



MICHIGAN OFFICE OF RETIREMENT SERVICES

Big Plans. Small Steps.

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Michigan School Business Officials Annual Conference
Understanding the MPSERS Audit Process
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Agenda

- RIM Chapter 4.
- Reportable and Non-reportable Compensation.
- Special Situations.
- Allowable Salary Increase.
- Supporting Documents.
- Questions and answers.

The role of ORS



- Administer pension benefits.
- Collect information and money to support these benefits.
- Calculate and fund accurate pensions.



The role of reporting units

- Report accurate wages and hours.
- Remit related retirement contributions by the due date.

RIM Chapter 4



Michigan.gov

ORS - Public School Reporting Units

Administration and Compliance ▾

Reporting Resources ▾

Employer Communications

Retirement Act

Stay Updated

Contact ORS

4.00.00: Reporting compensation

Public School Reporting Units > Reporting Resources > Reporting Instruction Manual > 4: Reporting Compensation > 4.00.00: Reporting compensation

4.00.00: Reporting compensation

4.01: Compensation types: reportable, nonreportable, and special situations

4.02: Reportable compensation

4.03: Nonreportable compensation

4.04: Special situations

4.05: Normal salary increases (NSI)

4.00.00: Reporting compensation

Reporting units may compensate employees as determined by their governing boards. However, not all compensation earned may be included in the calculation of an employee's final average compensation used to calculate defined benefits (DB), that is, pensions. The Public School Employees Retirement Act ([Public Act 300 of 1980, MCL 38.1303\(a\)](#)) defines the types of earned remuneration that is eligible to be included in a member's final average compensation. This chapter provides a summary of the retirement act's compensation definitions.

The retirement act, this manual, and the Michigan Office of Retirement Services (ORS) are the only sources for determining if compensation is consistent with the retirement statute and

Reportable and Non-reportable Compensation



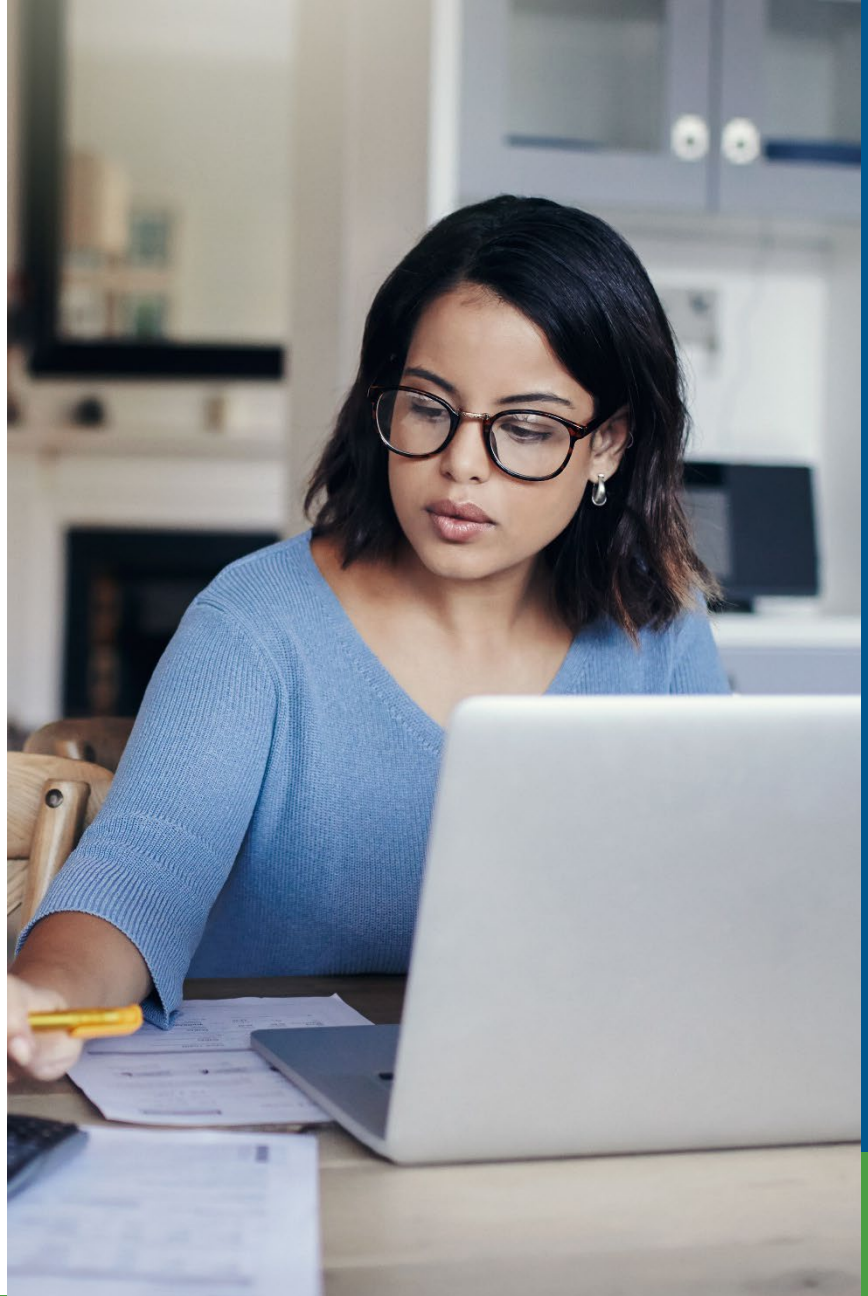
DTL2 - Reportable vs. Non-reportable Compensation

| 4.02: Reportable | 4.03: Non-Reportable |
|--|---|
| Coaches Wages, Regular Wages, and Salary | Bonus payments |
| Education pay or increased academic certifications | Cash paid in lieu of benefit |
| Holiday, Sick Leave, Vacation Leave pay | Fringe benefits |
| Longevity Pay | Incentives (Attendance, Referral, Retirement) |
| Merit Pay | Payments to increase retirement benefits |
| Overtime Pay | Reimbursements and Allowances |
| Weekly Workers' Compensation | Unused leave payout (vacation leave and/or sick leave) |

