in column 9, EXCLUDING the earnings of Basic and Coordinated Plan employees and those of employees who have returned to work and are receiving a PERA monthly check.
- 16. Total Employee Contributions: Total all Basic Plan member deductions listed in column 10.
- 17. Total Employee Contributions: Total all Coordinated Plan member deductions listed in column 11.

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- 18. Total Employee Contributions: Total all Police and Fire Plan member deductions listed in column 12.
- 19. Total Employer Contributions: Calculate the total employer contributions by multiplying the total gross earnings, listed in Item 13, by the 8.23 percent Basic contribution rate. Or, indicate the same amount as listed in Item 16.
- 20. Total Employer Contributions: Calculate the total employer contribution by multiplying the total gross earnings, listed in Item 14, by the 4.23 percent Coordinated contribution rate. Or, indicate the same amount as listed in Item 17.
- 21. Total Employer Contributions: Calculate the total employer contributions by multiplying the total gross earnings, listed in Item 15, by the 12 percent (11.4 percent, effective January 1, 1994) Police and Fire Plan employer contribution rate.
- 22. Total Additional Employer Contributions: Calculate the total employer contribution for Basic Plan members by multiplying the total gross earnings, listed in Item 13, by 2.5 percent.
- 23. Total Additional Employer Contributions: Calculate the total employer contribution for Coordinated Plan members by multiplying the total gross earnings, listed in Item 14, by .25 percent.
- 24. Grand Total Contributions: Indicate the grand total by adding the Basic Plan members' employee, employer, and additional employer contributions. This is Item 16 + Item 19 + Item 22 = Item 24.
- 25. Grand Total Contributions: Indicate the grand total by adding the Coordinated members' employee, employer, and additional employer contributions. This is Item 17 + Item 20 + Item 23 = Item 25.
- 26. Grand Total Contributions: Indicate the grand total by adding the members' employee and employer contributions for the

Police and Fire Plan. This is Item 18 + Item 21 = Item 26.

27. Authorized Signature and/or Contact Person: The person who completed the report should sign the form, show title, and telephone number during normal business hours. If someone other than the person who completed the form signs as authorizing official, please also list a contact person, so that PERA can reach the person who completed the report if we have a question.

When Additional Reports Are Needed

Separate Salary Deduction Reports must be submitted under a number of conditions. The following examples show when separate reports need to be submitted.

reports need to be submitted. GOVERNMENTAL UNIT OFFICE SALARY DEDUCTION REPORT HA) covering all contributions details and instructions.

FIXA MAILIUS DATE: 1 THE BEST COURT THE DOUBLE OF THE DO Salary Dedication Reports and check made payable to Public Employees Retirement Association (Pl must be received in the PERA office within 20 days after deductions are made. See reverse side for FIRA MAILING DAY.

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FIRA MAILING 55 } CITY OF ANYTOWN JANET E. ADAM, PAYROLL CLERK P. O. BOX 1 ANYTOWN MN 55555 **Biweekly Report** PAID DATE 7/2 SEE REVERSE SIDE FOR CODES
TYPE OF STATUS CHANOF
AND EFFECTIVE DATE NAME OF MEMBER AND BASIC FUND 8.23 PERCENT JOHNSON FRANK 1480.50 121.85 COORDINATED FUND 4.23 PERCENT ADAM JAMET E
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BAKER DAVID
121-12-1212
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24-34-4444
MORRIS JASON L
243-23-1322
PARKER JAMES
000-90000 12-41.46 980.00 333333 123123 6.80.9X 1396 41 59.07 73 400.00 411111 242278 CORKER JAMES
242278 CORC-90-0000 222-11-2221
473234 357-12-5425
SOREMON ANTTA
213222 231-67-2238
WASON M---- 0a 120.28 58.03 1/20.00 17.97 132.05 30.97 Nelson Mary E xs4 N 7-3-9X P3.50 POLICE AND FIRE PUND 8 PERCENT ANDERSON JOHN 462-45-2745 NELSON STEVEN P 221-22-2311 1298.62 64.00 800.00 833333 GROSS EARNINGS (TOTAL EACH FUND) 1480,00 4822.74 2088.62. NOTE: SIGN LAST PAGE AND ANY PAGE CONTAINING A STATUS CHANGE TOTAL IMPLIBET. CONTRIBUTIONS (Total deductions in each solumn) 206.14 4232 162.89 AUTHORIZED SIGNATURE & DATE PREPARED 121.85 Jear Suam 1/0 /9X 206.12 121.85 251.04 TOTAL EMPLOYER CONTRIBUTIONS TOTAL ADDITIONAL EMPLOYER 12.19 Payeall Close 3202 GRAND TUTAL CONTRIBUTIONS 210.72 424.45 419.25 (40) 333-3333 RINCLESS A COMPLETED MEMBERSHIP FOR EACH NEW/REINSTATING EMPLOYEE. Use pink forms for Coordinated/Basic mombers and groon for Police & Fire members. PW-00202-03 (11.490) Salary Deduction Reports and check made payable to Public Employees Retirement Association (PERA) covering all contribution must be received in the PERA office within 20 days after deductions are made. See reverse side for details and instructions. FERA MAILED DATE | IMIT NO.U. 35} CITY OF ANYTOWN 0001-01 JANET E. ADAM, PAYROLL CLERK P. O. BOX 1 ANYTOWN MN 55555 Monthly Report PAID DATE. MEMBER NAME OF MEMBER AND BASIC FUND 8.23 PERCENT ANDERSON ANNA 483-47-5736 22.30 1000.00 065656 COORDINATED FUND LARSEN JOSEPH P 800.00 38.84 376876 GROSS EARNINGS (TOTAL EACH FUND) 1800.00 1000.00 NOTE: SIGN LAST PAGE AND ANY PAGE CONTAINING A STATUS CHANGE \$2.50 \$2.50 4232 TOTAL EMPLOYEE CONTRIBUTIONS (Total deductions in each column) 54.99 AUTHORIZED MONATURE & DATE PREPARED Charl Somm 1/2/9x 54.99 TOTAL EMPLOYER CONTRIBUTIONS TOTAL ADDITIONAL EMPLOYER 25.00 X. 45 NIAT PERSON & DAYTIME PHONE NO GRAND TOTAL CONTRIBUTIONS 189.60 113.23 (612) 933-8333 ENCLOSE A COMPLETED MEMBERSHIP FOR EACH NEW/REINSTATING EMPLOYEE Use pink forms for Chordinated/Band members and green for Police & Fire members.

Example 1. Employees on different pay periods. PERA determines pensions, in part, by the intervals in which salary or wages are earned. One service credit is awarded for each month actually worked. Therefore, PERA must know the exact

period in which employees work. PERA considers the period worked the pay period; it must have both a beginning and an ending date. Usual pay period lengths are a week, a month, or two weeks (also known as bi-weekly pay period). A separate Salary Deduction Report must be submitted for employees on these different pay periods, even if there are times that they are paid on the same dates. Note that for each type of pay period, PERA assigns a different unique code to the unit number.

A separate salary deduction report must be submitted for employees on these different pay periods, even if there are times that they are paid on the same dates.

Deduction reports must show the period over which these payments were earned. This period is recorded as the Pay Period on the deduction reports.

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Example 2. Employees on different pay schedules. Pay schedule refers to the

amount of time that elapses from the end of a pay period to the date employees are paid.

		GOVERNMENTAL UNIT C	FFICE				For example,
		SALARY DEDUCTION					employees paid
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ANY:	TOWN MN 55555			2 37	9X 7	5 9X	payroll period
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MEMBER	NAME OF MEMBER AND SOCIAL SECURITY NO.	TYPE OF STATUS CHANGE AND BIP-ECTIVE DATE	CHOSS AMI	BASK' FUND	[4.23%]	FORH FAIRE	and employees
	BASIC FUND 8.23 PERCENT				[
	JOHNSON PRANK		1480.50	121.85			paid on the last
D22222	111-11-111.		24.00.00				day of the
	COORDINATED FUND 4.23 PER	CHNT	1				1
							payroll period
333333	ADAM JANET E 222-22-222		980.00		41.46		must be
123123	BAKER DAVID 121-12-1212	M 6.20-9X	-0-				must be
213213	ECKERSLY MARY L		1396.41		59.07		reported on
	MILLER RICHARD P	В	4/20,00				1 -
411111	424-34-4444						separate Salary
323232	243-23-1322 PARKER JAMES2-2-3		-0-		-0-		Deduction
242278	000-08-0000 272		1210.18		53.83		Deduction
473234	PERCY WILLIAM J 357-12-5425		1/20,00		17.77		Reports even
213222	SORENSON ANITA 231-67-2538		132.05		30.97		1 -
	Nelson Mary E	N 7-3-9X	83.50		254		if pay dates are
	449-11-1111	74 7-3-74	75.52		337		identical. Note
	POLICE AND FIRE FUND 8 FI	PROPER			· · · · · · · · · · · · · · · · · · ·		
		SAUGNI	l		ļ.		that for each
BOODOO	ANDERSON JOHN 662-45-2745		1898.62			10389	
833333	NELSON STEVEN P		800.00			64.00	type of pay
							period, PERA
NOTE: SION	LASI PAGE AND ANY PAGE AINING A SIATUS CHANGE	GROSS EARNINGS (TOTA)	. RACH PUND)	1410.50	4822.24	2091.62	assigns a
1	ED SKINATURE & DATE PREPARED.	(Total EMPLOYEE CON	HRIBU'HONS	121.85	206.14	162.89	1 -
Jan	ex Solom Notax	TOTAL EMPLOYER CON	TRIBUTKINS	121.85	206.12	251.04	different
11100		TOTAL ADDITIONAL	EMPLOYER	37.02	12 19		unique code to
CONTACT	PERSON & DAYTIME PHONE NO.	GRAND TOTAL CONT	RIBUTIONS	280.72	1/2/16	4/9.23	-
	(40) 533-3333				767,70		the unit
	emory as a source	ENCLOSE A COMPLETED Use pink forms for Coordina	MEMBERSHIP I'M	EACH NEW/RI	INSTATING EN	HANCTURE	mumban
PW-00302-03	(11/40)						number.
		GOVERNMENTAL UNIT			***************************************		1
		SALARY DEDUCTION	REPORT				1

Employees on different pay schedules (pay schedule refers to the amount of time that elapses from the end of a pay period to the date employees are paid) must be submitted on a separate salary deduction report.

Deduction reports must show the period over which these payments were earned. This period is recorded as the Pay Period on the deduction report.

CIT							02
JANET E. ADAM, PAYROLL CLERK P. O. BOX 1 ANYTOWN MN 55555			No Delay in	Payment	MS) CAY	PAY PERIOD	DAY YEAR
)		FEE BEV	REE SIDE FOR CODES	>	PAID DATE	/	/9X
MEMBER NUMBER	NAME OF MEMBER AND		F STATUS CHANGE	GROSS AMT.	BASIC FUND	COOR, FUND	POLICE A FIRE
	COORDINATED FUND 4.23 PERC	INT.					
329987	BAKKER HARY B 376-26-3122	1		570.93		24.15	
	CARLSON JOSEPH F	1		480.00		80.31	
222122	362-35-2432 DUNN JUDITH	 					
284115	PARKER DAVID	+		850.50		35.98	
181721	243-23-2415 SMITH JOHN 0			1285.25		54.30	
214211	342-35-3734			608.92		25.76	
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			S EARNINGS (TOTAL	FACH FUND		222-1-	
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AUTHORI	ZED SIGNATURE & DATE PREPARED	7 70	TAL EMPLOYEE CON	TRIBUTIONS	8.23%	160.57	1%
Par	nest Ariam 1/12/9X	TO	TAL EMPLOYER CON		8.23%	160.56	12%
TITLE	MAN STAND 1/2 /9X MAN CLUSE PERSON & DAYTIME PHONE NO.	-	OTAL ADDITIONAL I		71/N	WX 0 19	
CONTACT	PERSON & DAYTIME PHONE NO.]	BAND TOTAL CONT			330.62	
ı	(62) 333 -3333		LOSE A COMPLETED	AFE ABORDING TO	EACH MEWAS	EINSTATING EL	PLOYEE

Salary Deduction Reports and check made payable to Public Employees Ratirement Association (PERA) covering all contributions must be received in the PERA office within 20 days after deductions are made. See reverse side for details and instructions.

Example 3. Payment of earnings other than routine salary and wages. These non-routine earnings include: retroactive pay, contract settlements, TRA adjustment for transfer of contributions, bonus and longevity pay, and overtime and

compensatory time pay -- if outside the current payroll period. PERA needs these special earnings reported separately in order to correctly compute average salary. Average salary in turn is used to calculate pensions and disability and survivor benefits.

The unit number and unique code will remain the same for the routine and non-routine deduction report.

Deduction reports must show the period over which payments were earned. This period is recorded as the

A separate salary deduction report must be submitted for non-routine earnings, such as retroactive pay, contract settlements, bonus and longevity pay, overtime and compensatory time pay - if earned outside the current payroll period.

Deduction reports must show the period over which these payments were earned. This period is recorded as the Pay Period on the deduction report.

must be re	luction Reports and check made payable regived in the PERA office within 20 day	ys after deduction	or are todder;	NAM TOVOTICO RIGIO IC	PERA MAILE	A ANADA T TIME	NO UNIQUE COLL
•	Y OF ANYTOWN				PPRA MAILE	000	L-OO
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ANY	O. BOX I TOWN MN 55555		Nouti	it Jaiai y	2 37	196° 19	LAY YEAR
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Pay Period on the Salary Deduction Report. For example, if a group of employees were paid a bonus of \$1,000 as a reward for exceptional performance in 199X, the bonus is considered to have been earned over the entire (calendar or fiscal) year. The pay period in this instance is January 1, 199X, to December 31, 199X. One thousand dollars must be listed as gross earnings and PERA deductions must be taken on that amount. All employees receiving the bonus can be reported on a single report, if the date the bonus was paid was the same and the period over which the bonus was earned was January 1 through December 31.

When non-routine salary is reported, the employer is to identify on the top of the Salary Deduction Report the type of pay.

Reporting Police and Fire Consolidation Plan Members

A Police and Fire Consolidation Fund Deductions form (see next page) is used to report those local police or fire relief associations who transferred administrative duties to PERA. The Police and Fire Consolidation Deductions form consists of an original (gray and white), a PERA membership copy (yellow), and an employer copy (pink). The original and PERA membership pages must be returned to PERA intact when remitting payment.

