

Employer Update

Timely Information for Participating Employers from the Maryland State Retirement Agency

To better serve you...

The Maryland State Retirement Agency is pleased to announce the creation of a newsletter which will focus on issues and topics important to the staff of our participating employers who are responsible for enrolling members and reporting payroll data to the agency on their behalf. This newsletter will be published quarterly (April, July, October and January) and will be maintained on the agency's website under the **Employers** tab.

"We hope that you will find this newsletter useful," said Donna Jones, account manager for the retirement agency. "Please give us your comments, suggestions, and ideas and topics for issues to be covered in the newsletters. Send me your feedback at djones@sra.state.md.us."

Test your payroll reporting knowledge with our fun quiz! (page 2)

Fiscal year end is fast approaching!

Each April, the retirement agency kicks off the processes necessary to close out the fiscal year (July 1 – June 30) and award service credit and interest to the membership records of the system's 200,000 active members. Each participating employer plays an important role in the fiscal year end processes.

The most visible result of the fiscal year-end processes is the Personal Statement of Benefits (PSB) which will be provided to every member active at June 30, 2012. The PSB provides members with the current status of their membership record in the system, including service credit, member

contribution and interest balances, and provides projections of benefits that they may be eligible to receive from the system.

In order to ensure that we complete the fiscal year-end processes

on schedule, we need your help. Here are some important dates impacting the agency's ability to timely and accurately complete the fiscal year end closing process:

Report due dates to remember

10 month Report	April 25, 2012
FY13 Payroll Reporting Schedules	May 13, 2012
714 Adjustments.....	July 6, 2012
Payroll Reporting Issues/Errors.....	July 6, 2012
Last Payroll Reporting	July 9, 2012

Payroll brain teasers!

Test your knowledge of payroll reporting with these True or False questions.

Try not to peek at the answers printed at the bottom of the page.

True False

1. If an employee works overtime, then their extra hours worked should be reported to the agency.
2. Employers are required to submit payroll data to the agency no later than five business days after the pay date.
3. The payroll data file contains the addresses of the employees being reported.
4. The Hours Worked and the Standard Hours should be the same for a part-time employee.
5. If an employee earns and is paid a bonus, member contributions should be calculated on the bonus, deducted and paid to the agency.

Answer key

1. **False.** The number of Hours Worked should never exceed the number of Standard Hours. Neither the additional hours worked, nor any overtime compensation paid, should be reported to the agency.
2. **True.** Employers have up until five business days after the pay date to report data to the agency. It is important to remember that the money (contributions) must be sent to the agency no later than the pay date.
3. **True.** The agency uses the address reported by the employer when mailing information to the member, most importantly the annual Personal Statement of Benefits.
4. **False.** The Standard Hours are by the number of hours, generally 40, a full-time employee would work in any given position. By definition, a part-time employee is someone who works less than the number of hours worked by a full-time equivalent employee. For example a 40% part-time employee would be reported with 16 Hours Worked and 40 Standard Hours.
5. **False.** Bonuses are not part of earnable compensation. Any bonus amounts should not be reported to the agency and no member contributions should be calculated.



Who may I call when I need help?

The retirement agency and the participating employers are partners in ensuring that the membership data on every employee is complete so that the agency can communicate timely and accurate information to the members and provide the correct benefits. Please direct your questions and concerns to the appropriate resources:

- **Enrolling members or automatic enrollment reports:** call 410-625-1414 or e-mail dfisher@sra.state.md.us
- **Uploading your payroll data:** call 410-625-5697 or e-mail twilliams@sra.state.md.us
- **Submitting prior period payroll adjustments:** 410-659-8411 or e-mail slauer@sra.state.md.us

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Challenging payroll reporting

Each newsletter, the agency will use this space to discuss an unusual payroll reporting issue. In this edition, we discuss how to report payroll data for an employee who is receiving workers' compensation payments.

Workers' compensation is an insurance program created by state statute providing compensation for injuries which occur out of and in the normal course of employment. Individuals who are receiving workers' compensation benefits present a unique circumstance regarding retirement payroll reporting.

Payroll data should not be reported for employees receiving a workers' compensation award even if the employer is paying a supplemental amount to bring the employee's compensation up to its full, normal amount. Instead, the employee should complete Form 46, *Qualified Leave of Absence Request or Notification of Military Service Entry* form, and enter "personal illness" as the type of leave. In addition, the beginning and ending dates of the leave period should be specified in the spaces provided.

Once the employee returns to employment, he or she should be returned to payroll reporting and the employee should complete Form 26, *Request to Purchase Previous Service*, to purchase credit for the term of the leave of absence. Retirement credit for the period of the leave of absence will not be added until the missing employee con-

tributions and interest are paid, but they may be paid (with additional interest charged) at any time prior to retirement or separation from a SRPS participating employer. Service credit will not be granted until the missing em-

“ Payroll data should not be reported for employees receiving a workers' compensation award. ”

ployee contributions and interest is paid. In the event a Form 46, *Qualified Leave of Absence Request or Notification of Military Service Entry*, is not filed, the individual will not be eligible to purchase that time upon return.

The exception to the above rule is when the employee continues to receive his or her regular salary as payment for use of accumulated sick leave. In this case, normal payroll should be continued.

Let's play everyone's favorite game show:



OR



Are these employees eligible for membership or not? Consider the following scenarios and determine whether the employee should be enrolled in the system and have payroll data reported to the agency.

1. A contractual employee?

No, membership in the system is not allowed for contractual, emergency, or temporary employees.

2. A permanent, part-time employee?

It depends. If the employee is budgeted to work at least 500 hours in the fiscal year (July 1 to June 30), then yes they must be enrolled at their date of hire. If the employee was originally budgeted to work less than 500 hours, but it becomes clear that the employee will work at least 500 hours, then they must be enrolled to their date of hire or the start of the current fiscal year.

3. An employee who has already retired from the system and is receiving a retirement benefit from the system?

No, in general a retiree of the system is not eligible for membership in the system. There are *very* limited exceptions to this rule, primarily for cur-

rent or former legislators and current or former judges, but in general a retiree may *not* be enrolled in the system. To confirm, call a retirement benefits specialist.

4. An employee who has previously participated in the State's Optional Retirement Plan (ORP)?

It depends. If the employee previously participated in the ORP and his or her current position is eligible to participate in the ORP then the employee *may not* be enrolled in the system and must be re-enrolled in the ORP. If the employee's current position is not eligible to participate in the ORP then he or she should be enrolled in the system.

5. A situation not covered here?

If you are unsure as to whether a new employee is eligible to participate in the system, please give us a call. The Enrollments Section can be reached at 410-625-1414.

Automatic enrollment reports and fees

Every April and again in June, the agency provides listings to employers who have employees who have not been properly enrolled in the system. The agency refers to these individuals as "Automatic Enrollments". We are receiving payroll data on these employees but we are missing a complete Form 1, *Application for*

Membership, and/or a proof of birth date document, and/or a notarized *Designation of Beneficiary* form.

For every employee who was hired before April 1 and is not properly enrolled in the system by June 30, the employer will be billed \$100.00.

Please help us keep our membership records complete and avoid

the \$100.00 per employee fee by responding immediately to your employer's Automatic Enrollment Report. Staff in our Enrollments Section will gladly help you resolve enrollment issues. The Enrollments Section may be reached at 410-625-1414.