

MONTANA PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION

M P E R A



REPORTING HANDBOOK FOR EMPLOYERS

Information Pertaining to the Following System:

Public Employees' Retirement System (PERS)

For Use by All Payroll Clerks of Reporting Agencies

Membership - PERS

Introduction

The Public Employees' Retirement System (PERS) is a public pension system that provides service retirement benefits, disability retirement benefits, and survivor benefits to public employees. PERS covers most state and university system employees not specifically covered by another retirement system. State and university system employers are required to participate in PERS. Local governments may contract with the Public Employee Retirement Board (PERB) to cover their employees under PERS.

The law governing PERS may be found in Title 19, Chapters 2 and 3, Montana Code Annotated (MCA). The MCA is available on line at: http://data.opi.mt.gov/bills/mca_toc/index.htm. References to the pertinent sections of MCA are provided in parentheses. **If this handbook differs from the law or rule as interpreted by staff, the law or rule will apply.**

Mandatory Membership

Membership is mandatory for most employees scheduled to work for PERS-covered employment. A person who accepts a mandatory PERS-covered position is a member on the first day of employment. In limited cases, membership in PERS is optional. (See below for more details.)

Membership continues until the member terminates all PERS-covered employment and the member's account is refunded. Once an employee is a member, membership does not end, even if the member:

- ◆ works less than 960 hours;
- ◆ is re-elected; or
- ◆ accepts a job in an optional position.

For example, a member who ends PERS-covered employment, does not withdraw their contributions, then later accepts employment in an optional position, is still a PERS member.

Optional Membership

Membership is optional for new employees in the following categories:

- ◆ Employees directly appointed by the Governor.
- ◆ New employees of county hospitals or rest homes.
- ◆ Employees working 10 months or less for the legislative branch to perform work related to the legislative session.
- ◆ The chief administrative officer of any city or county.
- ◆ Employees scheduled to work less than 960 hours during the fiscal year. The employee must become a member when the 960 hours is met.
- ◆ Elected officials of a state or local government paid on a salary or wage basis.

All employees in an optional position **must** file with MPERA an 'Optional Membership Election' form' within 90 days of employment.

NOTE: If an employee is an active, inactive or retired member of PERS, an election is not allowed. **Only new employees in optional positions who are not members are eligible to make an election.**

Elected Officials

For elected state and local officials, membership is optional if they are paid on a salary or wage basis regardless of current PERS membership status. (New, current and retired members.) They must file their election within 90 days of taking office or membership is waived. Once they elect membership, they must remain members for the duration of their term. If re-elected to the same position, they remain members.

Seasonal Employees

The same rules apply to seasonal workers as any other full-time or part-time employee. An employee who is already a member cannot make another election.

A seasonal employee who becomes a PERS member remains a member when the season ends. PERS membership only ends when the member withdraws their contributions, but may not elect to withdraw contributions if the member has an established agreement, oral or written, for re-employment. A terminated seasonal employee must receive payout of all accrued sick and annual leave.

If any employee elects membership, they must complete a membership card. **The employee, not the employer, must decide if the employee wants to elect membership.**

Exclusion from Membership

The following groups of people may not become PERS members:

- ◆ inmates of state institutions;
- ◆ election judge employees with earnings that do not exceed \$1,100 per year;
- ◆ persons in state institutions mainly for training but who receive compensation;
- ◆ independent contractors;
- ◆ employees in PERS-covered positions who are members of and receiving credit in another publicly funded retirement system **for the same employment**. If the employee is already a PERS member, the employee will be considered excluded for this position.

⇒ This exclusion does not apply to employees of an employer with a collectively-bargained, IRS-qualified pension plan that requires payment of employer contributions for employees.

⇒ This exclusion does not prevent an employee with two or more PERS-covered jobs from participating in PERS for both. However, the employee will be limited to one month of PERS

service credit, regardless the number of hours worked.

