

Employer Notice

DATE: June 25, 2013

TO: APERS Participating Public Employers

FROM: Tiffany Jackson, Member Records Supervisor

RE: Contributory Coverage Election (Act 332 of 2013)

Section 12 in Act 332 of 2013 allows active members who participate under the non-contributory benefit provisions of APERS to elect coverage under the contributory benefit provisions. Under these provisions, members contribute five percent (5%) of their annual compensation to the System.

Provisions of Act 332

If the member elects contributory coverage, the effective date of the contributory coverage is the first payroll period that is paid and reported in the next month after the contributory election; and the contributory coverage is prospective only. The member's election is irrevocable. The Act does not provide a conversion or purchase of non-contributory service into contributory service. The benefit provisions for non-contributory members who elect coverage under the contributory provisions are the same as the provisions for existing contributory members.

Communication and Education

To inform non-contributory members about the contributory election, we included an article in our upcoming active member newsletter. General information about electing contributory coverage is available on our website at www.apers.org/contrib13. For specific information about electing contributory coverage, individual members can submit a written request or contact our office for an appointment with a retirement counselor.

Election

Non-contributory members who wish to remain under the non-contributory provisions do not need to take any action. Non-contributory members who wish to elect coverage under the contributory provisions must complete a *Contributory Coverage Election* form. On the form in section II Member Contributory Election, members enter a Date of Contributory Election. The effective date of their contributory coverage is in the next month after this date. For example, if the member enters a Date of Contributory Election of June 28, 2013, their contributory coverage will be effective in July 2013.

Members must also complete an *Employee Contributions Beneficiary Designation* form. Both the election form and designation form require the acknowledgement and signature of an employer representative. After we receive a properly completed election form, we will send a *Confirmation of Contributory Coverage Election* letter to members to confirm that we received and processed their election. We will copy employers on the confirmation letter.

Once members elect coverage under the contributory provisions, their coverage will be for their current employment and all future employment covered under this system. If members have concurrent employment with APERS-covered employers, their coverage under the contributory provisions will apply to all employers. When we identify these situations, we will notify all applicable employers.



Reporting

State agencies that do not use the AR Administrative Statewide Information System (AASIS) and County, Municipal, Public School, and Non-State agencies:

On the *Monthly Earnings and Service Report* in the month prior to members' effective date of contributory coverage, you must terminate them from the non-contributory report (Plan "N") by entering a "T" in the Status column. On the *Monthly Earnings and Service Report* in the effective month of contributory coverage, you must add the member to the contributory report (Plan "K") by entering an "N" in the Status column.

State agencies that use the AR Administrative Statewide Information System (AASIS):

Below are the steps to changing an employee's IT0169 retirement plan record:

1. Execute transaction code PA30.
2. Enter the employee's personnel number.
3. Select Savings Plans (IT0169).
4. Select the *Create* icon.
5. Change the start date to the appropriate date (the effective date is the first payroll period that is paid and reported in the next month after the contributory election),
6. Select the retirement plan from the drop-down list in the *Benefit Plan* field.
7. Add the employee percentage by selecting the *Regular Contrib* tab and entering 5.00 in the *Percentage* field.
8. Select the *Save* icon.

If you have questions about these steps, please call the AASIS Help Desk at (501) 683-2255 or complete the Help Desk form on the AASIS web site at:

<http://www.dfa.arkansas.gov/offices/informationServices/aasis/Pages/AASISHelpdeskForm.aspx>.

All Agencies

You cannot report members as both non-contributory and contributory in the same month. Please review your payroll schedules to ensure that you begin the employee's retirement plan deduction with the first payroll period in the next month after the contributory election, as required by the law.

For Additional Information

If employers have any questions about non-contributory members electing contributory coverage, please contact me toll-free at (800) 682-7377. If non-contributory members have questions about electing contributory coverage, they should call our toll-free number and request to speak to a retirement counselor.