



QUICK REFERENCE GUIDE – NEW HIRES

The following is a quick reference guide for the processing of new hires and rehires in the Public Employee Retirement System (PERS). This guide is intended as a reference, not a replacement, for the detail information in the MPERA Employer Reporting Handbook. Should any information in this guide conflict with statute or rule, the statute or rule will apply.

STEP 1 – IS THE PERSON AN EMPLOYEE?

- A. Volunteers, people doing work for you who are not paid earnings and are not issued a W-2 at the end of the year, are not considered employees and are not reported on a payroll report to MPERA.
- B. Independent Contractors who meet the definition in statute and are not issued a W-2 by you at the end of the year are not eligible for PERS, are not reported on a payroll report to MPERA.
 - a. PERS retirees who return to work for the state through an employment or temp agency must certify their earnings and hours just like any other working retiree. See STEP 6.
 - b. Once an employee reaches the age of 70 ½ a working retiree certification is not required. You must continue to report the employee on your NCE payroll report.
- C. Continue to STEP 2 for all other persons.

STEP 2 – IS MEMBERSHIP IN PERS EXCLUDED, OPTIONAL OR MANDATORY?

- A. EXCLUDED - Certain employment is not covered under PERS. Refer to the Non-Contributing Employee Value Chart to see the list of positions EXCLUDED from PERS membership. No further action is necessary with this employee other than payroll reporting.
 - a. Excluded Employees must be reported on your Non-Contributing Employee (NCE) payroll report using the appropriate reason.
 - b. Contact MPERA if you are unsure of which reason the employee should be reported as.
- B. OPTIONAL – Certain types of employment allow the employee to choose to elect or decline membership in PERS. Refer to the Non-Contributing Employee Value Chart to see the list of positions that are OPTIONAL. For further instructions, continue to STEP 3.
 - a. Any employee who would otherwise be eligible for optional membership but is already a member of PERS through other or former employment, membership is mandatory. Continue to STEP 5.
 - b. Local Elected Officials and Legislators have different criteria when it comes to optional membership. Contact MPERA for more information.
- C. MANDATORY – For all positions that are not covered under A or B continue to STEP 5.

STEP 3 – NEW HIRE ELIGIBILITY

- A. From the MPERA Payroll Clerk Main Screen, click on the New Hires ELIGIBILITY button on the left-hand side of the screen.
- B. Enter your PERS Employer ID# in the Employer Field. This will bring up your employer name and the retirement system associated with it.
- C. Enter the employee's Social Security Number and click on FIND. Do not use dashes in the SSN.
- D. The screen will display the current status of the employee in the retirement system associated with your employer ID#.
 - a. If the employee is a NONMEMBER, continue to STEP 4.
 - b. If the employee is an ACTIVE or INACTIVE member, membership is MANDATORY. Continue to STEP 5.
 - c. If the employee is a RETIREE, the employee is a WORKING RETIREE. Continue to STEP 6.
 - d. For any other Employee Status, contact MPERA for further instructions.

STEP 4 – OPTIONAL EMPLOYEES

- A. Ask your employee if they have declined or elected membership through any other current or recent (past 90 days) PERS employment.
 - a. If yes, determine if the employee is eligible for a new election. Contact MPERA for more information.
 - b. If no, continue to next step.
- B. Complete the employer section of the PERS Optional Membership Election Form.
 - a. The form is available on our website under the Employers/Forms menu.
<http://mpera.mt.gov/FormsEmplrOMF.asp>
 - b. If you do not have access to the internet, contact MPERA for the most current version of the form.
 - i. If the date on the form is more than a year old, contact MPERA to insure you are using the most recent version.

- c. Make sure all information is complete. Incomplete or outdated forms are considered invalid elections and will be returned.
- C. Provide the employee with the PERS Optional Membership Election Form and ask them to return it to you when they make their election.
 - a. The employee has 90 days from the Optional Membership Hire Date to file their election with MPERA. After 90 days membership is waived.
 - b. Optional Membership Hire Date is defined as the most recent date the employee started in this position.
 - c. Filed is defined as:
 - i. The postmark date if mailed to MPERA.
 - ii. The received date if hand delivered to MPERA.
 - iii. The faxed date if the original is received by MPERA within 5 working days.
 - d. Local Elected Officials and Legislators have a unique form. Contact MPERA for more information.
- D. When the employee returns the election, review the form to make sure it is complete. Incomplete or outdated forms are considered invalid elections and will be returned.
- E. If the employee has elected to decline membership, make a copy of the election for your records and return the original to MPERA. No further action is necessary with this employee other than NCE payroll reporting.
- F. If the employee has elected membership, make a copy of the election for your records and continue to STEP 5. Contributions should be withheld on the employees next payday.

STEP 5 – PERS MEMBERSHIP

- A. Ask the employee to complete a current PERS Membership Card. Review the card to insure it is complete.
 - a. Incomplete or outdated forms are considered invalid and will be returned.
 - b. If the date on the card is more than a year old, contact MPERA to insure you are using the most recent version.
- B. Attach PERS Membership Card to Optional Membership Election if there is one and return to MPERA as soon as possible. Do not wait until you submit your next payroll report. Elections and beneficiary designations are not valid until filed with MPERA.
- C. Give the employee a New Hire Brochure and encourage them to attend a New Hire Workshop if they haven't previously.
 - a. When the employee is reported, eligibility for a plan choice election will be determined and if the employee is eligible, MPERA will send the employee information about their plan choice.
 - b. Do not give the new employee a PERS membership handbook or advise them on which plan to choose. Refer questions regarding plan choice elections to MPERA.
- E. For employees where membership is mandatory, membership begins on their first date of employment.
- F. All employees who are members must be reported on the Contributing Employee payroll report after each regularly occurring payday.

STEP 6 – WORKING RETIREES

- A. If an employee is a Working Retiree it means that they are retired and receiving a benefit from the same retirement system.
 - a. If an employee is retired from a different retirement system other than PERS it does not affect their PERS employment.
 - b. There are some restrictions when it comes to County Superintendents and employees who have retired under a Retirement Incentive Program (RIP) or Reduction in Force (RIF). Contact MPERA for more information on these retirees.
- B. Working Retirees do not complete the PERS Membership Card or the PERS Optional Membership Election as they are not eligible to contribute to the same retirement system without stopping their benefit.
- C. A PERS Working Retiree may work as many hours as they wish but depending on their age they may have a reduction in benefit if they work more than a certain number of hours or if they exceed an earning limitation. Once a Working Retiree exceeds age 70 ½ the limitations no longer apply.
- D. Working Retirees must be reported on the NCE Payroll Report and a Working Retiree Certification Form must be completed for each pay period. Once a Working Retiree exceeds age 70 ½ the Certification Form is no longer required. For instructions on completing a Working Retiree Certifications see the reporting handbook or quick reference guides.
- E. Legislators and Local Elected Officials have different requirements. Contact MPERA for more information.
- F. If an employee would like to stop their retirement benefit to return to full employment instruct them to contact MPERA as soon as possible. In this situation, the employee becomes an active member again. Refer to STEP 5 for instructions.