⇒ This exclusion does not prevent an employee with two or more jobs covered by different retirement systems from participating in each system. For example, a part-time county employee who is also a firefighter covered by FURS may participate in both PERS and FURS.

- ◆ Court commissioners, elected officials, or members appointed to a board or commission if they serve intermittently and receive only per diem.
- ◆ Full-time students attending a public elementary or high school, a community college, or any unit of the Montana University System who are employed by the same institution they attend.
- ◆ Elected officials and appointed members of a Board who serve the state or any contracting employer intermittently and who are paid on a per diem basis.
- ◆ University temporary employees **that** have negotiated an alternative benefits package to be exempt from membership requirements.

If you have any questions regarding excluded positions, please contact us.

Membership Cards

Every employee in a mandatory PERS-covered position, and employees starting in optional PERS-covered positions who elect membership, must complete a membership card on the first day of membership. **This includes all newly hired employees even if they are already PERS members.**

The employer must submit the completed membership card to MPERA immediately. Beneficiary designations are not valid until filed with MPERA. The file date is the postmarked date, the date it was received if hand-delivered, or the faxed date if the original is delivered within 5 working days. The file date is not the date the card was signed by the member.

Contributions must be withheld on the first day of employment in a mandatory PERS-covered position regardless if the membership card has been filed with MPERA. Do not wait to withhold contributions until the membership card has been completed.

Contributions must be withheld on the first payday following the election of membership for optional PERS-covered positions.

NOTE: Working retirees do not need to fill out a membership card unless they are requesting to change from retired to active status.

Definitions

Terms such as beneficiary and survivor mean very specific things within PERS and are defined below.

Beneficiaries may be natural persons, a trust for the benefit of natural living persons or a charitable organization. A member may designate any of these beneficiaries on the membership card. A beneficiary may be designated as either a primary or a contingent.

- ◆ Primary beneficiaries will receive benefits before any other beneficiaries.
- ◆ Contingent beneficiaries will only receive benefits if the primary beneficiaries predecease the member.

Only active and inactive members may change their beneficiary on a membership card. A retired member receiving a monthly benefit must contact MPERA to change a beneficiary.

Survivors are beneficiaries who elect a monthly survivorship benefit rather than the death payment. The survivorship benefit is only available to the beneficiary of a vested member. To be vested, a member must have at least five years of membership service.

When to Update The Information

The member must provide the name, address, the complete date of birth, sex, and relationship for each beneficiary listed.

When submitting membership cards, the employer should verify the card is the most recent version available and is complete. MPERA must return all incomplete and outdated membership cards. If you have any questions about membership cards, please contact MPERA.

Members are responsible for keeping their information on file with MPERA current. Members should update the information on a new membership card when any of the information, **except mailing addresses**, changes. Members may complete a new card at any time for any of the following reasons:

- ◆ marriage;
- ◆ birth or adoption of a child;
- ◆ divorce;
- ◆ name change for any other reason;
- ◆ change of a beneficiary.

The member must submit the completed card to the employer. The employer is responsible for filing the card with MPERA immediately. A beneficiary change is **not** effective until the membership card is filed. It is extremely important for beneficiary information to be kept current.

Contributions - PERS

Member Contributions

State statutes set both the member's and the employer's contribution rates. Only the legislature may change these rates.

Since July 1985, member's contributions are pre-tax. The employer must compute and deduct the contributions from the member's pay **before** federal and state taxes. The interest on these contributions is tax deferred. This means the member does not pay taxes until receiving a refund or a retirement benefit. The current member rate is 6.9% of the member's gross pay.

Employer Contributions

Within five working days after each regularly occurring payday, the employer must send the total member and employer contributions to MPERA. As of July 1, 2009, statute requires:

- ◆ state and university employers to contribute 7.17% of their total PERS-covered payroll to PERS;
- ◆ school district employers contribute 6.8% of their total PERS-covered payroll with the state general fund contributing 0.37% of the 7.17% for school districts;
- ◆ local government employers contribute 7.07% of their total PERS-covered payroll with the state general fund contributing 0.1% of the 7.17% for local governments.

