

Employer Training Program



PERSI

Public Employee Retirement System of Idaho

Employer Service Center

**Employer Reference Manual
2011 Edition**

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2011

Table of Contents

TABLE OF CONTENTS	K
INTRODUCTION	1
CHAPTER 1. BASE PLAN	3
BASE PLAN OVERVIEW	3
EMPLOYEE CLASSES.....	3
Class 1 General Members.....	3
Class 2 Police and Firefighter	3
Class 3 Teachers.....	3
Class 4, Grandfathered	4
Class A, Class B Firefighter.....	4
Class D Firefighter.....	4
Class E.....	4
EMPLOYER RESPONSIBILITIES.....	4
General Responsibilities.....	4
Determine Eligibility.....	5
Classify Positions.....	5
Enroll New Eligible Employees	6
Identify Salary.....	7
Calculate Contributions.....	8
Withhold, Report and Pay Contributions	9
Withhold and Submit Employee Delinquent Contribution or Waiting Period Payments	10
Report Unused Sick Leave Units and Pay Rate.....	10
Report Changes in Employment status.....	10
Reports for Employees	11
EMPLOYING PERSI RETIREES	13
Employee by Definition	13
Not Employee by Definition.....	14
MILITARY SERVICE.....	14
Contributions and Military Service Credit	14
Repayments Suspended During Military Service	14
CHAPTER 2. CHOICE 401(K) PLAN	15
CHOICE 401(K) PLAN OVERVIEW.....	15
EMPLOYER RESPONSIBILITIES.....	16
Verify Eligibility	16
Set Up New Participants.....	16
Withhold, Report and Pay Employee Contributions	18
Deduct and Submit Loan Payments	18
Limit Testing.....	18
Reports for Employees	19
CONTRIBUTIONS.....	19
Contribution Changes	19
Contribution Types.....	19
Contribution Limits	21
Rollovers.....	22
LOANS AND WITHDRAWALS	22
Loans.....	22
Withdrawals While Employed.....	23
Distributions at Termination/Retirement	24
MILITARY SERVICE.....	26

Choice 401(k) Plan Contributions	26
Loan Repayments.....	26
CHAPTER 3. ELIGIBILITY	27
ELIGIBILITY OVERVIEW	27
ELIGIBILITY BASED ON HOURS OR MONTHS	28
<i>Employees Working for Multiple PERSI Employers</i>	28
<i>Employees Working for Multiple State Agencies</i>	28
<i>School Teachers</i>	28
<i>Substitute Teachers</i>	29
<i>Part Time</i>	29
<i>Temporary</i>	31
<i>Eight-Month Seasonal or Casual Employees</i>	31
ELIGIBILITY OF ELECTED AND APPOINTED OFFICIALS	32
<i>Elected</i>	32
<i>Appointed</i>	33
ELIGIBILITY EFFECTS OF:	33
<i>Source of Funds</i>	33
<i>Leave of Absence</i>	34
<i>Hiring PERSI Retirees</i>	34
<i>Schedule Changes</i>	36
CHAPTER 4. UNUSED SICK LEAVE	37
UNUSED SICK LEAVE OVERVIEW	37
STATE AGENCIES AND JUNIOR COLLEGE DISTRICTS.....	38
<i>Eligible Employees</i>	38
<i>Employer Contribution</i>	38
<i>Employee Benefit</i>	38
<i>Reporting to PERSI</i>	39
<i>Retiree Returns to Work Within Three Years</i>	39
SCHOOL DISTRICTS AND SCHOOL ASSOCIATIONS.....	39
<i>Contribution Rates</i>	39
<i>Transferring Unused Sick Leave</i>	39
<i>Negate Retirement</i>	40
EMPLOYER RESPONSIBILITIES.....	40
<i>Employer Changes Insurance Carrier</i>	40
<i>Using Leave Without Pay to Preserve Unused Sick Leave</i>	41
CHAPTER 5. FORMS.....	42
INTRODUCTION.....	42
PERSI EMPLOYER FORMS.....	42
<i>Form RS102, Application for Membership</i>	42
<i>Form RS109, Notice of Termination</i>	42
<i>Form RS116 Payment Agreement and RS116B, Additional Payment Agreement for Base Plan Buyback</i>	43
<i>Form RS118, Employer Certification of Police Officer Status</i>	43
<i>Form RS118A, Employer Certification of Firefighter Status</i>	43
<i>Form RS130, Certification of City, County or Irrigation District 8-month Employment Status</i>	44
<i>Form RS132, Certification of Employment of a Retired Member</i>	44
<i>Form RS132A, Certification of Employment of a Retired School Teacher or Administrator</i>	45
<i>Form RS432C, Insurance Carrier Certification of Group Insurance Policy</i>	45
<i>Form RS432R, Employer/Consortium Certification of Group Insurance Policy</i>	45
FORMS FOR EMPLOYEES	45

<i>PERSI Forms Version Log</i>	45
INSURANCE FORMS.....	47
<i>State Employers</i>	47
<i>School District Employers</i>	47
CHAPTER 6. TRANSMITTAL REPORTS.....	48
TRANSMITTAL REPORTS OVERVIEW.....	48
<i>Getting Started with Electronic or PETRA Reporting</i>	48
ELECTRONIC REPORTING.....	48
<i>Introduction</i>	48
<i>Transmittal Record Types</i>	49
<i>Non-Current Adjustments (NCA) Reporting:</i>	50
PETRA.....	51
TURN AROUND REPORTING.....	51
CHAPTER 7. PAYMENTS.....	53
PAYMENTS OVERVIEW.....	53
ELECTRONIC FUNDS TRANSFERS.....	53
<i>EFT Overview</i>	53
<i>ACH Requirements</i>	53
<i>ACH Setup</i>	54
<i>TreasuryEdge Instructions</i>	54
CHECK PAYMENTS.....	54
CHAPTER 8. PERSI WEBSITE.....	57
INTRODUCTION.....	57
EMPLOYER INFORMATION SECTION.....	58
<i>Employer Information Menu</i>	58
<i>Employer Information Main Page</i>	59
CHAPTER 9. EMPLOYER ONLINE GUIDE.....	69
OVERVIEW.....	69
THE ONLINE GUIDE "SKIN".....	69
<i>The Contents View</i>	71
<i>The Index View</i>	72
<i>The Search View</i>	73
<i>The Glossary View</i>	74
TOPIC PAGES.....	74
<i>The Home Page</i>	74
<i>Table of Contents Books</i>	77

Introduction

PERSI continually strives to provide a very high level of service to our employers because we understand the importance of PERSI benefits to you and your employees. PERSI benefits provide comfort and security to employees and a significant human resource recruiting advantage to employers. Yet, we understand the information surrounding PERSI benefits is extensive and not always easy to understand, so we have devoted considerable resources to helping you when you have questions or difficulties.

PERSI's Employer Service Center (**ESC**) is a group of knowledgeable and friendly customer-service professionals who are dedicated to fulfilling the service needs of PERSI employers. **ESC** people are focused on providing the service, training and support you need to make your PERSI responsibilities easy and enjoyable. They are always ready to help when you need them. Here are the phone numbers you may call when you need assistance from **ESC**:

- ▶ In the Boise calling area, dial **287-9525**.
- ▶ Outside the Boise calling area, dial **1-866-887-9525** (toll free).

ESC developed this *Employer Training Course* to assist staff members of PERSI employers learn the responsibilities associated with PERSI membership. In this course we will show you everything you need to know to determine eligibility, enroll new employees, calculate contributions, withhold contributions, prepare and submit transmittal reports, send payments, and process terminations. We will also introduce you to the PERSI website and the Employer's Online Guide, which are valuable resources for you to get additional and updated information.

We hope this course is a great advantage for you and gives you confidence in the knowledge you acquire. We want you to feel comfortable with your PERSI responsibilities and know you have easy access to help whenever you need it. We also want to establish a friendly working relationship with you so you do not feel you are talking to strangers when you call. Any time you have a question about something covered in this course, or something not covered in the course, please contact **ESC** and ask for our help.

This course is not intended to make you an expert on PERSI benefits. We do not expect you to counsel employees on matters concerning their contributions and benefits. But, we want you to know about the many resources for information and guidance that are available from PERSI and know when to suggest that an employee take advantage of these resources.

Following is a summary of resources available to PERSI members. We want you to be familiar with these resources so you can help your employees get the information and guidance they need about their contributions and benefits.

- ▶ **Member Handbook:** The member handbook is available to all new members on our website at www.persi.idaho.gov. It provides a thorough explanation of the PERSI retirement plans, benefits and contributions.

- ▶ **PERSI Answer Center (PAC):** PAC maintains a team of thoroughly trained customer service representatives who are dedicated to helping PERSI members with their questions and problems. These friendly and helpful telephone professionals are sure to know the answer or how and where to get it as quickly as possible. The PERSI Answer Center can be reached Monday through Friday from 8:00 am to 5:00 pm Mountain Time by calling (208) 334-3365 in the Boise calling area or 1-800-451-8228 from other calling areas.
- ▶ **PERSI Offices:** We have offices in Boise, Pocatello and Coeur d'Alene. Members can visit any office to have questions answered. We recommend calling before visiting so we can be sure the right person is available. If it is not convenient to make an appointment, members can still drop in and we will help them as expeditiously as we can.
- ▶ **PERSI Website:** Members can access information and self-help tools on the PERSI website at www.persi.idaho.gov. Here can be found an expansive collection of material including statutes and rules, newsletters, individual account information, forms, reports, brochures, benefit estimates, and much more.
- ▶ **Presentations/Workshops:** PERSI offers a number of different in-person presentations. The first two are conducted on-site at employer locations. "Planning for the Beach" reviews the details of the Base and Choice Plans, "Crusin' to the Beach" is next in the series for those interested in learning about investment strategies and financial planning to get their financial house in order, and "Retirement's a Beach" a pre-retirement workshop offered off-site in major cities throughout Idaho for those within ten years of retirement. Members interested in attending a workshop can get more information, check the schedule and workshop locations [on the PERSI website under the "Education" tab](#).

That covers what you need to know to help your employees understand their PERSI benefits and contributions. The chapters that follow cover the information needed to administer PERSI benefits and contributions for your employees.

Chapter 1. Base Plan

Base Plan Overview

The PERSI Base Plan is an IRS qualified 401(a) pension plan that provides a pension benefit to career public employees. An employee becomes a PERSI member upon becoming employed in an eligible position with a PERSI employer. Enrollment in the PERSI Base Plan is mandatory and both the employer and employee make contributions to the Base plan. Employee contributions are credited to the employees' personal accounts, while employer contributions are pooled in a trust fund to cover benefits.

The Base Plan is a "defined benefit" (DB) plan, meaning that a member's retirement benefit is defined by a formula based on years of service, age, and earnings. A member earns a month of service for each month in which at least 15 days are worked. After accruing 5 years of service, a member is vested and a retirement benefit is guaranteed. (Some elected and appointed officials are eligible for vesting as soon as they are installed in the position.)

Besides retirement benefits, Base Plan contributions also provide for disability and death benefits. These require no additional administrative work for employers because contributions for all Base Plan benefits are combined into one rate for each employee class.

Employee Classes

For the purpose of Base Plan administration, PERSI members are grouped into classes. Contribution rates and retirement rules are determined separately for each member class. Employers need to know the differences between classes to correctly classify their employees and apply the correct rules and contribution rates. The different classes are described in the following paragraphs.

Class 1 General Members

All general PERSI members not included in any other class.

Class 2 Police and Firefighter

Police officers, and certain court personnel, county sheriffs, paramedics, military personnel, fish and game employees, department of corrections employees, and criminal investigators as defined in Idaho Statute 59-1303. Firefighters hired on or after 10/1/1980, as defined in Idaho Statute 59-1302(16).

Class 3 Teachers

School teachers who work at least half time. A teacher is considered to be working half time or more if the teacher's contract specifies that the engagement is half or

more of a full contract. Other school employees such as Supervisor, Education Specialist, Assistant Principal, Principal, Administrator and Superintendent, who are certificated to work with children in a school setting, are also considered Class 3 members. All other school employees not certificated must meet the requirement of normally working 20 hours or more per week and are coded as Class 1 general members.

Class 4, Grandfathered

Members, formerly in class 2, who were reclassified to class 1, yet remained in the same position with the same employer until retirement. Class 4 members retain eligibility to the rule of 80, early retirement at age 50, and service retirement at age 60 for that portion of their service that falls under class 2.

Class A, Class B Firefighter

Firefighters from the former Firefighter's Retirement Fund (FRF); these classifications are closed to new membership.

Class D Firefighter

PERSI Firefighter hired October 1, 1980 or later and employed by a fire district that employs or has employed paid firefighters in the FRF fund.

Class E

General member employed by a fire district that employs or has employed paid firefighters in the FRF fund.

Employer Responsibilities

General Responsibilities

Employers have the responsibility to help PERSI perform its obligation of administering the retirement funds solely in the interest of the **membership as a whole** for the exclusive purpose of providing benefits to members and their beneficiaries and defraying expenses of administering the system.

Employers help provide benefits by submitting reports and payments in a timely manner so benefits can be calculated and paid.

Employers help manage expenses by carefully and thoughtfully making compensation decisions. If an employer dramatically increases an employee's pay just before they retire, or uses other means to increase their compensation (pay spiking), it impacts the costs of the Plan by artificially increasing the member's retirement benefits. Increased expenses can result in the need to increase contribution rates for all employers and employees.

Determine Eligibility

One of the most important responsibilities of PERSI employers is to correctly determine eligibility of new employees and to detect and report eligibility changes for existing employees.

When new employees are hired, the payroll clerk must determine if the employee meets eligibility criteria for PERSI membership. Generally, any employee who is expected to be employed for at least 5 months and work 20 hours or more per week is eligible and must contribute to PERSI.

Payroll clerks must regularly monitor the hours and duration of employment of existing employees to make sure that changes or errors in eligibility are caught and corrected quickly. Eligibility is covered in more detail in Chapter 3.

Classify Positions

Employers that hire employees who belong in classes other than Class 1 General Members, must be able to correctly determine the class to which an employee belongs.

Police Officer Status

Police officer membership status for retirement purposes may be fixed only by law, or by order of the retirement board. Idaho Statute 59-1303 provides detailed definitions of law enforcement positions or offices that are eligible for police officer status for retirement purposes. Members certified for police officer status belong to Class 2.

When an employee is hired, moved, or promoted into a position that qualifies for police officer status, the employer must file a form *RS118 Employer Certification of Police Officer Status* with PERSI to designate the employee as a police officer member. PERSI will verify that the position meets the requirements for the classification.

The instructions included with Form RS118 include the text of Statute 59-1303. You should keep a copy of these instructions for reference, or refer to the actual statute on the website at www.idaho.gov when making determinations of eligibility for police officer status.

Form RS118 is also used to decertify a police officer member who switches to a position that is not eligible for police officer status.

Firefighter Status

Firefighter is defined in Idaho Code §59-1302(16) as an employee, including paid firefighters hired on or after October 1, 1980, whose primary occupation is that of preventing and extinguishing fires as determined by the rules of the board.

PERSI board rules further clarify the definition of firefighter in *IDAPA 59.01.02.300-302. Eligibility. Subchapter D – Firefighter Members.*

Rule 300 extends firefighter status to employees appointed to the position of fire chief by a city council, the chief fire warden of a timber protective association, employees of either the department of lands or of a timber protective association whose primary position and principal accountability in that position either requires direct supervision of employees engaged in the prevention, pre-suppression and suppression of wild land fires or requires the performance of those duties as the principal function of the position.

Rule 300 further states that a firefighter member for retirement purposes does not include an employee who may be required on occasion to engage in the functions of a firefighter as a secondary requirement of the position.

Rule 301 provides that an employer or agency that believes a position is incorrectly classified as a firefighter position or a non-firefighter position may petition the board for inclusion or exclusion of the position. The petition must include a detailed written description of the principal duties of the position. The board reviews the petition and evidence, along with any information and evidence presented by the staff of PERSI. The board can then issue a decision or request more information.

When an employee is hired, moved, or promoted into a position that qualifies for firefighter status, the employer must file a form *RS118A Employer Certification of Firefighter Status* with PERSI to designate the employee as a firefighter member. PERSI will verify that the position meets the requirements for the classification.

Form RS118A is also used to decertify a firefighter member who switches to a position that is not eligible for firefighter status.

Class 3 Teacher

School employees such as: Teacher; Supervisor; Education Specialist; Assistant Principal; Principal; Administrator; and Superintendent, who are certificated to work with children in a school setting, are Class 3 members. PERSI does not require employer certification for this classification.

Enroll New Eligible Employees

Employers enroll new employees that are determined to be eligible for PERSI membership. The two primary responsibilities of enrollment are providing forms to employees to fill out (and submitting the completed forms to PERSI) and adding new employees to the transmittal report. Chapter 6 discusses the process of adding an employee to the transmittal report. The forms required to enroll a new employee are listed here and described in more detail in Chapter 5. Some of the forms apply only to particular employees or employers.

RS115 Beneficiary Designation

Give the form to each employee. The employee should fill it out and send it directly to PERSI or give it to you to send to PERSI.

RS118 Employer Certification of Police Officer Status

This form must be completed by the employer for each new Class 2 employee. Send the completed form to PERSI.

RS118A Employer Certification of Firefighter Status

This form must be completed by the employer for each new Class D employee. Send the completed form to PERSI.

RS130 Certification of City, County or Irrigation District 8-month Employment Status

This form must be completed by city, county or irrigation district employers for each new employee who is expected to work 8-months or less per year because employment is determined by weather and growing season.

RS132 Certification of Employment of a Retired Member

This form must be completed by the employer upon hiring a PERSI retired member in any capacity. The form is required even if the employee does not meet eligibility criteria for PERSI contributions.

RS132A Certification of Employment of a Retired School Teacher or Administrator

This form must be completed by school districts upon hiring a PERSI retired school teacher or administrator who meets the conditions of re-employment established by Idaho Statute 59-1356(4).

Identify Salary

Definition of Salary

For the purpose of identifying employee compensation that is subject to contributions, PERSI defines salary as:

- ▶ The total salary or wages paid to a person who meets the definition of employee by an employer for personal services performed and reported by the employer for income tax purposes, including the cash value of all remuneration in any medium other than cash.
- ▶ The total amount of any voluntary reduction in salary agreed to by the member and employer where the reduction is used as an alternative form of remuneration to the member.

Salary Exclusions

Salary does not include contributions by employers to employee held medical savings accounts, as those accounts are defined in section 63-3022K, Idaho Code. Salary does not include lump sum payments inconsistent with usual compensation patterns made by the employer to the employee only upon termination from service including, but not limited to, vacation payoffs, sick leave payoffs, early retirement incentive payments, bonuses, and lump sum contract payouts.

Salary in excess of the compensation limitations set forth in Section 401(a)(17) of the Internal Revenue Code is disregarded for a member who joined PERSI on or after July 1, 1996.

Early Retirement Incentive Pay (ERIP)

***Note:** ERIP for certificated employees of Idaho public school districts was repealed effective March 17, 2011 and is no longer available to these members.