As defined by Public Act 300

Detail 2 - Reportable

- Education.
- Holiday, sick leave, vacation leave pay.
- Longevity.
- Merit pay.
- Overtime pay.





Detail 2 – Non-reportable

- Fringe benefit.
- Bonus payments.
- Incentives.
- Reimbursements and allowances.
- Unused leave payout.

DTL4 - Reportable vs. Non-reportable compensation

| 4.02: Reportable | 4.03: Non-Reportable |
|-------------------------|--|
| Gross Earnings | Weekly Workers' Compensation (When paid by 3 rd party) |
| Life insurance over 50k | Short- and Long-Term Disability |
| Allowances | Reimbursements |

As defined by Public Act 300

Retiree earnings - Reportable vs. Non-reportable Compensation

| 4.02: Reportable | 4.03: Non-Reportable |
|-------------------------|----------------------|
| Gross Earnings | Reimbursements |
| Life insurance over 50k | |
| Allowances | |

Special Situations



Should you report student teachers?





Report student teachers when...

- Paid through your reporting unit for their role as a student teacher.
- 19 years old or older.
- New to MPSERS members must make a retirement plan election.

Don't report student teachers when...

- They receive pay with funds provided through by Department of Treasury through the School Aid Budget.





Overload payments

- Effective July 1, 2023.

Overload payments

- The payment is offered to all employers under the 1240 teaching class code.
- The contract specifies this payment ahead of the payment being made.



RIM Section 4:04 Special Situations



- Arbitration, settlements, awards, court orders.
- Additional duties.
- Other payments.

RIM Section 4:04 Special Situations

- Tax-sheltered annuity (TSA) investments.
- Stipends.



Allowable Salary Increase



Changes to the Normal Salary Increase (NSI)

- **NSI Schedules:** the Normal Salary Increase (NSI) schedules described in the Reporting Instruction Manual will no longer be used past fiscal year 2020.
- **Salary Schedules:** ORS will request a salary schedule from reporting units for those positions that generally have fewer than three members in the same job classification.

Changes to the Normal Salary Increase (NSI)

- **What if there isn't a schedule available?**
If a salary schedule doesn't exist for that position, then ORS will request a salary schedule for the most nearly identical job classification in that reporting unit.



Determine Reportable or Nonreportable increases

- The salary schedule provided by the reporting unit is used to determine the allowable salary increase for the position.
- Wages above the salary schedule increase may be considered nonreportable.

Resources for Reporting Units

- Reporting Instruction Manual (RIM) section 4.05: Normal salary schedule.
- Salary Schedules and Allowable Salary Increase FAQs.



Contract Review and Submitting Supporting Documents



Contract Review

- Wage Detail Sheets and request for contracts.
- Contracts for all years in the letter.
- No contracts – Salary schedule.
- Extra payments – require documentation.
- Final Payroll Detail (FPD) still required.
- Salary schedule.



Reported Wage Detail

- Checks and balances.
- Reminders of supporting document.
- Consistent language is required.



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Reported Wage Detail

SCHOOL DISTRICT

RU #: 00000

| | |
|-------------------------------|----------------------|
| <First Name Last Name> | School Year: <Audit> |
| Position(s) (please complete) | |

Reported Wage Detail

Please identify the base contract amount and itemize amounts earned for each type of compensation equal to the total reported wages listed by ORS. This may include, but not limited to, reimbursements, bonuses, merit pay, annuities, longevity, etc. All reported wages should be properly documented and sent for review. Examples of acceptable documentation include contracts, bargaining unit agreements, meeting minutes, etc.

Base Contract Amount + Detail Itemization **MUST** = Total Reported Wages

| | |
|----------------------|----|
| BASE CONTRACT AMOUNT | \$ |
|----------------------|----|

| DETAIL | | |
|-------------------|----------------------|------------------------|
| Payment Type | Amount Paid | Documentation Provided |
| Annuity (Example) | \$5,400.00 (Example) | Contract (Example) |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |

| | |
|----------------------|----|
| TOTAL REPORTED WAGES | \$ |
|----------------------|----|

COMMENTS: .

| |
|--|
| |
|--|

| | |
|--|------------------------|
| Employer Contact Name | Employer Contact Title |
| Employer Contact Signature (*FORM IS ONLY VALID IF SIGNED) | Date |



How to Submit Supporting Documents

- Email attachments.
 - FTS for sensitive information.
- Documents submission that ORS cannot access and will not accept:
 - End-to-end encryptions.
 - Documents on sites that require a login.

Contacts

Office of Retirement Services

- Website - www.michigan.gov/ors
- Customer Service – 800-381-5111
- Employer Reporting – 800-381-5111
 - Email – ORS_Web_Reporting@michigan.gov
 - ORS-Contract-Review@michigan.gov
 - Website – www.michigan.gov/psru

Thank you