Additional Service Purchase Contributions

A member may not contribute more than the regular contributions unless they are purchasing service in the defined benefit retirement plan. **Members who chose the defined contribution retirement plan may not contribute more than the regular contributions or purchase service.**

If a member chooses pre-tax payroll deduction, the member must select a payment schedule provided by MPERA.

Service Purchases - PERS DBRP

General

PERS members who chose the Defined Benefit Retirement Plan (DBRP) may purchase certain types of service for retirement credit. Some service will count as both service and membership credit, and some will only count as service credit. The following table lists the type of service and the MPERA computer system code which identifies the service.

SERVICE	CODE
Refund	025
Military	026
1-for-5	040
Retroactive	041
Other Public Service	042
Elected Official	043
Legislator	044
Industrial Accident	045
Retro Coordination	046
Refund Coordination	047
Active Account Coordination	048
TRD Refund Coordination	050

All members may pay the cost in one lump-sum. Active members may make monthly payments by pre-tax payroll deduction.

For coding, see Electronic Reporting in Part I, General Requirements.

Members who wish to purchase service must send a **written request** to MPERA to receive a cost statement. A cost statement provides the total cost for the service purchase and payment options. A member may pay the cost in one of the following methods:

- ◆ lump-sum;
- ◆ rollover from another eligible plan;
- ◆ taxable self-payments; or
- ◆ pre-tax payroll deductions.

Postponing a purchase may increase the cost, since the calculation may use a higher salary or include more interest. The following pages provide more specific information about each type of service purchase and eligibility requirements, if any.

**Types of Service
Which May Be
Purchased**

A member interested in buying service should contact MPERA for details. The cost of all service purchases, except for refunded, TRD Refund Coordination, and retroactive, are made at actuarial cost.¹ **When purchasing service, the most recent service must be purchased first.** The following is a brief description of some types of service a member may purchase:

Refunded Service: A member who terminated their job and received a refund of their accumulated contributions plus interest can purchase the refunded service if they return to a PERS-covered position. To purchase the refund, the member must repay the amount of the refund plus the accrued interest to the date of the written request.

A request to purchase refunded service must include the following:

- ◆ the approximate dates of service;
- ◆ the employer's name;
- ◆ the member's social security number; and
- ◆ the member's last name during the service.

Any of the member's previous names are also needed because MPERA may have data filed under those names. MPERA will research the previous service and provide the member with a cost statement. (§ 19-2-603, MCA)

Refunded service is both membership service and service credit.

Retroactive Service: Retroactive service is service with a PERS-covered employer that wasn't credited at the time. A member who has retroactive service may buy all or a part of that service. MPERA will require the employer to certify salary information. After receiving the information, MPERA will determine the member and employers' contributions owed. An employer may pay the employer's share including interest, but is not required to pay.

Employers must establish a policy regarding payment of the employer's share and apply the policy equally to past and present employees.

¹Actuarial cost is defined in §19-2-303(3) as the amount determined by the board in a uniform and nondiscriminatory manner to represent the present value of the benefits to be derived from the additional service to be credited based on the most recent actuarial valuation for the system and the age, years until retirement, and current salary of the member.

The member must pay the employer's share plus the interest if the employer elects not to pay. (§ 19-3-505, MCA)

Retroactive service is both membership service and service credit.

Mandatory Retroactive Service: The employer is required to pay both employee and employer portions plus interest as a separate payment (not payroll). The employer has the option to collect the employee share from the employee whether or not the employer exercises the option to collect the employee's share.

Military Service/Reserve Military Service: When a member has at least five years of membership service, he or she may at any time prior to retirement, purchase up to five years of active military service or reserve military service. Reserve military service may include service in the army or air national guard.

A member may not purchase military time if they are receiving a retirement benefit from the military, or from another retirement system or plan for that time. A member may not purchase reserve military service if they have received service credit under USERRA for the same time period (See Absences section). A member may purchase reserve military time prior to separation from the services in the reserves. To verify military entry and separation dates, the member must provide a copy of the member's DD 214 form. (§ 19-3-503, MCA)

Military and reserve military service is both membership service and service credit.

