



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll

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May 2014

Volume 22, Issue 3:

Events & Mailings

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2014 Pre-Retirement Education Program (PREP)

NDPERS has scheduled the following fall PREPS. Registrations will be available on the NDPERS website in the future.

<u>Date</u>	<u>Location</u>
September 10, 2014	Fargo, Holiday Inn
October 15, 2014	Bismarck Civic Center Exhibit Hall

Retirement Plan Updates

Reportable Wages

Annual Leave/Vacation Leave included before the termination date is considered salary. Anything after that day is considered a lump sum and is not considered as eligible wages and therefore is ***not*** contributable. In short, employees must either work or substitute annual leave in place of actual work to be contributable.

"Wages" and "salaries" means the member's earnings in eligible employment under this chapter reported as salary on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under 26 U.S.C. 125, 401(k), 403(b), 414(h), or 457.

"Salary" does not include fringe benefits such as payments for **unused sick leave, personal leave, vacation leave paid in a lump sum, overtime**, housing allowances, transportation expenses, early retirement incentive pay, severance pay, medical insurance, workforce safety and insurance benefits, disability insurance premiums or benefits, or salary received by a member in lieu of previously employer-provided fringe benefits under an agreement between the member and participating employer. Bonuses may be considered as salary under this section if reported and annualized pursuant to rules adopted by the board.

Performance or longevity bonuses may be considered as salary if reported and annualized over the time period it is earned. Employee recruitment or retention bonuses are not considered salary for retirement contribution purposes.

Overtime is not reportable; neither Overtime nor Straight Overtime is reportable eligible wages.

Retirement Reporting and Documentation/Notes

When there are errors on your retirement report it is important to document the reasons for the error and any action taken. Any communication saved in the comment boxes on your retirement report is helpful. Certain errors or warnings require documented communication before we can move forward and ALL adjustments must be explained and clarified via notes on the payroll record. The comment boxes on the header and on the detail records should be used to accomplish this.

An example may include the warning "Salary Amount change is only allowed within the plan acceptable variance." If you see this warning you should go to the comment box of the detail record with that error and explain why the wage is abnormally high compared to the previous month. You might say you had three payroll periods this month, or this is the first full month back to school, or last month the member had significantly reduced hours.

Another example of a warning that would require documentation is 'Contributions are reported for LOA Period' for an employee who is reporting wages. It's possible the wages are for donated leave or annual leave taken and this is what you would write in the notes section. If you see this warning and realize the employee is no longer on leave, then hopefully this will trigger you to update the employee's record with the return date in PERSLink.

All adjustment reports are posted by NDPERS staff. Before we can post them we need to understand and agree with the reasons for the adjustment. They do not automatically post even if all individual records are in a 'Valid' status. This is because adjustments are generally reported at a later date, but the actual adjustment is for a different/previous month or range of months and must be applied to the correct months. Adjustments may include but are not limited to bonuses, retro pay, correction of previously reported wages, and wages earned in addition to regular wages earned. The pay period used on adjustments is a critical piece for reporting purposes and must be applied to the correct month(s).

Sometimes there is a need for an employer to ignore a payroll record. If the record includes reported wages or contributions, please document the reason why you are ignoring the record. If there are no comments, NDPERS staff will contact the employer to understand why reported wages were ignored. On the NDPERS side, without notes, it will appear as if wages and contributions were ignored by mistake and we want to make sure that all contributable wages are recorded on the employee's behalf.

Some of you may also have received a telephone call from NDPERS asking for an explanation of wages posted from a long time ago for someone who may be retiring or applying for disability. NDPERS uses a final average salary calculation to setup a member for retirement or disability. Before we can finalize the process, NDPERS must review the highest 36 wages reported included in the final average salary for reasonableness. If there is a wage higher than normal, then we need an explanation and we call. This means someone has to try to piece together an explanation usually from a long time ago. This is problematic. To reduce the calling and piecing together in the future we ask for comments to be made on your retirement reports at the time of your reporting to explain circumstances and situations. Then later on, we can go back to your comments and understand the reasons for anything odd.

