



PUBLIC SCHOOL & EDUCATION EMPLOYEE
RETIREMENT SYSTEMS OF MISSOURI

MoASBO/PSRS/PEERS Fall Conference

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Agenda

- Working After Retirement
 - Termination Information
 - PEERS Limits
 - PSRS Limits
 - Critical Shortage Employment
 - Reporting Requirements
 - WAR Audit
- System Eligibility
- Changes in Service Credit
- New Pension Administration Update
- Questions

Working After Retirement (continued)

- **Termination of Employment**

- Requirements (from 16 CSR 10-5.010(2))

- No employment in any capacity for one (1) month from effective date of retirement (not necessarily the employment termination date)
- Cannot be under contract for employment in any capacity after the effective date of retirement until the first benefit payment is received by the retiree

- Applies to retirees of both PSRS and PEERS

- Example:

- Mary finishes the school year, her last day of employment is May 28
- Mary is retiring effective July 1
- Mary cannot work in any capacity for any PSRS or PEERS covered employer during the month of July
- Mary cannot be under contract for employment after July 1 until she receives her first benefit payment on the last working day of the month (ex. July 31)

Working After Retirement (continued)

- **Working After Retirement Limits for *PEERS* retirees**
 - A PEERS retiree can work no more than 550 hours in a school year, either part-time, or as a temporary substitute, without a loss of monthly benefits
 - Limit applies to employment in any capacity
 - Position does not matter
 - Working After Retirement Limits are based on the system from which the retiree is retired, not necessarily the system they would be covered by in the position employed as a retiree

Working After Retirement (continued)

- **Working After Retirement Limits for *PSRS* retirees**
 - A PSRS retiree can work no more than 550 hours in a school year, either part-time, or as a temporary substitute, without a loss of monthly benefits (same as PEERS)
 - ALSO, through such employment, the retiree may earn up to fifty (50) percent of the annual compensation payable under the employing district's salary schedule for the position or positions filled by the retiree, based on the retirees' experience and education, without a loss of monthly benefits
 - Limit applies to employment in any capacity
 - Position does not matter
 - Working After Retirement Limits are based on the system from which the retiree is retired, not necessarily the system they would be covered by in the position employed as a retiree

Working After Retirement (continued)

- **What compensation counts towards the 50% earnings limit?**
 - The definition of compensation for a retiree is the same as the definition of compensation for an active member, and all compensation earned as an employee is counted towards the 50% limit
 - Do not include
 - Incentive payments
 - Expense reimbursements
 - Travel allowance

Working After Retirement (continued)

- **Calculating Earnings Limits for *PSRS* retirees**
- For employment in a single salary schedule covered position
 - Determine, based on education and experience, where the retiree would fall on the full-time (our definition) salary schedule for the position in which the retiree is employed, and multiply that amount by 50% for the maximum earnings amount for the school year
- For employment in multiple salary schedule covered positions
 - Determine, based on education and experience, where the retiree would fall on the full-time salary (our definition) schedule for all of the positions in which the retiree is employed, then
 - Determine the highest full time salary for a position in which the retiree works at least 20% of the time during the school year, then
 - Multiply that amount by 50% for the maximum earnings amount for the school year

Working After Retirement (continued)

- **Calculating Earnings Limits for *PSRS* retirees** (continued)
- For employment in a position not usually a full-time position, such as a coach
 - Determine an hourly rate for the retiree in that position
 - Multiply the hourly rate by the number of hours a full-time teacher works in your district
 - Multiply that amount by 50% for the maximum earnings amount for the school year
- Should employer-paid insurance, Career Ladder or other types of stipends be included in this calculation?
 - Only if the retiree is actually participating in the program or earning the stipend
 - If the retiree would participate if full-time, but isn't participating, then the amounts should not be included

Working After Retirement (continued)

- **Critical Shortage Employment of Retirees**
 - The employer must meet statutory requirements to hire retirees on a full-time basis without the retiree's benefit payment being stopped
 - The employing superintendent must certify in writing that the criteria in the statute have been met
 - Certification form will be sent to the superintendent when the retiree is first reported as a critical shortage hire
 - Certification must be signed by the superintendent and returned to PSRS/PEERS within 30 days
 - If the certification is not returned timely, the retiree's benefit payment will stop
 - Employer contributions are due on all earnings by the retiree

Working After Retirement (continued)

- **Critical Shortage Employment of Retirees** (continued)
 - Employer must declare a “critical shortage” that is valid for one year
 - We suggest an open Board meeting, having the declaration reflected in the Board minutes
 - What happens after a year? Do we need to “re-declare” a “critical shortage”?
 - The statute does not address this question
 - We suggest repeating the declaration process each year to determine if a critical shortage still exists
 - 2011-2012 Critical Shortage Employer Contribution Rates
 - PSRS – 9.67%
 - PEERS – 6.86%