Some PERSI employers may offer Early Retirement Incentive Plans (ERIPs) to their employees in the form of a cash bonus. The IRS considers the ERIP to be compensation, but ERIP payments are not treated as salary for PERSI Base Plan purposes. The member can defer ERIP money to the Choice 401(k) Plan if certain conditions are met. This is covered in the next chapter.

Calculate Contributions

Employee and employer contributions are normally calculated automatically as part of payroll processing, so payroll clerks are not required to actually calculate contributions. The payroll processing software must be configured initially with the contribution percentages, but once done, only needs changed when a change occurs in the contribution rates. Payroll clerks need to know how to add employees in the software and set up the employee record so that contributions are calculated correctly for the employee class. PERSI can help you determine what your contributions should be, to check the software configuration, but questions about configuring and using the software must be directed to the software vendor.

The following tables show contribution rates for employers and employees for each class.

EMPLOYEE Contribution Rates – July 1, 2013 through June 30, 2015

Member Class	Contribution Rate or Amount
Class 1, Class 3, Class E	6.79%
Class 2, Class D	8.36% (8.32% + .04% effective March 1, 2010)
Class A	\$713.75/month
Class B	A monthly dollar amount equal to 11.45% of individual's previous year average monthly salary

EMPLOYER Contribution Rates – July 1, 2013 through June 30, 2015

Member Class	Contribution Rate or Amount
Class 1, Class 3	11.32%
Class 2	11.66%
Class A, Class B	37.55% (Includes PERSI contribution rate, plus an additional contribution rate, plus a social security rate, plus excess merger cost rate.)
Class D	28.90% (Includes PERSI contribution rate plus excess merger costs rate.)
Class E	28.56% (Includes PERSI contribution rate plus excess merger costs rate.)

Withhold, Report and Pay Contributions

Employee contributions are calculated during payroll processing and deducted from the employees' pay. You must send PERSI a transmittal report of eligible employee's hours, pay and contributions, and the employer's contributions. Transmittal reports are covered in more detail in Chapter 6.

After submitting your transmittal report, you must send payment to PERSI to cover base plan contributions, adjustments, buyback payments, and Choice 401(k) Plan contributions and loan payments. Timely reporting and payment is imperative for PERSI to fulfill its obligation of administering the retirement plans. Idaho Statute 59-1325(1) requires the contributions be reported and paid to PERSI within 5 days of the pay date. Interest charges are applied to late contributions. Payments are covered in more detail in Chapter 7.

Withhold and Submit Employee Delinquent Contribution or Waiting Period Payments

Members who owe delinquent contributions, typically determined by an audit of their record by PERSI, or who qualify for a waiting period purchase may make payments through payroll deduction of pre-tax dollars. To sign up for payroll deduction, the member completes and signs a form RS116 Payment Agreement and submits it to you, the employer. You must approve and sign the payment agreement and submit it to PERSI. Once you submit the form, you must deduct the payments, add them to your transmittal report, and send them with your payment.

A former PERSI member who took an account withdrawal upon leaving their former PERSI position may repay the account withdrawal plus interest to reinstate the service credit for the previous employment. Otherwise, the member starts over in accruing service credits.

Repaying an account withdrawal is called a buyback. An employee may pay for a buyback with a tax-deferred roll-over from another qualified account or make periodic payments to PERSI of taxed dollars until the buyback is satisfied. The option to make tax-deferred payroll deductions to pay for buybacks no longer exists. Members who were making irrevocable tax-deferred payroll deductions prior to April 7, 2011 are grandfathered and may continue to make buyback payments with the tax-deferred payroll deduction method.

Report Unused Sick Leave Units and Pay Rate

Employers that participate in the unused sick leave fund (see Chapter 4) are required to report unused sick leave units and pay rate for their employees with each transmittal.

Report Changes in Employment status

When an active PERSI member terminates employment, takes leave of absence without pay, or reduces work time to less than 20 hours per week, (less than 1/2 time contract for teachers) you must report the change to PERSI in a termination record on the transmittal report. If the member is retiring, also complete and submit a paper *Form RS109 – Notice of Change in Employment Status*. You must also submit *Form RS109* upon the death of an employee.

Report name and address changes by changing the information in the member's record on the transmittal report.

When an employee who has not been eligible for PERSI becomes eligible, add a record for the employee to your transmittal reports and have the employee complete and submit *Form RS115 – Beneficiary Designation*.

Reports for Employees

PERSI prepares and mails a detailed account statement to all members once a year, so employers' must promptly report employee address changes on a transmittal report to keep PERSI's records up-to-date. Employers may also report tax-deferred contributions on employees' IRS Form W-2.

Reporting PERSI contributions on Form W-2

This section provides basic guidance on how to report tax-deferred contributions on IRS Form W-2. The information applies to contributions to PERSI Base Plan (a qualified 401(a) pension plan), as well as 401(k), 457 and 403(b) contributions. This is only basic information for general application and might not be correct or complete for your specific circumstances. You should consult your tax advisor or the IRS if you need more detailed information.

22222		a Employee's social security number		OMB No. 1545-0008					
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld				
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld				
			5 Medicare wages and tips		6 Medicare tax withheld				
			7 Social security tips		8 Allocated tips				
d Control number			9 Advance EIC payment		10 Dependent care benefits				
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a	
						13 Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12b
						14 Other	12c	12d	
f Employee's address and ZIP code									
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		

Form **W-2** Wage and Tax Statement

Sample

Department of the Treasury—Internal Revenue Service

Copy 1—For State, City, or Local Tax Department

Box 1 – Wages, tips and other compensation. This is gross compensation minus the following:

- ▶ Mandatory employee contributions to the PERSI Base Plan,
- ▶ Voluntary employee contributions (elective deferrals) under a 401(k), 403(b), or 457 plan, and

- ▶ Pre-tax deductions under a section 125 (cafeteria) plan.

Box 3 – Social Security wages. This is gross compensation minus any pre-tax deductions taken under a section 125 (cafeteria) plan. The difference between the amounts in box 1 and box 3 equals the sum of:

- ▶ mandatory PERSI contributions and
- ▶ elective deferrals to all retirement plans

The total in Box 3 cannot exceed the maximum social security wage base for year reported.

Box 5 – Medicare wages. This is the same amount as Box 3 except Medicare wages are not subject to a wage base limit.

Box 11 – Nonqualified plans. Certain distributions or deferrals under a 457 plan are reported in box 11. If you offer a 457 plan, check with your 457 plan vendor or tax advisor for specific guidance about what should and should not be reported in this box.

Box 12 – Codes. Box 12 is used to report specific compensation items described in the Instructions for Form W-2. Each item is associated with a code assigned to that item and referenced in the Form W-2 instructions. Box 12 items include the following:

- ▶ Elective deferrals to a section 401(k) plan, **(Code D)**
- ▶ Elective deferrals under a section 403(b) salary reduction agreement, **(Code E)**
- ▶ Elective deferrals and employer contributions (including non-elective deferrals) to any governmental or nongovernmental section 457(b) deferred compensation plan **(Code G)**.

List the amount of each Box 12 item on a separate line (12a, 12b, 12c, 12d) preceded by the appropriate code. For example, if an employee made voluntary contributions to both the PERSI Choice 401(k) Plan and a 403(b) plan, put **D** and the amount contributed to the 401(k) in box 12a, and **E** and the amount contributed to the 403(b) in box 12b.

Mandatory employee contributions to the PERSI Base Plan are not reported here, but MAY be shown in box 14.

Do not report **employer** contributions to an employee's 401(k) or 403(b) plans in Box 12.

Box 13 – Retirement Plan. Check this box if an employee made any contributions to: the PERSI Base Plan, the PERSI Choice 401(k) Plan or another 401(k), a 403(a) plan or a 403(b) plan.

Box 14 – Other. You can use this box to provide employees information that is not otherwise required or reported elsewhere on the form.

For instance, you may (but are not required to) show the following contributions to a retirement plan:

- Employee contributions to the PERSI Base Plan
- Employer contributions to an employee's PERSI Choice 401(k) Plan or another 401(k)
- Employer contributions to an employee's 403(b) account
- Employer matching contributions

Employing PERSI Retirees

An employer is required to notify PERSI any time it hires a person who is collecting a retirement benefit from PERSI. The employer notifies PERSI by submitting *Form RS132, Certification of Employment of a Retired Member*.

The status of the retired member's benefits depends on whether the member is in fact an employee as defined in Idaho Code §59-1302(14). Employee includes anyone who works 20 hours or more per week (or half-time or more as a school teacher), and is expected to work five consecutive months or more. Employee also includes elected/appointed officials who receive a salary, even if working less than 20 hours per week.

Employee by Definition

The employer must withhold employee contributions from the employee's salary starting on the date of reemployment and forward these contributions along with the required employer contributions for each pay period.

When the period of reemployment ends, contributions cease and the member's original benefit payments are reinstated. A separate benefit amount is computed using salary and service credited during the period of reemployment and this additional benefit is added to the original benefit payments.

If the period of reemployment is less than five months, PERSI returns contributions to the member and credits the employer upon termination. The member's benefit payments resume and an adjustment is made to retroactively cover the period of ineligible employment.

A member who is an early retiree has the option of negating his or her retirement as provided by PERSI Rule 59.01.06.148. This requires repayment of all benefit payments plus interest. The member's benefit payments are later recalculated using all credited service, which may result in a better benefit overall. Because use of this option may affect a member's eligibility for unused sick-leave credits, members are encouraged to consult with PERSI before making this decision.

If PERSI is not immediately informed of reemployment of a retired member and the benefit payments continue, any payments made while reemployed must be repaid with interest to PERSI prior to reinstatement of retirement status and benefits.

Not Employee by Definition

If the member does not meet the definition of employee, the member and employer do not pay contributions during the reemployment and any benefit payable to the member continues.

Military Service

Contributions and Military Service Credit

A member may earn PERSI service credit while on active duty under provisions of the *Uniformed Services Employment and Reemployment Rights Act (USERRA)*. The member does not need to pay contributions to receive credit for eligible military service.

An employer may continue to pay full or partial salary to a member who is on active duty. If the employer pays wages amounting to more than 15 days per month or 20 hours per week, contributions are required and the member will get regular service credit for the month. The wages must be reported on the employer transmittal.

If the employer pays wages amounting to less than 15 days per month or 20 hours per week, the member no longer meets the definition of employee and is no longer an active member of PERSI. Contributions are not required on the salary, but the member may be eligible for military service credit. The wages are not reported on the employer transmittal.

If the employer terminates the member from PERSI and pays no wages while the member serves in the military, the employee may still qualify for military service credit even though no contributions are made.

Repayments Suspended During Military Service

If a member is repaying a Separation Benefit, the payments may be suspended during military service. When the member returns payments resume. Interest on the loan continues to accrue but will be capped at 6% if the member provides a copy of military orders no later than 180 days after military service ends. The interest rate is reduced to 6% retroactive to the date the member received orders to report to duty (not the actual report-to-duty date).

Chapter 2. Choice 401(k) Plan

Choice 401(k) Plan Overview

The PERSI Choice 401(k) Plan is an IRS qualified 401(k) retirement savings plan. It gives eligible employees the opportunity to save additional retirement funds to supplement their PERSI Base Plan and Social Security benefits. It also provides significant tax-saving opportunities because income tax on contributions (and earnings) is deferred until the time of withdrawal.

Saving is easy with the Choice 401(k) Plan as contributions are automatically made through regular payroll deductions. Participation is voluntary and participants have complete control over how much of their income to contribute. They also have an opportunity to accumulate substantial earnings on their savings, because Choice 401(k) Plan contributions are invested for them according to their investment preferences.

The Choice 401(k) Plan also benefits PERSI employers by helping them attract and retain highly qualified employees that seek robust benefits. Employers can offer contribution matching on 401(k) savings, which is a very popular item in compensation packages.

PERSI has contracted ACS HR Solutions (ACS) to provide record keeping services on behalf of the PERSI Choice 401(k) Plan. In this capacity, ACS establishes and maintains an account for each active (and eligible) member and provides customer service to Choice 401(k) Plan participants who have questions about their account or Choice 401(k) Plan investment options. Participants can change the investment allocation for future contributions or redistribute their existing investments by using one of the three convenient customer service options available from ACS.

- ▶ **Choice 401(k) Plan Website:** ACS hosts and maintains this website which is dedicated to the PERSI Choice 401(k) Plan. Participants can do account inquiries, make investment changes and access information about investment options. The website can be accessed by going to the Choice 401(k) Plan page of the PERSI website (http://www.persi.idaho.gov/members/choice_401k_plan.cfm), and selecting 'My Choice Plan Account'.
- ▶ **Automated Voice Response:** Participants can inquire about their accounts 24 hours a day and seven days a week by calling this toll-free number **1-866-437-3774**.
- ▶ **Customer Service Representative:** Participants can talk to a person to ask questions and make investment changes by calling the same toll-free number and selecting the option to speak with a person. This service is available Monday through Friday from 7 am to 6 pm Mountain Time.

Employer Responsibilities

Most of the work required for administering the Choice 401(k) Plan is done by ACS, which manages investments for and provides customer service to participants. Employers are responsible for doing the following for their employees who are interested in participating in the Choice 401(k) Plan:

- ▶ Verify eligibility to participate
- ▶ Collect RS801 *Choice 401(k) Plan Deferral Election* forms from employees
- ▶ Set up employees' pre-tax deductions in the payroll system
- ▶ Calculate and withhold contributions from employees' pay
- ▶ Report and pay contributions to PERSI
- ▶ Download current Choice 401(k) Plan forms for employees from PERSI's website or Employer Online Guide
- ▶ Implement stop or change instructions from employees
- ▶ Set up and deduct Choice 401(k) Plan loan payments
- ▶ Stop contributions by employees with hardship distributions in last 6 months
- ▶ Conduct limit testing to ensure compliance with IRS limits

Verify Eligibility

Any person who is eligible to participate in the Base Plan is eligible to participate in the Choice 401(k) Plan, unless the person has taken a hardship withdrawal of Choice 401(k) Plan funds in the last six months. Any eligible employee can participate immediately in the Choice 401(k) Plan and may start and stop contributions at any time. Other groups eligible to participate in the Choice 401(k) Plan are employee members of the Firemen's Retirement Fund, the Judge's Retirement Fund, and the Department of Labor Retirement Plan.

When a PERSI member is an eligible employee with two employers, PERSI will only accept voluntary contributions to the Choice 401(k) Plan from the member's primary employer. The employee is not eligible to defer compensation from the secondary employer.

Set Up New Participants

When a new employee is first reported on a PERSI transmittal, ACS automatically enrolls the new employee, assigns a Personal Identification Number (PIN), and mails the participant a letter conveying the PIN. The PIN is a six-digit number that provides secure access to the employee's individual account via the internet and toll-free phone number. ACS also sends a Choice 401(k) Plan Enrollment kit in a separate mailing. The kit includes:

- ▶ An RS801 *Choice 401(k) Plan Deferral Election* Form
- ▶ A Plan *Highlights* Brochure
- ▶ Fund Fact Sheets for investment options
- ▶ A Fund Transfer Worksheet



Participants will need their Social Security number and PIN to access their account information. A participant who loses his PIN can request a PIN reminder letter by going to the website or calling the ACS customer service number.

Here are the steps to follow when employees are ready to start contributions to the Choice 401(k) Plan.

1. Employees complete a Form RS801 – *Choice 401(k) Plan Deferral Election*, electing to defer a fixed amount or percentage of gross earnings to the Plan. Employees can defer any percentage of their income from 1% to the entire amount remaining after other deductions are calculated. For instance, an employee whose only deductions are 7.65% for FICA and Medicare can defer (100 - 7.65) or 92%. The deferred amount must be a whole percentage point. Percentage fractions such as 12½% are not acceptable.
2. Employees return the completed *Choice 401(k) Plan Deferral Election* form to the appropriate Payroll or Human Resources person. The person verifies the employee is eligible and the contribution instructions are complete, clear, and authorized. If not, the form is rejected and returned to the employee. If accepted, the payroll deduction is set up and the form filed in the employer's records.
3. When PERSI submits the first Choice 401(k) Plan contribution for a new participant, the entire amount is invested in the PERSI Total Return Fund (the Choice 401(k) Plan's default investment option). The participant can select a different investment allocation among the available funds by accessing the Choice 401(k) Plan website or calling the toll-free number for ACS HR Solutions. Instructions for making investment changes are included in the enrollment kit.
4. Participants who want to redistribute the initial contribution can do an inter-fund transfer to move existing contributions between different funds. This is also done by going to the website or calling the toll-free number for ACS HR Solutions. Instructions for transfers are included in the enrollment kit.

After a *Choice 401(k) Plan Deferral Election* form is accepted from an employee, the payroll clerk configures the employee's setup in the payroll system so that the specified fixed amount or percentage is automatically deducted and withheld from each paycheck. For help with setting up payroll deductions, contact your vendor or support provider for your particular payroll software product.

Withhold, Report and Pay Employee Contributions

Each pay period, employers withhold Choice 401(k) Plan contributions from employee's earnings. Choice 401(k) Plan contributions are subject to FICA and Medicare withholding but not state and federal income tax withholding. Employee contributions must be promptly reported and paid to PERSI. Contributions are reported along with Base Plan contributions on a regular transmittal report. For more information on transmittals, refer to Chapter 6.

Choice 401(k) Plan contributions are paid to PERSI at the same time as Base Plan contributions. Employers must be vigilant about making sure contributions are sent promptly to avoid serious consequences for delaying the posting of employees' contributions. Not only can employers be held responsible for lost earnings on late contributions, they can also be subject to penalties. For more information on PERSI Payments, see Chapter 7.

Deduct and Submit Loan Payments

When a Choice 401(k) Plan loan has been approved and finalized, ACS sends the borrower a confirmation letter with the agreed upon payment terms and also sends a copy of the letter to PERSI. PERSI sends the employer notification of the loan with instructions to begin deducting the payments from the employee's after-tax earnings and submitting the payments to PERSI. Loan payments are reported on the transmittal report and submitted with contributions payments.

Limit Testing

All tax-deferred retirement plans are subject to limits on the amount of compensation that can be deferred or otherwise contributed by or on behalf of a participant. When an employer offers multiple plans or vehicles for retirement savings (including 457 plans, 403(b) plans and 401(k) plans) to its employees, care must be taken to coordinate the various applicable limits. The limits are discussed in detail later in this chapter.

PERSI provides a limits calculator on the PERSI website to help employers and employees comply with the limits. To use the limits calculator, go to: http://www.persi.idaho.gov/limits_calculator/ and select the appropriate tax year. Additional information is available on the PERSI website at: http://www.persi.idaho.gov/employers/choice_401k_plan.cfm

Deferral limit issues can be complicated, particularly when a participant contributes to multiple plans. PERSI encourages members and employers to seek guidance from a qualified tax professional to ensure compliance with all applicable limits. Compliance is the responsibility of both the employer and employee and both are subject to penalties if the limits are exceeded.