Montana Public Service: A member may purchase into their current retirement system, all or any portion of the member's previous service from another Montana statewide retirement systems administered by MPERA (which includes PERS, JRS, HPORS, SRS, GWPORS, FURS and MPORS). The member can purchase all or any portion of their previous service if the member:

- ◆ received or is eligible to receive a refund or accumulated contributions; and
- ◆ became a member of one of the other retirement systems covered under chapter 3, 5, 6, 7, 8, 9, or 13, MCA.

To purchase this service, the member must send a written request for the cost to transfer the service from the previous retirement system into their current retirement system.

A member must have at least five years of PERS service and may buy up to a total five years of another type of service.

Other Public Service/Out of State/Federal Service, Federal Reserve Service: A member with at least five years membership service in PERS can purchase service credit for:

- ◆ public service employment covered under a public retirement system other than a system provided for in Title 19, MCA for which the member received or is eligible to receive a refund of the membership contributions; and
- ◆ public service employment that occurred before the public employer adopted a public retirement system.

The member must send a written request for the cost of the service and provide documentation from the public employers' retirement system that provides information that they paid into the retirement system; that they took a refund or are eligible for a refund of their membership contributions; dates of service; and if the member was full-time or part-time. This documentation must be on the public employers' letterhead to be valid.

Transfers from the Teachers' Retirement System (TRD Refund System): A member may request to transfer from the Teachers' Retirement System:

- ◆ any active service if they are eligible for a refund of their membership contributions; and/or
- ◆ refunded service

Service is granted on a month-by-month basis. (§19-3-511, MCA)

All service referenced in this paragraph is both membership service and service credit.

“One-for-Five” Additional Service: For each five-year period of membership service, members may buy one year of additional service credit. Eligible members may buy less than a full year but may not buy more than five years of additional service credit.

“One-for-Five” service is not membership service and cannot make a member eligible to retire or to purchase other types of service. The total service credit on the member's Annual Statement will not include the “One-for-Five” service purchased; “One-for-Five” service is listed separately. It will be added to his or her service credit when MPERA calculates his or her retirement benefit.

NOTE: Since January 1, 1990 the combined total purchase of active and reserve military, “One-for-Five”, and other public service may not exceed five years.

If the service purchase is not completed before the member retires, the service credit will be pro-rated; or, the member can make a lump sum payment to complete the service purchase. **Members may not receive credit for the same service in more than one retirement system.**

The member must sign and file a “Payroll Deduction Authorization” form to take advantage of a pre-tax payroll deduction. This irrevocable agreement may not be terminated except by death or termination of employment. The payment schedule cannot be less than three months or more than 60 months (five years).

Work-Related Illness or Injury Absence

For the member to qualify the absence, the employer must certify the salary the member would have earned if not for the absence.

A member absent from work for either of the following circumstances may purchase the time absent. The two circumstances are:

- ◆ work-related illness or injury that qualifies for Worker's Compensation; or
- ◆ active military duty.

If the absence is due to illness or injury, the time must be determined to be work-related within one year after the member returns to work **and** may not exceed five years. If the absence meets those two conditions, the member will receive membership service. The member may also purchase the time absent as service credit if the following additional requirements are met:

- ◆ the illness or injury must qualify for Worker's Compensation payments;
- ◆ after returning to work, the member must notify MPERA **in writing** of their intention to purchase the time absent by completing the "Election to Qualify Absence" form;
- ◆ the member must pay the contributions and the interest they would have paid if they had not been absent;
- ◆ if the member received a refund, the time cannot be purchased.

After returning to work, the member must complete their portion of the form. The employer completes the remainder of the form, including the certification of salary. They must then send the completed form to MPERA regardless of the member's election. Upon receipt of the completed form, MPERA will determine the member and employer contributions and interest that is due.

