Common Audit Issues

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Alaska Division of Retirement and Benefits

Common Audit Issues

- PERS Enrollment Dates
- PERS Probationary Periods
- Rehired Annuitants
- Certified Employees
  - Teachers
  - Police Officers
  - Municipal Correction Officers

Common Audit Issues

- Exclusion of PERS Eligible Employees
- Contractors Replacing PERS Classification Groups
- Temporary Employees

PERS Enrollment Dates

- Impact Employees Service Credits
- Commencement of PERS Participation
  - AS 39.35.120 – Commencement of Participation
- Corrections

PERS Probationary Period

- Employers must now have probationary period reflected in PERS participation agreement.
- Probationary period must be consistent.
- Classification groups can be excluded from probationary periods.

PERS Probationary Period

- Internal policies and procedures about probationary periods.
- Contact Employer Counseling and Benefit Education Unit with questions.

Rehired Annuitants

- Definition per IRS Publication 963:
  - A rehired annuitant is a retiree who is rehired by his or her employer or another employer that participates in the same retirement system as the former employer. A rehired annuitants is either receiving a retirement benefit from that retirement system, or has reached retirement age under that retirement system.

Rehired Annuitants

- Watch PERS and TRS eligibility for rehired annuitants.
- Watch Social Security withholding:
  - Mandatory Employers
  - Section 218 Employers

Rehired Annuitants – Mandatory Employers

- Remember, it’s mandatory you enroll your employee in Social Security unless already enrolled in a qualified FICA replacement system.
- Receiving a benefit or has reached retirement age under that system.

Rehired Annuitants – Voluntary (Section 218) Employers

- Section 218 employers have written modifications joining the State's original Section 218 Agreement.
- Watch your coverage groups;
  - Absolute Coverage Group
  - Retirement System Coverage Group

Certification

- Teachers
  - AS 14.20.010 – Teacher Certification Required
- Police Officers
  - AS 18.65.240 – Standards (Police Officer)
- Municipal Correction Officers –
  - AS 18.65.248– Employment of Correctional, Probation, and Parole Officers

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Certification

- What about Fire Fighters?
  - Alaska Fire Standards Council
    - AS 18.70.355 Certification Optional
    - Currently does not require certification for fire fighters.
    - We look at position descriptions.

Exclusion of Eligible Employees

- PERS Part-time Employees
  - Teachers in 49% contracts do not qualify for enrollment in TRS;
    - BUT, if your participation agreement includes part-time employees and, these teachers are occupying a permanent position that regularly requires working at least 15 hours but less than 30 hours a week, they qualify for PERS enrollment.

Contractors Replacing PERS Classification Groups

- Contractors replacing PERS classification groups.
  - Single positions vs. classification groups.
  - Termination studies are required.
    - AS 39.35.625 – Termination Costs

Temporary Employees

A temporary employee is any employee specifically hired to perform services of either a full or part-time basis:

1. supporting or supplementing an employer's work force during employee absences,
2. implementing special assignment, projects and other similar work situations,
3. for a limited duration.

Temporary Employees

The administrator will make a determination regarding whether an employee is temporary by evaluating all of the facts and circumstances of the employment including:

1. the extent to which the employment supports or supplements an employer's work force,
2. the extent to which the employment implements special assignments, projects or work situations, and
3. the extent to which the term of employment exceeds two years.

Common Audit Issues

Questions?

Call for Help

- We are happy to help
- Please allow us a few days to get back to you, as:
  - often research is involved,
  - often we are in the field,
  - often we have questions ahead of yours!

Questions

- **Questions we can answer:**
  - Social Security
  - Medicare
  - Issues we have raised in audit/review reports
- **Questions we can't answer:**
  - Retirement System Eligibility
    - *Roberto Aceveda, Supervisor – Employer Counseling and Benefit Education*

Questions (continued)

- **Questions we can't answer (continued)**
  - Retirement System Payroll
    - *Erika Burkhouse, Supervisor – Active Payroll Supervisor*
  - Personal Social Security Accounts

Who We Call For Help

- Internal Revenue Service Agent
  - Pacific Area Manager for IRS Federal State & Local Governments (FSLG)
- Social Security Administration Agent
  - Section 218 Expert
  - Employer Services Liaison Officer

Where We Go For Help

- IRS Publication 963
  - Federal-State Cooperative Publication
    - Social Security Administration
    - Internal Revenue Service
    - National Conference of State Social Security Administrators
- SSA – Program Operating Manual

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