The more documentation that is done, the fewer amount of telephone calls or emails an employer will receive.

GASB Financial Reporting Changes

The Government Accounting Standards Board (GASB) recently approved two new statements which will change accounting and financial reporting of public employee pensions by state and local governments.

Statement 67 changes the financial reporting for public pension plans, like PERS and TFFR, for periods beginning after June 15, 2013. PERS and TFFR will be implementing these changes for the fiscal year ending June 30, 2014. Statement 68 revises and establishes new financial reporting requirements for participating employers of public plans effective for fiscal years beginning on or after June 15, 2014.

The new statements require employers to report a proportionate share of the retirement plan's net pension liability and pension expense (including deferred outflows and inflows of resources) on the employer's financial statements. This is significant because the employer's share of the collective net pension liability will appear on the face of the employer's

financial statements for the first time. In many cases, this amount will be material. Also, much more pension related information will be included in the employer's Note Disclosures and Required Supplementary Information portion of the financial statements.

The following schedules will be calculated by PERS's actuary and provided annually to employers:

- Schedule of Employer Allocations
- Schedule of Pension Amounts by Employer

PERS and TFFR have been working on an implementation and training plan with the State Auditor's Office and the pension plan's actuary and auditors. A small focus group planning session will be held this summer with representatives from schools, cities, counties, and the State. Education sessions for all employers are projected to be held in 6-8 months.

What can you do now?

- Visit with your auditor about how GASB 68 will be implemented and the impact it will have on your financial statements
- Communicate this information to your executive management, Board and Commissioners
- Visit the GASB website for additional information at www.gasb.org
The GASB Toolkit contains implementation guide, videos, and articles

Group Insurance Updates

Special ACA Forum on July 10 for NDPERS Health Insurance Employers

NDPERS will be sponsoring an information training session relating to the Affordable Care Act (ACA) employer requirements on July 10th from 8:00 a.m. to 1:00 p.m. at the Bismarck Civic Center. *This session is for employers that are on the NDPERS group health plan.* The session will be recorded and posted to the NDPERS website for those who cannot attend. **Please share this information with the key decision makers in your organization so they are aware of these requirements for employers and can initiate efforts for compliance.**

By way of background, the **ACA requires that employers with 50 or more employees must comply with the Shared Responsibility Provisions of the Act by January 1, 2015 and there are penalties in the Act for noncompliance.** There are two ways Shared Responsibility penalties may be imposed. The first is if health coverage is not offered in 2015 to at least 70% of an employer's "full-time employees" and their children who are less than 26 years old. This "No Coverage" penalty is \$2,000 per full-time employee per year. The second is if health coverage is offered to 70% or more of an employer's "full-time employees" for 2015, but that coverage is "unaffordable" to certain "full-time employees." Coverage is defined as "unaffordable" if the full-time employee's required contribution to self-only coverage exceeds 9.5% of his or her household income. This "Unaffordable Coverage" penalty is \$3,000 for each "full-time employee" who purchases coverage in a state-based Health Insurance Exchange and qualifies for a premium tax credit.

This last session, legislative action was taken to bring North Dakota's state employee health insurance law into compliance with the ACA. Those new provisions for the state plan become effective January 1, 2015. NDPERS has also taken other actions to comply with the ACA. **Compliance with the Shared Responsibility Provisions is the responsibility of the employer and not the health plan.** However, to assist our participating employers with this effort, we are providing this information to make you aware of these provisions. We are also sponsoring the training session on July 10th at the Bismarck Civic Center to provide a more detailed explanation to our employers. Prior to that meeting, we would suggest that each employer:

1. Appoint a lead compliance person in your agency who will direct your compliance efforts and notify us by June 16th who you have appointed. If you have not already done so, please provide the individual's email address, telephone

number, and mailing address. An email may be directed to Laurie Enzi at laurieenzi@nd.gov NDPERS will use this information to communicate with your designee about the *upcoming* information/training session, compliance deadlines, compliance requirements and other information relating to the ACA. **If we do not hear from you, we will assume that you have your own compliance plan and we will not intrude in that process by forwarding you NDPERS ACA information over the next several months.**

2. Encourage or require that person to attend the information/training session sponsored by NDPERS on July 10th at the Bismarck Civic Center (you may also send other members of your staff to this session if you so desire).

