

2016 Legislative Update

The second 98th Regular Session of the Missouri Legislature officially ended as of Friday, May 13 at 6:00 p.m. We are happy to report there was no legislation passed that had a negative impact on the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS). This effort was accomplished by the active involvement of numerous educational associations, retired and active teachers contacting their respective legislators and our legislative team who spent many hours walking the floors of the Capitol and monitoring numerous committee hearings and floor debate.

Heath and Zalis Retain Seats on PSRS/PEERS Board

Yvonne Heath and Dr. Aaron Zalis have been re-elected by the membership of PSRS/PEERS to retain their seats on the PSRS/PEERS Board of Trustees, each receiving more votes than challengers, Marla Moody and Bill Miller.

The election results were announced May 23, 2016. They will serve four-year terms effective July 1, 2016 through June 30, 2020 on the Board as PSRS members. Heath and Zalis re-join current Board members Jason Hoffman, Scott Hunt, Jason Steliga and Wayne Wheeler. One governor-appointed position on the Board is currently vacant.

Year-End Reporting Deadline

PSRS/PEERS regulation states that all 2015-2016 payrolls must be reported through OASIS, and all contributions due must be remitted by June 30, 2016. This includes July and August payrolls for the year ending June 30, 2016.

When reporting nine-month employees who are paid over 12 months, and are being paid for 1/12 of their contract per month for June, July and August, the payroll dates for each payroll can span into July and August as long as the data is being reported on a 2015-2016 Employer Reporting Summary.

If your final payroll includes salary for work performed during the months of June and July, you are required to report the salary earned for work performed in June on a 2015-2016 Employer Reporting Summary and salary earned for work performed in July on a 2016-2017 Employer Reporting Summary.

Employer Final Payroll Information

When reporting your absolute final 2015-2016 payroll, please remember the Final Pay for School Year checkbox under Payroll Summary Information on the Employer Reporting Summary Maintenance screen must be marked.

Summer Employment

If your district employs an active PSRS or PEERS member for the summer, contributions to the appropriate Retirement System are required. Summer school earnings should be reported in the same fiscal year the work is performed.

July 1 PSRS/PEERS Retirees and Employees Not Returning in 2016-2017

If a member will not return to your district next school year, you must report his or her last day of employment and final pay in OASIS. This information is required for all individuals retiring, taking membership refunds or simply terminating employment with your district, even if moving to another employer covered by PSRS/PEERS.

Given the high volume of new July retirees, it is vital that you report final payroll and termination dates for every July retiree **no later than Monday, July 11** in order to allow adequate processing time by our office. We cannot process a member's retirement application without this information. To report this information in OASIS, complete the following steps on the member's final payroll detail record:

- Select 'Terminated' from the Employment Status dropdown box.
- Enter the last day of eligible employment in the Employment Status Date field.
 - *This should be the last day worked, not the date of the last paycheck.*
- Mark the Final Payroll-Member checkbox.
 - *Do not mark this box until you have verified all salary has been reported and the year-to-date totals in OASIS match the year-to-date totals in your payroll software system. Anything reported for 2015-2016 after this checkbox is marked must be done through an adjustment.*

If you normally process payroll after the 10th of each month, it may be necessary to enter this information through a manual Employer Reporting Summary rather than with your normal payroll in order for benefits to be processed timely. In this case, you will simply void the individual payroll detail records from your final payroll once you upload the file in OASIS.

When reporting final pay, you must report any payout of unused sick leave to PSRS or PEERS as "gross only" salary, since it is not considered retirement salary. Additionally, any "paid-ahead" insurance premiums for a terminating member must be corrected in the same school year those premiums were originally reported.

Members are not eligible to retire July 1 if they work in any capacity during the month of July. This includes working summer school if the summer school session goes through Friday, July 1, or later.

Termination Defined for New Retirees

An employee cannot receive retirement benefits until he or she has terminated employment. PSRS/PEERS Board of Trustees regulations state that an employee is **not** considered to have terminated employment for the purposes of collecting a retirement benefit if:

- The employee is employed at a covered employer in any capacity within one month after the effective retirement date, or
- Has executed a contract for employment in a position covered by PSRS/PEERS prior to the receipt of the first retirement payment. This contract may be part of a retirement incentive that requires service, including volunteer service, after the effective retirement date.

It is important to note:

- This applies to all employment (part-time, temporary-substitute, volunteer, Critical Shortage, etc.) with your district.
- Retirees who are finishing a summer school term that extends past the employee's effective retirement date are affected by this regulation.

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Termination Defined for New Retirees, *continued*

EXAMPLE

A member retires effective July 1, 2016. This member cannot do any work for any PSRS- or PEERS-covered employer until August 1, 2016, and cannot be under contract for any employment with a PSRS- or PEERS-covered employer until after the retiree receives his or her first benefit payment. This year, July benefit payments will be made on July 29, 2016.

More information is available on the Employer page of our website, www.psr-peers.org/Employers.

Working After Retirement

Pro-Rated Limits for First Year Retirees

New PSRS/PEERS retirees who retire in a month other than July are subject to pro-rated working after retirement limits during their first year of retirement. The pro-rated limits are provided to you and the retiree once post-retirement work is reported.