The member can make up their contributions for the absence based on the compensation he or she was receiving from the start of the absence. If the member contributions for the period of absence are paid in full within one year of returning to work, there will be no interest. If full payment is not made within one year, the member will be required to pay appropriate interest.

The employer is required to pay the employer's contributions and may pay the interest due on the employer's contributions. If the employer does not pay the interest on the employer's contributions, the member must pay the interest.

USERRA Absence

The Uniformed Services Employment and Re-Employment Rights Act (USERRA) applies to members who perform duty under the “uniformed services”, including the Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Services Commission Corps, as well as the reserve components of each of these services. In addition, training or services in the Army National Guard or the Air National Guard also qualifies as USERRA services.

A member who is re-employed pursuant to USERRA must be treated as if there was no break in service. The uniformed service must be considered in determining the member’s vesting and the accrual of benefits under the retirement plan (membership service).

To calculate the contributions due for the absence, the employer must determine the compensation the member would have received during the period of the uniformed service:

- ◆ at the salary rate the member would have received, if not for the period of uniformed service (including any pay raises the member may have received if there had been no break in service); or
- ◆ if the employer cannot determine the hourly rate with reasonable certainty, the cost will be calculated on the basis of the member’s average rate of compensation during the 12-month period preceding the period of the uniformed service.

The employer must make all the payments to the pension plan that would be made if the employee chooses to purchase his or her USERRA time. The member must be provided a period of time to “make up” the contributions missed during the period of the uniformed service. These contributions must be made within three times the period of the uniformed service absence, but within no more than five years from their return to employment. If this period is exceeded, the option to purchase the service will be forfeited. For example, if a member is absent for one year, the contributions are due within three years. If the member is absent for three years, the contributions are due within five years. No interest will be charged.

The member will be able to “make up” the contributions on a tax-deferred basis through a payment plan, rollover or lump-sum payment.

Final Salary - PERS DBRP

General

MPERA must have the last month's salary, and any payout the member received, to calculate the retiree's final retirement benefit

The highest average compensation (HAC) is one of several factors used to calculate a member's initial monthly retirement benefit. **For PERS members in the Defined Benefit Retirement Plan (DBRP), the HAC is the average of the member's highest consecutive thirty-six months of salary.** Normally, because raises and promotions are received throughout a member's career, the last three years (36 months) of salary are the highest, but this may not always be the case.

Within three months of their chosen retirement date, a member should request an "Estimate of Benefits" from MPERA. When we receive this request, we calculate an initial monthly retirement benefit with all available payment options, based on current member information. This information, along with a retirement application, will be sent to the member. The member **must** complete and return all forms to MPERA.

Upon receipt of the completed forms and if the member retires, MPERA will process and send estimated monthly retirement benefits to the member (now a retiree) for up to three months.

Final Salary

The employer must verify the final salary; this data is used to compute the member's final retirement benefit.

We will also send the employer a "Final Salary - PERS" form. The employer must verify the member's final salary. This information is used to calculate the member's monthly retirement benefit. This form must be completed and returned to MPERA within 30 days of when the member retired. If we do not receive the member's final salary information, their retirement benefit will be stopped after three months.

The reported final salary information must include:

- ◆ All compensation, before any pretax deductions allowed by state or federal law are made, paid to the member on their final paycheck for the member's services, including holiday, compensatory leave, sick leave, annual leave, or a leave of absence.
- ◆ Lump-sum payments of accrued leave. Payments of accrued leave must be specifically reported and broken out as sick, annual, compensatory, etc. Payment of accrued leave **may not** be added to single month's compensation as "regular" time.
- ◆ Hours associated with the type of pay. All reported compensation must specifically identify the hours paid on the member's final paycheck by type of pay, i.e. regular, overtime, annual/vacation, sick, compensatory, etc. The total hours reported must match the total pay reported, i.e. total hours times the rate of pay must equal the total pay.