While all the compliance efforts must be complete by the end of the year, the deadline must be preceded by many other efforts, starting as early as this September, to ensure this deadline is met. While NDPERS is not the responsible entity under federal law to meet the shared responsibility requirements, we hope to be able to provide you information that will help you comply as an employer. The training session is the first step in our information/education efforts.

If you have any questions regarding this email, please contact NDPERS at 701-328-3900 or 1-800-803-7377.

Health Insurance Plan Employer Minimum Participation, Contribution Requirements and ACA Compliance Update for Participating Political Subdivisions

In order for a political subdivision to participate in the North Dakota Public Employees Retirement System (NDPERS) health plan, the group must meet the minimum participation and minimum contribution requirements set forth by Blue Cross Blue Shield of North Dakota (BCBSND) and approved by the NDPERS Board. The group must also comply with the requirements of the Affordable Care Act (ACA) in order to maintain its eligibility for coverage. An outline of the requirements for each of these provisions is outlined below.

Minimum Participation

The Underwriting Requirements for minimum participation require that a certain number of eligible employees participate in the plan based upon the size of the employer group. This determination is based on a comparison of the number of full-time employees to the number of employees enrolled for coverage. An employer group must have a minimum of two (2) participants enrolled for coverage.

Minimum Contribution

The minimum contribution requirements have been in effect since May 1, 2004 and require all groups that enroll in the NDPERS health plan on or after that date to pay a minimum employer contribution, which is defined as at least 50% of the single premium. Employer groups participating prior to May 1, 2004 are not subject to these requirements. However, if you were in compliance at the time these guidelines went into effect, you are required to maintain your compliance and may not change your policy in the future to pay less than 50% of the single premium. The purpose for both of these requirements is to prevent adverse selection to the plan, which could increase the premiums for participants.

Affordable Care Act (ACA)

Additionally, to ensure compliance with the Affordable Care Act (ACA) and to monitor your ongoing eligibility as a grandfathered plan **you must notify NDPERS** 90 days prior to implementing any changes in your employer contribution rate. The ACA specifies that an employer will lose grandfathered status if they reduce the employer contribution rate by more than 5% of the contribution rate that was in effect on March 23, 2010. In addition, the ACA indicates that an employer must have at least 1 individual continuously covered on the employer plan since March 23, 2010. If it is determined that a reduction of the employer contribution or a lapse in coverage will result in the plan losing its grandfathered status, NDPERS will move your group to the non-grandfathered plan and your premiums will be adjusted accordingly. If this occurs, written notification will be provided to the employer.

In addition, if you are a small employer group as defined by the ACA as 50 employees or less for 2014 and 100 employees or less in 2016, and are on the non-grandfathered plan, you will lose your eligibility to participate in the NDPERS health insurance as of July 1, 2014. For those impacted employers, NDPERS has provided notice and BCBSND will be providing options for other ACA compliant coverage. After July 1, 2014, small employer groups that lose their grandfathered status will be transitioned off the NDPERS group health insurance plan and will be provided options by BCBSND for ACA compliant coverage as well.

To verify compliance with these policies, each fall BCBS conducts an annual survey of participating political subdivision employers. However, we are providing this information, should you be planning any time during the year to make changes to either your participation or employer contribution rates to the NDPERS group health insurance plan.

If you have questions, please contact Onalee Sellheim (BCBS) at (701) 282-1180 or Rebecca Fricke (NDPERS) at (701) 328-3978.