The limits calculator is a tool meant to help employers and employees comply with the limits in most common circumstances. It might not be viable for a particular set of circumstances and should not be used in lieu of professional tax advice.

Reports for Employees

Employers are required to report tax-deferred contributions on employees' IRS Form W-2s. Basic guidance on reporting Choice 401(k) Plan contributions is included in the *Reports for Employees* section of Chapter 1.

Contributions

Contribution Changes

To change the method (fixed amount or percentage) or the amount or percentage deducted, or to stop contributions, a participant must fill out a new *Choice 401(k) Plan Deferral Election Form*, with the changes indicated, and give it to the appropriate Payroll or Human Resources person.

Contribution Types

Besides employee voluntary contributions, other types of contributions can be made to an employee's 401(k) account. The most common ones are discussed below; however, there may be others that are not addressed. This information is presented to create awareness of the different contribution types but is not intended to provide legal guidance. An employer should consult a tax professional or attorney for guidance as to whether any particular contribution is or is not allowed.

Employer Contributions

An employer contributions guide is available on the PERSI website at: http://www.persi.idaho.gov/documents/Employer_Choice_Plan_Contributions_Guidelines.pdf.

Please contact the PERSI Choice 401(K) Plan Manager if you are interested in making an employer match to your employees' Choice 401(k) Plan accounts at: 208-287-9256 or 1-800-451-8228 ext 256. The request will be reviewed to determine if it is consistent with plan rules as well as IRS requirements.

Matching Contributions

1. A PERSI employer can match some or all of employees' voluntary contributions within the IRS guidelines. The employer can elect to match contributions and determine what percentage of the employee's contributions to match, within IRS limits.

Employer matching contributions are not considered income to the employee. The employer does not withhold or pay FICA or show the matching contributions as income on the annual W-2 reporting form. Also, because this money is not considered income to the employee, no PERSI contributions are owed on matching contributions.

Matching employer contributions must be a true match available to all employees and not the product of an individual employer/employee agreement. If the contributions are not a true match, they are considered income to the employee and must be treated as such. As income, the amount is reportable to PERSI and contributions are required. FICA and tax withholdings are also required and the income is reportable on the annual W-2 statement.

One-time or Irregular Contributions

Employers can pay one-time or irregular contributions to their employees' accounts. These contributions are discretionary (not required by PERSI). The employer may decide the formula for determining the amount of the contribution as long as the formula is not discriminatory between employees (as defined by the IRS).

For a one-time or irregular contribution to qualify for deferral, the employee cannot have any control over whether or not to receive the contribution. If the employee has the option of selecting a contribution to the Choice 401(k) Plan or accepting a cash payment, the contribution is not qualified and must be reported as income to the employee.

A one-time contribution must be paid prior to the employee's termination. If it is paid after termination, it might be considered severance pay, according to the IRS, and severance pay is not eligible for deferral.

Early Retirement Incentive Pay (ERIP)

***Note:** ERIP for certificated employees of Idaho public school districts was repealed effective March 17, 2011 and is no longer available to these members.

Some PERSI employers offer Early Retirement Incentive Plans (ERIPs) to their employees in the form of a cash bonus. The IRS considers the ERIP to be compensation, but ERIP payments are not treated as salary for PERSI Base Plan purposes. The member can defer ERIP money to the Choice 401(k) Plan if the following conditions are met:

- ▶ The ERIP must be paid through the member's payroll system on a regular transmittal to PERSI while the member is still active. Generally this means that it must be reported in the same pay period as other salary. It cannot be paid and reported in a pay period after actual (non-ERIP) salary is paid. At that point, an employee is considered terminated and no longer eligible to defer. This also means the salary must be reported to the IRS as W-2 wages.
- ▶ The member may not exceed the limit established by the IRS.
- ▶ To avoid any possible rejection of contributions to the Choice 401(k) Plan, employers should include ERIP income with the member's payroll on a regular transmittal to PERSI while the member is still active.
- ▶ The employee needs to complete the RS801 *Choice 401(k) Plan Salary Deferral Election* form, which gives you permission to deduct the contribution and remit it to PERSI.

Gain Sharing

The Idaho Legislature was able to establish the PERSI Choice 401(k) Plan due to excess earnings in the PERSI Base Plan. Specifically, the Base Plan's strong investment performance placed PERSI in a position to be able to share the excess earnings. The excess earnings from the Base Plan were used to fund and initiate the Choice 401(k) Plan.

PERSI's funding status is evaluated each year as of the June 30 fiscal year end. Each October, the Retirement Board determines if the PERSI Base Plan's funding is sufficient to pay all benefits and other plan expenses, as well as meet reserve requirements. If the Board determines excess funds exist, it may decide to grant a Gain Sharing contribution for allocation to the Choice 401(k) Plan.

PERSI is not obligated to make a Gain Sharing contribution to the Choice 401(k) Plan each year. The decision to allocate a Gain Sharing contribution is dependent on the investment performance of the Base Plan and the funding levels necessary to distribute benefits and pay expenses.

To be eligible for Gain Sharing, an employee must be an active member in the Base Plan, have 12 months of service as of the fiscal year end (June 30), and have a gain sharing allocation of at least \$38.

Contribution Limits

The minimum contribution to the PERSI Choice 401(k) Plan is \$130 per year, and the maximum limit is set by the IRS. The IRS adjusts the maximum limit each year to compensate for cost of living increases.

The voluntary contribution limits also apply to 457 and 403(b) plans. PERSI does not administer a 403(b) or 457 plan, but some members participate in them, so employers must be careful to apply the limits correctly.

The catch-up contribution provision of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) provides that 401k plans may permit participants age 50 and over to make additional "catch-up" contributions. If 50 years or older in the current year, a member qualifies to participate in the catch-up provision of EGTRRA.

Additional information is available on the PERSI website at:
http://www.persi.idaho.gov/employers/choice_401k_plan.cfm.

The IRS sets a maximum limit for all contributions made on behalf of an individual by all contributors. This is known as the 415(c) limit. The 415(c) limit is the lesser of 100% of compensation or a maximum set annually by the IRS. This means that the combined total of voluntary contributions, employer contributions, and Gain Sharing contributions cannot exceed the maximum annual 415(c) limit.

If a member's contributions into the Choice 401(k) Plan exceed any IRS limit, ACS will reject the overage and notify PERSI and the employer. The employer must apply for a credit and refund the extra contribution to the member.

Rollovers

Participants have the option of rolling over balances from their prior employer's eligible retirement plans [401(a), 401(k), 403(a), 403(b), and 457 plans] or pre-tax IRAs, provided these balances qualify for tax-free rollover treatment. All rollover contributions must be received in the form of cash; in-kind contributions (in the form of shares) are not eligible for rollover.

Loans and Withdrawals

Loans

Active Choice 401(k) Plan participants and suspended participants (those that cannot contribute because they took a hardship distribution) can borrow money from their Choice 401(k) Plan account and repay the loan through after-tax payroll deductions. Inactive participants are not eligible to borrow from their Choice 401(k) Plan account.

Requesting a Loan

Participants can request either a general purpose or a primary residence loan. A general purpose loan may be used for any purpose without proof of need or intention. A primary residence loan may only be made for the purpose of purchasing a home and the participant must provide proof the loan will be used for buying a home.

The following conditions apply when borrowing from Choice 401(k) Plan accounts.

- ▶ One outstanding loan is permitted at any time.
- ▶ The maximum term for repaying a general purpose loan is 5 years. The maximum term for repaying a primary residence loan is 10 years.
- ▶ The minimum loan amount is \$1000.00
- ▶ The maximum loan amount is the lesser of 50 percent of the vested account balance or \$50,000 minus the highest outstanding loan balance in the last 12 months.
- ▶ The amount available for a loan is based upon the participant's balance of rollovers, employee contributions, and employer contributions. Gain sharing balances are not included in the calculation of the maximum amount available for a loan and cannot be borrowed against.

Employees interested in a Choice 401(k) Plan loan can get information and/or apply for a loan by accessing the Choice 401(k) Plan website or contacting ACS Customer Service at 1-866-437-3774. The website also has a loan payment calculator so those considering a loan can project payment amounts for different loan terms and amounts.

Repaying a Loan

After a participant receives a Choice 401(k) Plan loan, PERSI notifies the employer and provides the loan repayment instructions. The employer sets up a payroll deduction to withhold the payments from the employee's after-tax earnings. Payments are credited to the participant's individual account according to the investment selection designated by the participant, or to the PERSI Total Return fund if the participant has not changed selections. The following conditions apply to loan repayments.

- ▶ The first payment on a new loan is deducted from the first payroll that occurs after 60 days have elapsed since the loan date.
- ▶ The interest rate for all new loans is equal to the prime rate plus 1 percent as published in the Wall Street Journal on the first business day of each month.
- ▶ Participants may pay off a loan in full at any time.
- ▶ Partial loan payoffs in amounts different than the regular payment are not allowed.

Participants should call ACS to obtain payoff balances and instructions. ACS notifies PERSI once a loan is paid off and PERSI notifies the employer's Payroll Department to stop deducting payments.

Withdrawals While Employed

Non-Hardship Withdrawals

Active or suspended participants may withdraw some or all of the funds in their Rollover Contribution accounts. This option is restricted to Rollover Contribution balances only and is not available to inactive participants.

Hardship Withdrawals

Active or suspended participants may withdraw some or all of their voluntary contribution balances minus any earnings. This option is available only for employee voluntary contribution balances and is not available to inactive participants.

Hardship withdrawals are permitted only for the purpose of relieving an immediate and heavy financial need such as payment of college tuition, extraordinary medical expenses, avoiding eviction or foreclosure, purchase of a primary residence, funeral expenses for immediate family, or certain expenses relating to the repair of damage to the employee's principal residence. Participants may be required to pay a 10 percent IRS penalty for early withdrawal from the plan (if under age 59½) in addition to regular income taxes.

To qualify for a hardship withdrawal, employees must first exercise all other loan or withdrawal options including the non-hardship withdrawal option.

Employees who take a hardship withdrawal are suspended from making employee voluntary tax-deferred contributions for six months.

In Service Transfers

A participant may transfer Choice 401(k) Plan funds (while still employed) to the PERSI Base Plan for the following purposes:

- ▶ To repay a separation benefit (withdrawal), taken during a period of separation from PERSI employment.
- ▶ To pay contributions not deducted during an eligibility waiting period.
- ▶ To pay delinquent contributions.

Distributions at Termination/Retirement

When terminating employment or retiring, Choice 401(k) Plan participants have several options for taking distribution of their Choice 401(k) Plan funds. The options available depend on the participant's age and account balance. More information is available on the PERSI website. The participant pays their own record keeping fee beginning the first of the month following 90 days of retirement.

Purchase Base Plan Service

Participants may use all or part of the funds in their Choice 401(k) Plan account to purchase service under the PERSI Base Plan. To take advantage of this option, the participant must be retired and must have completed a *Purchase of Service Agreement* within the 90-day period preceding the date of retirement.

Lump Sum Distribution Paid Directly To Participant

Any amounts payable that are eligible for rollover distributions will be subject to federal income tax withholding of up to 20% and applicable state income tax withholding. The employee may also incur a federal 10% early distribution penalty if under age 59½. Distributions that are not eligible for rollover generally will be subject to 10% federal withholding, unless electing a different rate.

Leave Funds in the Choice 401(k) Plan

Participants may leave their funds in the Choice 401(k) Plan until a later date, or until retirement, but are responsible for the annual record keeping fees to maintain their account (currently \$30 annually). The fees are assessed monthly, beginning after 90 days has elapsed since the last day of work. When participants reach age 70½, their funds are subject to minimum distribution requirements.

Rollover to an IRA or Eligible Retirement Plan

Participants may transfer their Choice 401(k) Plan account balances by doing a direct rollover into an eligible retirement plan [401(a), 401(k), 403(a), 403(b) and

457 plans] or a traditional IRA. By transferring the money with a direct rollover, participants defer paying taxes.

Installment Payments

Participants can choose to have their Choice 401(k) Plan funds distributed to them in monthly installment payments until their account is depleted.

This option is available only if the account balance is more than \$5,000 and the recipient fits one (or more) of the following categories:

- ▶ Participants who are retired
- ▶ Participants who have reached age 50
- ▶ Participants who have become disabled
- ▶ Beneficiaries who are also the surviving spouse of a participant

Recipients are responsible for the record keeping fees to maintain the account (currently \$30 annually) during the time the installments are paid. Monthly installments can be paid in one of two ways:

- ▶ a fixed monthly amount, with such payments made until the funds are exhausted. The monthly amount must be large enough to exhaust the funds within 120 months.
- ▶ In substantially equal payments over a fixed period of time that is not longer than the joint life expectancy of the participant and designated beneficiary.

The installment option might be affected by IRS minimum distribution requirements when the participant turns age 70½.

Account Balances Less Than \$200

The plan requires automatic payout of a participant's account after termination, if the balance is less than \$200. The distribution is sent to the participant's address of record. No request form is needed.

Required Minimum Distributions

Choice 401(k) Plan participants who are no longer active members and have reached age 70½ receive a letter from PERSI advising them that they will begin receiving required minimum distributions from their accounts. ACS issues the first distribution by April 1 of the year following the year in which the participant reaches age 70½. Subsequent distributions will be processed annually in December.

Military Service

Choice 401(k) Plan Contributions

A member can make voluntary pre-tax contributions to the Choice 401(k) Plan while serving in the military if the member's employer continues to pay salary that is equal to 20 or more hours per week.

A member can make up contributions to the Choice 401(k) Plan that were missed while on qualified military service, if the member returns to work when discharged from the military. After contributing the maximum amount allowed by the IRS for a year, the member can contribute additional funds, up to the limit for each year of military service.

If, for example, the limit was \$14,000 for a year in which the member missed contributions, and the member contributed \$2,000 before leaving for military service, the member can contribute an additional \$12,000 for the year. If the member was age 50 or older and eligible to make catch-up contributions, the allowable amount increases by the amount of the make-up limit.

The member has three times the period of military service or up to five years, whichever is less, to make up the contributions. Such contributions do not count against the annual contributions limits during the make up period.

Loan Repayments

A member may suspend loan payments during any period of qualified military service. Payments resume when the member returns from military service. During military service, interest on the loan continues to accrue but may be capped at 6%. The member must request the 6% cap and provide a copy of military orders no later than 180 days after the military service ends. The interest rate will then be reduced to 6% retroactive to the date the member received military orders to report to duty (not the actual report-to-duty date).

Members who are repaying a Choice 401(k) Plan loan when called to active duty may continue to make loan payments if their employer pays them for at least 20 hours per week while serving.

Chapter 3. Eligibility

Eligibility Overview

PERSI membership is mandatory for any person who meets the definition of an employee as stated in Section 59-1302(14) of the Idaho Statutes. Correctly determining which of your employees are eligible is a very important responsibility because the consequences of errors can be serious and financially painful for both the employer and the employee.

If an eligible employee is mistakenly treated as ineligible, both the employer and employee will owe delinquent contributions plus interest when the error is discovered.

By definition in the statute, eligible employees include the following:

- ▶ Any person who normally works twenty (20) hours or more per week for an employer, or a school teacher who works half-time or more for an employer and who receives salary for services rendered for such employer
- ▶ Elected officials or appointed officials who serve in a position for a PERSI employer and receive a salary for serving
- ▶ A person who is separated from service with less than five (5) consecutive months of employment and is re-employed or reinstated by the same employer within thirty (30) days.

Section 59-1302(14)(B) excludes the following persons from PERSI membership:

- ▶ A person rendering service to an employer in the capacity of an independent business, trade or profession
- ▶ A person whose employment with any employer does not total five (5) consecutive months
- ▶ A person provided sheltered employment or made-work by a public employer in an employment or industries program maintained for the benefit of such person
- ▶ An inmate of a state institution, whether or not receiving compensation for services performed for the institution
- ▶ A student enrolled in an undergraduate, graduate, or professional-technical program at, and employed by, a state college, university, community college or professional-technical center when such employment is predicated on student status
- ▶ A person making contributions to the United States civil service commission under the United States Civil Service System Retirement Act except that a person who receives separate remuneration for work currently performed for

an employer and the United States government may elect to be a member of the retirement system in accordance with rules of the board

- ▶ A person occupying a position that does not exceed eight (8) consecutive months in a calendar year with a city, county or irrigation district when the city, county or irrigation district has certified, in writing to the system, the position is: seasonal or casual; and affected by weather and the growing season, including parks, golf course positions and irrigation positions.

When hiring any employee, ask yourself the following questions about the position at the time employment begins.

- ▶ Do you expect the employee to normally work 20 hours or more per week?
- ▶ Do you expect employment to last five consecutive months or longer?

If the answer to both questions is “YES”, then the new employee is eligible for PERSI and contributions should commence with the first payroll. (The only exception is for certain seasonal or casual positions discussed in the next section.)

The remainder of this chapter discusses eligibility exceptions for positions in which an answer to the above questions is sometimes “yes” and sometimes “no”, or positions that are eligible even though one or both answers is always no, and the one exception where a position is ineligible even though both answers are “yes”.

Eligibility Based on Hours or Months

Employees Working for Multiple PERSI Employers

If a member is employed by two or more employers, each employer is considered separately. Employees working at more than one PERSI employer must meet eligibility at each employer to make contributions and get credit for service. If eligibility is met for only one employer, service is earned only for that employer.

Employees Working for Multiple State Agencies

The agencies of the state of Idaho are considered a single employer. An employee who works for more than one state agency establishes eligibility based on the total hours of employment worked with all state agencies. If your employer is a State agency which employs someone who splits time between your agency and another State agency, you must regularly monitor the combined hours worked at both agencies to correctly determine eligibility.

School Teachers

For the purposes of Section 59-1302(14)(A)(a), Idaho Code, a teacher is considered to be working half-time or more if the teacher’s contract specifies that the engagement is half or more of a full contract. Teachers and other school employees not hired by contract are subject to the eligibility test of normally working 20 or more hours per week.

Substitute Teachers

Substitute teachers, substitute staff instruction assistants and substitute library assistants are no longer considered “employees” for the purpose of PERSI eligibility.

Section [59-1302\(14\)\(B\)\(g\)](#), was effective July 1, 2010 and provides an exemption from the definition of “employee” for substitute teachers.

The exemption is for a person who is not under contract with the school district or charter school who works on a day-to-day basis as a substitute teacher, substitute staff instruction assistant, substitute library assistant replacing a contracted teacher, staff instruction assistant or library assistant and is paid a substitute wage established by district policy.

Part Time

Part time employees are eligible for PERSI membership if they normally work 20 or more hours per week. PERSI Rule 59.01.02.113 clarifies the definition of “normally works 20 or more hours per week”. By rule, if a person works 20 hours or more per week for more than one-half of the weeks during the period of employment being considered, then the person meets the requirements of Section 59-1302(14)(A)(a), Idaho Code and shall be considered an employee if the person meets the other requirements of Section 59-1302(14).

Employees who never work more than 20 hours per week never become eligible.