**Both DBRP
and DCRP
Information**

- ◆ The Final Salary form must indicate the member's **last day** of employment. (This may not be the last day worked.) For example, if a member works until March 10, but then uses vacation or sick leave until March 31, the **last day of employment** is March 31.

NOTE: The following information pertains to reporting members of both **the Defined Benefit Retirement Plan** and **the Defined Contribution Retirement Plan**.

Lump sum payments for compensatory, sick, or annual leave paid **without termination of employment** are not considered compensation for PERS retirement benefits. PERS contributions must not be withheld from these payments.

Voluntary Employee Beneficiary Association (VEBA): Agencies who elect VEBA are not required to report the sick leave to PERS on the final salary form.

The **employer** must complete the following information:

- ◆ **Last day of work** is the last day the member reported to work. This **does not** include sick or annual leave the member uses. For example, if the member's last day reported to work is February 28, but is paid annual or sick leave until March 31, then March 31 is the member's termination date (see below) but February 28 is the member's last day of work.
- ◆ **Termination date** is the last day for which the member receives pay. If the member's last day of work is February 28, but is paid vacation or sick leave until March 31, then March 31 is the member's termination date. Before a member is considered terminated, they **must** have received all compensation due, including payouts of accrued leave.
- ◆ **Final payment** must include a breakdown of the hours reported on the member's final paycheck. The breakdown must specify the number of regular, annual, and compensatory time, the correct hourly rate, and the total amount paid.
- ◆ The **total amount** should match what was reported to PERS.
- ◆ **Period of termination for final payment** is the last payroll period that the member will receive a check or payment. The period of termination should generally be a standard pay period.
- ◆ **1st and 2nd period before termination** is the total salary paid and contributions withheld for the two pay periods preceding termination.

Working Retirees - PERS

Retired Members

A member is not considered retired unless and until **all** of the following occur. If the member:

- ◆ has received all compensation due, including payouts of accrued leave;
- ◆ has been terminated for 30 days or longer;
- ◆ does NOT have an agreement, oral or written, to return to work;
- ◆ has received and cashed their first retirement benefit;

PERS retirees may work in a PERS-covered position subject to the following conditions and limitations:

- ◆ If the retiree is under age 65, the retiree can work up to 960 hours in any calendar year without affecting their retirement benefit. If the 960 hours is exceeded, the retiree's benefit will be reduced \$1 for each \$1 earned.
- ◆ If the retiree is age 65 to 70 ½, and works in excess of 960 hours in any calendar year, their retirement benefit will be reduced either \$1 for each \$1 earned **or** will be subject to an earnings limitation. The earning limitation is equal to the retiree's highest average compensation (HAC) adjusted for inflation. If the sum of the retiree's PERS retirement benefit and salary from the PERS-covered position exceed the earning limit, their retirement benefit will be reduced. MPERA will apply whichever reduction results in the highest income to the retiree.
- ◆ If the retiree is over the age 70 ½, there are no limits.

Employers must determine if any new employee is a PERS retiree receiving a monthly benefit. The New Hire Eligibility Screen can be used to assist in this determination.

Statute requires the employer to report all Working Retirees regardless of age on the Non-contributing Employee Payroll report after each regularly occurring payday. Reporting the working retiree on your Non-contributing payroll report will create a "Working Retiree Certification" for that employee. For a demonstration of the working retiree certification, please see the [video on our website](#).

If the PERS retiree is under the age of 70 ½, the payroll clerk must also certify the hours worked and salary earned by the retiree for each day worked by completing the "Working Retiree Certification" (WRC). It is not necessary to complete a WRC during the pay periods the retiree does not work. The WRC is due within 10 working days following each regularly occurring payday.

RIF and RIP

The employer is encourage to monitor limitation for the retiree using the Working Retiree Status Screen and to notify them when they are nearing their limitation.

NOTE: A local elected official who is also PERS retiree is not subject to working retiree limitations.

If a retiree wishes to reinstate as an active PERS member, they must:

- ◆ contact MPERA in writing requesting reinstatement; and
- ◆ complete a new membership card with their payroll clerk.