Working After Retirement

- **Reporting Requirements for Employers**

- Each Payroll

- Board regulation (16 CSR 10-3.010(2)) requires that all payroll records for all employees of the school district (members, retirees, non-members) must be reported in EMERS

- Each Occurrence

- Report to PSRS/PEERS when a retiree exceeds the annual hours limit (both systems), or the annual earnings limit (PSRS retirees only) based on employment in your district, as soon as possible

Working After Retirement (continued)

- **Monitoring compliance with WAR limits**
 - Correspondence is sent to both the retiree and the employer each year when the retiree is first reported as an employee for that district
 - Provides applicable Working After Retirement limits
 - What to do if/when the retiree exceeds a limit
 - Retiree responsibilities
 - Employer responsibilities
 - What the consequences are of exceeding the limit
 - Working After Retirement Records are furnished with these letters
 - Records should be maintained by both the retiree and employer
 - Retiree and employer should be aware of how hours worked are determined
 - Keep these records until/unless requested by PSRS/PEERS

Working After Retirement (continued)

- **Working After Retirement Audit**
 - Our Internal Auditor is in the middle of an audit of Working After Retirement records in 10 districts around the state
 - He is reviewing compliance with Working After Retirement limits and reporting responsibilities

Working After Retirement (continued)

- **Working After Retirement Audit** (continued)
 - Preliminary findings
 - 7 of 10 districts reviewed have possible unreported WAR limit violations
 - Multiple districts are not tracking hours, only days
 - Multiple districts calculate hours worked based on pay, not actual hours worked
 - All employees are not being included in retirement reporting (EMERS)
 - Multiple districts have reported retirees working in the same month that the retiree retired
 - Retiree did not terminate
 - Multiple districts are signing retirees to contracts for post retirement work prior to the retiree receiving his/her first benefit payment
 - Retiree did not terminate

System Eligibility

- **PSRS Eligibility**

- All full-time, certificated individuals are required to be members of PSRS
- All certificated part-time (employed to serve 17 or more hours per week) are required to be members of PSRS, unless...
 - Individual is eligible to elect, and elects, PEERS membership
 - Individual has previously elected PEERS membership for part-time, certificated service
- Regardless of position!
- Regardless of how the individual is treated for Social Security purposes!
- 2011-2012 Contribution Rates
 - Full PSRS Rate – 14.5%

System Eligibility (continued)

- **PSRS Eligibility and Social Security**
 - An employee's status with Social Security has no effect on eligibility for PSRS membership
 - Social Security coverage is a separate determination from PSRS eligibility
 - If a PSRS member is also subject to Social Security contributions, then the PSRS member contributes, and the employer matches, at a rate that is 2/3's the normal PSRS contribution rate
 - 9.67% for 2011-2012 school year

System Eligibility (continued)

- **PEERS Eligibility**

- Any non-certificated employee who is employed to serve at least 20 hours per week on a regular basis is required by law to be a member of PEERS
- Some part-time, certificated employees may also be required, or eligible to elect, to be a member of PEERS
- Regardless of position!
- 2011-2012 Contribution Rate
 - 6.86%

System Eligibility (continued)

- **PEERS Eligibility and Social Security**
 - An employee's status with Social Security has no effect on eligibility for PEERS membership
 - Social Security coverage is a separate determination from PEERS eligibility
 - All PEERS members, whether Social Security contributions are required or not, contribute, and the employer matches, the full PEERS contribution rate
 - 6.86% for the 2011-2012 school year
 - There is no adjustment to the PEERS contribution rate!

Service Credit Changes

- **Service Credit Earned**

- Service credit, as of July 1, 2010, is earned in five decimal places instead of one
 - Example: member earned \$32,000 with a \$50,000 annual base
 - in previous years, the member would have earned 0.6
 - In 2010-11, the member would earn 0.64000
- Service credit will now be capped for late starts as well as early terminations
 - Example: If a member starts in January of the school year, the maximum credit the member could earn would be 0.60000

OASIS Update

New Pension Administration System

- Browser-based system
 - No more maintenance of our program on your computer
 - Can be accessed from anywhere with an internet connection
 - Secure, password protected environment
 - Electronic bill pay
 - On-line, real time access to district account balances
 - Enhanced reporting capabilities
 - Member demographic information included
 - No more Membership Record Forms when we go live
 - Hours worked will be required for any retiree working in your district
 - No more June-Paid-July
 - June earnings paid in July will be required to be reported separately from July earnings paid in July

QUESTIONS?