Employees who work or are expected to work five consecutive months or longer and regularly work 20 or more hours per week are eligible at the time it is known or expected they will work five consecutive months.

If an employee works 20 or more hours some weeks but not others, then eligibility is not so obvious. The employee’s work schedule must be regularly tested to determine if the employee “normally works twenty (20) hours per week”. If the employee works 20 or more hours per week for more than one-half the weeks in any five-month period, eligibility is met and PERSI membership is mandatory.

If the five-month period spans 21 weeks and the employee works 20 or more hours for 11 weeks in that period, the employee establishes eligibility. Likewise, if the 5 month period spans 22 weeks the employee would need 12 weeks of 20 hours or more to be eligible.

A five month period can start with any week. For example, it can be the period from the first week of January through the last week of May, or the period starting with the third week of April through the second week of September or any other five-month period. When an employee sometimes works less than 20 hours a week and sometimes more, eligibility must be tested for every possible five-month period.

The example in Table 3-1 shows a part time employee’s work hours for every week in the year 2006. The employee did not work for a PERSI employer prior to January 2006. Weeks in which the employee worked 20 or more hours are highlighted in yellow.

Table 3-1

2006	Week 1	Week 2	Week 3	Week 4	Week 5
January	1 – 7	8 – 14	15 – 21	22 – 28	29 – 4
Hours	18	20	21	19	19
February	5 – 11	12 – 18	19 – 25	26 – 4	
Hours	19	32	22	16	
March	5 – 11	12 – 18	19 – 25	26 – 1	
Hours	19	20	11	14	
April	2 – 8	9 – 15	16 – 22	23 – 29	30 – 6
Hours	21	19	26	16	19
May	7 – 13	14 – 20	21 – 27	28 – 3	
Hours	18	34	19	36	
June	4 – 10	11 – 17	18 – 24	25 - 1	
Hours	19	20	19	21	
July	2 – 8	9 – 15	16 – 22	23 – 29	30 – 5
Hours	20	21	19	28	21
August	6 – 12	13 – 19	20 – 26	27 – 2	
Hours	21	18	22	18	
September	3 – 9	10 – 16	17 – 23	24 – 30	
Hours	18	21	24	22	
October	1 – 7	8 – 14	15 – 21	22 – 28	29 - 4
Hours	21	19	22	18	23
November	5 – 11	12 – 18	19 – 25	26 - 2	
Hours	19	21	21	24	
December	3 – 9	10 – 16	17 – 23	24 – 30	
Hours	19	22	22	16	

For the five-month period beginning the first week of January and ending the last week of May, the employee worked 20 or more hours for 9 of the 22 weeks, so did not establish eligibility.

For the five-month period beginning the second week of January and ending the first week of June, the employee worked 20 or more hours for 9 of the 22 weeks, so did not establish eligibility.

For the five-month period beginning the third week of January and ending the second week of June, the employee worked 20 or more hours for 9 of the 22 weeks, so again did not establish eligibility.

This pattern continues, but for the five-month period beginning the first week of March and ending the last week of July, the employee worked 20 or more hours for 11 of the 22 weeks, so was close to establishing eligibility.

For the five-month period beginning the second week of March and ending the first week of August, the employee worked 20 or more hours for 12 of the 22 weeks, which is more than half of the weeks, and therefore established eligibility. Eligibility was established the first week of August and contributions are due retroactively back to the beginning of the five-month period, which was the second week of March.

Temporary

Temporary employees can work 20 or more hours per week without becoming eligible if they do not work five consecutive months. An employee hired on April 6 must be terminated on or before September 4 to not be eligible. If the employee works on September 5th (the last day of the fifth month), eligibility is met and contributions are due for the five months. If the employee is terminated before five months, 30 days must pass before rehiring the employee, or the employee is eligible at the time of rehire (and contributions are due for the entire period of employment). On the 31st day after termination, the employee can be rehired and a new five-month period of employment begins.

Putting an employee on leave of absence or reducing work hours instead of terminating will not stop the employee from becoming eligible.

Eight-Month Seasonal or Casual Employees

Employees hired by cities, counties and irrigation districts to fill certain seasonal or casual positions for eight months or less every year are excluded from PERSI eligibility by Statute 59-1302(14)(b)(h) which states...

"Employee" does not include employment as... (h) A person occupying a position that does not exceed eight (8) consecutive months in a calendar year with a city, county, irrigation district, cemetery district, or mosquito abatement district when the city, county, irrigation district, cemetery district, or mosquito abatement district has certified, in writing to the system, the position is (i) seasonal or casual; and (ii)

affected by weather and the growing season, including parks, golf course positions, and irrigation positions.

A seasonal position is one that is regularly filled during a particular time of year for more than one year. A casual position is one that is filled during times of need, with no regular schedule or pattern.

At the time of hire, the employer must submit a *Form RS130 Certification of City or County 8-month Employment Status* to PERSI for each seasonal or casual employee. Both the employer and the employee must sign the *Form RS-130* acknowledging that this is a seasonal or casual position related to weather and growing season.

At the time of termination, the employer must resubmit a copy of the form showing the termination date. You can get the form with instructions by calling PERSI or you can print it from the website.

Examples of excluded seasonal positions include certain parks and golf course positions like lawn mowers and greens keepers and irrigation positions like a ditch rider. Positions such as swimming pool attendant or playground equipment mechanic, though seasonal, are not excluded because they are not determined by growing season.

If an excluded employee works longer than 8 consecutive months, then the position fails to meet the definition of an eight month seasonal or casual position and all employment during the 8 months becomes eligible for PERSI membership. Employee and employer contributions are required retroactive to the date of hire.

If a seasonal employee is terminated at the end of 8 consecutive months and immediately hired for a different (non-seasonal) position with the same employer, the employee is not eligible for credit for the months employed as a seasonal employee. That time is specifically excluded by statute 59-1302(14)(b)(h).

The eight-month seasonal employee eligibility exception does not apply to employees of State agencies.

Eligibility of Elected and Appointed Officials

Elected and appointed officials receiving a salary are considered "employees" for purposes of PERSI eligibility even if they fail to meet the 20 hour per week threshold applicable to other employees. Section 59-1302(14).

Elected

Eligibility of an official by reason of being elected is obvious and needs scant explanation. If the official receives a salary, regardless of amount, and was chosen for the position by election, the official is eligible for PERSI membership and contributions are mandatory.

Appointed

Eligibility of an official by reason of being appointed to a position is not obvious, since the definition of *appointed* is not concrete. For the purpose of determining PERSI eligibility, a specific and limited definition of *appointed* is used.

To be considered an appointed official, the person must be chosen by the governing body of a political subdivision for either:

- ▶ An office created or identified by statute

Or, for city positions,

- ▶ An office created by ordinance which is a non-classified position, under the direct supervision of the governing body, and which requires a majority vote of the governing body before the appointment.

These "ordinance created offices" may be different from city to city. To verify the eligibility of an office, a city might be required to provide copies of the ordinance and other relevant information.

The following are generally appointed offices:

Cities

- ▶ Treasurer
- ▶ Clerk
- ▶ Attorney
- ▶ Planning and Zoning Commission Members

Fire Districts

- ▶ Secretary
- ▶ Treasurer

Counties

- ▶ Fair Board Members
- ▶ Planning and Zoning Commission Members

Eligibility Effects of:

Source of Funds

PERSI employers occasionally pay employee salary from sources other than the employer's normal funding, such as a grant or other fund-raising source. It is the policy of PERSI to not look behind the source of funds for salaries paid to PERSI members. PERSI looks at the employer/employee relationship. As long as the employee is shown as an employee for tax purposes and benefits purposes, all the

salary paid by that employer is creditable for retirement purposes, and subject to contributions, regardless of the funding source.

Leave of Absence

With Pay

A member is entitled to credited service for months while on a paid leave of absence, regardless of whether the member's salary is paid monthly during the leave or as a lump sum in advance of the leave. There is no requirement that the salary be paid in a particular month as long as it can be allotted to a particular month. As long as the employer can verify that the lump sum payment was for the allotted time and the member performed the services required, it meets the test of the law and the service is creditable.

Without Pay

A member is inactive and not eligible for contributions and service credit while on leave of absence without pay or with less than one-half pay, except in some cases where the absence is due to an approved workers' compensation claim and the employer pays a percentage of the member's regular salary, but less than 50 percent.

On Workers' Compensation

If a member is on a leave of absence as a result of an approved workers' compensation claim, employer and employee contributions might be due on any salary paid to the member. A month of service credit is earned for each month the member receives salary in addition to workers' compensation benefits, provided the combination of salary and workers' compensation equals 100% of the member's regular salary.

In other words, if the workers' compensation pays more than 50% of the member's regular salary and the employer makes up the difference, the member is eligible for service credit, and contributions are due on the portion paid by the employer.

Hiring PERSI Retirees

Employers who hire PERSI retirees for part-time or temporary positions must be careful to monitor the eligibility status. If the retiree normally works 20 or more hours per week for five months or longer, eligibility is established. Unintentionally working a retiree into an eligible status can have unwanted consequences. Employer and employee will owe contributions and any retirement benefits collected during the period of re-employment must be repaid.

Early Retirement Age

If the member had not reached service retirement age at the date of last contribution, the member must have a 90-day break in service between the date of last contribution and the part-time reemployment by the same employer. If not, the member is not eligible for a PERSI retirement benefit. If this member had a 90-day break in service, the member is eligible to receive a PERSI retirement benefit and continue to work for the same employer in an ineligible position.

The 90 day break in service applies to all early retirees. A qualified plan cannot permit a participant, prior to normal retirement age, to receive distributions unless that person has severed employment. If an early retiree is re-employed by the same employer within 90 days, regardless of whether the reemployment is considered eligible or ineligible, the IRS considers the member's status a continuation of employment without a separation from service.

Furthermore there can be “no promise of reemployment” to early retirees when they terminate from service for retirement. In this situation also, the IRS considers that there has been no break in service when such a promise is made.

Service Retirement Age

If a retired member was of service retirement age at the date of last contribution, experienced a complete break in service that included termination of eligible employment, vacation pay-off, termination of employer-paid benefits, etc., the member is eligible to receive a PERSI service retirement benefit and work for the same employer (or a different PERSI employer) in an ineligible position. The 90-day break in service requirement does not apply to service retirees who work part-time for a PERSI employer.

Rehired to an Eligible Position

When a PERSI retiree is rehired to an eligible position the member's retirement benefits are suspended.

If the member meets the definition of employee, any benefit payable to the member shall be suspended and any contributions payable by the member shall again commence. The suspended benefit will resume upon subsequent retirement, along with a separate allowance computed for only that salary and service credited during the period of reemployment.

Re-employment of Retired Teachers

Legislation effective July 1, 2007 amended Chapter 10, Title 33, Idaho Code by addition of a new section 33-1004H which permits school districts to employ certain certificated school teachers and administrators who are receiving PERSI benefits. The legislation further amended Chapter 13, Title 59, Idaho Code, section 59-1356 to provide the conditions under which retired school teachers and administrators may elect to continue receiving benefits and not accrue additional service.

Re-employed retired school teachers and administrators may choose to come under these re-employment provisions or elect to suspend retirement benefits and accrue an incremental benefit as a typical re-employed retiree would. The election is irrevocable for the period of re-employment.

Those who elect to return to work under § 33-1004H, Idaho Code provisions do not make contributions to PERSI and will not accrue additional service credit. PERSI continues to pay retirement benefits to re-employed retired members who will also receive a salary from the school district. School districts are required to pay employer contributions for retired members who are re-employed under these re-employment provisions.

For these members, school districts do not pay contributions to the unused sick leave fund established by §33-1228, Idaho Code. However, members who are re-employed under these provisions are permitted to earn sick leave during the period of re-employment, but any additional sick leave accrued may not be converted to their unused sick leave account established by §33-1228, Idaho Code.

Schedule Changes

Part time to full time

When an employee who works less than 20 hours per week starts working more than 20 hours per week, the person can work 10 weeks before the employer and employee owe delinquent contributions. If the employee works 20 or more hours per week for an eleventh week within a five-month period, the employee establishes eligibility. Contributions are then required from the time the employee began working 20 or more hours per week.

Eligible to Ineligible

When an active member reduces work hours and no longer meets the definition of employee, the member is no longer eligible to make contributions to PERSI. Submit an ineligible record for the employee and include the eligibility end date on your employer transmittal and show the reason (reduced work hours) in the remarks section.

Chapter 4. Unused Sick Leave

Unused Sick Leave Overview

Idaho statutes provide for an unused sick leave fund that is used to pay for certain group insurance premiums on behalf of retirees. A retiree's unused sick leave account can be used to pay premiums for employer sponsored group health, vision, dental, prescription drug, long-term care, and life insurance coverage. Currently, only State agencies and school districts participate.

The Unused Sick Leave Fund is a significant benefit for PERSI members because the premiums are exempt from income tax. The IRS has established stringent restrictions on how tax-exempt unused sick leave funds can be used. PERSI and PERSI employers must be very careful to comply with the IRS restrictions and not jeopardize the tax-exempt status of the program. Following are brief descriptions of the IRS restrictions.

- ▶ No one can receive any cash in exchange for sick leave, either from their employer or from PERSI.
- ▶ Only sick leave hours can be converted to the Unused Sick Leave Fund, No other type of leave is allowed.
- ▶ The member's unused sick leave account balance cannot be transferred to a beneficiary.

To assure that employers comply with the IRS requirements, PERSI adopted Rule 59.01.06.556 which states:

All employers participating in any PERSI administered sick leave pool are prohibited from offering or permitting any employee to convert unused sick leave to cash, other forms of leave, or any other benefit, even if the employee is not eligible to receive credits. Failure to comply with this prohibition will result in the employer's inability to participate in PERSI administered unused sick leave pools.

The program is funded by employer contributions. Contributions are calculated as a percentage of salary paid to PERSI eligible employees. Contribution rates are set by the PERSI board and published in Rule 59.01.06.552.

When an employee terminates employment with a PERSI employer before retirement age, or changes to an employer that does not participate in the Unused Sick Leave Fund, the sick leave contributions paid on the employee's salary remain in the fund.

When employees who are eligible for the Unused Sick Leave Fund retire, their employer reports their unused sick leave hours to PERSI. PERSI calculates the dollar value of the sick leave and credits that amount to the retiree's unused sick leave account.

State Agencies and Junior College Districts

Idaho statute 67-5333(2) provides the legal foundation for the Unused Sick Leave Fund for employees of state agencies and junior college districts. The statute sets the formula for calculation of the unused sick leave account amount, specifies the types of insurance coverage for which the account can be used, and requires employers to contribute to the fund. It also sets maximums for the number of hours that may be converted based on hours of service.

Eligible Employees

Employees eligible for the unused sick leave benefit as described in Statute 67-5333(2) include:

- ▶ Eligible employees of all state agencies paid by the State Controller's office;
- ▶ PERSI members employed by Boise State University and Idaho State University;
- ▶ Eligible employees of the various commissions who handle their own payrolls (Bean, Potato, etc.);
- ▶ Eligible employees of three junior college districts—College of Southern Idaho, North Idaho College, and College of Western Idaho as specified in Statute 33-2109A.

Employer Contribution

State agencies and junior college districts contribute to the Unused Sick Leave Fund at a rate determined by the PERSI board. Currently the rate is .650% (.00650) of salary paid to eligible employees.

Employee Benefit

For PERSI employees of state agencies and junior college districts, the value of an individual's unused sick leave account is based on unused sick leave accrued after July 1, 1976. Statute 67-5333(2) sets limits on the hours an employee can convert to the Unused Sick Leave Fund. The limits are:

- ▶ 420 hours for the first 10,400 hours of credited state service (5 years of state service);
- ▶ 480 hours for the second 10,400 hours of credited state service (5 to 10 years of service);
- ▶ 540 hours for the third 10,400 hours of credited state service (10 to 15 years of service);
- ▶ 600 hours maximum (over 15 years of service).

To determine the dollar value of a retiree's unused sick leave account, first find the lesser of 1/2 the hours of unused sick leave and the applicable hours limit (above).

Multiply that number by the hourly rate of pay at the time of retirement. The result is the amount that is transferred from the Unused Sick Leave Fund and credited to the member's unused sick leave account.

Reporting to PERSI

Employers report employees' unused sick leave hours and rate of pay to PERSI on each employer transmittal.

Retiree Returns to Work Within Three Years

Statute 67-5333(c) provides that a retiree, who is rehired as a full-time state employee within 3 years of retirement, regains the unused sick leave hours that were not converted to the unused sick leave account. The unconverted hours remain on the state records for three years. If a retiree returns to work within that time, those hours are reinstated to the member and the member can use the hours as if employment had not been interrupted.

Rehired retirees that work more than 20 hours per week are again eligible to accrue sick leave. Those who did not convert the maximum number of hours allowed when they first retired, can transfer one-half of their unused sick leave to the unused sick leave account when they retire again; however the combined hours converted for both retirements cannot exceed the maximum number of hours allowable at the time of the first retirement.

School Districts and School Associations

Idaho statute 33-1228 provides the legal foundation for the Unused Sick Leave Fund for school districts. It specifies that retirees receive credit to their unused sick leave account of an amount equal to one-half the dollar value of unused sick leave, calculated at the rate of pay at retirement which can be used to pay insurance premiums for the retiree, the retiree's spouse, and dependents. Statute 33-1228 also provides for funding of the program by employer contributions at a rate established by the PERSI board.

Contribution Rates

PERSI rules establish tiered contribution rates based on the number of sick days per year allowed in an employer's sick leave policy. Rates are tiered based on 9 – 10 and 11 – 14 sick days awarded per year. The board will determine the contribution rate on a case by case basis for employers that allow more than 14 days. Current sick leave contribution rates are available in the Employer Online Guide.

Transferring Unused Sick Leave

School districts can transfer up to 90 days of unused sick leave when an employee is employed by another district immediately following termination. School districts

can also transfer up to 90 days of unused sick leave when an employee is employed by a State educational agency immediately following termination. However, the amount of unused sick leave that can be converted by a member retiring from a State educational agency is based on the number of years that the member worked for the agency, not the total amount of accumulated unused sick leave. Once the member is employed by the state agency, the maximum unused sick leave that can be converted is defined by Statute 67-5333(2).

Unused sick leave cannot be transferred from a school district to a state agency that is not an educational agency and vice-versa. An employee who terminates from a state agency to work for a school district cannot transfer unused sick leave to the school district.

Negate Retirement

When a member retires from one school district with unused sick leave, negates his retirement, and goes to work for another school district, the member loses the unused sick leave in his retirement account unless:

- ▶ the member is employed by the second school district no later than the school year immediately following the year of termination from the first district,

and

- ▶ the second district accepts a transfer of all or a portion of that unused sick leave from the first school district.

If both the above conditions are met, the member retains that unused sick leave on the new retirement date. School districts are permitted to transfer up to a maximum of 90 days to another school district or state educational agency.