The retiree’s monthly benefit will be stopped, the WRC will no longer be required and the retiree will once again becomes an active PERS member with contributions withheld. The member may re-retire later and a new retirement benefit will be calculated based on the additional service.

Two other statutes provide the potential for increased retirement benefits, and working retiree restrictions, that are different from those discussed previously. The statutes address:

- ◆ reduction in Force (RIF), § 19-2-706, MCA; and
- ◆ retirement Incentive Program (RIP) of 1993, § 19-3-908, MCA.

**Reduction
In Force
(RIF)**

Reduction in Force (RIF) (Also applies to members of GWPORS, SRS, FURS, and HPORS)

State and University System employers may be required to pay a portion of the cost to purchase up to three years of “one for five” service credit **if** an active member is involuntarily terminated from employment due to elimination of the employee’s position. Elimination of the position must result from:

- ◆ privatization;
- ◆ agency reorganization;
- ◆ closure of or reduction in force at an agency;
- ◆ legislative action; or
- ◆ termination from a legislative position due to term limits.

Regardless the reason for the elimination, the member must:

- ◆ be eligible for service or early retirement;
- ◆ waive the rights and benefits available under the State Employee Protection Act;
- ◆ be eligible to purchase “one for five” service under § 19-3-513, MCA.

Retirement Incentive Program (RIP)

Limitations for RIF and RIP Retirees

Temporary Service Contracts

Note: Regardless the amount of service the member is eligible to receive, the required employer-paid portion will not be reduced. The employer may pay its required contribution in annual installments for up to 10 years, with annual interest of 8% compounded monthly. See ARM 2.43.2319.

Retirement Incentive Program (RIP)

The following PERS members were eligible for a one-time retirement incentive of three years of “one for five” service credit, paid fully by the employer:

- ◆ PERS members who were active members on February 1, 1993; voluntarily terminated PERS-covered service, or were involuntarily terminated from PERS- covered service because of a reduction in force, on or after June 25, 1993 but before January 1, 1994; and were eligible for early or service retirement; or
- ◆ PERS members who were involuntarily terminated from PERS-covered service because of a reduction in force on or after March 1, 1993 but before June 15, 1993, and retired on or after June 25, 1993.

A member who retired with “one for five” service credit through the RIP or RIF may return to employment within the same jurisdiction* in any PERS-covered position for up to 959 hours or in any employment covered by a MPERA-administered retirement system for up to 599 hours in a calendar year. If the member exceeds either of these hour limits, the “one for five” service will be forfeited. The employer’s contributions, minus any retirement benefit paid, will be credited to the employer.

* All agencies of the state, including the university system, are considered the same jurisdiction. Other public employers who contract for PERS coverage are each considered a separate jurisdiction. Participation in the RIP was optional for PERS contracted employers and required written notice to the Board by June 1, 1993.

Temporary Service Contracts

Employers who contract with a temporary service contractor are responsible for certifying hours and earnings for working retirees placed with their agency by a temporary service contractor. Working retirees include the RIF, the RIP, and PERS retirees who return to work for an MPERA-covered employer under a temporary services contract (i.e. Westaff, Express Services, etc.).

Independent Contractors

Independent Contractors

Working retiree limitations do not apply to PERS retirees who provide services to PERS-covered employers as independent contractors. Independent contractors are individuals engaged in an independent trade, occupation, profession, or business, and are free of control from a PERS-covered employer. Factors to be considered in determining whether an individual is providing services as an independent contractor include:

- ◆ **Exercise of Control** – The covered employer does not control the means by which the individual accomplishes the assigned work.
- ◆ **Method of Payment** – The individual is paid by the job or project, not on hours worked.
- ◆ **Furnishing of Equipment** – The individual provides their own equipment and tools required to perform the work.
- ◆ **Right to Fire** - The covered employer may terminate the work being performed but has no right to “fire” the individual. Termination damages may result, depending on the terms of the contract.