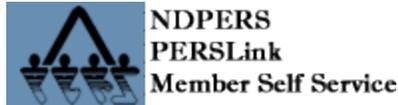
All Plans

New Hires- Benefit Plan Enrollment Deadline Dates

Benefit Plan	Employee Must Enroll or Waive...	If Do No Action is Taken...
Retirement	Immediately	Enrollment is Mandatory
Deferred Compensation	Anytime, enrollment must be made in the month prior to the pay period in which salary is earned	You do not vest in the employer contribution (PEP)
Health	Within 31 days of hire	No Coverage – Waived. Next Opportunity to enroll will be during Annual Enrollment
Dental	Within 31 days of hire	No Coverage – Waived. Next Opportunity to enroll will be during Annual Enrollment
Vision	Within 31 days of hire	No Coverage – Waived. Next Opportunity to enroll will be during Annual Enrollment
Life	Within 31 days of hire	\$3,500 Basic Life coverage provided by employer at no cost to you. You can apply for additional coverage. If no additional coverage – Waived. Next opportunity to enroll will be during Annual Enrollment
Employee Assistance Program (EAP)	Mandatory Enrollment	Coverage provided by your employer at no cost to you
Long Term Care (LTC)	Anytime	Coverage must be medically underwritten and effective 1 st of the month following approval
FlexComp	Within 60 days of hire	No Account. Next opportunity to enroll will be during Annual Enrollment

Member & Employer Self Service Updates

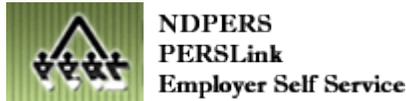
MEMBER SELF SERVICE (MSS)



Features Available through MSS

- Ability to make on-line Benefit Enrollments or Updates
- View details of Benefit Plans such as Retirement Account Balance, Insurance Level of Coverage & covered dependents
- View personal information on record at NDPERS
- Update Name and/or Marital Status
- Update Address, Telephone numbers, and Email
- Calculate a Benefit Estimate on-line
- Calculate a Service Purchase Cost Estimate on-line

EMPLOYER SELF SERVICE (ESS)



NDPERS Payment Due Dates

Due dates for payments of insurance premiums, retirement contributions, and deferred compensation plans are set by the North Dakota Administrative Code Statutes.

Insurance: Your payroll header will be available for your review on PERSLink on the 2nd working day of each month and premiums are due by the 15th of that month. Regular payroll headers not posted by the 20th, will be posted by NDPERS.

Deferred Compensation: Payroll deductions are to be remitted within 10 days after each payroll period.

Retirement: Payments for retirement contributions are due on the 20th of the month following the month the wages are earned. Late payments are subject to interest charges.

For more information about the North Dakota Administrative Code, please go to:

<http://www.legis.nd.gov/information/acdata/html/Title71.html>

Finding an Employee's NDPERS Member ID

- a) Navigate to the "Organization Information" menu option
- b) Select the submenu option "Employees"
- c) Enter any one of the following search parameters
- d) In Search Results panel, the Column labeled Person Id is the employee's NDPERS member Id
- e) In Search Results panel, you have two (2) buttons, open and export to excel, you have the option to export your search results to an excel file that you can print or save to your own files.

NDPERS Board Meeting Highlights

Full Board Meeting Minutes may found on the NDPERS Website (Bottom of Home Page)

December 27, 2013

2014 Annual Enrollment Update

First year the PERSLink Member Self Service was utilized for all employees and overall, it was a success. Flexcomp participation rates decreased by 1.19% for Medical Spending & 7% for Dependent Care. Dental insurance enrollments increased by 6.8% and vision by 4.4%.

DOMA Update

Legal council reviewed the related information relating to the defense of marriage act and issues that could result in the need for legal advice or action. Legal council is working with PERS and TFFR to develop a scope of services for both agencies to retain a tax consultant for this issue. Recently an Attorney General Opinion was issued that spoke to the recognition of same gender marriage under North Dakota law (refer to Letter Opinion 2013-L-06). The PERS plan must be applied in a manner consistent with North Dakota law.

Defined Contribution Enrollment Materials

A sample defined contribution enrollment packet was shared with the Board. This information is sent within 5 days of notice of a new hire event. Another member letter is generated as a reminder after 120 days, provided no election has been made. The Board requested periodic updates on the how many members are enrolling in the defined contribution plan which staff indicated they are tracking and can develop a report.

