



P.A. 75 Retirement Reporting Changes Overview

Department of Technology,
Management & Budget

For Public School Employers

Member Contribution Rate Change

This information is also detailed in the [Reporting Instruction Manual](#) in sections 4.6.3 and 5.10.

- **IMPORTANT NOTE:** As with the current process, the contributions determined as owed by ORS will be posted to the member account and charged to the employer. Any discrepancies will be identified in the "download detail" which could cause you to refund or collect additional monies. Therefore, it is imperative that you ensure your system is collecting the appropriate contribution amounts.
- All employees' contribution will be increased by either 3% or 1.5%, which will be deposited into the Health Care Fund.
- There will not be a separate field for this additional percentage contribution. Current "member contribution" field will increase the current percentage to add the 3% or 1.5%. (See the contribution table in the [Reporting Instruction Manual](#), sections 4.6.3 and 5.10.)
- The contribution increase of 3% will not be applied to the following: wage codes 08, 85, 86 with record end dates between 7-1-10 through 9-30-10.
- Any employee reported with less than \$18,000 for your reporting unit, during the period 7-1-09, through 6-30-10, will have only 1.5% (instead of 3%) additional contribution posted for that employer for record end dates between 7-1-10, through 6-30-11. Each employer will need to identify those employees to ensure the correct contribution is being deducted and reported.
- All records with end dates on or after 7/1/11 will have Health Care Fund contributions at the 3% rate.

Reporting an Indicator for New Hires Expected to Make Less Than \$18,000

This information is also detailed in [Reporting Instruction Manual](#) Appendix D.1.4 – Detail 2 – Wage and Service Layout.

- For employees that first work 7-1-10, or later, and have a starting salary of less than \$18,000, employers need to report that information in one of two ways to ORS. That can be done either by entering a "1" in position #205 on the detail 2 record, or by changing a new 1.5 % indicator on the "edit screen" after loading the report, but before accepting. (See new DTL 2 file layout). NOTE: This new indicator must be present on every effected employee record for the period 7-1-10, through 6-30-11, in order for the 1.5% to be used by ORS.

Retirees Returning to Work.

This information is also detailed in the [Reporting Instruction Manual](#) section 5.6.

- Any member who retires on or after 7-1-10, who returns to work as an employee of the reporting unit, can earn up to one-third of their final average compensation in the calendar year without penalty. However, if they exceed that amount, they will forfeit their pension and health insurance subsidy.
- Any member who retires on or after 7-1-10, who performs core services at a reporting unit, but is employed by a third party or is an independent contractor, will forfeit their pension and health insurance subsidy. NOTE: ORS is currently working on a definition of "core services" and will provide that information as soon as possible.
- The employer will be required to report the wage information for the non-employees on a separate form that will be returned to ORS. The employer will not need to include this form/information with regular retirement report file submission. The form is being developed and will be sent out later in June.

Member Benefit Plan Verification Form for New Hires

- New employees that first work on or after 7-1-10 will be a part of the Hybrid Benefit Plan.
- Employers will be required to submit a form to ORS to verify the actual first day worked. The form is needed to ensure employees are entered into the appropriate plan based on their first day worked (similar to the form that we had employers complete when MIP-Plus went into place). This form and instructions will be provided to you the first week of June.



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Hybrid Defined Benefit Structure for New Hires

- The employees that first work on or after 7-1-10 will show in the ORS system as "MIP-Plus" initially.
- Employers will deduct the DB contribution rate noted in the contribution table in the [Reporting Instruction Manual](#) in sections 4.6.3 and 5.10 for MIP-Plus.

Hybrid Defined Contribution Plan for New Hires

- We expect implementation of the Hybrid DC element and your corresponding payroll reporting process to begin in September, 2010.
- The DC contributions will be reported to ORS via the current reporting process, including that detail on the same report as regular wages, but as a new Detail 4 record.
- More information about the specific requirements will be forwarded to employers later.
- Prior to the date employers need to collect DC contributions from the member (expected to begin in September, 2010); ORS will provide a list of Hybrid members reported to ORS for each employer.
- ORS will also change the accounts from MIP-Plus to Hybrid with this DC implementation.