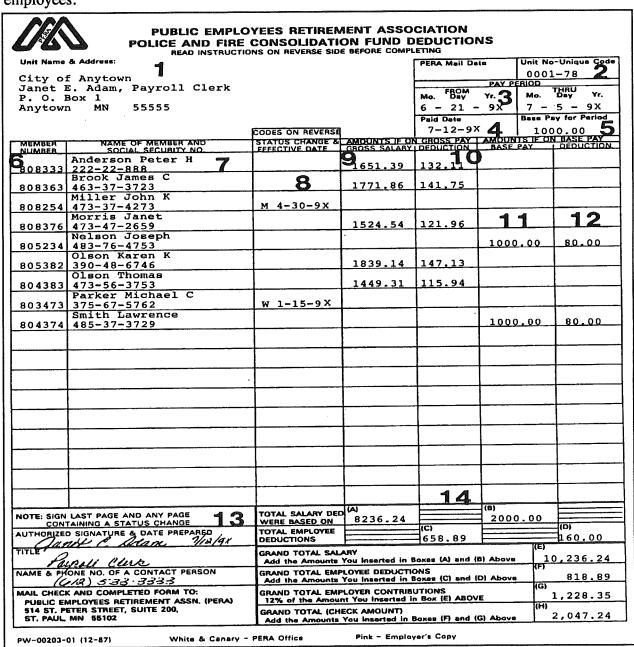
Completing the Police and Fire
Consolidation Fund Deductions Report is
similar to completing the Salary Deduction
Report. PERA generates Police and Fire
Consolidation Deduction forms for those
employers who do not use computer
technology to report to PERA and for those
who have not passed PERA's "test"
process. When PERA prints partial reports,
all information is completed on the deduction
report except the paid date, beginning and
ending pay period dates, earnings, employer
and employee contributions, and status
change codes. PERA mails these partially
completed reports to employers who supply

this missing information. Employers return completed reports to PERA with remittance for employer and employee contributions. (For complete details about computer reporting, see Reporting on Magnetic Tape or Diskettes later in this section.)

Item-By-Item Directions

- 1. Unit Name and Address: List employer name and address.
- **2. Unit No-Unique Code:** Indicate the PERA-assigned employer unit number with unique code.
- **3. Pay Period:** Insert pay period coverage dates, both beginning and ending pay period dates.
- **4. Paid Date:** State the date employees were paid.
- 5. Base Pay For Period: Provide base pay for this pay period (as described in by-laws).
- 6. Member Number: Indicate the six-digit member number issued by PERA. If a new or reinstating member is being reported, leave blank (do not print zeroes) and PERA will issue a member number. If PERA generates the Salary Deduction Report, new member numbers will appear on the next report produced. If the employer rather than PERA generates the report, PERA will mail the employer a list with new member numbers.
- 7. Name of Member and Social Security Number: List employees in alphabetical order by last name, first name, middle initial. Show the member's Social Security number under the name.
- 8. Status Change and Effective Date: Indicate any change in employment status (see back of deduction form for changes that need to be reported and the corresponding letter codes); give effective date of new status.

- 9. Gross Salary: Show actual gross salary (PERA-defined gross salary) earned in the pay period for those members who elected PERA coverage. For those members who did not elect PERA coverage, show actual earnings if they are greater than base pay. If not, leave blank.
- 10. Deduction: This is the 8 percent (7.6 percent, effective January 1, 1994) PERA employee contribution. It is 8 percent (7.6 percent) of earnings paid (from Item 9) and is shown here only for the following employees:
- (a) those who elected PERA coverage over relief association coverage; and (b) those who have not made the election AND whose actual earnings (from Item 9) are greater than base pay (in Item 11).
- 11. Base Pay: List base pay ONLY for those employees who have not yet made their election AND whose actual earnings (in Item 9) are less than or equal to base pay (Item 11). This item should be blank for those employees who elected PERA coverage. It is also blank for employees



covered under the relief association AND whose actual salary is greater than base pay.

- 12. Deduction: For only those employees with a base pay value in Item 11, multiply 8 percent times that base pay to determine the employee deduction. Employees should not have a deduction listed in both Item 9 and Item 11.
- 13. Authorized Signature and/or Contact Person: The person who completed the report should sign the form, show title, and telephone number. If someone other than the person who completed the form signs as authorizing official, please also list a contact person so that PERA can reach the person who completed the report if we have a question.

14A. through 14H. - Fund Summary Totals

- A. Total Gross Earnings: total column 9, the sum of employee actual earnings paid.
- **B. Total Base Pay Salary:** total column 11, the sum of employee base pay.
- C. Total Employee Deductions: total column 10, the sum of employee deductions calculated using actual earnings.
- D. Total Employee Base Pay Deductions: total column 12, the sum of employee deductions calculated using the employees' base pay.
- E. Grand Total Salary: total Items 14A and 14B, all employee earnings or base salaries.
- F. Grand Total Employee Deductions: total Items 14C. and 14D. This is the total of all employee deductions.
- G. Grand Total Employer Contributions: multiply 12 percent (11.4 percent, effective January 1, 1994) times the value in Item 14E. This is the total employer contribution.

H. Grand Total Check: total Items 14F and 14G. This is the payment to PERA for all employee deductions and employer contributions.

When to Submit Deduction Reports And Payments

Deduction reports and payments for contributions to the Coordinated, Basic, Police and Fire and Police and Fire Consolidation plans must be received by PERA within 20 days of the date employees are paid, or 20 calendar days from the end of the pay period, whichever is later. If the 20th day falls on a weekend or a holiday, payment must be received the workday before. Payments received after the due date will be assessed a late charge. (If no paid date appears on the report, PERA will use the end of the pay period to determine the payment due date.) The late charge is 6 percent of the total amount payable to PERA for payments five days or less past due. A 10 percent interest charge is assessed for payments past due for more than five days. The minimum late charge is \$10. Late charge interest is compounded annually. PERA will compute and bill for all late charges. Do not include late charges with your payment when submitting late deduction reports.

Reporting Defined Contribution Plan Members

For ambulance service employees, employer and member contributions are to be sent to PERA regularly and periodically using the Defined Contribution Deduction Report (see next page). For elected officials, reports and contributions are to be submitted monthly.

The Defined Contribution Deduction Report consists of an original (salmon), a PERA membership copy (white), and an employer copy (yellow). The original and PERA membership copy must be transmitted to PERA with all pages included. PERA generates the Defined Contribution Deduction Reports for those employers who do not report using computer technology.

Employers who have data processing equipment available can print on the Defined Contribution Deduction Reports with their own computer systems. Employers who print on these reports must follow the instructions listed under Item-By-Item Instructions. Currently PERA is not accepting this data on tape or diskette.

Item-By-Item Instructions

- 1. Unit Name and Address: List employer name and address.
- 2. Unit Number-Unique Code: Indicate the PERA-assigned employer unit number with unique code (six digits total).
- 3. Paid Date: Show the date on which the employees received the checks.
- 4. Member Number: Indicate the six-digit member number issued by PERA for this plan. If a new or reinstating member is being reported, leave blank (do not print zeroes) and PERA will issue a member number. If PERA generates the DCP Deduction Report, new member numbers will appear on the next report produced. If the employer rather than PERA generates the

report, PERA will mail the employer a list with new member numbers.

- 5. Name of Member and Social Security Number: List the legal names of all members alphabetically by last name, first name, and middle initial. Show the member's Social Security number under the name.
- 6. Type of Status Change and Effective Date: Indicate status change, if any, and the effective date of that change. Status changes need to be reported for a new member, or the termination or death of a member. See the reverse side of the deduction report for the letter codes used to report these changes.
- 7. Employer Contribution: Indicate the amount of the employer contribution for each employee. For ambulance service personnel, the employer determines the amount of the contribution to be paid on behalf of each participating employee. Contributions must be based upon a unit value per call or period of alert duty, or if salaried employees, a fixed percentage of salary. For elected officials, the employer contribution is 5 percent of earnings.
- **8.** Employee Contribution: Members who are ambulance service employees and paid for their services may elect to contribute to the plan; employee contributions may not exceed the employer contribution. For elected officials, the contribution is 5 percent of earnings.
- **9. Gross Salary** This is gross salary of an elected official before deduction of state and federal taxes and PERA deductions. Do not report salary that is not PERA-deductible.

Items 10 through 13. Fund Summary Totals

- 10. Total Contributions: total the values in column 7, the sum of employer contributions.
- 11. Total Contributions: total the values in column 8, the sum of employee contributions.

- 12. Grand Total: Add Item 10 and Item 11. This is the total of employer and employee contributions and the amount that should be remitted to PERA.
- 13. Authorized Signature and/or Contact Person: The person who completed the report should sign the form, show title and telephone number. If someone other than the person who completed the form signs as authorizing

official, please also list a contact person so that PERA can reach the person who completed the report.

When Payments to PERA Are Due

Contributions to the Defined Contribution Plan made for elected officials must be made at least monthly. For ambulance personnel, contributions must be made on a regular and periodic basis.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION DEFINED CONTRIBUTION DEDUCTION REPORT READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

Unit Name & Address:

City of Anytown
Janet E. Adam, Payroll Clerk
P. O. Box 1
Anytown MN 55555

Unit No-Unique Code
0001-51

Paid Date
7/12/9x
3

		SEE REVERSE FOR CODES		5.45.57.57	SEE REVERSE
MEMBER NUMBER	NAME OF MEMBER AND SOCIAL SECURITY NO.	TYPE OF STATUS CHANGE AND EFFECTIVE DATE	EMPLOYER CONTRIBUTION	EMPLOYEE CONTRIBUTION	GROSS SALARY
4	5	6	7	8	9
	Anderson Erin G		12.50	12.50	250.00
38574	384-37-3857 Carlson John C		51.25	51.25	1025.00
38592	584-37-4739 Donaldson David		1.77	1.77	35.40
35868	349-587-6874				ļ
39584	Larson Harold 865-47-5748		77.05	77.05	1540.90
36685	Miller Jane E 584-48-5971		105.00	105.00	2100.00
39875	Olson Jane M 594-86-8976	T 7/3/9x			
harge and the same of the same			10	1 1	
		TOTAL CONTRIBUTIONS (Total Each Column)	\$ 247.57	\$ 247.57	<u> </u>
		GRAND TOTAL (Add Employend Employer Amounts)	yee \$ 4	95.14 1 2	
	AND COMPLETED FORM(S) TO: PLOYEES RETIREMENT ASSOCIATION	NOTE: SIGN LAST PAGE A	NO ANY PAGE CONT.	AINING A STATUS I	CHANGE. ALSO, NEW EMPLOYEE.
514 ST. PET	ER STREET, SUITE 200,	Authorized Signature and	1-4-	/9X	13
ST. PAUL,	MN 55102-1090	THIS PARALL C			A TOTAL CONTRACTOR OF THE PARTY
		Marrie & Telephone No. of	a Contact Person		<u> </u>
		(6/2) 33	5-5335		

Returning to Work While Drawing a Monthly PERA Retirement Check

PERA retirees collecting monthly retirement payments may return to public service, after 30 days, but cannot make contributions to PERA. In order to be considered retired, a person must terminate public service and be off work for at least 30 days.

Retirees are subject to the annual earnings limitations set by Social Security. (These limitations change annually. Please contact the Social Security Administration or PERA to get the current limits.) Therefore, employers must report to PERA the gross earnings of these retirees on their regular

Salary Deduction Reports, even though PERA deductions are not taken. Do not report elected official earnings; their salary is not included in the limitation.

PERA reduces or suspends (offsets) pension payments to retirees who exceed the earnings limitations during the year.

PERA deductions may or may not be taken on earnings of employees collecting monthly PERA disability payments. Whether or not deductions should be taken is handled on a case-by-case basis. Please call the PERA office if your agency employs a person collecting monthly PERA disability payments.

Computer Reporting

Introduction

The purpose of this section is to explain in detail the specifications for computer reporting and the PERA test process.

Reporting on Magnetic Tape or Diskettes

Employers that have PERA-compatible data processing equipment available can print on the PERA Salary Deduction Reports and Police and Fire Consolidation Deduction Reports with their own computer systems and mail them to PERA with a magnetic tape or diskette — if such materials have passed PERA's testing process.

Currently PERA is not accepting the Defined Contribution Deduction Report information on tape or diskette.

Employers who wish to generate their own Salary Deduction Reports must submit a tape or diskette that meets PERA specifications and requirements in addition to the paper copy of the report. Specifications for tapes and diskettes can be found under Part 1. Part 2 explains the diskette and tape format requirements, Part 3 shipping information, and Parts 4 and 5 describe member and fund summary record format specifications.

Test Process For Computer Reporting

PERA requires a testing period of those employers either switching from a manual reporting system to a computer reporting system or moving from one computer reporting system to another. The computer reporting specifications section describes, among other things, the kinds of computer media (diskette and tape) that can

be accommodated as well as the record format that must be used.

Employers intending to begin or switch to computer reporting should contact the PERA office to obtain the instructions and materials needed to begin testing.

During the test process employers will essentially need to do some double reporting to PERA. This means that employers must continue their current reporting method while, at the same time, submitting test materials of the new method. This dual reporting must continue until PERA approves the new reporting method.

Some employers switching from one computer reporting system to a new computer reporting system will temporarily be placed on a manual reporting system — if there is not sufficient time to complete the test process of the new reporting method before the old one must be discontinued. Under the temporary manual system, PERA will generate deduction reports and mail them to employers for completion until the test process has been completed.

Computer reporting requires that both computer media and paper copies of deduction reports be routinely submitted. Accordingly, test materials will need to be in both forms. After reviewing submitted media and paper copies, PERA will notify employers either that changes are needed or that materials comply with PERA specifications. If specifications are met, the test process is completed and employers may discontinue dual reporting and report only under the approved new method. Employers who have not received this approval must resubmit test materials with the changes PERA indicated are necessary. Please clearly label as "TEST" all materials submitted to PERA during the testing period.

Part 1 — Diskette and Tape Specifications

A. Personal Computer Reporting Specification Requirements

Personal computer diskettes submitted to PERA must be compatible with an IBM PC, XT, AT, or PS/2.

- 1. The following diskette specifications are supported:
 - (a) 5.25" floppy diskettes
 - Single or double sided
 - Single, double, or high (quad) density
 - (b) 3.5" diskettes
 - Single or double sided
 - Single or double density
- 2. Diskettes must be created using MS-DOS or PC-DOS
- 3. Create a fixed length, sequential, ASCII data file with a record length of 128 bytes (characters).
- 4. Each 128-byte record must be terminated with a CARRIAGE RETURN/LINE FEED control character sequence (ASCII characters 13 & 10).
- 5. The file must be named "nnnnnn.FM5, replacing 'nnnnnn' with the PERA Unit Number and Unique Code. (Example: Unit 9404-00 would create a file named 940400.FM5.

This naming convention allows creation of separate files and permits multiple unique codes to be reported on a single diskette.

B. 8-Inch "Floppy" Diskette Specification

Eight-inch diskettes must have the characteristics of diskettes created on IBM System 34, IBM System 36 (Model 5360), or IBM 3740 data entry system.

