

The LATEST WORD

Iowa Public Employees' Retirement System
February 2021

News and Announcements

New Occupation Class Code for Full-Time Elected Officials

Effective January 1, 2021, all employers should use Occupation Class Code (OCC) 29 to report full-time elected officials. This new code does not affect OCC 03 for elected sheriffs, OCC 04 for members of the legislature or OCC 17 for part-time elected officials.

Below is a list of possible positions that should be reported under OCC 29.

State of Iowa	City	County
(Does not include members of the legislature)	Mayor	Board of Supervisors
Governor	City Council Members	Auditor
Lieutenant Governor		Treasurer
Secretary of State		Attorney*
Attorney General		
Secretary of Agriculture		
Treasurer of State		

***NOTE:** County Attorney positions should always be reported using this new code.

Because the retirement rules for full-time and part-time elected officials are different, these codes help us clearly determine the correct retirement rules for each member. Part-time elected officials can stop their contributions to IPERS at retirement and maintain their elected position. Full-time elected officials must leave their elected position in order to receive IPERS benefits.

Please begin to use this new code as soon as possible but no later than the April 2021 wage report. If you cannot meet this deadline, please let us know.

W-2 Reminders

It's W-2 time again. Be sure your W-2 statements reflect the correct amount in each field, as required by the IRS. Box 1 and box 16 indicate the federal and state taxable amounts the employee must claim as income. IPERS contributions are a pretax deduction that reduces the total income an employee must claim. Make sure your W-2s reflect this reduced amount.

Example: A Regular IPERS member earned gross wages of \$42,000 and contributed 6.29% of those earnings to IPERS. You must mark the Retirement Plan box (box 13) and state the amount of IPERS contributions in box 14.

Note: Part-time elected officials should pay Social Security taxes or IPERS contributions, not both. The Medicare portion is taxable for part-time elected employees.

22222		Employee's social security number 123-45-6789		OMB No. 1545-0008	
b Employer identification number (EIN) 42-1234567		1 Wages, tips, other compensation 39,358.20		2 Federal income tax withheld 5,643.37	
c Employer's name, address, and ZIP code City of Example PO Box 1 Example IA 50000		3 Social security wages 42,000.00		4 Social security tax withheld 2,604.00	
		5 Medicare wages and tips 42,000.00		6 Medicare tax withheld 609.00	
d Control number		7 Social security tips		8 Allocated tips	
		9		10 Dependent care benefits	
e Employee's first name and initial Last name John L Smith 1 Main Street Example IA 50000		11 Nonqualified plans		12a	
		13 <input type="checkbox"/> Statutory employee <input checked="" type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay		12b	
f Employee's address and ZIP code		14 Other IPERS \$2,641.80		12c	
				12d	
15 State Employer's state ID number IA 42-1234567-001		16 State wages, tips, etc. 39,358.20		17 State income tax 1,356.67	
		18 Local wages, tips, etc.		19 Local income tax	
				20 Locality name	

Form **W-2 Wage and Tax Statement** 2020 Department of the Treasury—Internal Revenue Service

FY2022 Contribution Rates

REGULAR MEMBERS	Regular Members	Member Share	Employer Share	Total
		7/1/20 – 6/30/21	6.29%	9.44%
	7/1/21 – 6/30/22	6.29%	9.44%	15.73%
SHERIFFS AND DEPUTY SHERIFFS	Sheriffs and Deputy Sheriffs	Member Share	Employer Share	Total
	7/1/20 – 6/30/21	9.26%	9.26%	18.52%
	7/1/21 – 6/30/22	9.01%	9.01%	18.02%
PROTECTION OCCUPATIONS	Protection Occupations	Member Share	Employer Share	Total
	7/1/20 – 6/30/21	6.41%	9.61%	16.02%
	7/1/21 – 6/30/22	6.21%	9.31%	15.52%

Training and Education

School Cancellations May Affect First Month of Eligibility for IPERS Benefits

School cancellations may push the last day of school to June instead of May. Remember that this delay affects the first month of retirement eligibility for new retirees of a school district. If school cancellations move the end of the school year from one month to another, the first month of retirement eligibility should be delayed for one month, as well.

