



July 2015 PERS Employer Monthly Update.

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1) Reconciliation ‘tip’ for July.

New eligible employees hired December 2-31, 2014 will complete their six full month waiting time on June 30, 2015. If they also continue the “employer-employee” relationship beyond that date (they don’t terminate employment), they’ll establish OPSRP membership with a Contribution Start Date (CSD) of July 1, 2015. Remember that Release 6.0, active June 2011, introduced posting restrictions on DTL2 records which allow DTL2 wage code 01 (Regular wages) records to post only to positions with “qualifying” hire intent, and DTL2 wage code 02 (Regular/Non-Qualifying) records to post only to positions with “non-qualifying” hire intent.

Contact your ESC Account Team if you have questions about the use of DTL2 wage codes.

2) **Reminder: PERS retirees returning to work.**

a) **Tier One/Tier Two retirees:**

After retirement, Tier One/Tier Two retirees may return to work for a participating PERS employer(s) and continue to receive their retirement benefits as long as they do not work 1,040 hours or more in a calendar year as a retiree. The 1040 hour limitation for retirees returning to PERS employment is commonly referred to as the “1040 hour rule.” The rule allows a Tier One/Tier Two retiree to work up to 1039.99 hours per calendar year and still be considered a retiree. However, if they equal or exceed the 1040 hr. limit in any calendar year they will re-establish active membership and their retirement benefit will stop. Pre-retirement active service does not count towards a Tier One/Tier Two retiree’s work limit. The 1040 hour rule does not apply to OPSRP retirees. Work after retirement guidelines for OPSRP retirees are provided below in Section 2(b) of this update.

In addition, there are additional statutory exemptions available to Tier One/Tier Two retirees hired into certain positions specified in statute that allow them to work unlimited hours post-retirement for a participating PERS employer and continue to receive retirement benefits (*see*, ORS 238.082(4)-(8); Sections 2 and 3, chapter 499, Oregon Laws

2007; and Sections 3 and 4, chapter 774, Oregon Laws 2007). In order to qualify for these statutory exemptions, the Tier One/Tier Two retiree must satisfy all the requirements for the exemption. A common requirement to qualify for these statutory exemptions is that the Tier One/Tier Two member is not an “early retiree” who receives a reduced service retirement allowance as set forth in ORS 238.280(1), (2) and (3), however there are some special statutory exceptions to that rule. PLEASE NOTE: The positions listed in ORS 238.082(4)-(8); Sections 2 and 3, chapter 499, Oregon Laws 2007; and Sections 3 and 4, chapter 774, Oregon Laws 2007 are NOT available to OPSRP retirees.

Age/Service time requirements for Tier One/Tier Two retirement with an unreduced service benefit (“normal” benefit recipient):

Classification	Age		PERS Service Time
	Tier One	Tier Two	
General Service	58	60	Any age with 30 years of service
Police and Fire	55	55	Age 50 with 25 years of service

Age/Service time requirements for Tier One/Tier Two retirement with a reduced service benefit (“early” retiree):

Classification	Age		PERS Service Time
	Tier One	Tier Two	
General Service	55 - 57	55 - 59	Less than 30 years of service
Police and Fire*	50 - 54	50 - 54	Less than 25 years of service

***An inactive Tier One or Tier Two member whose last PERS covered position was in a qualifying police officer or firefighter (P & F) position (minimum 5 years continuous employment in a P&F position prior to inactive membership) who attains the age of 50 may retire with a reduced benefit. If the member’s last PERS covered position was in a general service position then the member will be considered a general service retiree and must attain age 55 to retire with a reduced benefit.**

Tier One/Tier Two “early” Retirees may qualify for a limited number of exempt positions listed in ORS 238.082(4) and Section 3, chapter 774, Oregon Laws 2007:

This exception applies to a Tier One/Tier Two “early” retiree* who is employed:	Effective Date of the Exception:	Date the exception expires:
As an administrator or teacher by a school district or educational service district that has its administrative office located in a county of 35,000 or less population.	1-1-04 – 7/15/07	N/A
This exception was amended in 2007. The amended exception is in two parts:	7/16/07	
1) As an administrator or teacher by a school district or community college district located in a county of 35,000 or less population; or	7/16/07	
2) As an administrator or teacher by an education service district and the retired member’s primary work duties are performed in a county of 35,000 or less		

population. (Limited application: see (*))		
By a school district or education service district as a speech-language pathologist or speech-language pathologist assistant. (Limited application: see (*)).	7-16-07	1-2-16
Is on state active duty with the National Guard and has reached “normal” retirement age. (ORS 399.075(8)) (available to early retiree only after the retiree has reached normal retirement age).	6-11-03	N/A
By the Legislative Assembly or the Oregon State Police for service during a legislative session. (ORS 238.092(2)).	7-16-07	N/A

(*) An “early” retirement benefit is actuarially reduced because the member starts receiving benefits before normal retirement age. Unless the member has 30 years’ service credit, Chapter 238 Tier One general service members retiring between ages 55 and 57 and Chapter 238 Tier Two general service members retiring between ages 55 and 59 are considered “early” retirees. Chapter 238 Tier One/Tier Two Police & Fire members retiring between ages 50 and 54 without 25 years’ service credit are considered “early” retirees. **Only a limited number of 1040 exceptions are available to “early” retirees, and an “early” retiree must wait six full months after retirement before he/she can be employed in a position under any 1040 exception that is available to early retirees. An “early” retiree who does not wait 6 full calendar months after PERS retirement before being hired into one of these **DOES NOT QUALIFY for the exemption and is subject to the 1040 hour/calendar year work limit.****

The positions available to “early” Tier One/Tier Two retirees and listed here can also be found:
1) In the “Working After Retirement: 1040-Hour Exceptions in Table Format” document available through the PERS employer web page.

