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Memorandum

2010 - 3

TO: NDPERS Retirement Plan Participating Employers

FROM: Sharon Schiermeister
PERSLink Project Manager

DATE: **June 29, 2010**

SUBJECT: **Monthly Retirement Contribution Reporting Process**

NDPERS is excited to provide you with an update on our business system replacement project, which will lead to improvements in the monthly retirement contribution reporting process.

Overview
In October 2007, NDPERS began its work on replacing our current business system with a new system – PERSLink – "Your Online guide to Benefits Administered by NDPERS". Our new system will include functionality for each of the plans administered by NDPERS and will include Web-enabled self-service functionality for members, retirees, beneficiaries and employers. The new system is scheduled for implementation October 4, 2010.

If you have access to a personal computer with access to the Internet, you will be able to access PERSLink and interact with NDPERS as follows:

1. Report employment status changes on-line – Hires, Leave of Absence, Terminations
2. Monthly reporting of retirement contributions and service purchase payments – upload files with information from your payroll system, or enter on-line
3. Adjustment reporting (bonuses, retroactive pay, etc) – upload files or enter on-line
4. Authorize ACH payments for monthly retirement contributions
5. Look-up employee demographic and benefit enrollment information

Because the way you will be doing business with NDPERS will be changing, training sessions will be provided in August and September. More information on training will be sent out when the training plan is finalized.

Retirement Contribution Reporting Process
Currently, there are three ways that employers are reporting retirement salary and contribution information to NDPERS each month: Transmittal of Deduction form, report created through your payroll system, or a file uploaded to the NDPERS secure FTP site.

PERSLink has been designed to allow employers to report retirement salary and contribution information by logging into PERSLink Employer Self Service and either uploading a file that contains the required information, or entering the information on-line. PERSLink will validate the contribution amounts based on the salary being reported, verify whether the contributions are before tax or after tax and will calculate the total amount due. A remittance advice can be printed to send in with your check, or you can initiate an ACH transaction that will debit your bank account for the authorized payment amount. PERSLink will also perform various validations that will alert you if an employee's employment status may need to be changed or if an 'irregular salary' amount has been reported and NDPERS requires additional information, for example.

New File Layout for Retirement Contribution Reporting

Attached is the file layout for reporting retirement salary and contribution information for PERSLink. The file layout is different than what NDPERS currently accepts, **so if you are currently submitting an electronic file, you will need to take action to create your file using the new format once PERSLink is deployed. The format used today will not be able to be processed in PERSLink.**

If you currently send in a paper report that is generated from your payroll system, **you will also need to take action as the format used today will not be able to be processed in PERSLink.** We would encourage you to seriously consider creating a file.

If you currently use the NDPERS generated Transmittal of Deduction form and do not have the option of creating a file to be uploaded, you will be able to log into PERSLink Employer Self Service and enter the retirement information on-line.

File Layout for Service Purchase Payroll Deductions

If you have employees who have entered into a service purchase installment contract with NDPERS and are having their payments payroll deducted, you can use the Service Purchase file layout and upload the file into PERSLink Employer Self Service. The file layout for reporting service purchase payments is also attached.

If you choose not to use the file, you will be able to enter service purchase payment information on-line using PERSLink Employer Self Service. You will no longer need to send in a paper reports listing any payroll deducted service purchase payments for PERSLink.

Action required

1. **Start working on creating files using the new file layout. The new file layout will be required for September 2010 wages that are reported in October.**
2. **Notify Ron Gilliam at 328-3916 when you have a file that is ready to be tested**
3. **Look for future notices from NDPERS on training, setting up bank information for ACH payments, and getting set up for Employer Self Service.**

If you have questions, please call Sharon Schiermeister at 328-3902 or Jim Smrcka at 328-3945.

Attachments: Retirement Contribution File Layout
Service Purchase File Layout

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
RETIREMENT CONTRIBUTION FILE LAYOUT

1 File:

Retirement Contribution File: To submit retirement contribution and salary information for employees participating in NDPERS retirement plans.