- 1. Use an 8" floppy diskette. Single-sided, single density diskettes or dual-sided, double-density. PERA cannot accommodate 5.25-inch diskettes created on System 36.
- 2. Diskette records are to be 128 bytes in length
 - 3. Header label format is as follows:
 - a. Diskettes created on IBM 3740 system
 - Address 00001 through 00004 to be blank
 - Address 00005 "ERMAP in columns 1 5
 - Address 00006 to be blank
 - Address 00007 "VOL1IBMIRD" in columns 1 10
 and have a "W" in column 80
 - Address 00008

Columns:	
1 - 4	HDR1
5 - 22	PAYROLL (file name)
23 - 27	00128 (record length)
28	Blank
29 - 33	01001 (beginning of extent)
34	Blank
35 - 39	(end of extent) numeric field
40 - 74	Blank
75 - 79	(end of data) numeric field

If the diskette contains multiple header labels, keep the first header label at address 00008. The additional header labels should have a "d" (delete) at addresses 9 through 26. The end of the extent address should be greater than the end of the data address.

- b. Diskettes created on IBM System 34 or 36
 - Initialize diskette in 128 bytes per sector form with a VOLUME ID of IBMIRD. This can be accomplished by using the following procedure: INIT IBMIRD,,FORMAT
 - Create a basic data exchange file named PAYROLL on the diskette.
 This is achieved by using the transfer procedure to transfer disk file named PAYROLL to diskette:
 TRANSFER PAYROLL,F1,,IBMIRD
- c. Member and Fund Summary Records must be in the format as described on the following pages.
- d. PERA will retain one current diskette for each unique code for use as a backup in case there is a problem with a subsequently submitted one. PERA may be in possession of two to three diskettes, however, depending upon whether there is a backlog in processing reports (diskettes).
- **e.** Diskettes will be returned as soon as possible after processing.

C. Magnetic Tape Specifications

Magnetic tape files supplied to PERA must have the characteristics of tape files created on IBM 3400 Series Tape Units:

9 track

1600 or 6250 BPI

0.6 inch minimum inter block gaps

Odd parity

Width 0.5 inch

EBCDIC in display (unpacked) format

1. Tape records are to be 128 bytes in length, blocked at four records per block. The record layout must be in 128 bytes. The

last block may contain fewer records and must not be padded.

2. PERA will accept labeled or unlabeled tapes. If labeled, standard IBM header and trailer labels are required. Header labels must precede data and be separated from the data by one tape mark. Trailer labels must follow the data and be separated from the data by one tape mark. If unlabeled tapes are used, the data must be followed by two tape marks.

Part II - Diskette and Tape Record Format Specifications

The diskette and tapes submitted to PERA must include two types of records:

- A. A Member Record (see Part IV, Member Record Format) must appear for each PERA member whether or not there were earnings for that pay period. If a member does not have earnings, report the employment status by using the member status change codes (found in the Reporting Section, under Detailed Instructions For Completing The Salary Deduction Report, Item 8) in the area provided on the Member Record (columns 89-90). Member records should bear the following characteristics:
- 1. List PERA members alphabetically by last name within each fund. List Basic members first, Coordinated members second, and Police and Fire members last.
- 2. The diskette or tape must match the printed Salary Deduction Report. That is, member names and funds on the diskette or tape must be in the same order as on the Salary Deduction Report. Also, punctuation is not to be used in the name field or anywhere on the Salary Deduction Report.
- 3. Paid date and pay period coverage dates (beginning and ending pay period dates) on the Member Record must match the printed Salary Deduction Report.

- 4. Left zero fill all numeric fields. Left justify all alphabetic fields except "status change," where the left position is to be blank.
- B. A Fund Summary Record (See Part V, Fund Summary Record Format) showing the totals of employee and employer contributions must precede individual member records for that fund. In other words, the Basic Fund summary record must appear before the individual Basic Member Records. The Coordinated Fund Summary precedes Coordinated member records and the Police and Fire Fund Summary appears before the Police and Fire member records.

Fund summary records must conform to the following specifications:

- 1. Fund Summary Totals must appear on both the paper copy of the Salary Deduction Report and the diskette or tape. In addition, fund summary totals must appear on either the first or last page of the Salary Deduction Report for each pay period and unique code.
- 2. Paid date and pay period coverage dates on the Fund Summary Record must match those on the printed Salary Deduction Report.
- 3. Left zero fill all numeric fields. Left justify all alphabetic fields except "status

change," where the left position is to be blank.

Part III - Mailing Instructions for a Tape or Diskette

It is the employer's responsibility to see that the tape or diskette submitted is correct and received in the PERA office at the same time as or before the Salary Deduction Report. An external mailing label is needed on the diskette or tape with the following information:

- 1. the unit number and unique code(s)
- 2. payroll coverage date(s) and paid date(s)
- 3. preparer's name and return address

Only the processor's name and return address will be required if a single tape is submitted with data for more than one employer.

Place the diskettes or tapes in a carton or a protective container with the return address and mark **FRAGILE**.

In the event a tape or diskette cannot be processed or is damaged, we will contact the employer to submit another tape or diskette.

Part IV

Member Record Format - 128 Byte Record

Distette and Tape

Field	C From	Columns Thru	Total	Remarks		
TAM	FILMU	1111111	<u> Mar</u>	Kemarks		
Transaction Code	1	2	2	Will always be 08		
PERA Member Number	3	8	6	If unknown, fill with zeros (show blanks on the Salary Deduction Report)		
Social Security Number	9	17	9			
Name of Member	18	40	23	Last name, First name, MI, (UPPER CASE)		
Unit Number	41	46	6	4-digit unit number, 2-digit unique code Example: 000100		
Fund Code	47	47	1	1 Basic 3 Police & Fire 2 Coordinated 6 Police & Fire Consolidation		
Paid Date	48	53	6	Month, Day, Year		
Date PERA Receives Report	54	59	6	Leave Blank (PERA use only)		
Beginning Date of Pay Period	60	65	6	Month, Day, Year		
Ending Date of Pay Period	66	71	6	Month, Day, Year		
Pay Period Code	72	73	2	01Weekly05Quarterly09Omitted02Biweekly06SemiannuallyDeductions03Semimonthly07Annually04Monthly08Retroactive10Other		
Amount of PERA Deduction	74	80	7	Basic: 8.23% Police & Fire: 8 % * Coordinated: 4.23% Police & Fire Cons.: 8 % * *7.6% effective 1/1/94.		
Gross Amount Earned	81	88	8	7.0% effective 1/1/94.		
Status Change	89	90	2	Status Change Code (Refer to the Reporting Section, under Detailed Instructions For Completing The Salary Deduction Report, Item 8). Left position should be blank. If unable to include this data, fill these fields with blanks.		
Effective Date of Status Change	91	96	6	Month, Day, Year. If unable to include this data, fill fields with zeros.		
Account Number	97	101	5	Fill with zeros (PERA use only)		
Filler	102	128	27	Blank spaces (PERA use only)		

Fund Summary Record Format - 128 Byte Record
Diskette and Tape

<u>Field</u>	Colu From		Total	Remarks		
Transaction Code	1	2	2	Will always be 01		
Unit Number	3	8	6	4-digit unit number, 2-digit unique code		
Fund Code	9	9	1	1 Basic 3 Police& Fire 2 Coordinated 6 Police and Fire Consolidation		
Paid Date	10	15	6	Month, Day, Year		
Date PERA Receives Report	16	21	6	Leave Blank (PERA use only)		
Beginning Date of Pay Period	22	27	6	Month, Day, Year		
Ending Date of Pay Period	28	33	6	Month, Day, Year		
Pay Period Code	34	35	2	01 Weekly 05 Quarterly 09 Omitted 02 Biweekly 06 Semiannually Deductions 03 Semimonthly 07 Annually 04 Monthly 08 Retroactive 10 Other		
Fund Total .	36	44	9	Total of employee and employer contributions for one fund		
Total Employee Contribution	45	52	8	Basic: 8.23% Police & Fire: 8%* Coordinated: 4.23% Police & Fire Cons.: 8%* *7.6% effective 1/1/94.		
Total Employer Contribution	53	60	8	Basic: 8.23% Police & Fire: 12%* Coordinated: 4.23% Police & Fire Cons.: 12%* *11.4% effective 1/1/94.		
Total Additional Employer Amount	61	68	8	Basic: 2.5% Police & Fire: 0% Coordinated: .25% Police & Fire Cons.: 0%		
Account Number	69	74	6	Fill with zeros (PERA use only)		
Filler	75	128	54	Blank spaces (PERA use only)		

Adjustments

Introduction

This section explains the steps to take if:

- reporting an overlooked PERA-eligible employee,
- an employee was reported in error,
- contributions were reported on salary that was not subject to withholding,
- a member becomes a full-time student and a part-time employee,
- an employee was reported to the wrong PERA or TRA Fund,
- a wrongful discharge suit is filed with an employer,
- a contract settlement or retroactive payment is to be paid, and
- an elected official chooses to purchase past service.

First, we will discuss the steps you should take if you discover an unreported but PERA-eligible member.

Reporting of Overlooked PERA-Eligible Employees

If you discover a PERA-eligible employee who was either overlooked or mistakenly excluded and for whom deductions were not withheld, PERA considers the missing employee and employer contributions "omitted deductions."

To report this missing information, you have two options available. Under Option One, PERA bills the employer. Option Two allows the employer to make an adjustment on the deduction report. (Option Two is available if omitted deductions started within 60 days before the current pay period.)

Option One

In order for PERA to bill for missed employee and employer contributions, you will need to follow the five steps explained below.

Step 1. On the next Salary Deduction Report to be submitted to PERA, list the new member's name with the deductions for that pay period. Do not calculate or remit past employee or employer deductions.

Step 2. File a Membership form.

Step 3. Send a list of earnings, by pay period, from the first of the month in which the employee qualified for membership to the date PERA deductions began. (Because of a three-year statute of limitations, if contributions have been omitted for more than three years, send a list of earnings covering the previous four calendar years.)

If an employee's PERA qualification date and date of hire are different, indicate the exclusion that prevented PERA membership from the date of hire. *Note:* If the exclusion for membership was because the employee was under the \$5,100 annual stipulation, send a copy of the stipulation, annual salary for each year (school year for school employees), and a breakdown of salary by pay period for the current year. If the employee was a full-time student who worked part-time, list the date on which the full-time student and part-time employee status ended. Do not go beyond four years.

Step 4. PERA will determine the amounts due and send an Omitted Deduction Billing Report to the employer.

Monthly, an Outstanding Omitted Deduction/Interest Report will be mailed to employers who have past due omitted deductions. This report will show payments that have been received, the balance that remains due, and interest projected 30 days from billing date or calculated through date payment was made in full.

An employee must pay only those deductions omitted during the 60-day period before enrollment in PERA in which he/she had earnings, and the employer must pay any remaining employee deductions. The law states that an employer must not attempt to recover from the employee those deductions paid by the employer. Therefore, if payments are made by a member beyond the 60-day period, we will be obligated to return the overpaid contributions to the member, and request payment from the employer.

Step 5. Upon receipt of the billing report,

issue a separate check covering the omitted deductions and accrued interest due and mail with the billing report. If for some reason you cannot send payment for all of the employees listed, identify on the billing the employees, the amount which is

A sample Omitted Deduction Billing Report is shown. not a part of your payment, and the reason for the exclusion. Without an explanation of why a payment does not equal the grand total shown on the billing, we will be unable to determine which member accounts to credit.

Omitted contributions for terminated employees

If the unreported employee has terminated public employment, inform PERA of the employee's termination date, date of birth, address, and Social Security number. The employer will not be billed for the employee's share. (The employee has the option to pay his/her share to obtain this service credit.) The employer will be billed for the employer contribution amount plus interest.

PUBLIC	EMPLO	YEES	RETIRE	EMENT A	ASSOCIATION
ΑO	AITTED	DEDU	CTION	BILLING	REPORT

UNIT NO.-UNIQUE CODE
0001-01
DATE PAYMENT DUE

IMPORTANT - READ EXPLANATORY INFORMATION ON REVERSE SIDE

07/15/9X 08/15/9X
RETURN WITH PAYMENT TO:

DATE OF BILLING

CITY OF ANYTOWN
JANET E. ADAM, PAYROLL CLERK
P O BOX 1

PUBLIC EMPLOYEES RETIREMENT ASSN. 514 ST. PETER ST., STE. 200 ST. PAUL, MN 55102-1090

P O BOX 1 ANYTOWN MN 55555

NOTE: Interest of 6% compounded annualty accrues through the date payment is made in full for each employee. Each interest amount shown below is projected assuming payment reaches us in 30 days.

		AMOUNTS DUE FROM EMPLOYER							
	er number, employee name & SSN, In which deductions are due	FRO	DUNT DUE PLOYEE*		EMPLOYEE CONTRIBUTIONS*		EMPLOYER CONTRIBUTIONS		REST DUE REVERSE DETAILS)
111111	NELSON MARY E (05/01/9X - 06/30/9X)	\$	73.25		0.00		77.82		9.52
222222	JOHNSON JOSEPH (03/01/9X - 05/31/9X) BALANCE DUE AFTER PAYME	\$ NT:	48.22 - <u>48.22</u> 0.00	13	9.51	'	198,91 1 <u>90,91</u> 8.00	1	5.35
333333	ANDERSON SUSAN (01/07/9X - 03/31/9X)	\$	31.73	2	20.19		54.99		7.50
TOTAL OF	EACH COLUMN	\$	104.98	\$ 15	59.70	\$:	140.81	\$	32.37
	AL - AMOUNT TO REMIT TO PERA	Hovee	deductions for	the 60		437		perio	d in which
	, an employee pays ONLY the omitted em- ned but deductions were not withheld. An hell not attempt to recover those contribut								
AUTHORIZED	SIGNATURE	TELEP	HONE NUMBE	A I	PAYMENT 7	MOUNT	CHECK	Ю.	DATE
PW-00205-01 (5/92) KEEP ONE COPY - RETURN ONE COPY WITH PAYMENT									

Option Two

An adjustment for missed (omitted) deductions can be made by the employer on the Salary Deduction Report for employee deductions that go back less than 60 days from the current pay period. DO NOT GO BEYOND THAT 60 DAYS. For adjustments that started more than 60 days back, refer to Option One.

Example: An employee made \$500 from July 1 through July 15. No PERA deductions were taken. On the next payroll dated July 16 through July 31, the employee earned \$250. Since the employee earned more than \$425 with the first July payroll period, the employer can report and submit deductions for \$750 on the Salary Deduction Report submitted for the July 16 through July 31 payroll.