Highway Patrol Plan Qualification Letter

PERS recently received a favorable determination for the Highway Patrol retirement plan to the IRS qualifications. It was noted that a favorable determination on the Defined Benefit Hybrid plan was received in April 2011.

Defined Contribution Eligibility

The Board was asked for guidance on two issues relating to eligibility in the defined contribution plan. Specifically, the issues relate to return to work after retirement and employees from Higher Education who would be in the TIAA-CREF retirement plan transferring to a new job in state government that is under the PERS retirement plan.

ADP Response

Requested ADP to respond to six issues. These issues relate to the need to change the member's perception, high level of dissatisfaction with the debit card, concerns with customer service, confusion between the debit card and the automatic claim reimbursement, low level of understanding of the mobile application, and how ADP plans to decrease the intensity of responses relating to dissatisfaction. Staff shared ADP's response and indicated they will be in attendance at either the February or March meeting to further discuss these issues.

January 22, 2014

Plan meeting with the purpose to review PERS programs, consider issues that may be undertaken and review PERS administrative options and initiatives.

February 20, 2014

Retirement Legislation

Reviewed options for the proposed legislation for the 2015 session. Retirement legislation must be submitted to the Legislative Employee Benefits Committee by the end of March. It was noted that since 2009 the goals for all the retirement plans have been to stop the downward trend in the funded status as a result of the market downturn, stabilize the plans and put them on a course back to 100% funded status.

Retiree Health Legislation

Staff indicated that the Benefits Committee suggested moving back the effective date on the retiree health legislation from July 1, 2015 to July 1, 2017. The bill also makes the retiree health insurance credit portable. Moving back the effective date will allow more time to determine that the Affordable Care Act is a viable alternative for PERS pre-Medicare retirees.

Defined Contribution Plan Legislation

Staff indicated there are several areas in the defined contribution plan when compared to the defined benefit plan that are not consistent. The Board discussed the options for legislation.

Political Subdivision Participation

Staff reported that under the Affordable Care Act any non-grandfathered plans that are 50 or less employees must transition off the PERS plan at their anniversary date.

March 20, 2014

ADP Response and Plan of Action to Member Survey

ADP reviewed their action plan with the board.

BCBS Annual Review

BCBS present their annual review of the Health Plan and Trends.

Health Consultant

Staff indicated that it was decided to go out to bid on the health consultant to do the group health plan bid (draft request for proposal included in the Board materials). The RFP asks for development of a fully insured and self insured RFP on a fixed fee basis. The analysis of those RFP's will be on a fee for service basis. The timeline was reviewed which indicated that the bids are due in late July. The Board will need to make a decision on the fully insured in September and if self insured, by December.

April 11, 2014

Retirement Information Request

Staff reviewed the Legislative Council request with the Board. Legislative Council, on behalf of the Government Finance Committee, has requested that the consulting actuary hired by Council will need to access confidential employee information relating to PERS plan participants. Legal counsel reviewed this request and indicated that retirement benefit member information is confidential under NDCC 54-52-26. Legal counsel reviewed information relating to confidentiality and conducting actuarial reviews. She noted that PERS may directly provide the contractor any information necessary to conduct the actuarial review and recommended PERS be a party to the contract (an information sharing provision). Legal counsel further explained that the contract should include language that information could be provided directly from PERS to the actuary, that the actuary would have to abide by restrictions on the information, and that the Legislature would have to acknowledge that they would not have access to the underlying data in order protect the confidentiality of member information.

Life Insurance Renewal

Staff reported that the rate guarantee with ING expires June 30, 2014. ING has proposed no premium increase for the next two year period ending June 30, 2016.

Superior Vision

Staff reviewed the Superior Vision rate renewal notification for the period January 1, 2015 through December 31, 2016 plan years with the Board. The proposed rates represent a 27% increase over current rates which is the first increase in premiums since 2011.

Look forward to receiving your next edition of the PERSonnel Updates in July 2014.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

We're **on** the Web!

See us at:

www.nd.gov/ndpers