Employer Responsibilities

Employer Changes Insurance Carrier

When an employer changes carriers of a group insurance policy that is certified for payment by unused sick leave funds, PERSI requires the employer to complete a form *RS432R Employer/Consortium Certification of Group Insurance Policy* and the new insurance carrier to complete form *RS432C Insurance Carrier Certification of Group Insurance Polity*. The employer can download the form from the PERSI website or contact PERSI to request a form be sent to them, (by mail, fax, or email). The employer is responsible for coordinating with the insurance carrier to get the forms completed and submitted to PERSI.

PERSI must receive the completed forms no later than August 15 to put the change into effect for September 1. Otherwise, the insurance carrier may need to bill each retiree separately for the September premium.

Using Leave Without Pay to Preserve Unused Sick Leave

Employers and PERSI have a duty to make sure that leave without pay (LWOP) is not used to circumvent the intentions of the statutes. An employee, who takes LWOP, normally does not lose sick leave while on leave. However, the leave must be granted for a legitimate reason and not for the purpose of preserving unused sick leave. Generally, LWOP is legitimate if it separates periods of valid PERSI employment. If it ends with termination of employment, it should be questioned.

LWOP cannot be used to preserve unused sick leave until retirement. PERSI is obligated to question the legitimacy of long periods of LWOP, periods that terminate when the employee reaches retirement eligibility, situations where the employee has another job or moves out of state, or other suspicious circumstances. If the LWOP does not appear to be for a legitimate reason, PERSI can disallow the member's unused sick leave.

Chapter 5. Forms

Introduction

PERSI puts the forms employers and members need, with instructions, on the PERSI website where people can view, download, or print them. Most of the forms include all the information needed to understand and use each particular form.

In this chapter we provide information about the forms employers are required to submit to PERSI. Employers who don't have internet access can call the Employer Services Center at (208) 287-9525 or (866) 887-9525 to have forms mailed to them.

PERSI Employer Forms

Form RS102, Application for Membership

Employers Using Electronic Transmittals

Employers that submit electronic transmittals are not required to submit this form. All new member information is submitted on the first transmittal report.

Employers Using Paper Transmittals

Employers that submit paper transmittals must submit this form for each employee who becomes eligible for PERSI membership. This includes new employees hired into an eligible position, formerly ineligible employees that become eligible and former employees that are rehired into an eligible position.

Form RS109, Notice of Termination

Employers Using Electronic Transmittals

Employers who submit their transmittals electronically are only required to submit a Form RS109 when the reason for termination is retirement. When an employee retires, you must submit an RS109 showing the termination date (last day worked) which PERSI must have to calculate the employee's retirement benefit.

Employers Using Paper Transmittals

Complete this form for each employee that fits one of the following descriptions:

- ▶ Employees who are terminated on the Transmittal Report of Employee Deductions.

- ▶ Employees who become ineligible for PERSI membership because they drop below 20 hours per week (less than ½-time contract for teachers), even if they continue employment with you.

Send the form to PERSI and enter the reason for the status change in the Remarks section of your next *Transmittal Report of Employee Deductions*.

Form RS116 Payment Agreement and RS116B, Additional Payment Agreement for Base Plan Buyback

Employees can make tax-deferred payments through payroll deductions to pay for qualified additional contributions to the Base Plan. Qualified reasons are:

- ▶ To pay for a Base Plan waiting period.
- ▶ To pay delinquent contributions.

The IRS permits “before tax” deductions for these purposes only when the employee’s authorization for payroll deduction is irrevocable and unchangeable. This means that the authorized deduction cannot be reduced or stopped during the term of employment until the repayment is complete. An employee can, however, increase the amount or percentage deducted each pay period by completing Form RS116B. Once the employee agrees to the additional payment, it becomes irrevocable and unchangeable. Both the employee and employer must sign and date this form and submit it to PERSI.

Form RS118, Employer Certification of Police Officer Status

Form RS118 is used to certify that a member’s position meets the requirements for classification as a police officer for retirement purposes, or to decertify a certified police officer member to a general member. The requirements for classification as a police officer member for retirement purposes are defined in Statute 59-1303.

To certify or decertify an employee for police officer status, complete the form and send it to PERSI. PERSI verifies that the member's position meets the requirements for the classification sought. After verification, PERSI returns a signed copy of the form to you.

When completing the form you must refer to the text of Statute 59-1303 and identify the subsection of the statute under which each employee qualifies. The text of the statute is included with the form in the instructions.

Form RS118A, Employer Certification of Firefighter Status

Form RS118A is used to certify that a member’s position meets the requirements for classification as a firefighter for retirement purposes, or to decertify a certified firefighter member to a general member. The requirements for classification as a firefighter member for retirement purposes are defined in Statute 59-1302(16) and PERSI Eligibility Rules 300-302.

To certify or decertify an employee for firefighter status, complete the form and send it to PERSI. PERSI verifies that the member's position meets the requirements for the classification sought. After verification, PERSI returns a signed copy of the form to you.

Form RS130, Certification of City, County or Irrigation District 8-month Employment Status

Use this form to certify that an employee has been hired with 8-month seasonal or casual status and also to notify PERSI when the employee has been terminated.

This form is used only by city, county or irrigation district employers who have employees working 8 months or less because their employment is determined by weather and growing season. Only a small number of positions qualify for city, county or irrigation district 8-month seasonal status.

- ▶ Examples of positions that qualify: certain parks and golf-course positions.
- ▶ Examples of positions that do not qualify: swimming pool attendant, playground equipment mechanic, snow removal operator, and road repair technician. Although these positions are seasonal, they are not determined by growing season.

Form RS132, Certification of Employment of a Retired Member

Use this form when you hire or rehire an individual who is collecting benefit payments from PERSI. Send the form to PERSI **before** the individual begins working.

IRS regulations require that a qualified plan cannot permit a participant, prior to normal retirement age, to receive distributions unless that person has severed employment. Together, employers and PERSI have a fundamental responsibility to protect the qualified status of PERSI by guarding against errors that would violate IRS regulations. Form RS132 is the most effective safeguard against such errors.

Idaho Statute 59-1356 was adopted to prevent acts by employers and members that might jeopardize the qualified status of PERSI. Statute 59-1356 requires that a member who retires before service retirement age must have a 90-day break in service between retirement and reemployment with the same employer, regardless of the number of hours worked. (All agencies of the State of Idaho are considered one employer.) It also provides that if an employer makes a promise of reemployment, then employment is not severed and the member cannot collect retirement benefits.

Service retirement age is defined as age 65 for general members, age 60 for police officers/PERSI firefighters, and between ages 60 and 65 for members with mixed general member and police officer/PERSI firefighter service. The 90-day break in service and no promise of future employment conditions do not apply to those who retire at service retirement age.

If a member who has taken early retirement fails to satisfy the requirements of the IRS and Statute 59-1356, retirement is negated and all benefits paid to the member must be repaid to PERSI with interest. The employee and employer might also owe delinquent contributions. For these reasons, it is very important to file Form RS132 **before** a retiree starts working, so PERSI can verify that all legal requirements are met.

Form RS132A, Certification of Employment of a Retired School Teacher or Administrator

This form is a revised version of the RS132 for use by school districts to certify that a re-employed retired member meets the conditions of re-employment established by Idaho Code 59-1356(4).

Form RS432C, Insurance Carrier Certification of Group Insurance Policy

Form RS432R, Employer/Consortium Certification of Group Insurance Policy

Use these forms to certify eligibility of a group insurance policy for payment of retiree's premiums from Unused Sick Leave Funds.

Retirees who have accrued unused sick leave money as provided in Idaho Code sections 67-5333 and 33-1228 may have the Public Employee Retirement System of Idaho pay the premiums from these funds for the retirees' group health, dental, vision, long-term care, prescription drug and life insurance policies which are maintained by their employer.

PERSI requires that both the employer and carrier certify eligibility of each insurance policy before any premiums can be paid from unused sick leave funds. When an employer changes the carrier of insurance coverage, the employer must submit a new certification form, RS432R, for the new policy and the carrier must submit a new certification form RS432C.

Forms for Employees

PERSI recommends downloading forms as needed from the PERSI website or Employer Online Guide to ensure the most current version is being used. Many forms are changed periodically to maintain compliance with rules and regulations. Utilizing the forms available on the PERSI website or Employer Online Guide can avoid the frustration, possible time delays and extra work that occur when an outdated form is used.

PERSI Forms Version Log

To help employers keep their on-hand and website forms current, we have placed a version log on the PERSI website. It is found in the Employer section of the Forms

page and is shown in Figure 5-1. The version log lists all the commonly used PERSI forms and shows the current date for each form. Employers should review the version log at least twice a year check any forms kept on hand to keep them current. Outdated forms should be discarded. Downloading forms as needed from the PERSI website or Employer Portal is the best defense against the use of outdated PERSI forms

Figure 5-1

PERSI Employer Forms Version Log

Number	Description	Date	✓
RS102	Membership Application	11/06	
RS108	Account Withdrawal	3/10	
RS109	Notice of Change in Employment Status	12/06	
RS110	Member Address Change	8/06	
RS111	Member Name Change	8/06	
RS113	Durable Limited Power of Attorney	11/09	
RS115	Beneficiary Designation	11/09	
RS116	Separation Benefit Repayment Agreement	4/99	
RS116B	Additional Payment Agreement	7/09	
RS118	Certification of Police Officer Status	10/07	
RS118A	Certification of PERSI Firefighter Status	10/07	
RS130	Certification of City, County or Irrigation District 8-month Employment Status	7/10	
RS132	Certification of Employment of a Retired Member	8/06	
RS132A	Certification of Employment of a Retired School Teacher or Administrator	1/09	
RS160	Sick Leave Deduction Authorization	11/09	
RS162	Public Safety Officer Authorization for Insurance Premium Deduction	1/09	
RS322	Federal & State Tax Withholding from PERSI Benefit	11/09	
RS415	Request for Premium Payments through ORP Sick Leave Entitlement	7/08	
RS430	Retired Public Safety Officers Insurance Carrier Agreement	11/06	
RS432C	Insurance Carrier Certification of Group Insurance Policy	1/09	
RS432R	Employer Certification of Group Insurance Policy	1/6/09	
RS448	Direct Deposit Authorization	11/09	
RS451	Release of Information	8/06	
RS451A	Request for Account Information by Spouse/Former Spouse	2/09	
RS621F	FRF Firefighter Retirement Application	8/06	
RS801	Choice 401(k) Plan Deferral Election	1/10	
RS802	Choice 401(k) Plan Fund Transfer Worksheet	10/10	
RS803	Request to Contribute Rollover Funds to the Choice 401(k) Plan	10/10	
RS804A	Choice 401(k) Plan Request for Distribution to purchase Base Plan service	1/10	
RS807	Choice 401(k) Plan Request for Death Benefit Payment	7/10	
RS813	Choice 401(k) Plan Request for Installment Payments	1/10	
AltDOBInfo	Alternate Evidence for Date of Birth	6/10	
AltSSNInfo	Alternate Evidence for Social Security Card	9/09	
Notice 402f	Special Tax Notice Regarding Plan Payments (Supplement added 12/08)	1/10	

Revised 12/4/2010

Insurance Forms

State Employers

State Employers should contact the Office of Insurance management for all questions about Health Insurance, and to obtain forms for active and retired employees.

When an employee who has NCPERS life insurance changes status from active to retired, you must notify NCPERS of the employee's retirement and NCPERS will begin billing PERSI for the employee's premiums.

School District Employers

School District Employers should contact their insurance carriers for any forms needed to enroll active or retired employees for insurance.

When an active employee retires and signs up for medical insurance, the employer should notify PERSI so we can expect the bill from the insurance company. Employers can notify us in writing by Email, fax, or regular mail. It is a good practice to send us a copy of the retiree's insurance enrollment form, although we will still pay the insurance company's bill without it. The employer's notification should include:

- ▶ Date of First Insurance Payment
- ▶ Amount of Monthly Premium

If the retiree has unused sick leave, the cost will be deducted from the unused sick leave account first, unless otherwise instructed by the retiree.

When an employee who has NCPERS life insurance changes status from active to retired, you must notify NCPERS of the employee's retirement and NCPERS will begin billing PERSI for the employee's premiums.

Chapter 6. Transmittal Reports

Transmittal Reports Overview

Each time a PERSI employer processes payroll, the employer must send PERSI a report of eligible employee's work, pay and contributions, and the employer's contributions. Timely reporting of the information is crucial for PERSI to fulfill its obligation of administering the retirement plans.

With the sheer volume of information that must be prepared by employers and processed by PERSI, the only way to accomplish the task is by using high-speed information and communications technology. So, with the objective of making reporting easy and efficient for employers, PERSI has defined two methods for reporting your payroll information. The first method, Electronic Reporting, uses electronic mail (email) to transmit computer generated reports. The second method, PETRA (PERSI Employer Transmittal Reporting Application), provides a secure internet website where employers can manually enter and transmit their payroll information. Electronic Reporting is recommended for most employers, because it is less work and eliminates the possibility of data entry errors. PETRA is available for smaller employers who don't have the capability of creating computer-generated report files.

Getting Started with Electronic or PETRA Reporting

New employers and those switching to electronic or PETRA reporting from another method must be set up with PERSI before sending the first transmittal report. Prior to starting electronic or PETRA reporting, employers must provide PERSI with payroll schedule information (how often you run payrolls and start/end dates of payroll cycles). This can be done by calling PERSI's Employer Service Center.

Transmittal reporting must be conducted on an "as earned" basis (reported with each payroll cycle). Transmittal reports and remittances must be submitted to PERSI within five (5) days of the pay date.

All Base Plan, Choice 401(k) Plan, and summary Sick Leave and ORP plan contributions are submitted to PERSI in one combined transmittal report.

Electronic Reporting

Introduction

Electronic reporting is a two-step process in which the payroll information is written to an electronic file and transmitted to PERSI via email.

The first step is done with computer software at the location where the payroll is processed. The electronic file is created by either the payroll software, or another

computer program, called a utility program, that translates the data generated by the payroll software. After a payroll has been processed, the payroll or utility software generates the electronic file that holds the payroll information. The file is created in a standard format specified by PERSI and used by all employers.

There are several different ways to acquire the ability to create the PERSI file. One way is to get a payroll software package that has the PERSI report built in. You can call the Employer Service Center and speak to a Fiscal Technician to find out what software vendors offer packages that include the PERSI report.

Another way is to use payroll software or spreadsheet software that includes an export utility for outputting data to standard-format files. Defining data export routines requires some advanced technical knowledge, so might require the assistance of a consultant.

Other ways entail use of a utility program or database program that can access your payroll data files. This method requires specific and in-depth knowledge of the data type and structure used by the particular payroll program.

If you would like help deciding which method is best for your needs, contact PERSI's Employer Service Center at 287-9525 from within the Boise area, or 1-866-887-9525 from outside the Boise area. Our staff can work with you and your Information Technology staff or consultant to help you get set up. We have a technical reference manual available that provides the specifications for creating the electronic file.

The second step of the process is encrypting and transmitting the data file to PERSI. Encryption is a process that converts data into a secure format that cannot be read by unauthorized users. Because the transmittal file contains highly sensitive information, the data must be encrypted before transmitting the file via email. You can download *PGP* file encryption software and user instructions from PERSI's website. The instructions include the steps for emailing the file to PERSI.

With electronic reporting, you can report multiple payrolls simultaneously. This is helpful if you process different payroll groups on different pay schedules, or have a special payroll that coincides with your regular payroll.

Transmittal Record Types

There are seven different types of transactions that must be reported to PERSI on your transmittal reports. The type of transaction or record type determines what fields of information must be included in the record. The seven record types are the following:

- ▶ Type 1. Current Base Plan Contributions
- ▶ Type 2. Non-current Adjustments
- ▶ Type 3. Terminations of Eligible Employment
- ▶ Type 4. Base Plan Other Payments (waiting period, delinquent contributions)
- ▶ Type 5. Employee Choice 401(k) Plan Contributions

- ▶ Type 6. Employer Choice 401(k) Plan Contributions
- ▶ Type 7. Choice 401(k) Plan Loan Payments

There is not a record type for adding a new employee, because none is needed. When you hire a new employee in an eligible position, just add them to your transmittal and PERSI recognizes that the record is for a new employee. The type 3 record for terminations is required though. Any time an active member leaves eligible employment, you must submit an eligibility end date record.

Non-Current Adjustments (NCA) Reporting:

At times, you might find an error or omission occurred on a transmittal report that was already sent to and processed by PERSI. You can fix the problem by adding a non-current adjustment on your next transmittal report.

If an eligible employee has not been contributing to PERSI, and an audit has not been done by PERSI, add the employee to the next transmittal and begin regular reporting of their compensation and contributions. Add the compensation and contributions from the missed payroll cycles in additional records, one record for each cycle. If the employee pays the missed contributions in full, include the employee contribution amount for each payroll cycle. If the member makes no payment, put a zero (0) in the contribution field. If the member makes a partial payment, put a zero (0) in the contribution field for each of the adjustment pay cycles and list the payment in a separate record and treat it as a remittance (Record Type 4).

If contributions were submitted for an employee that does not meet PERSI eligibility requirements (employment period was less than 5 months or normally worked less than 20 hours per week), and an audit has not been done by PERSI, add a non-current adjustment for a credit on your next report.

If contributions were submitted for more than one payroll cycle, enter each payroll cycle separately with the compensation enclosed in brackets (<\$2000.00>) and a zero in the **Contrib** column. This results in a credit for the employer contributions.

If the person is no longer employed, PERSI distributes the employee contributions directly to the person. If the member is still employed but not working enough hours to be PERSI-eligible, enter a non-current adjustment for the employee contributions and refund the employee contributions to the member.

Before you refund employee contributions, call ESC to verify that PERSI is not refunding the contributions to the member.



When you enter a non-current adjustment, be careful to use the correct date in the *End Date* field. The correct date is the end date of the payroll cycle in which the compensation was earned. So if in November of 2010 you are entering a non-current adjustment for ineligible contributions sent in July of 2010 for the pay cycle ending June 30, 2010, the correct *End Date* is 6/30/2010.

PETRA

PETRA (PERSI Employer Transmittal Reporting Application) is PERSI's internet reporting application. It was created to give employers with less than 20 employees an easy way to submit their transmittal reports.

For more information on using PETRA, open the *PETRA Instructions* document using one of the following methods:

- ▶ Open the document directly by using the following link:
http://www.persi.idaho.gov/documents/PETRA_Instructions.pdf
- ▶ Open the document from the PERSI home page by selecting **Employers > Transmittals** and then clicking the **PETRA instructions are here** link.

Turn Around Reporting

PERSI encourages all employers to use either PETRA or electronic transmittal reporting. If you are currently using turn-around reporting and have questions, please contact your PERSI Fiscal Technician.

Chapter 7. Payments

Payments Overview

After submitting your transmittal report, you must send payment to PERSI to cover contributions, adjustments, buyback payments, and Choice 401(k) Plan contributions and loan payments. You can send the funds electronically or mail a check. Instructions follow for each option.