When an adjustment is made, explain on the Salary Deduction Report the following information:

- (1) Identify the member by placing in the status column that past-due deductions are included.
- (2) Indicate the pay period(s) for which contributions are being reported. Be sure to indicate the correct coverage dates for the full adjustment period or the member may not receive proper service credit. DO NOT GO BEYOND THE 60-DAY LIMIT.
- (3) Show the adjusted salary. If the salary is already preprinted (by your computer service or department), simply cross out the old information with a single, thin red line and make the correction in red ink above the preprinted entry. PERA will make the correction on the magnetic media.
- (4) Show the adjusted contribution(s) in the fund column and in the fund summary totals. If the salary is already preprinted (by your computer service or department), simply cross out the old information with a single, thin red line and make the

- correction in red ink above the preprinted entry. PERA will make the correction on the magnetic media.
- (5) Make the necessary grand total changes to reflect the amount of all corrections.
- (6) Issue payment to reflect adjusted amount.

Employee Reported In Error

If an employee who did not qualify for coverage was reported in error, PERA can refund the overpayment or, in some circumstances, an adjustment can be made by the employer on the deduction report.

If the employee's contributions reported in error started before January 1, 1990, the employee has the option to continue or discontinue PERA coverage. In this instance, send a letter to PERA explaining the reason the employee does not qualify for coverage and keep withholding contributions. PERA will notify the employee of his or her options and notify the employer accordingly.

If contributions were first reported after January 1, 1990, stop withholding deductions in all instances except for individuals who may be independent contractors. Indicate on the deduction report why these individuals are not eligible and provide the following additional supporting documentation:

- full-time student and part-time employee student status form
- \$5,100 annual stipulation copy of stipulation form
- city manager Election of Exclusion form must be filed
- temporary employee identify dates of employment period
- independent contractor submit a copy of the contract and PERA will inform

the employer if withholding should stop.

If a membership form has not been filed with PERA, please also give the employee's address, birth date, and Social Security number.

PERA can refund the overpayment or the employer may adjust the deduction report if the employee has not terminated and the correction is made within one month.

PERA issues a refund

PERA can refund the employee contributions reported in error with interest directly to the employee and the employer share to the employer. PERA will then issue a Form 1099 to the employee at the end of the year.

If the deduction(s) submitted in error is less than \$5, a refund is not issued unless requested by the employer.

Employer adjusts deduction report

An adjustment (credit or debit) for contributions reported in error may be made up to 60 days prior to the current pay period. Interest is not available for credit adjustments under this option. No adjustments can be made on terminated employees. Credit adjustments can be made only if there is money on a similar deduction report submitted at the same time (in the Fund Summary Totals) to recover the payment. Any other deduction in error will be refunded by PERA.

When an adjustment is made, explain on the deduction report the following information:

- (a) Identify the employee by noting in the status column that an adjustment is made, with an appropriate explanation.
- (b) Indicate the pay period(s) being adjusted.
- (c) Show the adjusted salary. If an incorrect salary is already preprinted (by

- your computer service or department), simply cross out the old information with a single, thin red line and make the correction in red ink above the preprinted entry. PERA will make the correction on the magnetic media. Note: if the salary is a negative, the negative sign(-) must be shown.
- (d) Show the adjusted contribution(s) in the fund column and in the fund summary totals. If an incorrect contribution is already preprinted (by your computer service or department), simply cross out the old information with a single, thin red line and make the correction in red ink above the preprinted entry. PERA will make the correction on the magnetic media. Note: If the contribution is a negative, the negative sign(-) must be shown.
- (e) Make the necessary grand total changes to reflect the amount of all corrections.
- (f) Issue payment to reflect adjusted amount.

Contributions Reported on Salary Not Subject to Withholding

When an error is made on a member or members where employee and employer contributions were reported on salary that is not subject to PERA withholding, make the adjustment on the following deduction report or within 60 days of the current pay period, with the appropriate explanation and affected pay period dates. If an adjustment is not made within the 60 days, send a letter to PERA with the appropriate explanation and affected pay period dates, and PERA will refund the overpayment.

Member Becomes a Full-Time Student And A Part-Time Employee

A Coordinated, Basic, or Police and Fire Plan member who becomes a full-time student and a part-time employee is no longer eligible for PERA coverage. In this situation, the employee, the employer, and the school must complete the Full-Time Student, Part-Time Employee Certification Form (sample shown below).

When an employee begins full-time school attendance, stop withholding deductions and submit the certification form to PERA with the Salary Deduction Report on which the last deduction or no deduction appears.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 514 St. Peter Street, Suite 200, St. Paul, MN 55102 Telephone (612) 296-7460

FULL-TIME STUDENT, PART-TIME EMPLOYEE CERTIFICATION

INSTRUCTIONS: Use this form to confirm status as a full-time student, pert-time employee who is exempt from membership in PERA. Any refund payable based on this status will be delayed until receipt of this completed form. Part A is to be completed by the student/employee. Part B should be completed by the accredited school in which this student is enrolled full-time, and Part C is to be completed by the employer. Signatures are required in both Parts B and C for this form to be valid.

•	53.01, Subd. 2b (m), which reads in part as follows: "Public employee" does not mean: Full-time s		regularly attending
	classes at an accredited school, college, or university		
P a r	The information on this form will be used to identify the syment of PERA contributions. All information, except the notation of the symbol of the symbol of the symbol of the symbol of the symbol of the symbol of the staff who must use it in the normal course of conductivate data of this individual will be shared with any uniqueted.	ne Social Security number, studen can be given to anyone for any p ied as PRIVATE and are available sting PERA business, and to entiti	nt's address, name of school, purpose. The Social Security only to this individual, to es authorized by lew. No
	FOR COMPLETION BY EMPLOYEE/STUDENT		
,	Name (PLEASE PRINT) - Last, First, Middle Initial	Social Security Number	PERA Member No.
2	Address (PLEASE PRINT) - Number and Street		
1	City	State	Zip Code
4	NOTE: It is your responsibility to inform your employed employed on a part-time basis. FOR COMPLETION BY ACCREDITED SCHOOL	r if your full-time school attende	ance stops while you are still
P A	I hereby certify that the above-named is/was in full-time attendance according to this school's standards and practices for the following period:	Beginning Date	Ending Date (Actual or Anticipated
ר ר	Name of School		
В	Signature and Title of School Official	A STATE OF THE STA	Date
٦	FOR COMPLETION BY EMPLOYER		
	Is the above-named employed by your governmental u Yes, PERA deductions will be discontinued as o	nit on a part-time basis? f this date:	
2	No, employee terminated service on this date: No, employed full-time (deductions must conti		
r	Governmental Subdivision and Department		Unit No Unique Code
c١	Authorized Signature and Title		Date

Employee Reported in Wrong Fund

If a person was incorrectly reported in the wrong PERA Fund (such as a person reported under the Coordinated Fund who should be Police and Fire Fund, or vice versa), start reporting the employee in the correct fund and make an adjustment (credit or debit) if the correction can be made within 60 days of the error. When an adjustment is made, show on the deduction report the affected pay period dates with an explanation. If an adjustment is not made within 60 days, send a letter to PERA with the appropriate explanation and affected pay period dates. PERA will bill for any additional amount due or refund any overpayment.

Employee reported to PERA who should be TRA

If a person is incorrectly reported to PERA rather than the Teachers Retirement Association (TRA), take the following steps:

- 1. Stop withholding PERA contributions and start withholding TRA contributions.
- 2. Send a letter to PERA and TRA explaining the situation.

Upon receipt of written notification from the employer, PERA will transfer the employee and employer contributions to TRA.

Employee reported to TRA and should be PERA

If you are in doubt whether to put an employee under TRA or PERA, contact TRA for that determination.

There are two methods to enroll an employee in PERA who was reported to TRA in error. Method One is to be used when contributions have been reported to TRA beyond the current school year. Method Two is to be used when TRA contributions have been withheld during the current school year only.

Method One Multiple - Year Error

If an employee is incorrectly reported to TRA instead of PERA, beyond the current year, please do the following:

- 1. Notify PERA and TRA of the error.
- 2. Stop withholding TRA contributions and start withholding PERA contributions (if PERA qualifications have been met).
- 3. PERA will notify you, the employer, to submit a list of gross earnings by pay period covering the period in question. Upon receipt of the earnings, PERA will determine when the person qualified for PERA membership and ask TRA to transfer the employee and employer contributions to us.
- 4. File a PERA membership form. If an employee's PERA qualification date and date of hire are different, indicate the exclusion that prevented PERA membership from the date of hire. If the exclusion for membership was because the employee was under the \$5,100 annual stipulation, send a copy of the stipulation and a breakdown of salary by pay period for the current year. If the employee was a full-time student and part-time employee, list the date on which the full-time student and part-time employee status ended. Do not go beyond four years.

Note: Once all the information is received and the transfer from TRA is processed, PERA will then notify the employer if payments remain due or if PERA needs to refund any overpayments.

Method Two Single - Year Error

If a person is incorrectly reported to TRA instead of PERA, during the current school year only, please do the following:

- 1. Stop withholding TRA contributions and start withholding PERA contributions (if PERA qualifications have been met).
- 2. File a PERA membership form. If an employee's PERA qualification date and date of hire are different, indicate the exclusion that prevented PERA membership from the date of hire. If the exclusion for membership was because the employee was under the \$5,100 annual stipulation, send a copy of the stipulation and a breakdown of salary by pay period for the current year. If the employee was a full-time student and part-time employee, list the date on which the full-time student and part-time employee status ended. Do not go beyond four years.
- 3. Send a check and a separate salary deduction report representing the current year PERA employee and employer contributions (transfer from TRA), and include on the deduction report the period(s) over which the salary and contributions were earned. This period is recorded as the Pay Period on the deduction report. Identify on the top of the deduction report that this payment represents an adjustment of deductions made in error to TRA when they should have been taken for PERA.

Remember, when a school district makes an adjustment transferring contributions from TRA to PERA for current year contributions, the employer is to send a letter with the Salary Deduction Report on which the contributions are being reported explaining the situation.

PERA will not bill for interest or late filing for contributions reported to the wrong fund.

Wrongful Discharge Settlement

If a wrongful discharge suit is filed with an employer, regardless of whether for veterans' preference, age discrimination, race discrimination, or any other reason, please do the following:

- 1. Notify PERA that a claim has been filed.
- 2. Advise attorneys involved that PERA has an interest in the settlement.
- 3. PERA should be given the opportunity to participate in the case.
- 4. Have PERA calculate the employee and employer contributions due, based on the gross salary that would have been paid, had the person not been discharged. Submit a list of earnings that would have been paid to the employee had the employee not been discharged.
- 5. If the dollar amount to be paid to PERA is specified in the court order, it should be based on gross salary before subtracting unemployment compensation, workers' compensation, or wages from other sources. If not, PERA will ask that an amended order be issued by the court.
- 6. Copy of the court order is required when payment is made to PERA.
- 7. If a copy of the court order is sent to PERA without payment, the employer will be billed for the employee and employer contributions due. Interest will be charged to the employer on member and employer contributions at 8.5 percent compounded annually, expressed monthly, between the date the contribution amounts would have been paid to the date of actual payment.

Contract Settlements and Retroactive Pay

A separate deduction report must be submitted for non-routine earnings, such as retroactive pay, contract settlements, bonus and longevity pay, overtime and compensatory time pay, if earned outside the regular pay period. Deduction reports must show the period over which these payments were earned. This period is recorded as the pay period on the deduction report. Refer to the Reporting Section for more details on reporting non-routine salary.

If additional deductions are due on a terminated member, submit to PERA on the deduction report with appropriate explanation and pay period dates. If the terminated member has already received a refund, PERA will automatically send an additional refund. If the terminated member is drawing a pension, the pension will be recalculated.

Elected Officials Purchasing Past DCP Contributions

Elected officials who exercise their option to participate in the Defined Contribution Plan (DCP) and who have previous uncovered service as elected officials may pay contributions on that past service performed before June 30, 1991, and invest them in DCP. Uncovered service is service as an elected official for which an employer did not contribute to a pension plan on the elected official's behalf.

PERA calculates the amount of past contributions by using the Coordinated or Basic contribution rates in effect at the time the service was rendered rather than using the current 5 percent DCP contribution rate. If the elected official chooses to pay these past contributions, the employer is required to pay the corresponding employer contribution. Payment of these past contributions also requires payment by both

participant and employer of 6 percent interest compounded annually.

Elected officials may choose to pay all or part of past contributions. Also, payment may be made in installments. The Internal Revenue Service limits payment of past and present (both employee and employer) contributions to 25 percent of taxable income from elected service in the current calendar year.

Generally, taxable income is gross salary from elected service minus contributions made to the DCP and other qualified tax deferred plans (such as 401K) or non-qualified 457 plans using earnings from the elective service.

Only elected officials who enroll in the DCP may make past contributions on uncovered service. Elected officials interested in making a purchase should ask their employer(s) to complete a "Record of Annual Earnings for Elected Officials" and mail it to PERA. Employers can obtain the Record of Annual Earnings form by calling the PERA office.

Listed below are the steps for payment of past contributions:

- 1. A DCP Membership form and DCP Record of Annual Earnings are submitted to PERA.
- 2. Upon receipt of the DCP Record of Annual Earnings, PERA calculates the total cost of purchasing past contributions. The information is sent to the elected official with a DCP Worksheet to be used to submit payments for past service. At this same time, PERA will mail a separate notice to the employer informing them of the total potential liability for the employee's past service.
- 3. The elected official completes the DCP Worksheet to compute the maximum amount of past service that may be paid in the current tax year.

- 4. The elected official submits payments for past contributions to PERA with the completed DCP Worksheet. The payments may be made on a quarterly basis or at the end of the calendar year.
- 5. Upon receipt of the elected official's payment, PERA bills the employer for the corresponding employer share of past service.
- **6.** Annually, PERA mails to the elected official with unpaid past service updated costs along with a DCP worksheet.

Elected officials have until January 31 of each year to make payments for past service based upon earnings in the previous year. Employers have until May 15 to make their payments.

In February of each year, PERA asks employers to report the taxable salary of elected DCP members who paid past contributions for the prior tax year.

Annual Reports

Introduction

This Section explains the reports that are requested from employers on an annual basis and the statements mailed to PERA-covered employees each year. First, we will discuss the list employers must provide to PERA identifying persons not participating in PERA.

Annual Exclusion Reports Formerly "Payroll Abstracts"

As part of PERA's reporting requirements, employers submit lists each year so PERA staff can verify that persons eligible for membership are actually enrolled. In fulfilling this legal requirement, employers have had two formats from which to select. One format has been referred to as an "exception report" because it contains only those persons who did not contribute to PERA. The other option is to list ALL

individuals who received wages, including PERA members and non-members (a "payroll abstract"). In both options, employers listed persons paid during the last full pay period in their "contract year," which is May for school districts and December for all other government agencies.