If school districts adjust a retiree's contract so their employment is formally terminated by the end of May (instead of June), the retiree would be eligible to receive retirement benefits beginning in June (instead of July). However, whether you provide this option to a retiree is something each school district must decide.

Note that retirees who terminate early and do not complete the number of days required in their original contract must demonstrate a loss in salary and/or benefits equivalent to the days not worked during the contract period. The employee may not be paid for vacation, personal or sick leave for the days not worked in June because such compensation would constitute employment in June. According to an opinion from the Iowa Attorney General's office, employees may not "volunteer" their services in June.

In addition, retirees should consider whether terminating their employment early would affect any other benefits offered by their employer, such as insurance coverage or retirement incentives. Again, IPERS does not require additional employee benefits.

As a reporting official, you must verify each retiree's final date of employment by completing the "Employer's Verification of Termination" page in each retiree's Application for IPERS Retirement Benefits. If circumstances change after reporting officials complete this verification page, please contact IPERS to update the retiree's application. Failure to notify IPERS of the changes could result in a retiree repaying retirement benefits documentation of the relationship. The Worker Status Determination form helps determine employment status for IPERS' purposes only.

Employees of Fewer than Six Months

Employers often ask how to treat lump-sum compensation paid at the end of employment. The following clarification can help you determine if the payments are IPERS-covered wages:

- Lump-sum payouts of unused vacation or sick leave made during or at the end of employment are not IPERS-covered wages. Payments made for vacation time, or as salary to replace regular work hours, are IPERS-covered wages.
 - Non-IPERS-covered wage example - An employee worked until his or her termination date. The employee received 32 hours of unused vacation on the last paycheck. The wages paid for the 32 hours of vacation are not IPERS-covered.
 - IPERS-covered wages example - An employee's termination date is February 28. The employee used accrued vacation time starting February 14 to receive a salary through February 28. These payments are IPERS-covered wages.
- Do not report vacation time and compensatory time the same way. IPERS-covered wages include compensatory time payments that are either paid as a lump sum or instead of regular work. Lump-sum payments for compensatory time should not exceed 240 hours per employee, per year.
- Early retirement incentives paid in addition to an employee's normal wage are not IPERS-covered wages. This applies whether the incentives are paid in a lump sum or installments.
- Payments made on dismissal or severance from employment are not IPERS-covered wages. This applies whether paid in a lump sum or installments.

Compliance Tips

Coverage for Newly Elected Officials

As newly elected officials take office, make sure you clearly communicate their retirement coverage options. IPERS membership is optional for most part-time elected officials. These employees are automatically enrolled in IPERS unless they submit an irrevocable Election for Termination of IPERS Coverage form within 60 days of taking office. For additional information, see Section 3 of [IPERS' Employer Handbook](#) or contact the [Employer Help Desk](#).

Employees of Fewer than Six Months

Employers may file wage adjustments to recoup contributions for a permanent employee terminated before working six months. However, employers cannot file wage adjustments for temporary employees who qualified for coverage and left before working six months.

IPERS must verify both the employment status and length of service before approving wage adjustments. To help with this verification, please update a terminated member's employment record in I-Que (View/Update Member Information section) with the termination date and last paid date. Please note that the hired date should be the actual date of hire and not the date of qualification for IPERS' coverage.

REMINDER: Employers No Longer Required to Provide IPERS Beneficiary Designation Forms

New employees who are also new IPERS members receive a Welcome to IPERS booklet and letter by mail that includes their member ID number and My Account username. A separate letter that includes their My Account password will arrive shortly thereafter.

The most efficient way for a new member to designate their beneficiary(ies) is to log in to My Account. However, if a member prefers to complete and return a paper form, [it is available on our website](#).

Please do not keep copies of the completed forms in your files. Once filled out, these forms contain private information. Also, the member may later change beneficiaries without notifying you.

If you have questions about IPERS coverage for new employees, consult the [Employer Handbook](#) or call the [Employer Help Desk](#).