2 Purpose:

This File is used by employers to report retirement contributions to the Defined Benefit and Defined Contribution Retirement Plans for covered employees based on payroll information. The retirement contributions must be reported for all permanent employees who work at least 20 hours a week for at least five or more months, or at least 20 weeks, of their employment year. This file must be submitted by the employer to the NDPERS office by the 8th of each month.

This file is also used to report retirement contributions by a participating employer for part-time/ temporary employees electing to participate in the Defined Benefit or Defined Contribution Retirement Plan. This file is also used to submit salary adjustments for prior months like bonuses, retroactive pay increases, missed contributions, etc.

The new format of the file is useful to achieve the following:

- Prevents invalid or duplicate data from posting to the member’s account
- Compares a member’s current month salary (as adjusted) to preceding months and identifying instances were the information submitted violates NDPERS business rules (e.g., salary exceeds an acceptable parameter; no salary reported; duplicate salary etc.)
- Provides an audit trail of any adjustments in salary or contributions made to a member’s account, including the ability to detail a member’s salary and contributions, by employer, throughout the system and the member's history
- Provide front-end validations on SSN's, employer numbers, duplicate names, blank fields, negative numbers, dates, etc
- Provide front-end validations to determine whether reporting dates have already been posted on a member level, and if so, alert user to investigate
- Provide real-time processing of employer reports
- Reconcile the total amount of member contributions and employer portions plus any adjustments to the total remittance made by the employer taking into consideration pre-tax and/or after-tax amounts
- Support the processing of multiple employer reporting transactions for a given person in a given time period to handle standard pay, bonus, extra-curricular, etc
- Validate reported contributions data against tables of employer and employee contribution rates; pre-tax and post-tax amount, etc. based on matching the payroll ending date with the effective date of the contribution rate

For more details on reporting month's gross salary and contributions for each listed employee please visit NDPERS website.

3 File Description and Layout:

3.1.1 File Naming Standard:

Retirement_ORG_CODE_ID_MONTH_YEAR.txt

- ORG Code ID: Numerical identifier assigned by NDPERS to each organization that will be used in PERSLink. (Your **NEW** Org Code ID for PERSLink can be found on the NDPERS Website under Employer Services, by clicking on Program Administration, then clicking on the PERSLink Icon
- Month_Year: Current Payroll Month and Year

3.1.2 Frequency:

Monthly

3.1.3 Field Delimiter: ~ (Tilde)

3.1.4 File Layout:

Header Record Layout: This record is a header for all the underlying records in the file. There can be only one record per employer. Header record should precede all the detail records for that employer.

FIELD DESCRIPTION	NUMBER OF CHAR	DATA TYPE	DEFAULT	USE/BENEFIT
File Record Type		Char(1)	'1'	Type of the record in the file 1: Header Record 2: Detail Record
Count		Integer		Count of total detail records under that header
Org Code ID		Char(6)		Organization code assigned to employers by NDPERS
Type		Char(1)	'1' / '2'	Type of the report 1: Regular 2: Adjustment
Total Wages		Decimal(13,2)		Sum of total amount of wages reported and should match sum of all detail records to be a valid file
Total Contributions		Decimal(13,2)		Sum of total contribution amounts per employer and should match sum of all detail records to be a valid file
Reporting Month & Year		Char(6)		Month for which contributions are being reported in MMYYYY format

Detail Record Layout:

FIELD DESCRIPTION	NUMBER OF CHAR	DATA TYPE	DEFAULT	USE/BENEFIT
File Record Type		Char(1)	'2'	Type of the record in the file 1: Header Record 2: Detail Record
ORG Code ID		Char(6)		Organization code assigned to employers by NDPERS
SSN		Char(9)		SSN of the employee