Effective the end of the 1993-94 school year (for school districts) and 1994 calendar year (for all others), the exception reports and payroll abstracts will be replaced by a single, standardized report referred to as an Exclusion Report. This annual report will be expanded to cover more than just those persons employed during one pay period in a year and to include the reason (using new exclusion codes) individuals do not have coverage in a qualified public pension plan, as listed in Minnesota Statutes 356.30, Subdivision 3.

A sample of the new report is shown below. Detailed information and instructions can be found on the following pages.

Annual PERA Exclusion Report

Unit Number: 9999-00, 9999-01 Name of Employer: Anytown School

Contract Year: 1993-1994 Date Prepared: 6/6/94 Sample

Social Security Number	Individual's Name	Has Employment Ceased	Annual Salary	Salary for Last Pay Period in Year	Pay Cycle
477.00.4000	lamaa lahn	No	¢ 520.05	e 226.00	Biweekly
	·				•
473-47-2438		*	•		Biweekly
382-48-4859	Nelson, Joseph	No	44,018.00	0.00	Annually
456-37-3755	Smith, Jane	Yes	5,225.45	0.00	Biweekly
354-26-4826	Johnson, Allen	No	525.00	525.00	Monthly
483-58-8888	Andrews, Mark	No	5,055.45	505.35	Monthly
396-85-2849	Peters, Thomas	No	3,945.43	123.45	Biweekly
493-58-2223	Hansen, Sally	Yes	4,934.55	0.00	Biweekly
	Number 477-00-4869 473-47-2438 382-48-4859 456-37-3755 354-26-4826 483-58-8888 396-85-2849	Number Name 477-00-4869 Jones, John 473-47-2438 Anderson, Mary 382-48-4859 Nelson, Joseph 456-37-3755 Smith, Jane 354-26-4826 Johnson, Allen 483-58-8888 Andrews, Mark 396-85-2849 Peters, Thomas	Social Security Number Individual's Name Employment Ceased 477-00-4869 473-47-2438 382-48-4859 Jones, John Anderson, Mary No Nelson, Joseph No No 456-37-3755 354-26-4826 Smith, Jane Johnson, Allen No Yes No 483-58-8888 Andrews, Mark Andrews, Mark No 396-85-2849 Peters, Thomas No	Social Security Number Individual's Name Employment Ceased Annual Salary 477-00-4869 473-47-2438 Jones, John Anderson, Mary 382-48-4859 No 4,018.22 382-48-4859 Nelson, Joseph No No 44,018.00 456-37-3755 354-26-4826 Smith, Jane Johnson, Allen No Yes 5,225.45 525.00 483-58-8888 Andrews, Mark Andrews, Mark No 5,055.45 3,945.43	Social Security Number Individual's Name Employment Ceased Annual Salary Last Pay Period in Year 477-00-4869 473-47-2438 Jones, John Anderson, Mary 382-48-4859 No No No Nelson, Joseph No 4,018.22 468.90 468.90 382-48-4859 Nelson, Joseph No Yes 354-26-4826 5,225.45 Johnson, Allen No 0.00 525.00 483-58-8888 Andrews, Mark Andrews, Mark No 5,055.45 505.35 396-85-2849 Peters, Thomas No 3,945.43 123.45

Who is included On The New Report

The employer is to list all persons who worked during the school year for school employees and calendar year for non-school employees but did not have pension deductions withheld from their salary. This includes all employees and independent contractors currently employed and those who terminated service during the past year.

Do not include employees who were not contributing to PERA at the start of their employment or the contract year IF they were enrolled in PERA before the year ended. You should also not include employees who hold positions for which earnings are covered by Teachers Retirement Association (TRA), Minnesota State Retirement System (MSRS), Duluth Teachers Retirement Fund Association, Minneapolis 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.

Do not include independent contractors when the individual or firm has provided you with a Minnesota Tax or Federal Employer I.D. number in place of a Social Security number, or when you issue one check to a firm for the work performed by more than one of their employees.

There are two options in which Exclusion Reports can be filed. One is for the employer to generate the report and the other is for PERA to send a blank report for the employer to complete.

PERA will automatically send notification to the employers 30 to 60 days before the end of the school or calendar year. Included with the notice will be a blank Exclusion Report for employers to complete. Employers can choose to use the form sent by PERA or print their own.

PERA-Printed Exclusion Report

When PERA generates the Exclusion Report, the employer name, unit number, and contract year will be printed. In addition, columns will be identified for the employer to complete. The items requested will be the exclusion code, Social Security number, name of person, person's employment status at year end, salary paid for the year, salary paid during the last pay period of the year, and pay cycle for the last pay period.

The employer is to complete the report by identifying persons who were not covered by a qualified public pension plan. Refer to the Item-By-Item Instructions for more detailed information on the completion of this report.

Employer Generated Report

Employers who choose not to use the single-page report generated by PERA may print their own, as long as they do not alter the report format. Whenever possible, please print the Exclusion Report information on standard-size paper (8.5" by 11"), rather than computer-size (13.5" by 11"). Currently PERA is not accepting the Exclusion Report information on tape or diskette.

When printing the Exclusion Report, list the persons who were not covered by a qualified public pension plan in numeric order by exclusion code. Within each of these codes, list the individuals in numeric order by Social Security Number or alphabetical order by last name. Leave a blank line between each 3-digit exclusion category (0xx, 1xx, 2xx, etc.).

The specific information and format that is required on the exclusion report is identified in the Item-By-Item Instructions.

Item-By-Item Instructions

These instructions refer to the sample Exclusion Report shown on the first page.

- 1. Employer's PERA-assigned six-digit unit number(s). This number can be found in the upper right-hand corner of your Salary Deduction Report(s). If you have multiple unit numbers, identify all numbers, such as 9999-01 and 9999-11.
- 2. Name of employer or government agency.
- 3. Contract year dates being reported. For school districts the contract year is based on the school year starting July 1, 199X through June 30, 199X; for all other employers, the contract year is the calendar year, January 1, 199X, through December 31, 199X.
- 4. Date prepared. This is the date the employer completed or printed the report.
- 5. Exclusion code. This 3-digit code (established by PERA) must appear for each person to identify the reason the person is not reported to PERA. *Note:* Employers who print their own Exclusion Reports must list their employees and independent contractors in numeric order by exclusion code. For each of these codes, list individuals in numeric order by Social Security number or alphabetically by last name. Refer to the Exclusion Code Section for a complete list.
- 6. Social Security Number. You are not legally required to furnish the social security numbers of persons who are not contributing to this pension fund. We ask for these numbers for identification and comparison purposes to help up cross reference data stored in our computer and filing systems. To assist you, we will include social security numbers in any written request we make for clarification of a person's exclusion from PERA membership. We recognize that social security numbers are classified as private data and ensure that, if provided to

us, we will protect the privacy rights of the individuals.

- 7. Names of persons who are or were employed during the contract year but are not contributing to a qualified public pension fund.
- 8. Person's employment status at year-end. At a minimum indicate whether the person's employment has ceased. You may show the exact status if you so desire.
- 9. Total gross salary for the year. For school districts this is gross salary earned from July 1, 199X through June 30, 199X, and for all other employers it is salary earned from January 1, 199X, through December 31, 199X.
- 10. Gross salary or wages for each person during the last pay period of the calendar year or the last pay period in May for school districts.
- 11. Pay cycle. This is the type of pay cycle for the last pay period. Such as bi-weekly, monthly, annually, etc.

Exclusion Codes

This 3-digit exclusion code (established by PERA) must appear for each person to identify the reason the person is not reported to PERA.

Employers who print their own Exclusion Reports must list their employees and independent contractors in numeric order by exclusion code. For each of these codes, list individuals in numeric order by Social Security number.

0xx - Exclusion Codes which begin with 0 relate to the employed person's affiliation with another entity.

- 001 Part-time employees who are also full-time students enrolled in and regularly attending classes at an accredited school, college, or university.
- **002** Employee receives monthly disability benefits from PERA.
- **003** Employee receives monthly retirement benefits from PERA.
- 004 Foreign citizens with a work permit of less than three years, or an H-1B visa valid for less than three years of employment.
- 005 Persons who 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.
- 006 Resident physicians, medical interns, and pharmacist residents and interns serving in a degree or residency program in public hospitals.
- **007** Students who are serving an internship or residency program sponsored by an accredited educational institution.
- 008 Patient and inmate personnel who perform services in charitable, penal, or correctional institutions.

009 Independent contractors and their employees.

1xx - Exclusion codes which begin with 1 relate to the position held by the individual

- 101 Persons hired for a pre-determined period of time to be less than six consecutive months AND employment has not exceeded six months. These cannot be employees who are hired for an unlimited period but must serve a probationary period before they are considered permanent employees.
- 102 Emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster.
- 103 Persons who hold a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute.
- 104 Volunteer ambulance personnel who are advanced life support emergency medical service staff who are not covered by the PERA Defined Contribution Plan.
- 105 Election officers (judges).

2xx - Exclusion codes which begin with 2 relate to employees who have the option not to participate in PERA

- 201 Elected public officers, or persons appointed to fill an elected position vacancy who did not choose to participate.
- 202 Public hospital employees who elected not to participate in PERA before 1972.
- 203 City managers or chief administrative officers (see Minnesota Statutes, Section 353.028) who filed with PERA an election of exclusion within six months of commencement of employment.

3xx - Exclusion codes which begin with 3 relate to the salary of the employee

- 301 Employees who earn \$425 or less in a calendar month.
- 302 Employees whose annual compensation is stipulated in advance, in writing, to be not more than \$5,100 for a full calendar year or school year for school employees.
- 303 Employees hired after the start of a year whose annual compensation is stipulated in advance, in writing, not to exceed a pro-rated amount, determined by multiplying \$425 by the number of months left in the year.

4xx Exclusion codes which begin with 4 apply to persons who hold multiple excluded positions at the same time.

- 401 Employee holds a part-time position for which the monthly salary has never exceeded \$425 and this individual holds a position of less than six consecutive months.
- 402 Employee holds a part-time position for which the annual salary has never exceeded \$5,100 and this individual holds a position of less than six consecutive months.

When Exclusion Reports are Due

Exclusion Reports are due in the PERA office by August 31 of each year for school districts and February 28 for all other employers.

Certification of Annual PERA Exclusion Report

The department head must certify the accuracy and completeness of the Exclusion Report before it is filed with PERA. A Certification of Annual PERA Exclusion Report form will be mailed to employers with the notice requesting the annual report. The department head will be required to

complete and sign the certification form and return it to PERA with the Exclusion Report.

The department head authorized to sign the certification would be the person in authority of the county, school, city, township or other government agency. For example, it would be a county auditor, school superintendent, city manager, or township official.

Annual "Q" Status Reports

In March of each year, a report is mailed to employers listing members who did not have PERA withholding for a given month with no status code reported on the Salary Deduction Report. On this report, we ask that the employer inform PERA of the employment status of the member during the time in which contributions were not reported.

This information is needed in order for PERA to determine if service credit can be given for the months in which there is no PERA withholding. Since PERA pension calculations are based on months and years of service credit, it is important that the employers notify PERA of an employee's status during the time in which PERA contributions are not withheld.

PERA service credit can be given for months in which salary and contributions were reported, up to one year for unpaid medical or workers' compensation leave, up to two months for unpaid maternity/paternity or adoption leave, and up to three months each year for temporary layoff periods. Service credit cannot be given to employees who have no earnings due to not working for a calendar month or employees on personal or military leave (unless voluntary payments are made for an authorized leave).

For an employer to avoid this annual report, PERA status codes and effective dates should be placed in the proper column on the Salary Deduction Report.

All status codes except Q are to be reported only for a change in the member's status since the last reported payroll period. If no change in status has occurred since the last reported payroll period, leave this item blank. Employees with the status code of Q are to appear on the report for each pay period that it would apply. An effective date must accompany all codes except Q.

T = termination

K = unpaid maternity, paternity, or adoption leave

C = death

L = layoff

M = unpaid medical leave of absence

P = personal leave

X = military leave

W = workers' compensation

A = returned from layoff, leave, strike, worker's compensation,

Q = A member (does not include a PERA retiree or disabilitant) who is not on a leave or layoff and is still considered actively employed but has no earnings in the payroll period. Among other things, it is used for workers on strike and for part-time workers who did not work during the pay period.

Employees Who Are On Leave Status Beyond 13 Months

Once a year, a report is mailed to employers who have employees on a leave status for more than 13 months. We ask that the employer confirm if the members appearing on the report are still on an authorized medical, personal or workers' compensation leave without pay. This information is requested so our records are kept up-to-date. PERA membership ends when you inform us that a person is no longer on an authorized leave.

Elected Officials Purchasing Past DCP Service

In February of each year, employers receive a listing of Defined Contribution Plan (DCP) members who have paid more than \$200 in past contributions for the prior tax year. We ask that the employer certify the taxable income of the members listed on the report and the amount the employee contributed through payroll deductions in the past year. The report must be returned to the PERA office by February 28 of each year.

This annual report is mailed to the employers of elected officials who have purchased past service in the DCP. The information is used to ensure that these individuals suffer no adverse income tax consequences, as we need to determine that the amounts (listed on the payment worksheets) we have received are within limits of Section 415 of the Internal Revenue Code.

Police and Fire Consolidation Annual Billing For Additional Municipal Contributions

Actuarial valuations are conducted every year to closely monitor the financial health of your local plan. If your relief association plan is not fully funded, the valuation will determine the amount of the unfunded actuarial liability of the relief association benefit plan. The unfunded liability is amortized to the year 2010. Your city will be responsible for making an annual payment to reduce this unfunded liability until it is fully paid in 2010. This amortization payment is referred to as your city's additional municipal contribution.

Additional municipal contribution payments are to be made each year by January 31. If payment is made after January 31, but before December 31, interest charges (presently 8.5 percent) compounded monthly will be assessed for late payment. If paid after December 31, interest is charged at a rate four percentage points higher than the assumed rate, compounded monthly.

Financial Annual Report

In December of each year, employers receive the PERA Comprehensive Annual Financial Report. The information contained in this report is to be a full and complete disclosure of the structure and financial status of PERA and its Funds. In addition, we enclose the suggested footnote disclosures for the employers' annual reports, so they are in compliance with current accounting standards.

Personal Benefit Statements

In the fall, PERA issues statements to all working Basic, Coordinated, and Police and Fire Plan members. The Personal Benefit Statement (PBS) reports the members' service credits, employee contributions made, and benefits earned through June 30. The PBS also projects future retirement benefits based on present earnings and continuous service to the ages shown on the statement.

The statements for Defined Contribution Plan members are mailed semi-annually, in the months of January and July. The statement shows, for the past six-month period, the employee contributions withheld from salary and the matching contributions made by the employer. In addition, the statement reflects payments for past service, if any were recorded in the six-month period, as well as how contributions were invested and the total value of the account both at the beginning and the end of the reporting period.

