STATE RETIREMENT SYSTEMS

• State Employees' Retirement System of Illinois
• General Assembly Retirement System
• Judges' Retirement System of Illinois

Internet: http://www.state.il.us/srs E-Mail: ser@mail.state.il.us

2101 South Veterans Parkway, P.O. Box 19255, Springfield, IL 62794-9255

BULLETIN

TO: ALL STATE AGENCIES, DEPARTMENTS, BOARDS, AND COMMISSIONS

ATTENTION: PAYROLL DIVISION

DATE: FEBRUARY, 2005

RE: PAYROLL BULLETIN

The attached bulletin replaces a previous SERS Payroll Bulletin dated December 2001. We hope it will assist you in the preparation of payroll vouchers. Legislative changes since the last payroll bulletin have been incorporated into the narrative and also the retirement coding tables.

Other recently issued SERS Bulletins which will also assist you when preparing payroll vouchers include the following:

Date Issued	Topic
December 9, 2003	New alternative formula contribution rates, effective January 1, 2004, and updated Form 1404
November 30, 2004	New Employer Pickup Codes

If you have any questions concerning the enclosed payroll bulletin, please contact:

Accounting Division
State Employees' Retirement System of Illinois
2101 South Veterans Parkway, P. O. Box 19255
Springfield, IL 62794-9255
Telephone: 217-785-7202 or 217-524-3032
Fax: 217-785-7019

Robert V. Knox
Executive Secretary

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Incorrect Deduction Notice 1000

Exemption from Social Security Coverage - VISA 1204

Payroll Reversal Notice 1210

Retirement Contributions on Lump Sum Pay for Sick Leave
Vacation and/or Personal Days 1404

Report of Retirees Employed in TEMPORARY/NONPERMANENT Positions 3904

Report of Retiree Returning to State Employment 3905

If you have any questions concerning the contents of this bulletin, please contact:

State Employees' Retirement System
ACCOUNTING DIVISION
2101 South Veterans Parkway
P. O. Box 19255
Springfield, IL 62794-9255

Telephone: 217-785-7202 or 217-524-3032
Fax: 217-785-7019

GENERAL GUIDELINES FOR RETIREMENT CONTRIBUTIONS

1. Beginning on and after January 1, 1978, retirement contributions are due on an employee's gross amount of pay (no maximum applicable), **including any retroactive salary adjustments vouchered after withdrawal from service.** Certain items which are EXCLUDED from any *employee* retirement contribution liability are lump sum salary payments:

a. For vacation,
b. For accumulated unused sick leave
c. Upon discharge or dismissal OR
d. For approved holidays

These lump sum payments are SUBJECT TO EMPLOYER RETIREMENT CONTRIBUTIONS, but not to the employer pick-up.

2. Deduction codes and rates are shown in the coding and rate tables, Pages 5 thru 11 of this bulletin.

3. A detailed discussion of the employer pickup of employee retirement contributions is contained on page 4.

CODING/RATE TABLES

The proper codings and rates for the various employee classifications are shown in the tables beginning on page 5. Table 1 covers the "general" classifications of employees, while Tables 2 through 12 cover specific position classifications or special situations. Information regarding the various classifications is furnished in the tables. Should you have any questions contact the State Employees' Retirement System, Accounting Division, 217-785-7202 or 217-524-3032.

EXPLANATION OF TERMS AND ABBREVIATIONS

ALTERNATIVE RETIREMENT FORMULA: Retirement formula for certain position classifications as listed in the Tables. Some employees make contributions for retirement only (i.e. no Social Security coverage). Employees hired after March 31, 1986, however, may be required to contribute to Medicare. Contact the Office of the Comptroller for information or guidelines regarding Medicare coverage. Most alternative retirement formula positions are also covered by Social Security.

ELECTION OF OCTOBER 1968: All members of SERS who were on a State payroll (or on an authorized leave of absence) as of October 31, 1968, had the option of electing reduced retirement benefits and Social Security coverage (plan of coordination) or retirement-only (noncoordinated plan). Information as to how an employee voted may be obtained from the Accounting Division (217-785-7202).

EMPLOYEES WHO ACCEPTED A REFUND after the date of this election, or ***WHO BECAME ELIGIBLE FOR MEMBERSHIP IN SERS AFTER OCTOBER 1968***, must accept Social Security coverage unless the position in which they are employed is ineligible for such coverage. Members who were in position classifications which were excluded from Social Security coverage by Federal law ***DID NOT*** have an option to vote for the plan of coordination.

FICA: Federal Insurance Contributions Act (i.e., Social Security tax).

NONCOORDINATED PLAN: Retirement plan for employees currently requiring 8% contributions to SERS and no contributions to the federal Social Security program. Employees hired after March 31, 1986, however, may be required to contribute to Medicare.

Contact the Office of the Comptroller for information or guidelines regarding Medicare coverage. Employees who voted for retirement-only benefits, or who are ineligible for Social Security, are also referred to as "noncovered" employees.

COORDINATED PLAN: Retirement plan wherein contributions are made to both SERS and Social Security. Employees who voted for reduced retirement benefits along with Social Security coverage are also referred to as "covered" employees.

QUALIFYING PERIOD: For new employees and for members who have terminated and received a refund of their contributions, a six-month work period must be completed at the beginning of their employment. During this period employees are not eligible for membership in SERS (see note on next page).

An employee whose qualifying period is interrupted by or followed by a break of more than two months must begin serving a new qualifying period.