(Positions open to Tier One/Tier Two “early” retirees are noted in the “Early Ret.” column.)

The exemption from the 1040 hour/calendar year limit APPLIES TO THE POSITION listed in ORS 238.082, NOT to the retiree holding the position.

Example 1: A Tier One/Tier Two “normal” benefit recipient, hired by an employer into an exempt position, may work unlimited hours WHILE IN THAT EXEMPT POSITION. If the retiree leaves that exempt position and goes to work as a retiree for another PERS employer in a position NOT listed in ORS 238.082 or OAR 459-017-0060, the retiree becomes subject to the 1040 hour/calendar year work limit while working in that non-exempt position.

Example 2: If the retiree works concurrently in an exempt position and a non-exempt position, the hours worked in the non-exempt position will be subject to the 1040hour/calendar year work limit.

Tier One/Tier Two retirees who have reached federal Social Security full retirement age (65-67, depending on the retiree’s birth date) may work unlimited hours with PERS employers beginning the first of the month after the month in which Social Security full retirement age is reached. This exception does not apply to OPSRP retirees.

b) OPSRP retiree work limit, including Oregon Administrative Rule (OAR) revision.

Hiring an OPSRP retiree into a position with “qualifying” hire intent CANCELS the individual’s retirement and re-establishes active membership effective at the hire date. Hiring an OPSRP retiree into a position with “non-qualifying” hire intent allows only 599.99 hours of work as a retiree (total for ALL PERS employers) per calendar year.

OPSRP retirees in “non-qualifying” positions have an annual work limit which cannot equal or exceed 600 hours in any calendar year. A recent review of that 600 hour limit determined that all service in any calendar year contributes to the 600 hour limit, including any pre-retirement active service. This interpretation was met with great concern by employers (and retirees), who requested that PERS review alternative interpretations and solutions to avoid such a result, and to parallel the methodology used for Tier One and Tier Two retired members to allow the clock to reset at retirement.

In May 2015, PERS initiated the rulemaking process to modify Oregon Administrative Rule (OAR) 459-075-0300 to support a broader application of the statute that would allow hours worked by an OPSRP member pre-retirement to count separately from post-retirement hours. The rule will be presented at the July 31, 2015 Board meeting for adoption. **If adopted, the rule amendment would reverse PERS’ prior direction, and would allow pre-retirement service to count separately from post-retirement service in “non-qualifying” positions, for purposes of determining whether the 599.99 limit has been exceeded.**

In reviewing the applicable OPSRP administrative rules, PERS also discovered that OAR 459-080-0300, regarding reemployed members of the IAP, has not been updated since the institution of the “retire from one, retire from all” standard established in 2011. PERS has proposed modifications to properly align the IAP return to work standard with the member’s respective pension programs, and outlines the effect of the member returning to active membership on their IAP distributions.

The scheduled steps in the proposed revision can be found through this link:

http://www.oregon.gov/pers/pages/section/administrative_rules/proposed_admin_rules.aspx
or by starting at the PERS employer web page, www.oregon.gov/pers/emp/pages/index.aspx then clicking links in this order: “About Us” (located on the left side of the employer web page) > “Proposed Rules” (located under the “Administrative Rules” heading).

Steps to implement this revision are dependent upon passage of the revised rule.

In the meantime, you may hire an OPSRP retiree into a non-qualifying position immediately after retirement and submit the DTL1-11 record at that time. In most cases that DTL1-11 record and any DTL2-07 records will suspend until EDX has been updated to reflect the OPSRP member’s transition from active to retired status. **If the DTL1 and DTL2 records suspend upon submission, you do not need to “re-Save” those records for 90 days or until you have: 1) Verified with the retiree that they have received their first benefit check, or 2) Checked with your ESC Account Representative that the individual is in retired status.**

Also, **NEVER** submit a DTL1-15 record to re-hire an OPSRP member as a retiree **unless your ESC Account Representative asks you to do so.**

3) Recently posted GASB information.

Updated information on upcoming Government Accounting Standards Board (GASB) information affecting PERS employers was posted in the PERS employer web page.

Please contact Rick Howitt, PERS Financial Reporting Manager, with any questions about upcoming GASB activity. Rick can be reached at: 503-431-8936 or by e-mail: Charles.howitt@pers.state.or.us

4) 2015-17 Employer Rates change July 1, 2015.

Employer rate information is located in table format under the “Your current Contribution Rates” heading on the EDX employer statement page, found through the “View Your Statement” link in the Site Navigation area of any EDX page.

Employer rates for the 2015-2017 biennium become effective July 1, 2015, and 2015-2017 employer rate information will appear in the rate table effective Wednesday, July 1, 2015.

2015-2017 rate information was e-mailed to employers in the fall of 2014. However, if that e-mail is no longer available, 2015-2017 rate information can also be found through this link: https://www.oregon.gov/pers/Pages/2013-15_employer_Rate_summary.aspx then click the “Summary of PERS Employer Contribution Rates report” link.

Please note:

- **Rates are applied based on pay date. These rates will be effective for payrolls dated on and after July 1, 2015, even if the pay is for work performed before that date.**
- **School districts and charter schools that are not listed individually will pay the rates shown under the employer name "School Districts," employer number 3000, near the bottom of page 7.**

If you have any questions regarding your employer rates, please contact: Nancy Van Dyke, 503-603-7603, nancy.vandyke@pers.state.or.us

Best regards,

In compliance with the Americans with Disabilities Act, PERS will provide this document in an alternate format upon request. To request this, contact PERS at 888-320-7377 or TTY 503-603-7766.