The employer will be notified of the statements returned to PERA by the post office. A letter will be mailed to the employer listing the member names and addresses of those statements returned to the PERA office. We ask that the employer return the listing with a more current address for any member appearing on the report. If a more up-to-date address is not available, so indicate and return the listing to the PERA office. Statements undeliverable will be destroyed.

Insurance

Introduction

The purpose of this section is to explain the health and life insurance and deferred compensation programs available to public employees through their employers. Included is a discussion of benefits or features of each of the programs and instructions on how employers and employees are to be enrolled.

The programs discussed are: the PERA-administered Group Term Life Insurance Program; the Deferred Compensation Plan administered by the Minnesota State Retirement System; and the Public Employees Insurance Plan (PEIP), administered by the Minnesota Department of Employee Relations.

PERA's Group Term Life Insurance Program provides decreasing term life and accidental death and dismemberment insurance to PERA members enrolled in the plan.

The Public Employees Insurance Plan is a health insurance program whose goal is to provide affordable health insurance to working and retired public employees who have either no coverage or insufficient coverage.

The third program available is the Deferred Compensation Plan. Deferred compensation is a long-term retirement plan in which employee contributions are used to purchase financial investments and reduce taxable income.

PERA Group Term Life Insurance Program

PERA members may enroll in a group life insurance program and receive decreasing term life, dependent term life, and accidental death and dismemberment insurance. This program is available to active PERA Coordinated, Basic, Police and Fire and Police and Fire Consolidation Plan members whose employers agree to withhold the monthly premiums as a salary deduction. Members of the Defined Contribution Plan are not eligible to participate in the Insurance Program.

Employer participation in the program is voluntary. If the employer agrees to withhold the monthly premiums, its PERA members may then participate. Employers not currently participating in the plan, but who wish to start should notify PERA in writing. Enrollment forms will then be mailed to the employer to distribute to employees.

This section of the manual explains how to enroll members and how to complete the monthly billing reports. It also describes the benefits provided by the term life, accidental death and dismemberment, and the dependent term life insurance provided by the plan.

Premiums and Coverage

There are two premium rates in the life insurance program, \$9 and \$12 per month.

All participants who enroll in the Life Insurance Program after June 1, 1991 pay \$12 per month.

PERA members participating in the life insurance program before April 1, 1991 were given the opportunity to either retain

coverage under the old rate of \$9 per month or to switch to the \$12 plan.

The benefits afforded to PERA members by the life insurance program at the \$12 premium are, in most instances, approximately one third higher than those available under the old \$9 plan. A complete schedule of the benefits payable for both the \$9 or \$12 appears later in this section.

Enrollment

To enroll in the group term life insurance program, the PERA member must complete an enrollment form and return it to PERA. An example of a completed form appears below. The enrollment form is incorporated in the Group Life Insurance brochure as a tear-off postage-paid card. Completed enrollment forms are to be sent directly to the PERA office.

When Members May Enroll

A PERA member can apply for coverage in the insurance program:

> (1) Within 90 days of first becoming a member of PERA. If enrolled within

- these 90 days, members need not furnish evidence of good health.
- (2) Any time after the 90-day initial PERA membership period, but evidence of good health will be required. Upon receipt of an enrollment application, PERA will mail a health statement to the employee who must complete it and return it to PERA. PERA will forward the health statement to the insurance carrier (Prudential) for approval or denial. The determination from Prudential may take two to three months from the date of application.
- (3) During open enrollment. Generally once a year PERA opens the insurance program to all working PERA members. During open enrollment, members may join the program without submitting evidence of good health. Members previously denied coverage can re-apply during open enrollment and automatically be covered.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA ENROLLMENT FORM Statements by member to be insured – Please Print				1. Member Number 153235
2. Name of Member (FIRSTMIDDLE INITIAL LAST) Frank Johnson	3. Male ☒ Female ☐	4, Date of Birth (MO., DAY, YR.) 5/7/45		5. Social Security No. 253-48-3855
6. Residence (NUMBER, STREEL, CITY, STATE, ZIP CODE) 454 Maple Street, Anytown, MN, 55555 7. Phone Number (612) 222-2222			8. Date Employed 7/1/85	
9. Beneficiary-Full Name (EXAMPLE: MARY A. DOE, NOT MRS. JOHN DOE) (FIRST, MIDDLE INITIAL, LAST) Joan A. Johnson				10. Relationship Spouse
11. Residence of Beneficiary (NUMBER, STREET, CITY, STATE, ZP CODE) 454 Maple Street, Anytown, MN, 55555				12. Member's Occupation Accountant

I declare above statements and answers are complete and true and understand they are the basis for providing life insurance under a policy (or policies) issued by The Prudential to the National Conference on Public Employee Retirement Systems, in which I will participate upon becoming insured. I hereby authorize my employer to deduct from my wages amounts equal to the contributions required for me toward the premiums for Group Insurance under the N.C.P.E.R.S. Plan issued by The Prudential. A photographic copy of this authorization shall be as valid as the original. The effective date of coverage will be the first day of the calendar month coincident with or otherwise next following payment of my contribution through payroll deduction.

Subdivision where you are employed

Notification of Approval

PERA notifies employers of members approved (or rejected) by the insurer for coverage. Premiums are not to be withheld until employers have received notice from PERA indicating the effective date of the participant's enrollment.

A certificate of coverage will be mailed to the home address of the newly enrolled participant when PERA receives payment of the first premium. The certificate will include details of the policy provided under this group term life insurance program.

Payment of Premiums

Participants in the life insurance program must have their monthly premium withheld from either their pay checks or their PERA pension checks, unless the employer is making the payment of premiums. Under isolated circumstances, however, PERA will directly bill members for some premiums.

Employee Paid Premiums

Generally, working insurance plan participants are to have premiums withheld from earnings by their employer. Employers in turn are to submit payment for withheld premiums to PERA via an insurance billing report. (See the section on completing the billing report for full details.)

Employer Paid Premiums

Employers purchasing the insurance premiums for their employees must submit the premiums monthly along with an insurance billing. Refer to the section on Completion of the Insurance Billing Report for full details on reporting.

Prepayment of Premiums

Non-retired participants may pre-pay premiums for the life insurance program. Participants on an unpaid leave of absence or layoff may pre-pay. Also, many school district employees find it convenient to

pre-pay premiums for the period their schools are out of session over the summer.

Pre-payments are to be made through payroll deduction and must be identified in the comments column on the billing report. The amount of the pre-payment and the months it is to cover must also be indicated. The maximum permissible pre-payment is for 12 months of coverage.

Retired Participants

Employed PERA members participating in the group term life insurance program can continue in the program as retirees. Premiums are automatically deducted from monthly pension checks, except for the first premium following retirement. (PERA is unable to withhold a premium from the first pension check.) Although premiums will not be withheld until their second pension check, most new retirees will find they have uninterrupted coverage. Because premiums are withheld the month before coverage, under most circumstances, the first premium of the retirement will have been withheld from a retiree's last pay check. However, to prevent interruption in coverage, PERA will, if necessary, directly bill a new retiree for premiums that could not be withheld from a pay check or a pension check.

Participants who wish to discontinue the life insurance program at retirement are to notify their employers before they retire and submit a Notice of Change Form to PERA. Employers in turn are to advise PERA on the insurance billing report of the cancellation and effective date. (See Cancellation and Changing Beneficiaries.)

Direct Billing

PERA will directly bill participants for premiums that could not be withheld from earnings or that were not pre-paid. When billed, participants are to remit payment directly to PERA.

Completion of the Insurance Billing Report

A sample of the billing report is shown for your reference. The insurance billing report consists of an original and employer copy. The original must be returned to PERA with payment for premiums withheld.

The billing report lists all insurance participants in alphabetical order with their respective PERA member numbers and Social Security numbers. The billing report will also list either a \$12 or a \$9 premium for each member. At the bottom of the billing report are lines showing separate subtotals of \$9 premiums and \$12 premiums. A third line shows the total of all premiums due.

Employers are to show changes in participant status, if any, in the status and date column by using one of the status codes listed below (these codes are also shown on the back of the billing report). Status codes are generally used to explain why no insurance premium could be withheld and, as a result, why the premium was not submitted to PERA for that individual.

T = Terminated or retired. If possible, note in the comments column when a terminated employee is transferring to another employer and wishes to continue life insurance coverage.

C = Death

Q = For whatever reason (layoff, strike, personal or medical leave, etc.) no earnings were paid from which to deduct the monthly premium. PERA will bill participant directly.

Y = Cancel policy (Notice of Change Form is also required)

When a premium was not withheld for a participant listed on the billing report, the amount listed for that participant is to be crossed out in the premium column. All crossed-out premiums are then to be

subtracted from the appropriate \$9 or \$12 subtotals at the bottom of the page. Except for death and termination, unless prepaid, PERA will directly bill members for premiums that could not be withheld from earnings. Under these circumstances, premiums are to be remitted directly to PERA by the participant. Participants will be notified that coverage will be terminated if payment is not made within 30 days.

If prepayments are being submitted, several adjustments are required. The PERA-printed premium amount in the premium column must be crossed out and the amount of the prepayment inserted. An indication must be made in the comments column that a prepayment is being submitted along with the months it is to cover. Also, the appropriate \$9 or \$12 subtotal at the bottom of the billing report must be adjusted to reflect the additional premiums being submitted.

After recording status changes and adjusting subtotals, the \$9 subtotal line and the \$12 subtotal lines are to be added. Payment is to be submitted to PERA for this overall total. The billing report is to be signed and dated and the day-time phone number noted of the person PERA should contact with questions. If the contact person is different from the person signing the billing report, the name of the contact is to be provided also.

Premiums are not to be withheld or submitted to PERA for an individual whose name does not appear on the monthly billing report, or whose name has never appeared on a notification from PERA. Employers are notified weekly when to start withholding premiums for newly approved participants. PERA also notifies employers of members who contacted PERA directly to cancel coverage. Billing reports with unauthorized premiums will be returned.

Only full \$9 or \$12 premiums are to be submitted. PERA cannot, for example, accept partial premium payments of \$4.50 or

\$3.00. Billing reports and payments submitted with partial premiums will be returned to the employer.



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION INSURANCE BILLING REPORT

PLEASE READ THE INSTRUCTIONS ON REVERSE SIDE

CITY OF ANYTOWN

JANET ADAMS, PAYROLL CLERK CITY OF ANYTOWN P O BOX 1 ANYTOWN MN 55555

UNIT NO UNIQUE CODE
0001-00
MONTH PREMIUM WITHHELD
JULY 199X
MONTH OF COVERAGE
AUGUST 199X
DATE PREMIUM DUE
8-5-9X

RETURN WITH PAYMENT TO:
PUBLIC EMPLOYEES RETIREMENT ASSN.
514 ST. PETER STREET, SUITE 200
ST. PAUL, MN 55102-1090

MEMBER NUMBER	NAME OF MEMBER AND SOCIAL SECURITY NUMBER	PREMIUM	STATUS & DATE	COMMENTS	
142957	ADAM JANET 354-47-3927	9.00		,	
037284	BAKER DAVID L 583-28-2861	-9.00	6-30-9x	e e e	
215319	ECKERSLY MARY J 285-26-2713	12.00			
163892	JOHNSON FRANK 382-27-3827	12.00			,
253927	MORRIS JASON L 323-36-2761	9.00			
888888	NELSON STEVEN 392-30-2741	12.00	Q		
264937	PERCY WILLIAM M 263-32-3623	12.00 27.00	,	- 545 M	on the
167634	SORENSON ANITA D 232-37-2463	9.00		Prepayment for months AUGUST, SEPTEMBER + OCTOBER 199x	
AUTHORIZED SIGNATURE DATE Paget Adams 0/2/qx		SUBTOTAL	OF PREMIUMS AT \$9	\$ 36.00	
DAYTIME TELEPHONE NO. 6/2 - 333 - 3333		SUBTOTAL OF PREMIUMS AT \$12 \$.		36.00 \$ 48.00	
			TOTAL PRE	MIUMS DUE	\$1.00 \$.84.00

PW-00200-02 (3/91)

RETURN ORIGINAL TO PERA; RETAIN COPY FOR YOUR RECORDS

Effective Date of Coverage

Coverage for insurance is effective the first of the month following the month the first premium was withheld. For example, a \$12 premium withheld in October pays for coverage effective November 1. The effective date will be placed on the insurance certificate provided to each participating employee.

When Payments Are Due

The billing forms are to be returned to PERA five working days from the date premiums are withheld. Do not delay in submitting payments. To do so could result in the lapse of coverage for the employees.

Where to Send Payments

Checks are to be made payable to Public Employees Retirement Association and mailed with the insurance billing report to Public Employees Retirement Association, 514 Saint Peter Street, Suite 200, Saint Paul, MN, 55102-1090.

A separate check must be sent for insurance premiums. Insurance premium payments should not be included with any other payments being made to PERA.

Waiver of Premiums

Premium payments for group term life insurance may be waived for participants totally and permanently disabled who were under 60 years old at the onset of disability. The fact that the participant receives a PERA disability benefit does not automatically qualify for a waiver of premium. Disability - and whether the premium may be waived - is determined by the insurance carrier (Prudential). Prudential periodically reviews approved waivers to determine whether they are to be continued. (Accidental death and dismemberment coverage is not provided when premiums are waived.) Applications

for waiver of premium may be obtained from the PERA office.

Schedule of Benefits

Member Life Insurance

A cash payment is made to a named beneficiary or beneficiaries upon the death of a participant or dependent. The age of the participant at death determines the amount payable. A complete schedule of benefits is shown.

Dependent Group Term Life Insurance

Life insurance benefits are provided for all eligible dependents of each insured PERA member or retiree participating in the insurance program. The benefit will be paid in a lump sum to the PERA participant upon death of an eligible dependent due to any cause. Eligible dependents are the participant's spouse and unmarried children who are 14 days but less than 21 years of age. Dependent children include stepchildren, legally adopted children, and foster children dependent upon the participant for support. Dependents in military service are not eligible.

Group Accidental Death and Dismemberment Insurance

In addition to group term life insurance, accidental death and dismemberment benefits will be paid for any of the following losses resulting from a covered accident on or off the job.

- Loss of Life: full amount of insurance (Paid to named beneficiaries).
- Loss of: both hands, both feet, sight of both eyes, one hand and one foot, one hand and sight of one eye, or one foot and sight of one eye: full amount of insurance (Paid to PERA participant).
- Loss of: one hand, one foot, or sight of one eye: one-half the amount of insurance (paid to PERA participant).

The total payment for any one accident may not be more than the full amount of accidental death and dismemberment insurance. The loss must take place within 90 days after the accident.