Electronic Funds Transfers

EFT Overview

Electronic funds transfers are called automated clearing house (ACH) transactions. ACH transactions are commonly used in the financial industry because they are easy to use, very secure, and more timely than the mail system. An ACH transaction is less likely than a check to get lost or mishandled.

PERSI has selected Mellon Bank as its agent for processing ACH transactions. You can initiate an electronic payment to PERSI through Mellon Bank using the internet. Mellon Bank does not charge for this service. Your bank may charge a small handling fee but the amount is usually less than the cost of writing and mailing a check.

Easy Pay is Mellon Bank's electronic payment system. *TreasuryEdge* is Mellon Bank's web-based application you use to initiate *Easy Pay* payments. *Easy Pay* payments are easy, reliable, timely, and secure.

You must enter an *Easy Pay* payment at least one business day before the due date for the payment to be on time. You can enter a payment two or more business days in advance and specify the date you want the payment delivered.



Idaho Statute 59-1325(1) requires employers to submit payments to PERSI no later than 5 days after each pay date.

ACH Requirements

When making ACH payments you must satisfy the following requirements.

1. The bank account you use must be a business type account. Attempts to send payments from personal type banking accounts will be rejected. Ask your bank if you aren't sure what type of account you have.
2. If you are a single employer (one PERSI employer number) who has been sending PERSI multiple checks from different bank accounts, you must

consolidate your payments and pay from one bank account. (If you send multiple payments from the same bank account, you can use ACH and go through the payment steps multiple times.)

3. If you report for multiple employers (with multiple employer numbers), you must set up a separate ACH account for each employer and send the payments separately. You can send multiple payments during an internet session.

ACH Setup

To get ready to use Easy Pay, complete the following setup procedures:

1. Get a Masterfile Payment System (MPS) Setup Form from PERSI. You can download the form by going to www.persi.idaho.gov and selecting *Forms and Publications- Forms – For Employers*, and selecting *PERSI Easy Pay General Information and Form*, or you can call 334-2451, ext 235 to have a form mailed to you.
2. Fill out the Masterfile Payment System (MPS) Setup Form. There are instructions with the form.
3. Attach a voided check to the form.
4. Send the completed form and voided check to:

Attn: ACH Setup
PERSI
607 North 8th Street
Boise, Idaho 83702

Once PERSI receives your completed form, Mellon Bank assigns you two **location numbers** and a **PIN number** for each location number. The first location number (beginning with '1') is used for Base Plan payments. The second location number (beginning with '2') is used for Choice 401(k) Plan payments.

TreasuryEdge Instructions

To access PERSI's step-by-step instructions for using the TreasuryEdge system, you must first log on through the Employer Portal and select the **PERSI Home** link. In the menu to the left of the home page, select **Employers > Transmittal** and then select the **Access to TreasuryEdge** link under the Payments section.

Check Payments

When paying by check, include employer and employee contributions, Choice 401(k) Plan contributions, loan payments, adjustments, and buyback payments. Make your checks payable to: *Public Employee Retirement System of Idaho*. (Abbreviating to PERSI is not recommended for security reasons.)

Provide the following information on the check stub or, if not on the check stub, on a piece of paper labeled with the check number and amount.

- ❖ Employer Name
- ❖ Employer Number
- ❖ Payroll Cycle Beginning and End Dates

Chapter 8. PERSI Website

Introduction

The PERSI website is a valuable resource with lots of helpful information and useful tools where employers and members can go to learn about PERSI and PERSI benefits; check personal account balances (requires PIN); get help planning for retirement; download or print forms; read or print brochures and newsletters; research historical information; review laws, rules, and board decisions; find out about training workshops; calculate benefit estimates; and find out all the different ways to contact PERSI.

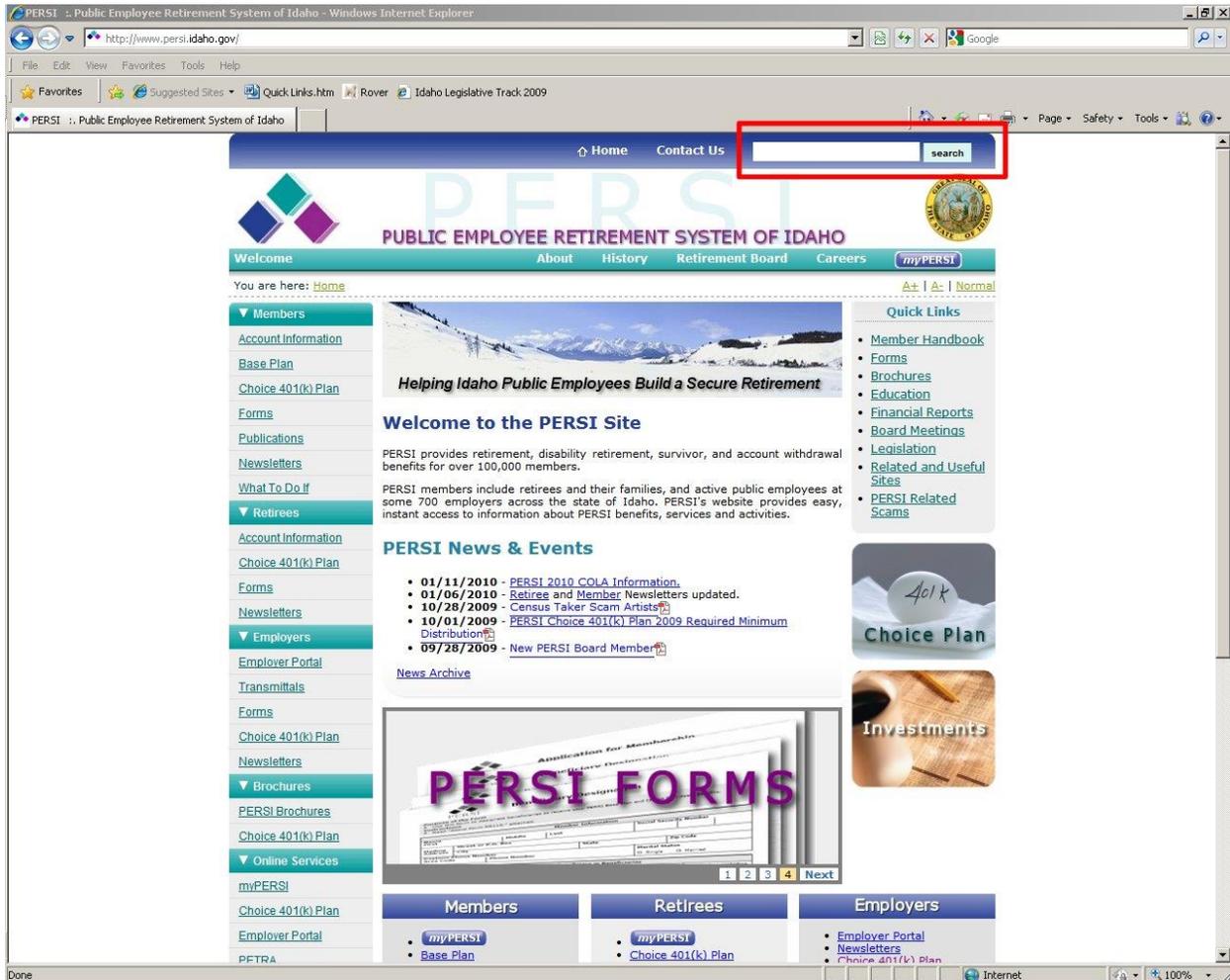
We encourage human resources and payroll staff to become familiar with all the sections of the website, for their own use and for telling employees what is available to them on the website. In this course, we focus primarily on the Employer Section of the website.

Open the PERSI website by typing www.persi.idaho.gov in the address bar of your internet browser. In the header section of the PERSI home page is a button labeled Site Map. (See *Figure 8-1*.) Clicking this button displays an outline of all the information and tools included in the site. Studying the site map is a good way to become familiar with everything that is on the website. You can print the site map page by clicking on the printer icon on the toolbar of your browser, or you can right click on the page and select print from the pop-up menu. Print a copy of the site map so you can refer to it when you or your employees need to know if or where something is on the website.

Another useful feature in the header of the main page is the Search Tool. The Search Tool consists of a search box and button which are located just to the right of the Site Map button in the Home Page header. Type any search term in the box and click the button and the Search Tool shows you a list of topics that contain your search term. This can be a useful way of finding what you seek if you don't find it on the site map.

There are eight main sections of the PERSI website, which are shown in large bold print in the site map. Each section is an option on the website main menu, located just below the header section of the home page. We don't cover all eight sections of the website in this course, but focus mainly on the *Employer Information* section. We encourage you to explore the other sections of the website when you have time.

Figure 8-1



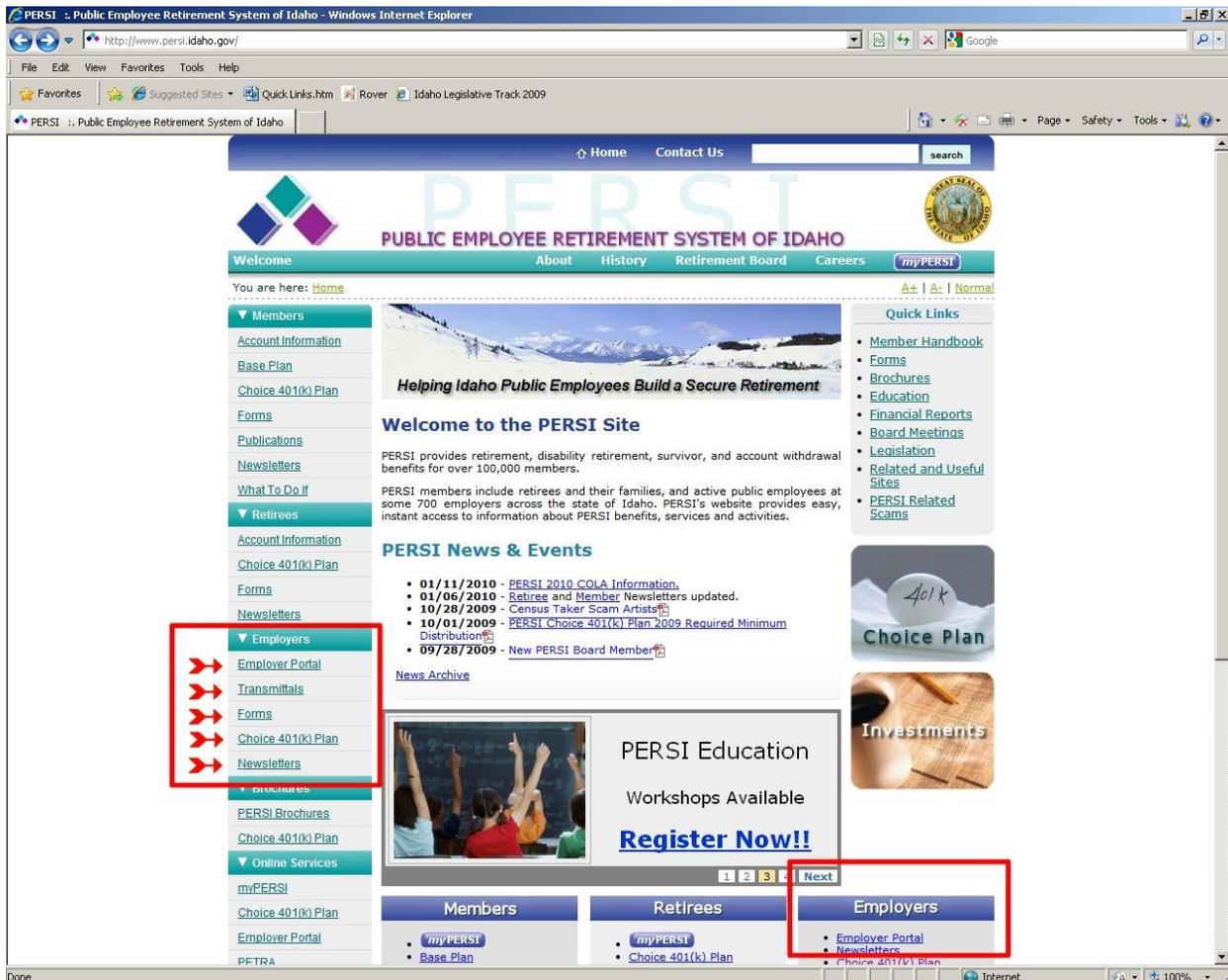
Employer Information Section

The Employer Information section holds a collection of pertinent information for employers and useful tools that help with PERSI responsibilities.

Employer Information Menu

When you move your mouse pointer over the Employer Information menu option, another menu drops down. (See *Figure 8-2.*) Click on the main menu option (circled) to go to the Employer Information Main page, or you can select one of the options on the drop-down menu. The menu options on the main page are the same as on the drop-down menu.

Figure 8-2



Employer Information Main Page

The Employer Information Main Page is shown in *Figure 8-3*. It is divided into sections that are listed at the top of the page. Clicking on the options at the top of the page moves the viewer to the related section of the page. Following are descriptions of each section.

Figure 8-3



What's New

The *What's New* section puts all of the latest newsletters, announcements, memos and other publications in one area so you can quickly find the latest information distributed by PERSI.

Employer Portal

The Employer Portal is a restricted section of the Employer Information page. It can only be accessed by authorized staff members who must log in with a password. Only staff members who have registered on the PERSI website **and** been designated by an employer as authorized PERSI contacts have access to the portal. Staff members who have registered on the PERSI website to view their own accounts don't need to register again to use the employer portal.

To enter the portal, click on the Employer Portal option on the Employer Information page (or employer menu). The login screen appears as shown in *Figure 8-4*. If you are not already registered on the PERSI website you can click on **Register Now** to do so.

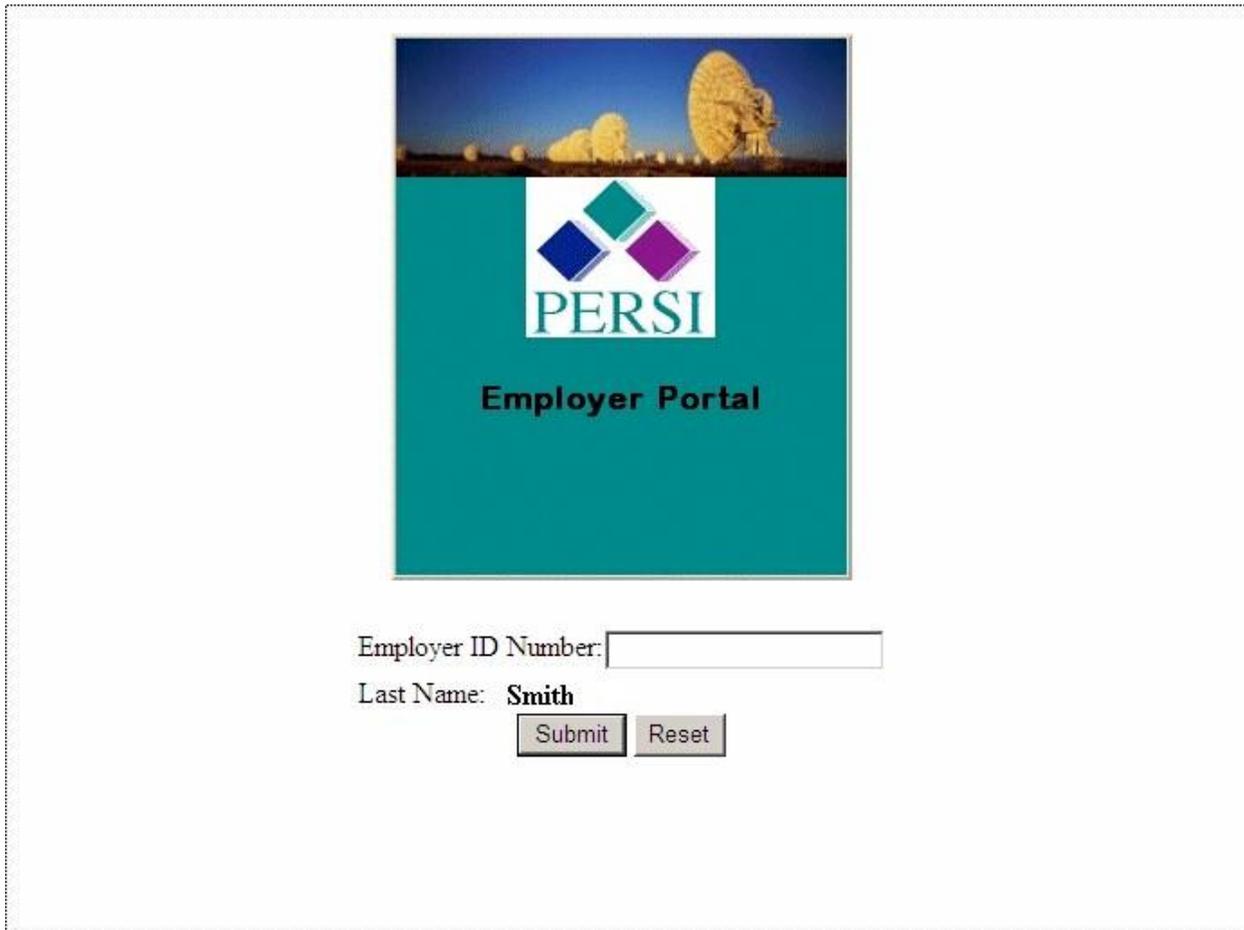
Once registered, enter the email address and password with which you registered and click **Submit** to log in.

Figure 8-4

The screenshot shows a web browser window displaying the PERSI Employer Portal login page. The browser's address bar contains a URL with a token. The page has a blue header with 'myPERSI' and 'Public Employee Retirement System of Idaho'. Below the header is a 'Login' button. The main content area is titled 'Employer Portal Log In' and contains the following text: 'You will need an E-Mail Address and Password to access this site. If you have already registered you may sign in below. If you have not registered, click [Register Now](#). If you wish to access your Choice Plan 401(k) account directly with the PIN given to you by ACS HR Solutions, [click here](#).' Below this text is a login form with a 'PERSI Employer Portal' header, an 'E-mail Address' field, a 'Password' field (with a note: '(This is not the PIN from ACS HR Solutions)'), and a yellow 'Submit' button. There are also links for 'Forgot Password? Help Page' and 'Not Registered? Register Now'. A VeriSign Secure logo is positioned below the form. At the bottom of the page, there is a footer with contact information: '607 N. 8th St. Boise, Idaho 83702', 'PERSI Answer Center (PAC) 1-800-451-8228 or 1-208-334-3365', and 'Copyright © 2009 PERSI. All rights reserved. [Disclaimer Policy](#)'.

After your email address and password are validated, the screen shown in *Figure 8-5* appears. Enter your Employer ID number and press **Submit** to enter the portal.

