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ELECTED AND APPOINTED OFFICIALS

What makes an employee an elected or appointed (E/A) official for PERSI purposes is confusing to many employers. The last time E/A was addressed in the employer newsletter was a few years ago, so it's time for a refresher. (Employers should contact the Employer Service Center at 1-866-887-9525 or 287-9525 if there is any doubt about an employee qualifying as an elected or appointed official or about an employee's eligibility.)

The E/A status of an official is relevant in two different contexts under PERSI law.

- 1) The first is in determining if an individual is an employee as defined by Idaho Code 59-1302(14) for purposes of eligibility for PERSI participation. E/A officials are eligible even if they work less than 20 hours per week.
- 2) The second context is in determining when a member is vested. Generally, vesting requires 60 months of credited service; however, certain elected and appointed officials are immediately vested after 5 months.

Someone may be an E/A for purposes of PERSI eligibility, but not for purposes of immediate vesting. It can be confusing. The following may make it easier to understand.

Eligibility

Elected and appointed officials receiving a salary (as defined in PERSI statute) are employees for PERSI eligibility purposes even if they fail to meet the 20-hour-per-week threshold applicable to other employees. Determining whether someone is elected to office is fairly evident; however, determining if someone is appointed for PERSI purposes is more complicated.

To be considered appointed, an individual must be paid a salary and must be appointed by the applicable governing body to:

- 1) An office or position created or identified in statute, or
- 2) An office created by ordinance, in a non-classified position under the direct supervision of the governing body, and which requires a majority vote of the governing body before the appointment. (An ordinance is **not** equivalent to minutes of a city council meeting saying "the mayor appointed..." *An ordinance is passed pursuant to and in accordance with statutory authority.*)



Examples: City Treasurers or City Clerks, duly appointed, paid a salary, and serve in offices authorized by statute (Idaho Code 50-204) are generally PERSI members even though they may work less than 20 hours per week. (NOTE: Since first enacted, the PERSI definition of "employee" has excluded individuals providing services as independent contractors.)

Immediate Vesting

Only if a person is PERSI-eligible does the question of vested status come up. Three exceptions to the 60-month vesting requirement exist for PERSI members. They are known as the *fixed term*, *head of state agency*, and *nonclassified state employee* exceptions.

These exceptions apply to inactive members who, at the time of separation from service, either:

- 1) Held an office to which they had been elected by popular vote or had a term of office fixed by the state constitution, Idaho statute or charter, or were appointed to such an office by an elected official (fixed term exception); or
- 2) Were the head or director of a department, division, agency, statutory section, or bureau of state government (head of state agency exception); or
- 3) Were employed on or after July 1, 1965, by an elected official of the State of Idaho and held a position exempt from Chapter 53, Title 67 Idaho code (nonclassified state employee exception).

If an individual falls into any of these three exception categories, they are eligible for immediate vesting.

The head of any state agency and nonclassified state employee exceptions are applicable only to state agencies and do not apply to cities, counties, or other political subdivisions. For a nonstate employee to receive immediate vesting, he/she must fall into the fixed term category.

Example: A City Clerk or City Treasurer, who is eligible for PERSI as an appointed official though he/she works less than 20 hours per week, is not eligible for immediate vesting because these positions are not for a fixed term.

If your employees have questions regarding E/A status, they can contact the PERSI Member Services Answer Center for assistance at 1-800-451-8228 or 334-3365 from the Treasure Valley.

REGULAR INTEREST FOR CALENDAR YEAR 2013

At the October Retirement Board meeting, it was announced that the regular interest rate members will earn on their personal Base Plan accounts starting January 1, 2013 will be 1.04%.

As a reminder to your employees, the contributions they pay go into individual accounts held just for them. The money in the individual Base Plan accounts plus any interest earned always belongs to the members and will never be lost due to market conditions.

Your employees can check their account balance by

logging into their account using the myPERSI button [] on the PERSI website.

Note: *The interest rate employers will be charged on late payments to PERSI is the statutory rate of 12% effective January 1, 2013. Per Idaho Code 59-1325 (1), contributions paid later than 5 business days after pay date are delinquent and accrue interest at the greater of the rate in IC 28-22-104(1) which is 12% or regular interest (1.04%). Please make sure your contribution payments are received within 5 business days of your payday and invoices are cleared within 90 days. Contact the Employer Service Center with questions at 1-866-887-9525 or 287-9525 from the Boise area.*



because they will continue using a method of online reporting similar to PETRA. PERSI has PETRA-user training (in groups by region) slated for January 2013. Employers will be notified about the dates and registration process.

Any non-PETRA employer currently submitting payroll files directly to PERSI who wants to change to the online reporting tool (PETRA)* or any PETRA-employer who wants to begin using a payroll file-upload**

should contact IRIS Project Manager Wayne Ellis at 208-287-9300 or wayne.ellis@persi.idaho.gov.

* PERSI does not recommend the online reporting tool (PETRA) for employers with more than 25 employees.

** Employers changing from PETRA to payroll file-upload reporting must meet the new transmittal specs and complete a certification process before making the change.

It has come to PERSI's attention that some PETRA users have downloaded the file-upload specs and tried to design Excel spreadsheets and other methods to meet the requirements. PETRA users do not have to comply with the new file-upload specs