



INTERNAL AUDITING NEWSLETTER

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NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

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INTERNAL AUDITING NEWS

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DETAILS, DETAILS, DETAILS



Something that we're seeing a lot on the accounting side of our Employer Reporting is the submission of incorrect Social Security numbers.

When an incorrect SSN is submitted, our system creates a new account for that member, creating a situation where there are multiple accounts for members. When this happens, it creates a lot of extra work for our Data Services team, which includes collecting documentation from you about the error, in order for them to be able to delete the duplicate accounts. The last thing that we want to do is give you extra work, but that's what happens when this error is made. The best way to keep this from happening is taking an extra second to double check SSN's before sending them in. When we verify little details on the front end, we can avoid the cleanup on the back end.

LEGISLATION UPDATE

It was a slow year this year for the NPERS School Plan in the Legislature, but there were a few changes, brought about by [LB 103](#), that we'd like to make sure you're aware of. Two changes were made to bring state statute into compliance with recent federal changes, specifically changes to the Uniformed Services Employment and Reemployment Rights Act (USERRA) and the Secure 2.0 Act, and the other was to further clarify previous legislation from 2022.

The recent change to USERRA that affects employers and employee reporting agents is an adjustment to how contributions are made when an employee who is in the military is called into active duty. Previously, as you know, when this situation arose, employers would make contributions to the plan on behalf of the school and the employee for the time that was missed for **federal** service provided they reemployed with their pre-military employer and filled out the requisite paperwork. Now, with the recent change, employers will also make both the employer and the employee contributions to the plan (again provided they are reemployed with their pre-military employer and fill out the requisite paperwork) when the member is called into active **state** service. We have updated our [Military Guidebook](#) to reflect these changes.

Another change that was made that affects our plans was an updating of the verbiage regarding Required Minimum Distributions (RMD) to bring state statute into line with the recent changes to RMD ages brought about by the Secure 2.0 act. With the recent changes, there are now different ages at which these distributions are required based on what year you were born. For our members born prior to July 1, 1949, their RMD age remains unchanged at 70 ½. Members born on or after July 1, 1949 but before January 1, 1951, have an RMD age of 72. Finally, anyone born on or after January 1, 1951 now has an RMD age of 73. We have a document that we keep updated with these changes to help employees and employers understand RMD's and how they can affect their benefit that can be found [here](#).

The last change from LB 103 we wanted to make you aware of was an update of a previous change in legislation. Back in 2022 when LB 700 was drafted, there was a category of employees who work for the State, are required to hold a certificate for their position and are participating in the School Plan but are not covered by the State Code Agency Teacher Association (SCATA) labor contract. LB 700 did not specifically cover this group. LB 103 adds this category into the law codifying the rules regarding working for the State following retirement from the School Plan.

That sums up the changes in legislation that affected our School Plan in 2023. However, we have had many questions about immigration status and eligibility for plan participation, particularly regarding the definition of 'qualified alien'. So we wanted to take a moment to address that as well. We sought a Nebraska Attorney General's opinion regarding this matter and the opinion agreed that the law was not as clear as desired and recommended a change in the law. In addition to outlining a current multi-part test that NPERS must currently engage in to determine eligibility based on immigration status, NPERS, members and reporting agents wanted easier rules and processes to implement. Thus, NPERS proposed [LB 378](#), which lists the documents that members must provide to their employers to demonstrate lawful presence in the US. LB 378 provisions were incorporated into [LB 198](#) via [Amendment 1391](#), which is currently on General File for the next legislative session.

EMPLOYER REPORTING WORKSHOPS

The school year is over and that means its time once again for the NPERS employer reporting workshops!

These workshops cover topics such as:

- Changes in laws
- Forms and procedures
- Reporting through the Nebraska Public Retirement Information System (NPRIS).

The 2023 registration brochure can be found [here](#). It provides more information on the workshops and how to register. We hope to see you in July!

WORKSHOP DATES:

07/11	Kearney	76 Plaza Blvd.
07/12	Norfolk	701 E. Benjamin Ave.
07/13	La Vista	6949 S. 110th St.
07/18	Lincoln	1526 K St. Lower Lvl.