Figure 8-5



Employer ID Number:

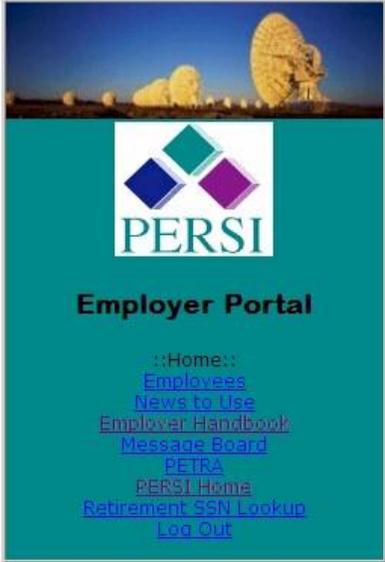
Last Name: **Smith**

Figure 8-6 shows the Employer Portal main page. The left side of the screen displays your employer address and contact information on record at PERSI. The right side of the screen holds links to Employer Portal options in the box beneath the PERSI logo.

Figure 8-6

Employer Information for Demonstration Employer Name (Z200)	
Address:	123 Main St
City:	Boise
State:	Idaho
Zip Code:	83702
Director	John Smith
Director Phone	(555) 123-4567
Legal	James Jones
Legal Phone	(555) 123-4567
Personnel Contact:	Tom Brown
Personnel Phone:	(555) 123-4567
Payroll Contact:	Mary White
Payroll Phone:	(555) 123-4567
PERSI Contacts	
Fiscal Contact:	Fred Green Email

Public Retirement System of Idaho
P.O. Box 83720, Boise, Idaho 83720-0078
1-866-887-9525 • 208-287-9525 • Fax 208-334-4026
<http://www.persi.idaho.gov> • ERSRVCTR@persi.idaho.gov



Following are descriptions of the options available from the Employer Portal main page.

- ▶ **Home.** Clicking home always brings you back to the portal main page.
- ▶ **Employees.** This option brings up a list of active employees on record with PERSI for this employer. (See Figure 8-7.) Click on an employee's first name to see a pop-up window showing more information about the employee.

Figure 8-7

These are the employees for
Demonstration Employer (Z200)

First Name	Middle	Last Name	SSN	Gender	Birth Date	Class Code
John	Robert	Brown	999-22-4444	Male	Aug 30, 1956	1 - General Member
Jane	E	Smith	333-88-1111	Female	Aug 29, 1971	1 - General Member
Jeannie	Marie	Black	777-66-5555	Female	Feb 9, 1960	1 - General Member
Joe	C	Jones	111-44-7777	Male	Apr 26, 1942	1 - General Member
James	Fennimore	Green	888-11-3333	Male	Nov 30, 1945	1 - General Member
Jack	L	Adams	444-99-8888	Male	Jun 25, 1961	1 - General Member
Tom	Jefferson	White	222-33-6666	Male	Feb 4, 1952	1 - General Member
Ed	K	Jackson	666-55-2222	Male	Jul 2, 1947	1 - General Member



Employer Portal

[Home](#)
[::Employees::](#)
[News to Use](#)
[Employer Handbook](#)
[Message Board](#)
[PETRA](#)
[PERSI Home](#)
[Retirement SSN Lookup](#)
[Log Out](#)

If this information does not appear to be correct, please correct it on the next transmittal.
There were 8 employees found.

- ▶ **News to Use.** This option brings up the “News to Use” newsletter section of the PERSI website.
- ▶ **Employer Handbook.** This option brings up the Employer Transmittal Reporting Manual. This is the same manual you can access from the Transmittal section of the Employer main page of the website.
- ▶ **Message Board.** This option takes you to a message area where you can read messages from PERSI about PERSI-related issues.
- ▶ **PETRA.** This option brings up the log in screen for the PERSI Employer Transmittal Reporting Application (PETRA).
- ▶ **PERSI Home.** This option brings up the home page of the PERSI website.

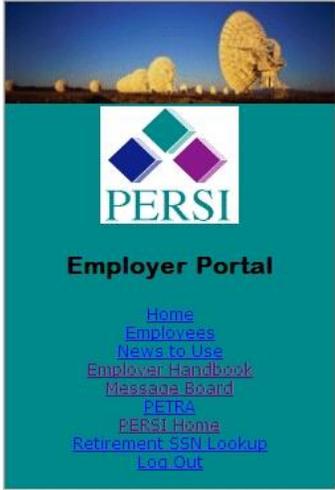
- ▶ **Retirement SSN Lookup.** This option brings up a useful tool, shown in *Figure 8-8* that you can use to check the PERSI status of an employee or prospective employee. Use this tool to check social security numbers against PERSI's database to see if a person is collecting retirement benefits from PERSI.

Figure 8-8

Retirement Social Security Number Lookup for PERSI Eligibility (Retired)

Enter the SSN to check to see if they are already Retired

Social Security Number (XXX-XX-XXXX)



Employer Portal

[Home](#)
[Employees](#)
[News to Use](#)
[Employer Handbook](#)
[Message Board](#)
[PETRA](#)
[PERSI Home](#)
[Retirement SSN Lookup](#)
[Log Out](#)

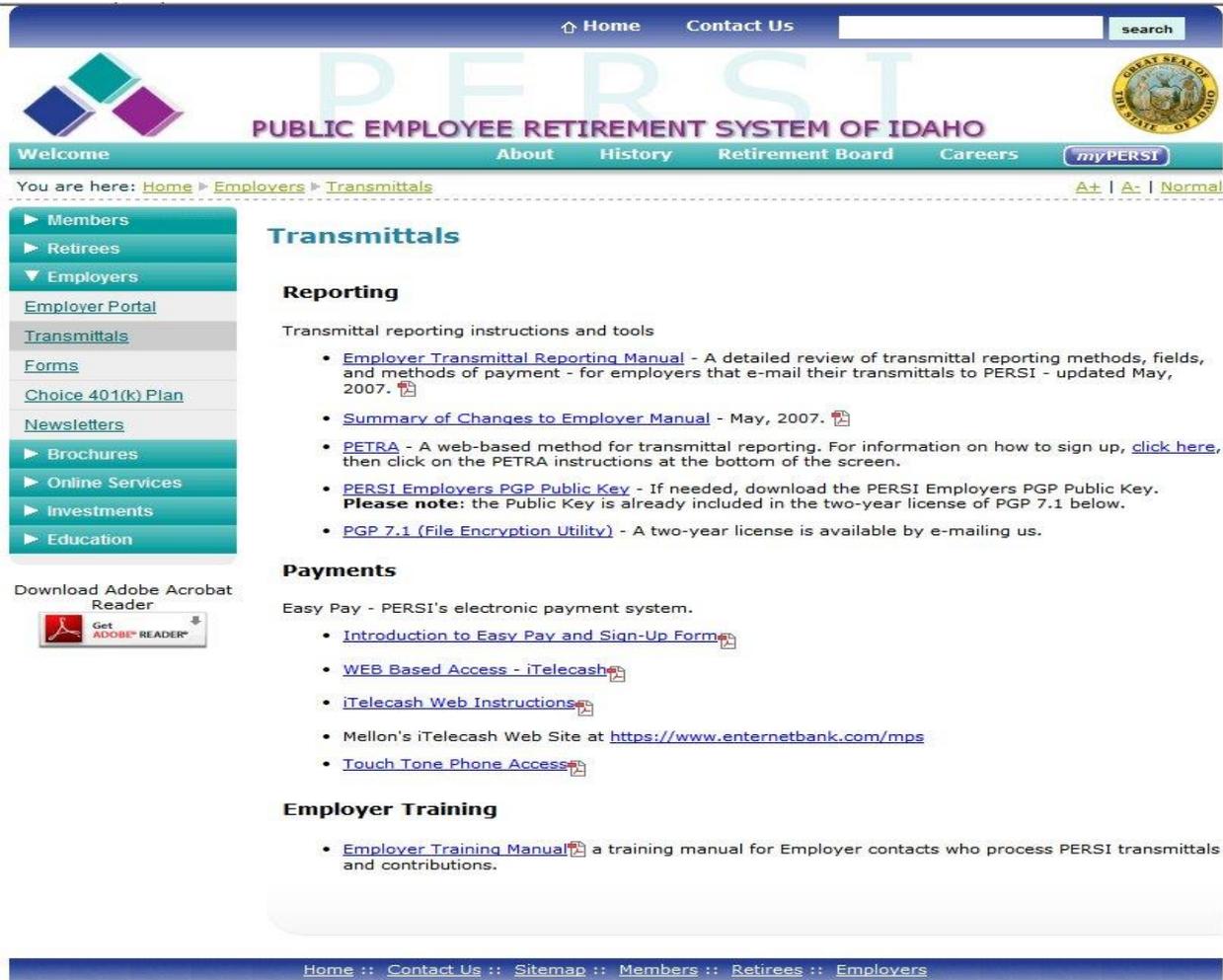
Public Retirement System of Idaho
P.O. Box 83720, Boise, Idaho 83720-0078
1-866-887-9525 • 208-287-9525 • Fax 208-334-4026
<http://www.persi.idaho.gov> • ERSRVCTR@persi.idaho.gov

- ▶ **Employer Online Guide.** This option brings up the Employer Online Guide, which is covered in the next chapter.
- ▶ **Log Out.** This option takes you out of the Employer Portal.

[Transmittal Reporting and Contributions](#)

The Transmittal Reporting and Contributions section is shown in *Figure 8-9*. It provides links to documents and tools that help you with transmittals and payments. The section includes links to TreasuryEdge and PETRA.

Figure 8-9



[Choice 401\(k\) Plan](#)

The Choice 401(k) Plan section provides links to detailed information for employers and participants.

The first link opens the Choice 401(k) Plan Administrator’s Summary for Employers. This is four pages of “nuts and bolts” information in summary form. It presents the information most often needed by Choice 401(k) Plan administrators in a brief and concise format.

The second link opens the Choice 401(k) Plan Procedures Guide. This is an indexed and illustrated 44-page brochure. It presents detailed information useful to both administrators and participants in an easy-to-read and understand format.

The third link jumps to the *Choice 401(k) Plan Details* web page. Here we have assembled all the documents, forms, and tools for the Choice 401(k) Plan on one convenient page.

[Employer Responsibility for Limits Testing](#)

This section, shown in *Figure 8-10*, provides links to documents that employers can access to see the IRS limits for the current year and recent years. It also provides a link to a calculator that helps employers coordinate limits when Choice 401(k) Plan participants also contribute to a 403(b) and/or a 457 plan. There is also a link to an example worksheet for testing limits in years with gain sharing distributions.

Figure 8-10

The screenshot shows a website page with a teal navigation menu on the left containing 'Brochures', 'Online Services', 'Investments', and 'Education'. Below the menu is a 'Download Adobe Acrobat Reader' button with the Adobe logo. The main content area is titled 'Employer Responsibility for Limits Testing' and contains a paragraph explaining employer responsibilities and a bulleted list of links: 'Savings Limits Calculator 2009 - 2010', 'Employer Responsibility for Limit Testing 2010', 'Employer Responsibility for Limit Testing 2009', and 'Employer Responsibility for Limit Testing in years when PERSI has Gain Sharing'. A blue footer bar at the bottom contains navigation links: 'Home :: Contact Us :: Sitemap :: Members :: Retirees :: Employers'.

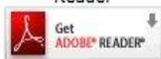
News to Use

This section, shown in *Figure 8-11*, provides links to all the employer *News to Use* newsletters back to 1995. Options at the top of the header enable you to select *Most Recent Issues*, read articles about *How to Complete PERSI Forms*, and select *Articles by Topic* from an alphabetical list of topics.

Figure 8-11



Download Adobe Acrobat Reader



Employer Newsletters

News to Use (NTU)

NEWS TO USE is a monthly publication for PERSI employers. In NEWS TO USE we explain PERSI's policies and procedures, provide up-to-date information on what's happening at PERSI, and offer instruction and tips on completing PERSI forms.

[Most recent Issues](#)

[Articles by Topic](#)

Most Recent Issues:

- [February 2010](#) - Rate Change for Public Safety Officers, Importance of Pay Date When Reporting, Retirement Workshops are Convenient, Targeted, and Informative....and There are Openings
- [January 2010](#) - Retirement Board Makes a Difficult Decision, Retirement Benefit Projection Tool for Choice Plan, Employee and Manager of the Year at PERSI.
- [December 2009](#) - Organizational Changes at PERSI, Form RS102 - Membership Application
- [November 2009](#) - Submit Beneficiary Forms Quickly Upon Receipt, New Board Member for PERSI, Employer Service Center Management Changes
- [October 2009](#) - PERSI Web site is a useful tool.
- [September 2009](#) - Using Compliant Software For Transmittals, Understanding Workers' Compensation.
- [August 2009](#) - Completing the RS132 Form For Rehired Retirees, PERSI Web Site Makes Getting PERSI Materials Easy
- [July 2009](#) - PERSI Membership Eligibility, Early retirement Incentive Programs
- [June 2009](#) - Business and Reminders, A New Look for Choice 401(k) Plan Materials, Contribution Rates
- [May 2009](#) - Protecting Personal Information, Memo of Understanding Issued, Possible Contribution Rate Increase
- [April 2009](#) - Maximum Annual Compensation, Clarify Disability Benefits for your Employees
- [March 2009](#) - Customer Survey Results, Hiring Retirees can be Confusing
- [February 2009](#) - Employer Survey Results Guide ESC, Proposed Legislation Affecting PERSI
- [January 2009](#) - New Limits for Choice 401(k) Plan, Miscellaneous PERSI News

We have removed past issues of "News to Use" which are more than a year old, to make sure information you find on our website is current and reliable. We encourage you to use the *Employer Online Guide* from within the Employer Portal as your source for PERSI information. Much of the information from the old newsletters is now presented in the *Employer Online Guide*, but outdated information is removed or brought up to date. If you don't find the information you are looking for, use the "Suggestion Box" on the Main page to send us an email and we will find it for you and modify the index so it's easy to find the next time.

List of Employers

This option provides a link to a web page with an alphabetical list of current PERSI employers and the date each joined PERSI. The page also shows counts of employers by fiscal year and a breakdown of the counts by employer type.

Chapter 9. Employer Online Guide

Overview

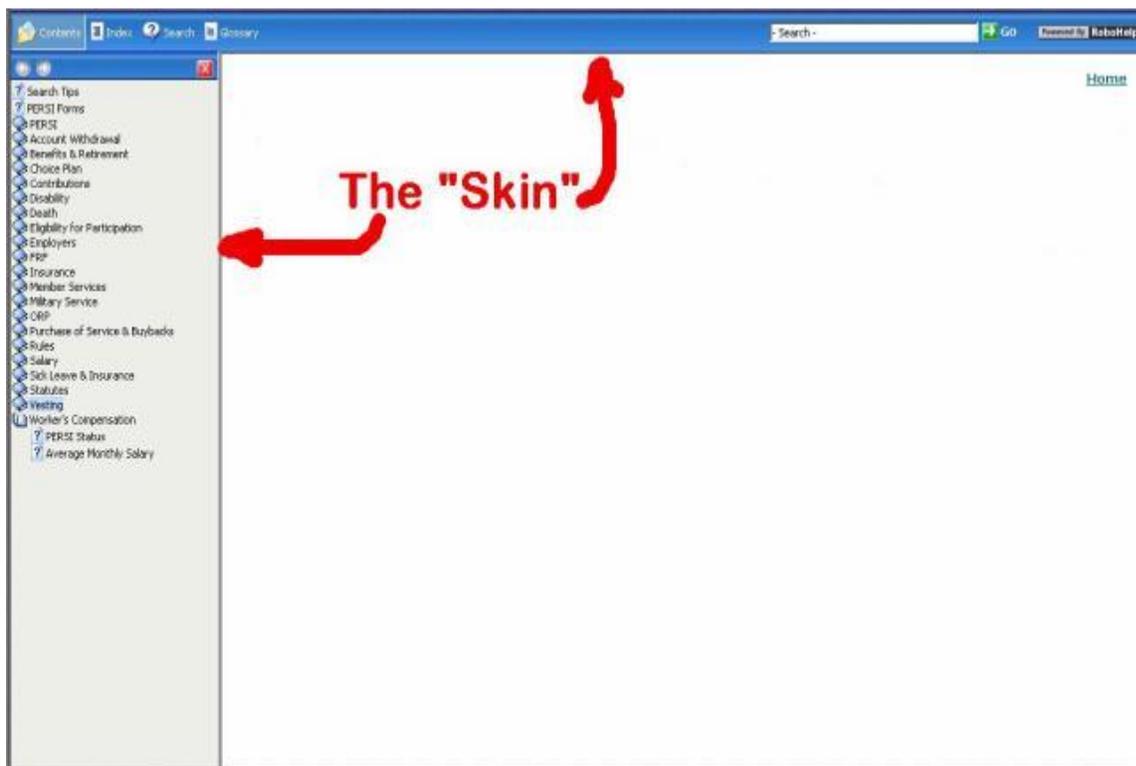
The Employer Online Guide is a powerful and easy-to-use resource for storing and quickly accessing large collections of information. It puts hundreds of information-filled pages within easy reach for when you need an answer, yet disappears from sight when you aren't using it. It is easily updated when information changes so it's your best source for current information on PERSI topics.

The Employer Online Guide holds a collection of web pages that you open and read using your internet browser. Each page contains a main topic which might be divided into sub-topics. In addition to the topic pages, the Online Guide consists of a Table of Contents, an Index, a Search Tool, and a Glossary.

The Online Guide "Skin"

Figure 9-1 shows the Online Guide "Skin". It appears just below the address and tool bars of your browser. The skin is the perimeter area above and to the left of the display window where the topic pages appear. It contains objects such as buttons and fields and the *Powered by RoboHelp* image. It is where the table of contents, index, search results, and glossary appear. The skin doesn't change as you move from page to page in the guide so, no matter what page you are viewing, you can always see the skin.

