



# NEWS TO USE

A newsletter for PERSI employers

July 2012

- 90-Day Break in Service
- No Rate Increase
- Separation Payments
- Full Reporting Training
- IRIS Project: Update



## WHEN DOES A 90-DAY BREAK IN SERVICE BEGIN?

PERSI frequently gets asked about the 90-day break in service when it comes to rehiring retirees. This article should provide some clarification.

**Statute 59-1356 (1).** "Reemployment of retired members. (1) If an early retired member is reemployed with the same employer within ninety (90) days from retiring, or the early retired member is guaranteed reemployment with the same employer, the member shall be considered to have continued in the status of an employee and not to have separated from service. Any retirement allowance payments received by the retired member shall be repaid to the system and the retirement shall be negated. The month of last contribution prior to the negated retirement and the month of initial contribution upon return to reemployment shall be considered consecutive months of contributions in the determination of an appropriate salary base period upon subsequent retirement. A retired member is not considered to have separated from service if he continues performing services for the same employer in any capacity including but not limited to independent contractor, leased employee, or temporary services."

*A 90-day break-in-service period begins the day after the termination date.*

**Example 1:** If an employer submits a *Notice of Change in Employment Status RS109* form to PERSI on August 18<sup>th</sup> indicating an employee has terminated to retire, and that terminated employee begins drawing a PERSI retirement benefit on September 1<sup>st</sup>, the 90-day break in service begins August 19<sup>th</sup>.

**Example 2:** If an employer submits a *Notice of Change in Employment Status RS109* form to PERSI on April 7<sup>th</sup> indicating an employee has terminated to retire, but the terminated employee waits to begin drawing

a PERSI retirement benefit until November 1<sup>st</sup>, the 90-day break in service still begins the day following the termination date. In this case that would be April 8<sup>th</sup>.



*The 90-day break in service period begins the day after the termination date regardless of when retirement benefits begin being paid.*

A break in service *is not required* for general members who are returning to work if they retired at age 65 or later or age 60 for public safety officers. The break is only required for early retirees (before age 65 for general members/age 60 for public safety officers) when they are returning to work for the employer they last worked for prior to retirement.

Employers with questions about the 90-day break in service should call the PERSI Member Services Answer Center toll-free at 1-800-451-8228 or 208-334-3365 from the Treasure Valley area.

**ATTENTION!**



**Contribution rate increase was postponed until July 1, 2013**

## TIMELINE FOR PAYING A SEPARATION BENEFIT CHANGES

The timeline for paying out a separation benefit has changed. Members who leave PERSI-covered employment and want to withdraw the contributions they paid to their Base Plan account, plus the interest earned, will no longer be paid immediately.

Members who terminate employment and want a refund of their contributions need to complete a *Base Plan Account Withdrawal Request RS108* form and submit it to PERSI. Regardless of when the form is received, **no refund will be paid before the employer submits the employee's final salary information and terminates them on the transmittal.**

PERSI anticipates it will take anywhere from 4-6 weeks from the time of request until a separation payment is made. This timeline depends on the

employer's payroll cycle and the timing of the transmittal to PERSI showing the employee has terminated.

*Please remind your terminating employees of Statute 59-1359 (a):* The separation benefit, if any, shall become payable upon the written request of an inactive member who has been separated from employment. If the person who received a separation benefit is reemployed or reinstated by the same employer within ninety (90) days or is guaranteed a right to employment or reinstatement with the same employer, the person shall repay to the system any separation benefit paid.

Employers should explain the timeline to terminating employees who express interest in withdrawing their PERSI funds.

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## FULL REPORTING TRAINING WORKSHOPS UNDERWAY

Employers who haven't yet registered to attend or who haven't yet attended one of the full reporting training workshops should sign up today. PERSI is doing all it can to educate employers about the upcoming changes to transmittal reporting – the workshops are a big part of that effort.

Determining eligibility and understanding the consequences of misreporting is a key component of the training. The early alert tool built into the

IRIS system will help employers prevent reporting problems, and reduce the likelihood of owing delinquent contributions that could adversely affect already tight budgets.

Feedback from the initial workshops has been positive. PERSI is confident you will learn a lot during the 2-hour training sessions. Follow this link to register today: <http://www.persi.idaho.gov/employers/workshops.cfm>



Progress continues to be made on the IRIS project. A second letter scheduled to go to employers the first week of July will include a survey...***please complete it as soon as it arrives. You can mail back the***

***hard copy or complete the survey on the PERSI website after July 4<sup>th</sup>.*** The letter will also include a link to the transmittal specifications posted on the website, ***which every employer should review as soon as possible.***

The full reporting training workshops began on June 22<sup>nd</sup>, and have been well received. Attendance is good and the questions being asked will help PERSI as implementation of the IRIS project goes forward. The

workshops are a perfect time to get answers to your questions about IRIS, transmittals, and eligibility. (See the link above to register if you have not already done so.)

Thank you for completing your survey when it arrives and for attending a workshop. At this time of challenges and changes PERSI once again has to thank employers for their continuing support and cooperation.