Last Name		Char(50)		Last Name of the employee
First Name		Char(50)		First Name of the employee
Reporting_Month		Char(6)		Month for which contributions are being reported in MMYYYY format. In the case of 'Bonus' this will be the starting month of the period for which the Bonus is effective
Bonus_Period_End_Month		Char(6)		Last month of the period for which the Bonus is effective in MMYYYY format. ONLY use this field when reporting a Bonus
Record_Type		Char(1)	'1' / '2' / '3' / '4'	Type of the record 1: Regular: Salary and contributions for the current reporting month for the detail record. Reporting Month & Year on header record and Reporting_Month on the detail record should match. 2: Positive Adjustment: Positive adjustments to the salary and contributions for the detail record as reported by employer. Reporting_Month on the detail record should be for a previous month 3: Bonus: For the detail record when reporting a bonus payment. Reporting_Month should be a previous month. 4: Negative Adjustment: Negative adjustments to the salary and contributions for the detail record as reported by employer. Reporting_Month on the detail record should be for a previous month
Plan		Char(4)		Plan in which the employee is enrolled MAIN: Main Defined Benefit LEOE: Law Enforcement with Prior Service LENE: Law Enforcement without Prior Service NAGD: National Guard HWPL: Highway Patrol JDGS: Judges JBSR: Job Service DICM: Defined Contribution
EE		Decimal(13,2)		After-tax employee share of contribution. This is eligible wages multiplied by the Employee Contribution percentage that

				is being deducted from the employee’s paycheck after federal withholding has been computed. This amount is validated against the rate on file with NDPERS and reported ‘Eligible Wages’.
EE Pre Tax		Decimal(13,2)		Tax deferred employee share of contribution. This is eligible wages multiplied by the Employee Contribution percentage that is being deducted from the employee’s paycheck before federal withholding has been computed. This amount is validated against the rate on file with NDPERS and reported ‘Eligible Wages’.
EE Pre Tax Employer pickup		Decimal(13,2)		Tax deferred employee share of contribution that is being paid by the employer. This is eligible wages multiplied by the Employee Contribution percentage that is being paid by the employer. This amount is validated against the rate on file with NDPERS and reported ‘Eligible Wages’.
ER		Decimal(13,2)		Employer share of contribution. This s eligible wages multiplied by the Employer Contribution percentage. Do not include the RHIC contribution here. This amount is validated against the rate and reported ‘Eligible Wages’.
RHIC ER		Decimal(13,2)		Retiree Health Insurance Credit contribution paid by the employer. This is eligible wages multiplied by the RHIC Contribution percentage that is paid by the employer. This amount is validated against the rate and reported ‘Eligible Wages’.
RHIC EE		Decimal(13,2)		Retiree Health Insurance Credit contribution paid by employee. This only applies to part-time temporary employees who have elected to participate in the retirement plan. This is validated against the rate and reported ‘Eligible Wages’.

Eligible Wages		Decimal(13,2)		Wages on which contributions are based. This includes earnings in eligible employment which are reported on the member's federal income tax withholding statements plus any salary reduction or salary deferral amounts under an IRC Section 125, 401(k), 403(b), 414(h), or 457 Plan. Do not include fringe benefits such as payments for overtime, unused sick leave, personal leave, vacation leave paid in a lump sum, transportation expenses, severance pay, early retirement incentive pay, medical insurance, worker's compensation benefits, disability insurance premiums or benefits, or salary received by a member in lieu of a previously employer-provided fringe benefit under an agreement between the member and the participating employer. Bonuses may be considered as wages if reported and annualized pursuant to rules adopted by the NDPERS Board.

3.1.5 Example:

Regular File

1~100~019200~1~123452.12~12254.12~102008
2~019200~999999999~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~019200~999999998~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~019200~999999997~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~019200~999999996~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
1~50~054100~1~12352.12~1224.12~102008
2~054100~999999991~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~054100~999999992~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~054100~999999999~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~054100~999999994~ABCDEFGH~IJKLMNOPQRST~102008~~1~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12

Adjustment File:

1~100~019200~2~123452.12~12254.12~102008

2~019200~999999999~ABCDEFGH~IJKLMNOPQRST~012008~102008~3~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12
2~019200~999999998~ABCDEFGH~IJKLMNOPQRST~022008~082008~3~MAIN~100.12~0.00~0.00~95.12~12.12~0.00~2154.12