Figure 9-1



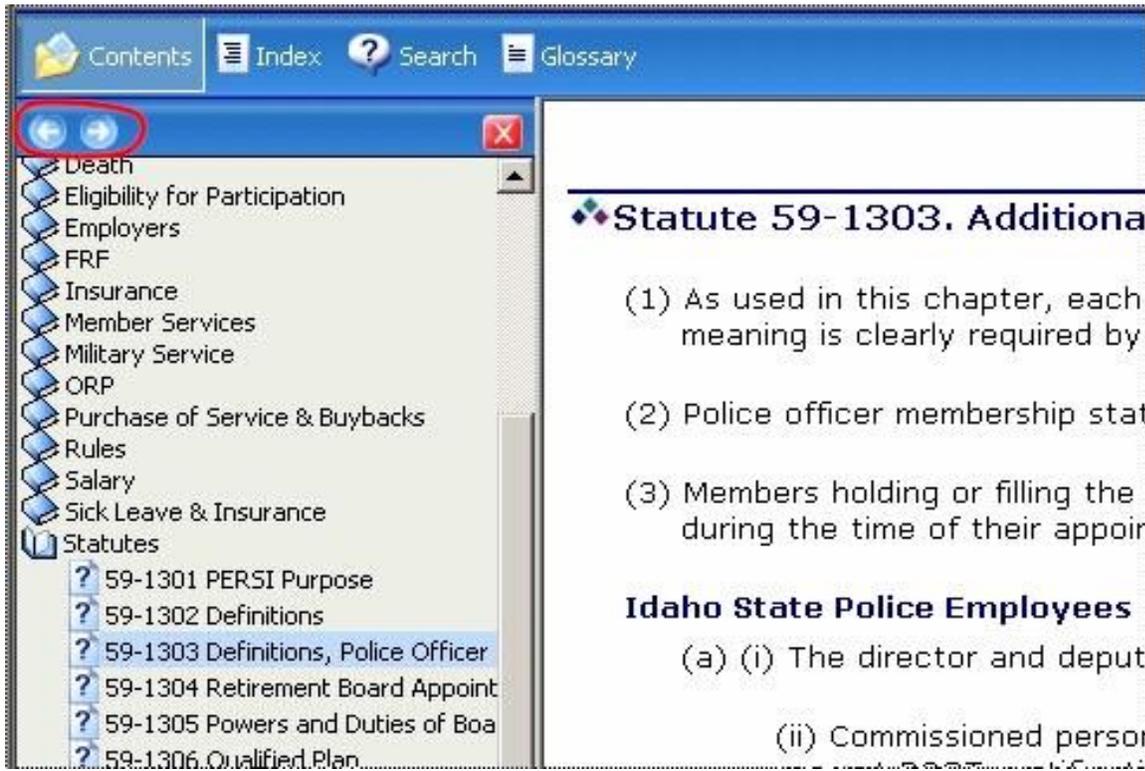
The top panel of the skin is fixed in size and arrangement. It has 4 buttons and a search box on it. The 4 buttons, on the left side of the top panel, control what is seen in the left side panel of the skin. The buttons are:

- ▶ The Contents button
- ▶ The Index button
- ▶ The Search button
- ▶ The Glossary button.

The panel also has a Search Box and a GO button over toward the right side of the panel and on the far right, a label that reads Powered by RoboHelp. The label doesn't do anything.

The left panel of the skin changes in size and appearance. You can make it wider or narrower by grabbing the edge with your mouse and dragging it to the left or right. To do so, move your mouse over the border until it changes to a double arrow. Depress the left button of your mouse and move the mouse left or right to drag the edge of the panel out or in. Release the button to set the position. You can make the left panel disappear completely by clicking the red button with an X on it in the top right corner of the panel. Drag the edge back out to make the panel visible again.

Figure 9-2



The left and right arrow buttons shown in *Figure 9-2* are for moving forward and backward in pre-defined browse sequences. Browse sequences are collections of associated pages linked together in order. The Statutes are an example of a browse sequence. When you are viewing a page that is part of a browse sequence, the arrow buttons change color from gray to blue. If the buttons are gray, they are disabled. If they are blue they are enabled. Clicking on the buttons when they are enabled, jumps to the next or previous page in the browse sequence. The Rules are another example of a browse sequence.

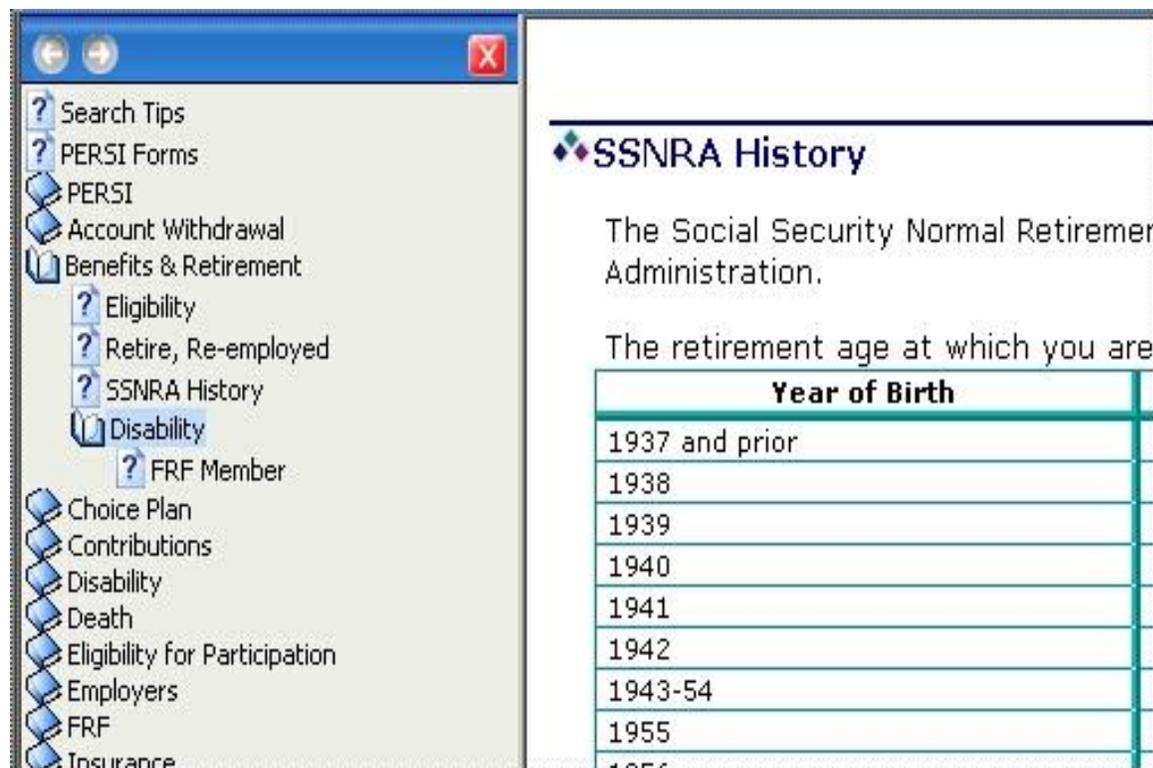
The different appearances of the left panel are called views. There is a Contents view, an Index view, a Search view, and a Glossary view to coincide with the 4 buttons in the top panel of the skin. Clicking on the Contents button switches the left side panel to the Contents view, the Index button switches to the Index view and so on.

The Contents View

Figure 9-3 shows the Contents view. You can see some topic pages at the top, represented by a picture of a page with a question mark on it, followed by a number of books. Each book represents a category of topics. If you click on a book, the book opens and you see pages about the topic and maybe sub-categories of the topic. For instance, if you look in the Benefits & Retirement book, you see three topic pages about the subject plus the Disability sub-category of the book. Sub-categories are books that look just like main category books, except they are

indented from the left margin. Clicking on a sub-category shows the topics contained within the sub-category.

Figure 9-3

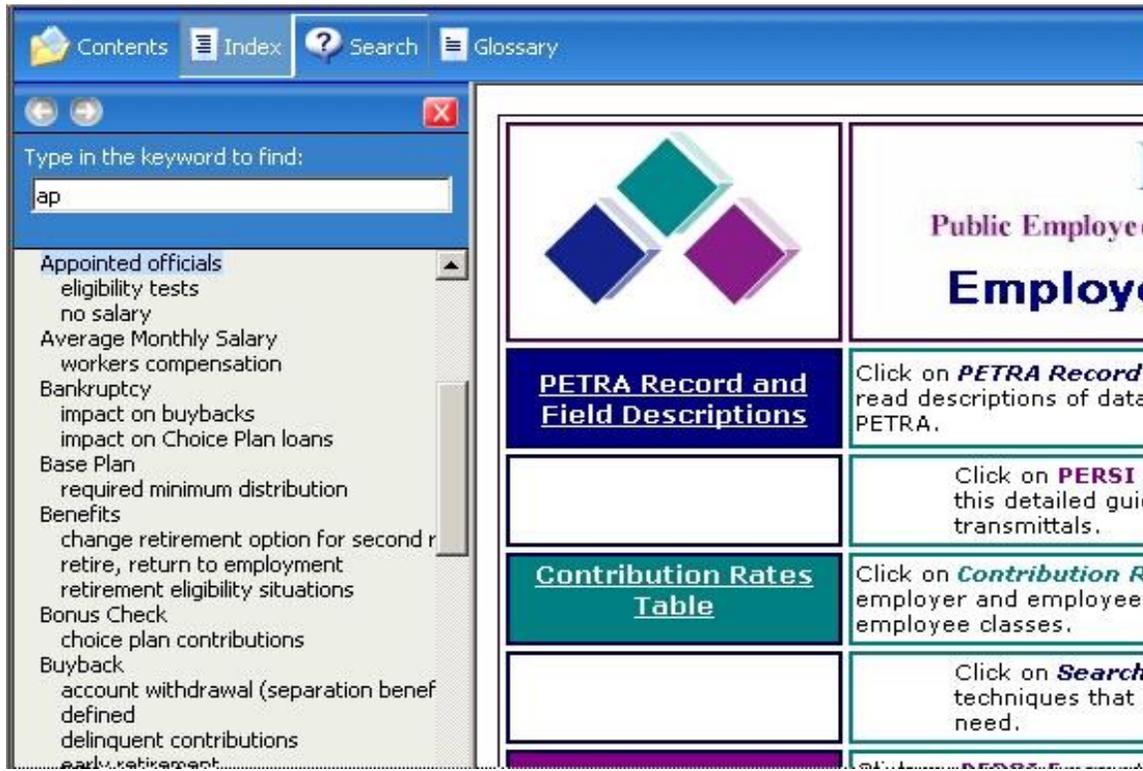


The Index View

Figure 9-4 shows the Index view. You can see a keyword search box at the top, and a list of keywords beneath. Keywords are the primary terms that define or characterize a topic.

You can place your cursor in the keyword search box and type in keywords to find topics associated with the keyword. The index jumps to the first keyword that matches the leading characters you type, so you usually only need type the first few characters. For example, if you are looking for all topics associated with *Appointed Officials*, type in *A* and the index jumps to the first keyword that begins with *A*, which is *Account*. Type in *P* and the index jumps to *Appointed Officials*, the first keyword that starts with *AP*. Indexed keyword searching is a very fast and powerful way to find the topic you are looking for, if the topic has been indexed with the keyword you choose. It is the fastest way to search, because it only searches the list of keywords to find topics, instead of searching the entire guide.

Figure 9-4



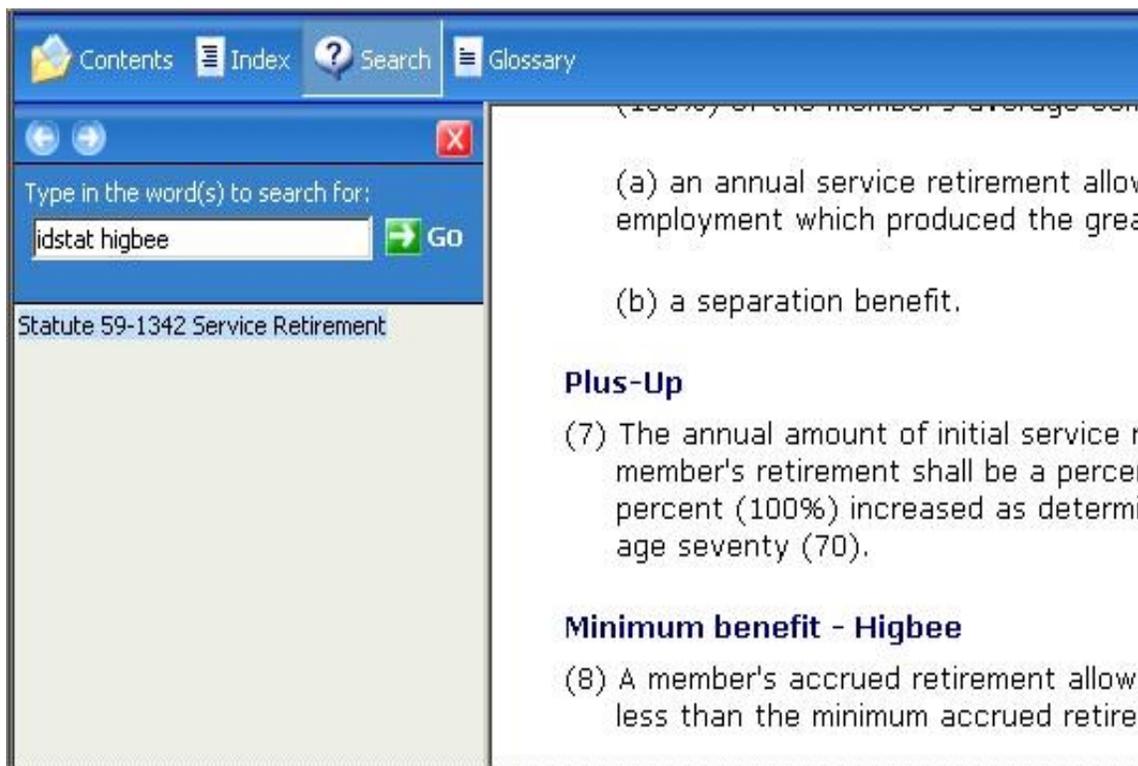
The Search View

The Search View, shown in Figure 9-5, has a Search Box at the top, but does not display search results until you do a search. You'll notice the Search Box with the GO button in the Search view looks almost identical to the Search Box and button in the top panel of the skin. They are, in fact, identical and function identically. The Search Box on the top panel was put there so you can do a search while in one of the other views, but will automatically switch to the Search view when you click on the GO arrow.

The Search function differs from the index function in the way it searches. When you type a search term in the box and press GO, the search function searches the entire contents of every topic for the term. So, if the topic you are seeking is not indexed, the Search function will find it while the Index function will not, but the search will take longer.

When searching for keywords in the Statutes or Rules, you should use the Search View and not the Index View because the Statutes and Rules are not indexed. You can narrow a search to scan only the Statutes by preceding your search keyword with the term *IDSTAT*. Likewise, you can restrict a search to the Rules by preceding your keyword with *IDAPA*. For instance, to find topics about Higbee in the statutes, search for *IDSTAT HIGBEE*.

Figure 9-5



The Glossary View

The Glossary View shows you an alphabetical list of glossary terms where you can find definitions for words, phrases, and acronyms used in the Online Guide. Use your arrow keys or your mouse and the scrollbar to scroll through the glossary. Click on a glossary term, and the definition appears in the box below the list.

Topic Pages

This section discusses the topic pages and how the pages are organized.

The Home Page

Figure 9-6 shows the Home Page of the Employer Online Guide. It is the first page you see when you open the Employer Online Guide. As you navigate through the topics in the Online Guide, you can always jump back to the Home Page by clicking on the **Home** link located in the top right corner of each page. Or, if in Table of Contents View, you can click on Home Page in the Table of Contents.

There are six links on the home page that connect to frequently used pages. Following are descriptions of the links and associated pages.

Figure 9-6

 <h1 style="margin: 0;">PERSI</h1> <p style="margin: 0;">Public Employee Retirement System of Idaho</p> <h2 style="margin: 0;">Employer Online Guide</h2>		
PETRA Record and Field Descriptions	Click on <i>PETRA Record and Field Descriptions</i> to read descriptions of data records and fields used in PETRA.	
	Click on <i>PERSI Technical Reference</i> to read or print this detailed guide to preparing and submitting electronic transmittals.	PERSI Technical Reference
Contribution Rates Table	Click on <i>Contribution Rates Table</i> to see the current employer and employee contribution rates for all employee classes.	
	Click on <i>Search Tips</i> to read about advanced search techniques that help you quickly find the information you need.	Search Tips
PERSI Forms	Click on <i>PERSI Forms</i> to access the forms you need. Choose from lists sorted by form number or by description. You can view, save, or print a form.	
	Click on <i>Suggestion Box</i> to submit your suggestions for improving this Online Guide. If you have difficulty finding something, <i>PLEASE</i> bring it to our attention.	Suggestion Box

[Petra Record and Field Descriptions](#)

This link is for employers that use PETRA to submit their Transmittal Reports. It opens a table that provides information about the fields used on PETRA records. The table has a vertical column for each of the seven record types used in PETRA. The horizontal rows in the table show the fields that make up a record.

We use symbols to show the requirements for each field and record type. For instance, the cell in the *Record Type 1 column* and the *Cycle Start Date row* (circled in black in *Figure 9-7*) contains a purple diamond symbol (◆).

The symbol means that the field is mandatory for the record type. The legend of symbols used in the table is located in a pop-up box that appears when you click on the word Legend at the top of the page.

Pop-up information is available anywhere you see underlined text or symbols. For instance, you can click on the underlined Record Type labels in the table header to see how the record type is used.

Figure 9-7

PETRA Field Descriptions

This table shows transmittal record types across the top and transmittal field names down the left. If the table cell is blank, the field is optional for the record type; you can include on Legend for a guide to the meaning of the symbols. Click on underlined text or symbols to read more information.

Legend Click on Underlined text and symbols to see pop-up information.

Record Type	1 <u>Base Plan Current Contributions</u>	2 <u>Base Plan Non-Current Contributions</u>	3 <u>Termination</u>	4 <u>Employee Payment on Account</u>
Cycle Start Date	◆	◆	◆	◆
Cycle End Date	◆	◆	◆	◆
Last Name	◆	◆	◆	◆
First Name	◆	◆	◆	◆
Middle Name				■ ■
Gender	● ●		● ●	■ ■
Birth Date	● ●		● ●	■ ■
SSN	◆	◆	◆	◆
Reported Class	◆	◆	◆	■ ■
Contribution Source	◆	◆	◆	◆
Contribution Type	◆	◆	◆	◆

[PERSI Technical Reference](#)

This link is for employers who are preparing to send transmittal reports electronically, or who are having a problem with their electronic transmittals. The PERSI Technical Reference provides specific information about the transmittal file structure and the data requirements for each field within the file.

[Contribution Rates Table](#)

This link connects to a table of the current employee and employer contribution rates for all member classes.

[Search Tips](#)

This link brings up a page of suggestions for quickly finding the information you are looking for. We recommend you spend some time practicing the different search methods and becoming familiar with how the information is organized.

[PERSI Forms](#)

This link brings up tables of all the PERSI forms Employers might need. The forms are arranged by form number in the upper table and by description in the lower table. Clicking on a form number or description opens the form so you can view or print it, or you can save a copy of the form on your computer.

Suggestion Box

This link opens an email message where you can submit comments about the Online Guide. Your feedback is greatly appreciated, especially if you have difficulty finding the information you need. We will use your suggestions to improve and expand the Online Guide.

Table of Contents Books

PERSI

The first book in the Table of Contents is the PERSI book. It contains the following topics:

- ▶ Dates of Important Policy, Statute, and Rule Changes
- ▶ PERSI Forms
- ▶ Employer Lists
- ▶ Portfolio Returns.

Rules Book and Statutes Book

The Rules and Statutes books contain the PERSI Rules and the Idaho statutes that pertain to PERSI. The primary reason for keeping a copy of the rules and statutes here, is to include historical and insightful annotations that aren't available on the State websites. These annotations might include the text of the rule or statute prior to amendment, or could include insight regarding the reasoning or events that lead to an amendment.

Topics Books

The other books in the Online Guide contain topics pertaining to each respective category. The best way to learn what information is available to you is to spend some time browsing through the books and topic pages.