Exclusions: The group accidental death and dismemberment insurance does not

cover a loss resulting from war, suicide or attempted suicide, infection, infirmity, disease, medical or surgical treatment thereof, or by aircraft travel, if the PERA participant had any duties aboard the aircraft or if the PERA participant was giving or receiving training for such duties.

Benefit Schedule \$12 Plan						
Member Insurance			Dependent Group Term Life			
Member's Age at Time of Claim	Group Term Life	Accidental Death & Dismemberment	Spouse	Life Children		
Less than 30	\$75,000	\$75,000	\$15,000	Age 6		
30 but less than 40	\$60,000	\$45,000	\$15,000	months but		
40 but less than 45	\$45,000	\$38,000	\$13,000	less than		
46 but less than 50	\$30,000	\$30,000	\$12,000	21 years		
50 but less than 55	\$22,000	\$25,000	\$ 8,000	\$3,000.		
55 but less than 60	\$15,000	\$21,000	\$ 5,000	Children		
60 but less than 65	\$10,000	\$20,000	\$ 4,000	age 14		
65 and over	\$ 6,000	\$ 3,000	\$ 3,000	days or over, but less than 6 months \$100.		

		nber Insurance	Dependent Group Term Life			
Member's Age at Time of Claim	Group Tem Life	Accidental Death & Dismemberment	Spouse	Children *		
Less than 30	\$55,000	\$55,000	\$10,000	\$2,000		
30 but less than 40	\$44,000	\$33,000	\$10,000	\$2,000		
40 but less than 45	\$33,000	\$28,000	\$10,000	\$2,000		
46 but less than 50	\$22,000	\$22,000	\$ 9,000	\$2,000		
50 but less than 55	\$17,000	\$19,000	\$ 6,000	\$2,000		
55 but less than 60	\$11,000	\$16,000	\$ 4,000	\$2,000		
60 but less than 65	\$ 8,000	\$15,000	\$ 3,000	\$2,000		
65 and over	\$ 4,500	\$ 2,000	\$ 2,000	\$2,000		

Benefit Schedule \$9 Plan

^{*} Children age 14 days or over, but less than 21

How to File a Claim

Should an employee or dependent spouse or child die, contact the PERA office to initiate an insurance claim. PERA will contact the beneficiary on how to file a claim.

Cancellation and Changing Beneficiaries

Individuals who want to withdraw from the life insurance program must complete the Notice of Withdrawal section of Prudential's Notice of Change Form (shown). Participants may obtain the change form from their employers or from the PERA office. The Notice of Change Form must be used to change beneficiaries designated to receive life insurance payments upon the participant's death. NOTE: The Notice of Change form is used for life insurance purposes only; it is not the same as PERA's Change of Name/Address/Beneficiary Form, which is used to designate the distribution of funds in the PERA member's pension account upon the member's death. Prudential will not accept the pension fund form for the Life Insurance Program.

	ete this information for any chan Name		Member number (certificate number)
	Address		Social Security number
			Name of governmental subdivision where employed
	ete the following sections only if GE OF BENEFICIARY (PRUDE Change my Insurance Beneficiar List full name of each person 1.	NTIAL LIFE INSURA	ANCE BENEFICIARY DESIGNATION ONLY) Address (Street, City, State, Zip)
	2.		
	3.		
	(Attach list if more space is	needed.)	
LOST	or in any way encumbered.		specified above is not in my possession and is not transferred
LOST	CERTIFICATE STATEMENT I, the undersigned, hereby certifor in any way encumbered.	ly that the Certificate	
	CERTIFICATE STATEMENT I, the undersigned, hereby certifor in any way encumbered. I agree and promise that I will in possession at any future time. Date	ly that the Certificate	specified above is not in my possession and is not transferred to the Company the said Certificate that comes into my
	CERTIFICATE STATEMENT I, the undersigned, hereby certif or in any way encumbered. I agree and promise that I will in possession at any future time. Date CE OF WITHDRAWAL I, the undersigned member, here written by The Prudential. Such withdrawal to be effective	iy that the Certificate in mediately surrender insured's signature sby give notice of with on	specified above is not in my possession and is not transferred to the Company the said Certificate that comes into my
	CERTIFICATE STATEMENT I, the undersigned, hereby certif or in any way encumbered. I agree and promise that I will in possession at any future time. Date CE OF WITHDRAWAL I, the undersigned member, here written by The Prudential. Such withdrawal to be effective It is understood and agreed that and should I elect after said date of insurability satisfactory to the	iy that the Certificate in mediately surrender insured's signature sby give notice of with on	specified above is not in my possession and is not transferred to the Company the said Certificate that comes into my a drawal of participation in the Group Insurance coverage under
NOTI	CERTIFICATE STATEMENT I, the undersigned, hereby certif or in any way encumbered. I agree and promise that I will in possession at any future time. Date CE OF WITHDRAWAL I, the undersigned member, here written by The Prudential. Such withdrawal to be effective It is understood and agreed that and should I elect after said date of insurability satisfactory to th Reason for withdrawal	insured's signature by the execution of to participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the product of the participate again in the participate again again again again again again again again aga	specified above is not in my possession and is not transferred to the Company the said Certificate that comes into my a drawal of participation in the Group Insurance coverage under
NOT I	CERTIFICATE STATEMENT I, the undersigned, hereby certif or in any way encumbered. I agree and promise that I will in possession at any future time. Dete CE OF WITHDRAWAL II, the undersigned member, here written by The Prudential. Such withdrawal to be effective It is understood and agreed that and should I elect after said date of insurability satisfectory to th Reason for withdrawal Date To: Public Employees Retireme Suite 200, Skyway Level 514 St. Peter Street	insured's signature insured's signature sby give notice of with on by the execution of t e to participate again i e Prudential. Insured's signature	specified above is not in my possession and is not transferred to the Company the said Certificate that comes into my second and the Company the said Certificate that comes into my second and the Company the said Certificate that comes into my side and the Coverage under the Notice of Withdrawal, I forfeit my rights to the coverage in such insurance, I must furnish, at my own expense, evidence

Health Insurance

Public employers may offer health and dental coverage to their employees through the Public Employees Insurance Plan (PEIP). PEIP health insurance was first made available in 1990. Created through legislation, the plan is designed to offer an affordable insurance to many small government employers. These employers and their employees face rapidly mounting insurance costs because of the small size of the employee groups. PEIP, because it is open to all schools, cities, townships, and counties in the state, creates a larger employee pool with the potential for reduced costs. Among other things, the PEIP currently offers:

- Competitive large-group rates and coverage for any size public organization.
- Medical, dental and life insurance coverage, including major medical with high and low deductible options.
- Freedom to choose from an extensive network of doctors and hospitals.
- Inpatient, outpatient and emergency room services.
- Prescription drug benefits.
- Optional comprehensive dental care, if elected by the group.
- \$10,000 Basic life insurance, plus option for supplemental insurance, dependent life insurance, and accidental death and dismemberment insurance, if elected by the group.

PEIP Is Not Limited to PERA Members

PEIP is not limited to PERA members. It is available to all public employees whose employers (or bargaining units) have agreed to purchase the insurance. The Public Employees Insurance Plan is administered by the Minnesota Department of Employee

Relations. Call the Department of Employee Relations for further details.

The telephone number for PEIP is (612) 296-0633. Employers may also contact the PEIP marketing company by calling toll-free 1 800 829-5601.

Deferred Compensation

The Minnesota Deferred Compensation Plan is a non-qualified 457 plan under the Internal Revenue Code, whose purpose is to help public employees save for retirement while reducing tax liability on income.

PERA does not administer the Deferred Compensation Plan. Questions about the plan should, therefore, be referred to one of the marketers of the plan (listed on the following page) rather than to PERA.

Who May Participate?

The Minnesota Deferred Compensation Plan is open to all public employees except those employed by the federal government. In addition, participation is limited to those public employees whose employers are able to withhold contributions to the plan as payroll deductions.

How Does Deferred Compensation Work?

The Deferred Compensation Plan permits participants to have money deducted from their paychecks and invested. Federal and state income taxes are computed on the compensation remaining after contributions have been made to the deferred compensation savings plan. (Contributions to the plan are tax deferred up to 25 percent of annual earnings, or \$7,500, whichever is less.) This means that participants' taxable income is reduced. Lower income translates into fewer taxes paid now. In addition, participants do not pay taxes on investment earnings. Taxes are, however, due on contributions and investment earnings when

withdrawn from the deferred compensation plan, usually at retirement.

How Are Contributions Invested?

Participants in the plan have the option to invest through the following:

- Minnesota Supplemental Investment Fund,
- Minnesota Mutual Life Company and Northwestern National Life Insurance Company, and
- Great West Life Assurance Company.

The Minnesota Supplemental Investment Fund allows participants to purchase shares in one or more of the six accounts in the Fund. Each account has a specific investment goal. Investors realize increases (or decreases) to their account values as the value of shares increase or decrease and as shares pay interest or dividends.

The Great Western Life Assurance Company and the Minnesota Mutual Life Company and Northwestern National Life Company offer fixed or variable annuity plans.

Additional Facts About Participation

There is a minimum investment of \$10 per paycheck. The plans generally charge a sales fee, an administration fee, or both.

How To Enroll In The Deferred Compensation Plan

Public employees interested in enrolling in or obtaining more complete information about the Deferred Compensation Plan should contact one of the agencies listed below:

Ochs Services 250 Skyway 400 North Robert Street Saint Paul, Minnesota 55101 Telephone:612/223-4300 1 800 825-6247 Greater Minnesota

For Minnesota Mutual and Northwestern Life, and Minnesota Supplemental Investment Fund.

National Benefits, Inc. Box 444029 Eden Prairie, Minnesota 55344 Telephone: 612/941-0800 1 800 732-1200 Greater Minnesota

For Great West Life Assurance Company, Minnesota Supplemental Investment Fund

Benefits

Introduction

PERA administers two types of Benefit Plans. The **Defined Benefit Plan** which consists of the Basic Plan, Coordinated Plan, Police and Fire Plan, and the Police and Fire Consolidation Plan and the **Defined Contribution Plan** for personnel employed by public ambulance services and elected officials.

The purpose of this section is to explain:

- taxes and PERA contributions
- reporting terminations or last day worked in the event of disability
- applying for a refund
- retirement, survivor, disability and refund information provided by PERA's different Plans
- applying for monthly payments
- and the services PERA offers to members

First, we will discuss tax-deferred contributions and the reporting of terminations.

Taxes and PERA Contributions

PERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code. As a result, federal and state taxes on PERA contributions are deferred to the time of withdrawal. Whether a member receives a lump-sum refund of contributions or a monthly benefit, PERA will provide current information about how the refund or benefit is taxed at the time a refund or annuity is being paid.

Because PERA is considered a qualified plan by the Internal Revenue Service, there may be limits on how much a PERA member and spouse can contribute to an IRA. Members should contact the Internal Revenue Service or a qualified tax advisor to find out what the limits are.

Reporting Terminations

PERA must be notified in writing by the employer of a member's termination date from public service before a refund or a final annuity or benefit can be paid.

In the event of a member's death, PERA must be notified of the last day worked. In case of permanent disability, PERA must be advised of the last day worked and the date through which the member was paid.

When a member terminates employment, PERA needs the last date the member was on the payroll (i.e., the date through which the member was paid). So, if a member uses vacation after the last day on the job (to extend a termination date), report the date through which used vacation time was paid.

The effective date of termination or disability, or for deceased members the last date worked, should be placed in the status column of the deduction report on which the last salary deduction appears for the member affected.

Remember, do not report salary on the deduction report that is not PERA deductible (such as unused vacation, unused sick leave, severance pay, etc.), as described in the Reporting Section of this manual.

PERA

Applying for a Refund

Refunds are available to any former member who resigns or is dismissed from public service. Depending upon the Plan in which the member was enrolled, other circumstances for a refund may apply. However, PERA cannot pay an early or partial refund, or allow hardship withdrawals.

A refund of a PERA member's contributions forfeits any future benefit for the former member. Members about to withdraw contributions should carefully consider the tax implications and any resulting loss of benefits before withdrawing the funds.

Payment of a refund is **not** automatic. The member, spouse, or beneficiary must contact PERA in person, by letter or by telephone to request an application. PERA will then mail the appropriate application form needed to apply for a refund.

Defined Benefit Plans

Basic, Coordinated, Police and Fire, and Police and Fire Consolidation Plan refunds of contributions are available at any time to members who leave public service and have not yet begun receiving a retirement annuity or disability benefit. The refund includes employee contributions, plus interest at the rate of six percent compounded annually. Employer contributions are not refunded. Keep in mind, however, that by taking a refund the employee forfeits all future benefits.

Any individual who resigns or is dismissed from public service and does not, within 30 days of resignation or dismissal, return to a non-temporary employment position may request a refund of his or her total member contributions.

Refunds are also available for members who are part-time employees and full-time

students or when a member does not return to work within 30 days after the expiration of an authorized temporary or seasonal layoff of three months.

A refund of member contributions plus interest may also be elected by the designated beneficiary of a member or former member who dies before reaching retirement. If there is no beneficiary, payment is made to the surviving spouse or, if none, to the estate of the deceased member or former member.

If a retiree and designated joint annuitant, if any, die before all employee contributions are paid in the form of annuities or benefits, the remaining balance would be paid in the same manner outlined for beneficiaries. No interest is paid to beneficiaries on the balance in an account if the member has retired or was receiving disability benefits.

Defined Contribution Plan

A Defined Contribution Plan member, upon termination of ambulance service employment or elected office, is entitled to a lump-sum payment of the value of shares held, along with interest or dividends that have accrued. The final value of shares purchased with employee and employer contributions, except for the Guaranteed Return Account, are determined by economic and market conditions. Thus, PERA and the State of Minnesota cannot guarantee that the value of an account will not decrease to a level below that originally paid for the shares.

Keep in mind, elected officials who chose to discontinue participation in the DCP while still in an elected position are not eligible for a refund until they have terminated elected service.

Upon the member's death, the value of all accounts is payable, upon application, to the member's beneficiaries, or if none are designated, to the member's heirs.

Benefits

PERA administers several pension plans. Each has specific benefit and annuity provisions, depending upon the plan. First we will discuss the benefits for the Defined Benefit Plans.

Defined Benefit Plans

Retirement

Basic and Coordinated Members

Two methods are used to compute benefits for Coordinated and Basic members—a step-rate benefit accrual formula (Method 1) and a level accrual formula (Method 2). The retiring member receives the higher of the two calculated amounts.

Method 1: Coordinated members accrue 1 percent of the average salary they were paid over their five highest-paid consecutive years of service for each of the first 10 years of public service, and 1.5 percent of that average salary for each successive year. Basic members receive 2 percent of their average salary for each of their first 10 years of service, and 2.5 percent for each year thereafter.