4 Alternate to Files / Descriptions:

1) HTTP Web Upload: Employer can upload the file after logging into employer 'Self Service Portal'
2) Entering the data: Employer can enter individual records after logging into employer 'Self Service Portal'. This method is well suited for employers with fewer number of employees and does not need a system development effort on employer side.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SERVICE PURCHASE FILE LAYOUT

1 File:

Service Purchase File: To submit information for service purchase payments made through payroll deductions

2 Purpose:

This file is used by employers to report service purchase payments that were deducted from an employee's paycheck. This file must be submitted by the employer to the NDPERS office by the 8th of each month.

The new format of the file is useful to achieve the following:

- Prevents invalid or duplicate data from posting to the member's account
- Validate the purchase payment information with employee's service purchase contract in place with NDPERS
- Handles various payment classes (Pre-Tax Installments or Post Tax Installments) and payment frequencies (Monthly, Quarterly, Semi Annual, and Annual) as per service purchase contract set up for the member with NDPERS. If a member elects to pay on a pre-tax basis, then payment method has to be 'Payroll Deduction' , 'Payment Class' can only be 'Pre-Tax Instalment' and 'Payment Frequency' can only be 'Monthly'
- The information posted from this file will automatically create, update, and maintain a history of each purchase of service payment for a member.

3 File Description and Layout:

3.1.1 File Naming Standard:

Purchase_ORG_CODE_ID_MMDDYYYY.txt

- ORG Code ID: Numerical identifier assigned by NDPERS to each organization that will be used in PERSLink. (Your **NEW** Org Code ID for PERSLink can be found on the NDPERS Website under Employer Services, by clicking on Program Administration, then clicking on the PERSLink Icon
- MMDDYYYY: Current Pay Check Date in MMDDYYYY format

3.1.2 Frequency:

After Each Payroll

3.1.3 Field Delimiter: ~ (Tilde)

3.1.4 File Layout:

Header Record Layout: This record is a header for all the underlying records in the file. There can be only one record per employer. There can be multiple header records and corresponding detail records in a file. Header record should precede all the detail records for that employer.

FIELD DESCRIPTION	NUMBER OF CHAR	DATA TYPE	DEFAULT	USE/BENEFIT
File Record Type		Char(1)	‘1’	Type of the record in the file 1: Header Record 2: Detail Record
Org Code ID		Char(6)		Organization code assigned to employers by NDPERS
Total Amount		Decimal(13,2)		Sum of total purchase payment amount per employer and should match sum of all details to be a valid file

Detail Record Layout:

FIELD DESCRIPTION	NUMBER OF CHAR	DATA TYPE	DEFAULT	USE/BENEFIT
File Record Type		Char(1)	‘2’	Type of the record in the file 1: Header Record 2: Detail Record
ORG Code ID		Char(6)		Organization code assigned to employers by NDPERS
SSN		Char(9)		SSN of the employee
Last Name		Char(50)		Last Name of the employee
First Name		Char(50)		First Name of the employee
Payment Class		Char(2)	‘02’/ ‘03’	Payment class under which the installment has to be applied • ‘02’ : Installment Pre-Tax • ‘03’ : Installment Post Tax
Amount		Decimal(13,2)		Amount that has to be applied towards service purchase records of the member. System will validate this amount with expected payment recorded in the service purchase contract of the member.

3.1.5 Example:

1~019200~1250.00
2~019200~001001001~Smith~John~02~250.00
2~019200~001001002~Doe~John~02~250.00
2~019200~001001003~Clan~John~02~250.00
2~019200~001001004~Clinton~John~02~250.00
2~019200~001001005~harry~Jane~02~250.00

4 Alternate to Files / Descriptions:

1) HTTP Web Upload: Employer can upload the file after logging into employer ‘Self Service Portal’
2) Entering the data: Employer can enter individual record after logging into employer ‘Self Service Portal’. This method is well suited for employers with lower number of purchases being paid via employer payroll deduction and does not need a system development effort on employer side.