



# NEWS TO USE

A newsletter for PERSI employers

September 2010

- Employer Visits
- GASB Review of Existing Standards

## THE "VISITORS" ARE COMING

Hearing the "visitors" are coming might sound scary, but there's no need to panic. PERSI is implementing a program where representatives (aka the "visitors") will be spending time with employers over the next 18 months. PERSI thinks of its relationship with employers as a partnership: PERSI is responsible for providing adequate training to employers and employers are responsible for submitting accurate reports to PERSI. The visits are a way to build on existing or solidify new relationships.

The goals of this program are simple: Clear up any confusion regarding reporting and employee eligibility, and clean up records before the database conversion takes place. PERSI's new system will automatically reject incomplete reports and highlight errors. Over the next 24 months, PERSI wants to make the transition easier for employers and minimize future problems and expenses for members and employers resulting from inaccurate reporting.

In the past, PERSI may have been viewed as auditors... finding payroll errors often dominated earlier visits. PERSI realizes the importance of showing employers how to correct problems or, better yet, prevent them in the first place. The new program is dedicated to training employers so they understand reporting and eligibility, and so they are prepared when PERSI moves to a new system that will require full reporting. The truth is, if problems can be identified and resolved now, it will save employers time and have less of an impact on budgets in the future.



During the meetings, PERSI will provide each employer with a *Quick Tips* reference sheet with reminders on what to check for when hiring new personnel and what to do when an existing employee terminates. These visits provide employers – those new to reporting and those who have been reporting for a long time – an opportunity to talk about areas of concern and get answers to questions about reporting or anything their employees have

asked about regarding their PERSI benefits. *It is important to keep PERSI informed about any changes in personnel relating to payroll reporting so training can be arranged.*

Starting in mid-September, trainers Mike Mitchell and Melody Hodges (Southwest), along with Retirement Specialists Kari Caven (North) and Frank Dye and Lisa Mabe (East), will spend time with employers reviewing transmittal reporting and eligibility issues, and also answering questions about PERSI. Employers throughout the state have been assigned to a representative based on geographic location. PERSI will conduct ongoing evaluations of the program to learn what is working well, and what may need some adjustment. Employer feedback will be welcomed.

Prior to each meeting, PERSI will send a letter to the appropriate supervisor explaining the reasons for the visit, the goals, and the benefits. The meeting could take up a good portion of the day, so PERSI wants employers to understand that spending time now will eventually save time and money later. A checklist has been created to ensure continuity during these visits so every employer receives the same information.

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Following each visit, the PERSI representatives will send a letter to the person with whom they visited. If areas needing attention were identified during the visit, the letter will cite those areas. A 6-month follow up will be scheduled before the representative leaves the employer's office. A copy of the letter will also go to the appropriate supervisor or manager. If no areas of concern are noted during the visit, a letter will be sent noting that no follow up is required. This letter will also go to the person with whom PERSI met, and the individual who heads up the employer unit.

This new program dovetails nicely with another employer education effort already underway (August *News To Use*). Using the PERSI Web site to provide useful tools to employers (employer portal and online manuals), and personally visiting each employer to talk about the benefits of the Choice 401(k) Plan, were the

first steps in improving employer education. Making onsite visits to prepare employers for full reporting is simply the next step.

Employers will be contacted by a PERSI representative to arrange an onsite visit. If you have questions or areas of concern, jot them down so when the PERSI representative arrives nothing will be overlooked. The data collected during the onsite visits will be reviewed and analyzed to make future improvements to employer training. Naturally, if you have questions or concerns, you can contact the Employer Service Center at any time by calling toll-free 1-866-887-9525 or 287-9525 from the Boise area.

Member eligibility and new reporting requirements might sound scary; but don't hit the panic button...the "visitors" are coming to help you make sense of it all.



## GASB PROPOSES FINANCIAL REPORTING CHANGES FOR EMPLOYERS

After examining pension accounting and reporting standards, the Governmental Accounting Standards Board (GASB) released a Preliminary View titled, "Pension Accounting and Financial Reporting by Employers." A preliminary view reports findings and provides a comment and consideration period during which the Board can decide whether modification to existing standards would improve the effectiveness of the accounting and financial reporting standards for state and local governments. PERSI is a cost-sharing plan, which is covered in Chapter 6 of the document. (The full document and a plain language supplement are available on the GASB Web site at [www.gasb.org](http://www.gasb.org).)

The follow areas are covered in the preliminary view, with those of particular interest to employers highlighted:

- **A net pension liability would be shown on employers' financial statements, rather than as supplemental information.**
- The net pension obligation concept would be rejected; and changes in net pension liability would be amortized over shorter periods.
- Separate rules would apply for amortizing changes to active liabilities, retired liabilities, and assets.
- Acceptable asset smoothing would change.
- Single discount rate would be used based on when expected assets are projected to run out.

- Plans would use the entry age actuarial cost method for disclosures.
- **Employers participating in cost sharing plans would recognize a proportionate share of net pension liability and expense calculated in the same general manner as sole and agent employers.**

Of these views, four have been identified as potentially having the most significant impact on PERSI and employers:

- 1) **Reporting pension liability and cost sharing employers' liability.**
- 2) Pension liability projections include future service and salary increases.
- 3) Discount rate changes
- 4) Change to shorten amortization payment methodology.

The purpose of the preliminary view is to gather public input in advance of potential changes to existing reporting standards. PERSI will be responding to GASB from a plan administrator's perspective; however, the impact of the proposed changes may be significant to our employers. ***Employers may want to consider submitting written comments to GASB by the September 17, 2010, deadline.*** (Instructions for submitting comments are on page 16 of the plain language supplement.) Contact Cheri Campbell or Patrice Perow at PERSI if you have questions.