Using this calculation, upon retirement members are eligible for a full (unreduced) annuity if:

They are 65 or over with at least one year of public service; or

Their age plus years of public service equal 90 (Rule of 90).

A reduced early retirement annuity is payable at any age with 30 or more years of service (reduced 1/4 percent for each month under age 62); or as early as age 55 with at least three but less than 30 years of service (reduced 1/4 percent for each month under age 65).

Method 2: Coordinated members earn 1.5 percent of the average salary they were paid over their five highest-paid consecutive years of service for every year of public service, while Basic members earn 2.5 percent of their average salary for each year.

This calculation provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989, and at the age for unreduced Social Security benefits for those first hired into public service on or after that date.

Early retirement results in an actuarial reduction with augmentation (about 6 percent per year) for members retiring prior to qualifying for unreduced retirement benefits.

Police and Fire Members

Members receive 2.65 percent of average salary they were paid over their five highest-paid consecutive years of service for each of their years of service.

An unreduced retirement annuity is payable to members when they meet the following conditions:

Age 55 with a minimum of three years of service; or

Age plus years of service equal at least 90.

A reduced retirement annuity is available to members between the ages of 50 and 55. There is an actuarial reduction with augmentation (about 4 percent per year) for members retiring prior to qualifying for an unreduced retirement annuity.

Police and Fire Consolidation Members

Members of the Police and Fire Consolidation Plan are covered by the benefit provisions and annuity formula of their local plans, unless they choose the benefits available to them under the PERA Police and Fire Plan. Members may elect PERA Police and Fire Plan-type benefits:

- Within six months of the effective date for the consolidation of the local relief association with PERA;
- At the time a member is between ages 49 1/2 and 50;
- Within 90 days of termination of service before retirement age, or
- At the time the member retires or submits an application for an annuity or disability.

Legislation enacted in 1993 resulted in two benefit tiers for consolidation members. Those groups consolidated before July 1, 1993, are covered by the pre-July 1, 1993 benefit coverage offered through the PERA Police and Fire Plan, unless their cities adopt a resolution extending the new benefit package to those members who elect PERA Police and Fire Plan benefit coverage. All groups consolidating after July 1, 1993, will come under PERA's administration with the new benefit coverage offered to those members who choose PERA Police and Fire Plan benefit coverage.

Until a pre-July 1, 1993 consolidated relief association's city adopts the new benefit coverage, the pre-July 1, 1993 benefit provisions apply to members of those local plans choosing PERA Police and Fire Plan benefit coverage. That means that members will receive 2.5 percent of their average salary over the five highest consecutive years' salaries for each year of service. The eligibility requirements of age and reduction for early retirement are the same as described under Police and Fire Members.

Please refer to the section on Disability Benefits for a description of those benefits.

Employees Who Have Service With Another Public Pension Fund

Members may elect to combine PERA service with service in any of the 15 Minnesota public pension funds and qualify for a retirement annuity from each fund in which they participate. PERA refers to this as a Combined Service Annuity. The funds are:

- State Employees Retirement Fund
- Correctional Employees Retirement Program
- Unclassified Employees Retirement Plan
- State Patrol Retirement Fund
- Legislators' Retirement Plan
- Elective State Officers' Retirement Plan
- Public Employees Retirement Fund
- Public Employees Police and Fire Fund
- Teachers Retirement Fund
- Minneapolis Employees Retirement Fund
- Minneapolis Teachers Retirement Fund Association
- St. Paul Teachers Retirement Fund Association
- Duluth Teachers Retirement Fund Association
- Public Employees Local Government Correctional Service Retirement Plan
- Judges' Retirement Fund

Members with three or more years of total service qualify for a combined service annuity if they have six or more months of service in each fund and have not begun to receive an annuity from any of the designated funds. Benefits are based upon the formula of each fund and the member's average salary over the five highest-paid years of service, no matter when it was earned.

PERA Benefits

How A Pension Can Be Paid

Members of the PERA Basic and Coordinated Plans, the Police and Fire Fund, and members covered by the Police and Fire Consolidation Fund who elect PERA Police and Fire-type benefits may select from several types of retirement annuities.

Normal Annuity — A Normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable.

Joint and Survivor Annuities — At retirement, members may choose from one of four Joint and Survivor annuities. All these annuities are payable for the lifetime of the retiree. At the time of the retiree's death, the designated joint annuitant continues to receive monthly annuity payments at varying levels for his or her lifetime. Depending on the Joint and Survivor option chosen by the member, survivor payments are at a 25, 50, 75 or 100 percent level of that received by the member. The 25 percent and 75 percent Joint and Survivor annuities were first made available August 1, 1991.

All Joint and Survivor annuity options incorporate an automatic "bounce back" feature that returns the amount of the annuity to the level of the Normal annuity in the event the joint annuitant predeceases the retiree. The cost of this protection is borne by the funds, not by the retiree.

Pre-Age 62 Supplement — This annuity option allows a member who retires before age 62 to receive a greater monthly payment until he or she becomes eligible for Social Security at age 62. The monthly annuity amount is then reduced by at least \$100 at age 62.

Employees Who Retire After Age 65

Public employees who retire at age 65 or older with between one and three years of service in one or more of 12 designated funds may qualify for a proportionate annuity. Annuities are paid by each applicable fund in which the employee has credit and are based upon the formula of each fund and the member's average salary during the period of service covered by that fund.

Employees Leaving Before Retirement

A vested member who terminates public service may leave contributions in the fund or funds in which he or she participated and qualify for an annuity at age 55 or older. PERA refers to this as a Deferred Annuity. The annuity amount, calculated as of the date of termination, will increase at a rate of 3 percent per year, compounded annually, until the first of the year following the member's 55th birthday. It will then increase at a rate of 5 percent per year, compounded annually.

Disability Benefits

Members may be eligible for benefits from PERA if they are unable to work because of a physical or mental disability. Disability is defined by statute, and PERA may require periodic medical examinations of those receiving these benefits.

Disability benefit calculations are based upon years of service and average salary earned during the five highest-paid consecutive years of service for Basic and Coordinated members and for Police and Fire Fund members. In the case of Police and Fire members, there is a minimum non-duty disability benefit of 39.75 percent of that salary. For Police and Fire members disabled in the line of duty, the minimum benefit is 53 percent of salary.

Basic and Coordinated members qualify for disability with three or more years of service and by meeting the statutory definition. Police and Fire members qualify by meeting the definition with one or more years of service if disabled outside the line Benefits PERA

of duty. If injured in the line of duty, there is no minimum service requirement.

Members of the Police and Fire Consolidation Fund may receive disability benefits under the provisions of their individual relief association plans unless they have chosen PERA Police and Fire Plan benefit coverage. For those local plans who consolidated after July 1, 1993, or those local plans consolidated before that date whose cities have adopted the new benefit coverage, the benefits are the same as those described earlier for PERA Police and Fire Plan members.

If a relief association consolidated before July 1, 1993, and the city has not adopted the new benefit coverage available through the PERA Police and Fire Plan coverage, the disability benefits are those in effect before July 1, 1993. That means that if a police officer or firefighter has elected PERA Police and Fire Plan benefit coverage, and:

- a) is injured in the line of duty, there is no minimum length of service required and that person will receive a minimum benefit of 50 percent of the average salary over the five year highest consecutive years' salaries, or actual salary if less than five years of service. If the individual has over 20 years of service, an additional 2.5 percent will be paid for each year over 20 years.
- b) is injured outside the line of duty, that person must have a minimum of one year of service and is eligible for 37.5 percent of average salary over the five highest consecutive years' salaries, or actual salary if less than five years of service. If the individual has over 15 years of service, an additional 2.5 percent will be paid for each year over 15 years.

Survivor Benefits

PERA also provides survivor annuities or survivor (death) benefits for families of members who qualify for such coverage. The qualifications and types of benefits vary with each fund.

Under the Basic and Coordinated Plans and the Police and Fire Fund, a surviving spouse of a member with three or more years of service may elect to receive a 100 percent Joint and Survivor annuity. This optional annuity may be elected instead of any survivor benefits otherwise payable.

Qualifying survivors of Basic and Police and Fire Fund members have these alternative benefits:

- The surviving spouse of a Basic or Police and Fire Fund member may receive 50 percent of the member's average monthly salary earned during the last six months of service. Each dependent child is eligible to receive 10 percent of that average salary. The maximum monthly benefit to a family is 70 percent of the member's average monthly salary.
- The surviving spouse, if a designated beneficiary, may elect a refund of any remaining employee contributions in the account plus 6 percent interest compounded annually. A refund may not be elected if there are dependent children.

Qualifying survivors of Coordinated Plan members may have these alternative benefits:

The surviving spouse may elect to receive survivor coverage for a lifetime, or for either a specified period of 5, 10, 15, or 20 years. The monthly benefit paid over the specified period would be the actuarial equivalent of the lifetime monthly benefit otherwise payable. If the spouse chooses one of the four period benefits, but dies before the end of the period, the value of the benefit that would have been paid for the

- remaining time would be paid in a lump sum to the survivor's estate.
- If there are dependent children and no eligible surviving spouse, the dependent children would be entitled to a benefit payable until age 20, or for five years if the child is between ages 15 and 20.
- The surviving spouse, if designated beneficiary, may elect a refund of any remaining employee contributions in the account plus 6 percent interest compounded annually.

The member may file a written statement with PERA directing that the surviving spouse is not to receive any of the monthly benefits available by law and that a refund is to be paid to the beneficiary(ies) listed in the member's account.

Survivors of members of the Police and Fire Consolidation Plan are eligible for survivor benefits under the provisions of the individual relief association, unless the member had already elected coverage under the PERA Police and Fire Plan. However, if a Police and Fire Consolidation Plan member has not elected PERA-type coverage and is killed in the line of duty, the surviving spouse may elect benefits payable under PERA Police and Fire Plan benefits.

Defined Contribution Plan Members

Members of the Defined Contribution Plan (DCP), designate a percentage of total contributions to be placed in one or more of six accounts of the Minnesota Supplemental Investment Fund. These accounts include the Income Share Account, the Growth Share Account, the Money Market Account, the Bond Market Account, the Stock Index Account and the Fixed Interest Account.

Employee and employer contributions are combined and used to purchase shares in accounts selected by the employee. Except for the Money Market and Fixed Interest Accounts, whose shares are always one dollar each, shares are purchased at market prices and belong solely to the employee.

Members may change their investment selections any time and may also transfer all or portions of previously purchased shares from one account to another. Some special restrictions apply, however, to transferring funds out of and into the Fixed Interest Account.

Termination of Service

Proceeds of an account are payable 30 days or more after the date of termination of service. Since this is a defined contribution plan, the value of the member's account is payable upon termination of public service, disability, retirement or death. The payment form is a lump sum. No monthly payments are available (except for disability). The lump-sum benefit payment may be rolled over to another tax-qualified plan or used to purchase an annuity from an insurance company. PERA will, at the direction of the member, send the payment to an insurance company licensed to do business in Minnesota for the purpose of purchasing an annuity.

A member who terminates public service may leave their contributions in the DCP for investment. The member may also transfer funds from one account to another. However, a terminated member can no longer submit additional contributions to an account.

Disability Benefits

Members who qualify for permanent disability under PERA statutes have the option of monthly payments from their account instead of a lump-sum distribution. The amount of the monthly payments cannot exceed 10 times the combined employee and employer contributions for the month preceding the disability. Also, disability payments must be in \$100 increments. The

benefit ends when the disability status ends or when the account is depleted.

Survivor Benefits

Upon the death of a DCP member, the value of the accounts are payable, upon application, to the member's beneficiary(ies). No monthly payments are available.

Applying for Monthly Payments

Payment of a retirement, disability, or survivor benefit is not automatic. An application must be filed. The member, spouse, or beneficiary may contact PERA in person, by letter, or by telephone to request an application. PERA will then mail the application form needed to apply for the particular benefit sought.

Defined Benefit Plans

For Basic, Coordinated, Police and Fire, and the Police and Fire Consolidation Plans, PERA will pay an estimated retirement annuity within two weeks of the effective date of a member's retirement if PERA has received a valid retirement application, evidence of age and name change, and a Termination Verification Form.

A Termination Verification Form is mailed to retiring employees within two weeks of PERA receiving an Application for Retirement. The employee should bring the form to the employer to complete, date and sign. The employer is to return the completed verification form to the member. It is the responsibility of the member, unless otherwise agreed, to return the Termination Verification Form to PERA. Upon receipt of the Termination Verification Form, we issue the estimated payment.

PERA will calculate the final annuity amount when all salary contributions have

been received. The final annuity is the actual monthly amount that will be paid for the duration of the member's retirement. If the actual annuity amount is different from the initial estimated payment, adjustments for over- and under-payments will be made retroactively.

Defined Contribution Plan

Under the Defined Contribution Plan, no monthly retirement payments are available in the form of a monthly payment. Only a lump sum is payable. However, disability monthly payments can be paid if the member qualifies for permanent disability. The member will need to file an application, evidence of age and name change.

PERA Benefits and Retirement Information Services

In an effort to make information about PERA and its benefits more readily available to our members, the association provides a variety of services. Available services are information upon request, in-office appointments, group meetings, one-on-one counseling conferences and preretirement planning workshops as described below:

Retirement Estimate Information

Upon request, PERA will provide a member with an estimated retirement benefit. In order to provide this information, we ask the member to supply the member number (if known) or Social Security number, expected retirement date or dates, and the name and age of the person who might be designated as a joint annuitant. Benefit estimates are also available annually on the PERA Personal Benefit Statement.

PERA Office Counseling

Members approaching retirement may wish to meet with one of PERA's benefit

counselors to discuss their retirement options. A person wishing to meet with a counselor should call the PERA office to schedule an appointment.

Group Meetings

Representatives are available at the request of the employer to conduct group information meetings to answer questions from members and employers about PERA benefits and reporting procedures. If your agency would like a representative to attend a meeting with your employees, call the PERA Member Services Division to arrange a time.

One-on-One Conferences

PERA also schedules individual pre-retirement counseling sessions

throughout Minnesota each year. These one-on-one conferences provide members who may retire in the near future with an opportunity to ask questions about their individual retirement benefits and benefit options. The schedule for the conferences are mailed directly to members age 45 and older twice a year.

Preretirement Planning Workshops

PERA conducts several preretirement planning workshops across Minnesota each year to assist members in preparing for retirement. These workshops, which run two consecutive evenings, cover PERA benefits, Social Security, financial planning, and other topics related to retirement. The schedules for the workshops are mailed directly to the members twice a year.

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Notes

This section of the manual is provided for the employer to make notes or to file issues of the PERA employer newsletter (The PERA"phrase"). Notes PERA

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