REVIEWING RETIREMENT RULES

We understand that going through an audit is not anyone's favorite thing. It can feel intrusive and add a lot of work onto your already full plate. Our intention at NPERS is never to frustrate or agitate. We understand that a secure plan is a plan where all participating employers are aware of and following plan guidelines. With that in mind, we'd like to talk a bit about what our goals are in an audit.

NPERS INTERNAL AUDIT TEAM GOALS:

- To ensure eligible employees enroll on time and ineligible employees do not enroll.
- To confirm accurate reporting of compensation, contributions, service credit, and demographic information.
- To verify compliance termination of employment rules, and to test internal controls.

However, in order to do all of that, we want to bring the focus back to educating School Plan Employers on the basic retirement rules.

CONT'D. ON PG. 3

REVIEWING RETIREMENT RULES CONT'D.

Because the School Plan is a definitely determinable benefit with a multiple employer plan, it is imperative to make sure the benefits are determinable from the plan document and **not** subject to employer discretion. If we can provide the same education to all School Plan employers, we are taking the first step in successfully implementing the plan.

Eligibility Upon Hire: Step by Step

To enroll in the School Retirement Plan, you do not need to complete any enrollment forms, rather you simply need to meet eligibility.

THE FIRST QUESTIONS TO ASK ARE:

1. Is the employee **at least** 18 years old?
2. What is the employee's citizenship or immigration status?

Currently, if they are 18, but they are not a U.S. citizen or Permanent Resident Alien, you must contact NPERS for a legal review of for eligibility based on immigration status.

If the employee met the first 2 qualification for eligibility, then we need to figure out the job classification for the employee based on the retirement definitions in statute. Every employee must be classified as 1 of 3 categories:

NOT ELIGIBLE:

1. **Temporary:** Hired to do a job for a certain length of time, not to exceed one year, and when the job is complete, the employment ends.
2. **Substitute:** A temporary employee filling in for a regular employee that is temporarily absent.

ELIGIBLE:

3. **Regular:** Hired on a regular and ongoing basis. If the employee does not fall under the first 2 categories, then they should be considered a regular employee.

As regular employees are the only eligible employees to participate in the plan, it is important to make sure they are correctly classified upon hire, but to also have a continual assessment of their classification should their employment change.

If an employee is rendering regular service **and** either substitute or temporary service, **they are classified as a regular employee for retirement purposes.**

THE NEXT STEP:

Once we have determined the employee has met the first 3 criteria to establish eligibility, we then need to find out if the employee has ever contributed in the School Plan at **your school.**

IF THE ANSWER IS YES

and they **have not** taken a distribution, they will immediately resume Plan participation **regardless of how many hours they work.**

IF THE ANSWER IS NO

and they **have taken a distribution**, eligibility is established as a new employee.

(It is important to remember that for someone to take a distribution or cease contributions, they need at least a 180-day separation to include no more than 8 calendar days in a calendar month of substitute or voluntary service.)

WRAPPING UP:

So now we have established the employee is 18, meets citizenship/immigration eligibility criteria, and is a regular employee.

The next question is to establish **how many hours they will be working.**

If the intention of hours upon hire is 20 or more a week, it is mandatory for them to enroll immediately upon hire. If the intention is for them to work less than 20 hours a week, then you **must monitor all hours worked** during each plan year (July 1 – June 30) for eligibility. If they work an average of 20 or more hours a week in any 3 calendar months of the plan year, they must participate in the Plan in the next payroll period.

To find the average of hours worked in a calendar week, take the total number of hours worked in a month, divided by the number of days in the month, multiplied by 7 days in a week.

- To help you calculate the hours worked, you can use the [Calculator Tool](#).
- To help better define the job classifications and termination of employment rules, use the [Employer Cheat Sheet](#).
- When hiring an employee, use the [Retirement Plan Eligibility Calculator](#).
- And always check the latest version of the [School Manual for Employer Contacts](#) for detailed information.