EXAMPLE

A PSRS member retires effective January 1, 2017. That retiree cannot work for any PSRS- or PEERS-covered employer during the month of January 2017. For the remainder of the school year, he or she is limited to working no more than 275 hours, or earning no more than 25% of the full-time salary for the position in which the retiree is employed. On July 1, 2017, this retiree's working after retirement limits return to the full amounts (550 hours and 50% of full-time salary) for 2017-2018 and all subsequent school years.

Tracking Post-Retirement Employment – Your Responsibility as an Employer

When employing a PSRS or PEERS retiree, it is imperative that you track the work performed by each retiree. Accurate tracking and reporting of hours and salary helps retirees from exceeding the 550-hour limit (PSRS and PEERS) and the 50% salary limit (PSRS). If a retiree exceeds either limit, he or she forfeits his or her benefit in the month the limit is exceeded. Benefits would resume the month after the employment again ends or when a new school year begins.

You have a responsibility to determine how the retiree is employed, to report and monitor the retiree's progress towards the limit(s), and to notify our office if, and when, one of the limits is exceeded. You must report hours worked in OASIS in a timely manner. If verification of hours worked is required, we rely solely on you for this information.

All payroll data should be reported to PSRS/PEERS, including information on individuals not currently eligible for membership in PSRS or PEERS.

All employers and retirees are required to maintain a record of hours worked as a retiree for a covered employer. PSRS retirees and their employers are also required to maintain a record of salary earned. This record must be maintained for **all** retirees.

Retirees are responsible for notifying our office when either of the limits is exceeded. More information, as well as the **Working After Retirement Record** form, are available on our website or by contacting our office.

Contribution Rates for 2016-2017

Member and employer contribution rates remain unchanged for any payroll reported for the 2016-2017 school year.

| 2016-2017 PSRS Contribution Rates | | |
|---|---------------|---------------|
| | Employee Rate | Employer Rate |
| Active Members | 14.50% | 14.50% |
| Active Members Subject to Social Security Contributions | 9.67% | 9.67% |
| Full-Time Critical Shortage Retirees | 0% | 9.67% |

| 2016-2017 PEERS Contribution Rates | | |
|--------------------------------------|---------------|---------------|
| | Employee Rate | Employer Rate |
| Active Members | 6.86% | 6.86% |
| Full-Time Critical Shortage Retirees | 0% | 6.86% |

Form SSA-1945 Due for All New, Non-Social Security-Covered PSRS and PEERS Members

Since January 1, 2005, the federal Social Security Administration requires any new PSRS or PEERS member who is exempt from Social Security coverage to sign the *SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security*, and that you provide a **copy** of the form to PSRS/PEERS. This form must be completed when the member is first employed in a Social Security exempt position. Annual filing is not required. Please visit www.socialsecurity.gov/form1945/ for more information.

Is That Educator Certificate Expired or Just Inactive?

Any Missouri educator certificate (other than Provisional, Temporary Authorization and VOC 1) that shows an expiration date on or after August 28, 2003, is considered inactive, instead of expired, for purposes of determining PSRS/PEERS eligibility. However, you should contact DESE Educator Certification at (573) 751-0051 to verify the status of a certificate. If the status of the certificate is truly inactive and not expired, PSRS/PEERS still considers that individual certificated for purposes of determining PSRS eligibility. You can find a link to the DESE Educator Certification Search tool on our website.

Employer-Paid Insurance Premiums – What to Include for Retirement

When reporting employer-paid insurance premiums to PSRS/PEERS as part of salary, include only employer-paid medical, dental and vision insurance premiums for **member** coverage. Other employer-paid premiums, such as family coverage, life insurance, disability insurance, etc. are not included in retirement salary, and should not be included in the insurance amount reported to us.

Additionally, any **employer** contributions to a member's Health Savings Account, any amount put into reserves due to a Modified Cost Plus agreement, fees associated with the Affordable Care Act or Hospital Helper coverage should be included in the insurance amount reported to our office, and are subject to retirement contributions.

Any employer payment to an annuity is **not** included in retirement salary, unless the payment is made *in lieu of* employer-paid medical, dental or vision insurance premiums for member coverage and that amount cannot exceed the amount of employer-paid insurance for the district.

Has Your Contact Information Changed?

To ensure you receive all correspondence that our office generates, please let us know if your mailing address has changed or if there is a new payroll contact at your school so we can update our records.

Employer Services Contact Information

In continuing effort to provide our employer community with the best possible level of service, you can now contact us at (888) 391-6966, or employer_services@psrsmo.org, for the fastest and most efficient service, as well as exposure to the full team of expertise and knowledge.

Employer Services Analysts (ESAs) now work as a team to assist you with retirement reporting and eligibility requirements, while ensuring timely support in answering your phone calls, posting files and providing additional efficiency with technical support.

Membership Questions

As a member of PSRS or PEERS, we encourage you to register and use Web Member Services, the secure portion of our website, to view your membership information.

- Active members can view and update their contact information, view beneficiary designations, use the Benefit Estimator and even apply for service retirement online.
- Retirees can view and update contact information, view benefit details, change tax withholding and direct deposit information and also keep track of their working after retirement hours and salary as reported by all post-employment employers.

If you get questions from members, please refer them to Web Member Services located on our website for their specific membership information, or have them contact our Information Center at **(800) 392-6848**, or psrspeers@psrspeers.org.