For purposes of qualifying only, any part of a month worked is equal to one month. (The six-month period starts from the date of employment, whether or not the employee works each month, unless there is a period of more than 2 months absence from the payroll. If such a break occurs, a new qualifying period must begin when the employee is returned to the payroll.)

NOTE: Employees who are members of Universities, Teachers, General Assembly and Judges Retirement Systems and accept employment in a position covered by SERS are not required to serve the qualifying period.

Employees in positions which are not eligible for social security coverage (i.e. police and firefighters) are not required to serve a qualifying period ***effective July 1, 1991.*** (See tables 3, 4 and 6.)

REFUND OF SERS CONTRIBUTIONS: Payment upon termination of State employment of all contributions made to SERS. Acceptance of such refund voids any election by the employee.

Any member receiving a refund forfeits and relinquishes all accrued rights in the System, including all accumulated creditable service.

SERS: State Employees' Retirement System of Illinois
GARS: General Assembly Retirement System
JRS: Judges' Retirement System

MILITARY LEAVES FOR TRAINING

Pursuant to Public Act 82-679, employees in this category are required to contribute on the full rate of their pay as though they had remained an active employee. Employer contributions and pick-up contributions are also due on the full rate of pay. For further information, contact the SERS Accounting Division at 217-785-7192.

AWARD FOR BACK PAY UNDER A STATUTE

Detailed earnings and contributions must be furnished to SERS in a letter or memo so the member's account can be reconstructed and the correct service credit recorded. This information must be furnished to the SERS Accounting Section as soon as the payroll is processed. ***Please fax these documents to 217-785-7019***, attn: Back Pay Awards.

Back Pay: Payments for back wages, except penalties or compromise settlements, paid under a statute such as the National Labor Relations Act, The Fair Labor Standards Act, or other Federal and State laws which are intended to create an employment relationship is subject to retirement contributions.

Compromise or Negotiated Settlements: Payments in lieu of wages and as a result of court judgment are usually exempted from FICA. *These settlements are permissible, however, they require the express approval of the SERS Executive or Associate Executive Secretary prior to the execution of the settlement if the terms of the settlement involve the payment of employee and employer retirement contributions only.*

Order for Reinstatement: An order of all retirement rights by a court or other authority requires that both employee and employer contributions to retirement be paid on the full amount of wages which the employee would have received had he/she remained on the payroll.

Status Code 9: This code should be used when pay is reinstated for pay periods in which no work was performed when reinstatement is by order of the National Labor Relations Board (NLRB), Department of Central Management Services Personnel Code, a Court, or other lawful authority, in cases of wrongful discharge.

CLAIM FOR BACK WAGES

Any employee of the State of Illinois, whether or not under the Personnel Code or covered by a collective bargaining agreement, who has reason to believe that the state owes him/her money that should have been paid from a Personal Services appropriation which has lapsed, may file a claim for such back wages.

A claim may be based on any event or action in which the employee believes the state as the employer owes that employee more money than was paid originally in a prior fiscal year.

Examples include items such as: an error in payment; an underpayment; failure to pay in accordance with Rules, Pay Plan, negotiated labor agreements; or the result of a grievance settlement or arbitration decision reversing a suspension,

discharge, or other action or inaction by the agency.

The amount due must, however, have been payable from an appropriation for personal services (payroll) or from an appropriation designated for that purpose (lump sum, grant, etc.).

Generally, back wage claims are to be filed with the Department of Central Management Services (CMS). Agencies/departments should complete the back wage claim work sheet (CMS Form 392), in order to determine, among other items, the amount of retirement contributions (both employer and employee) due to SERS.

A detailed breakdown of the monthly (daily or hourly) rate and the time worked for each time period must be provided on the work sheet or if necessary as an attachment to the back wage claim work sheet (Form CMS-392).

Please contact the State Employees' Retirement System at 217-785-7228 if you have any questions regarding the retirement contribution (either employer or employee) portion of CMS Form 392.

NOTE: The State's share of employer retirement contributions should be computed at the current rate in effect at the time of payment.

For Social Security tax withholding purposes, the award is all current income in the year in which it is received. Therefore, use the current FICA rate in effect at the time of Back Wage Claim calculation, subject to the current year maximum FICA wage amount for employee share. Use the current rate in effect for the employer's share also.

AGENCIES MUST USE FORM CMS-392 TO PROVIDE THE DETAILED PAYROLL INFORMATION OF A BACK WAGE CLAIM.

CONTRIBUTION CODES AND RATES

Listed below are the retirement deduction codes used in Tables 1 thru 12 on the following pages. This list indicates the wages on which employer contributions are due, as well as additional notes concerning some problem areas of deductions and reporting of employee contributions. Contributions to SERS are prescribed in 40 ILCS 5/14-133 of the Illinois Compiled Statutes.

General Employees

Deduction/ Retirement Code	Total Employee Retirement and/or Pick-up Contributions Due	Employer Retirement Contributions Due?	Retirement Agency
0	8.0%	YES	SERS
1	4.0%	YES	SERS
Q	N/A (Qualifying Period Person)	YES	SERS
W	N/A (Nonpermanent Retiree OR Lump Sum Payment)	YES	SERS
4	N/A (Contractual employee or special circumstance - contact SERS)	NO	SERS
6	11.5%	YES	GARS
8	11.0%	YES	JRS

Alternative Formula Employees

Deduction/ Retirement Code	Total Retirement Contributions Due through 12-31-01	Total Retirement Contributions Due from 1-1-02 to 12-31-02	Total Retirement Contributions Due from 1-1-03 to 12-31-03	Total Retirement Contributions Due from 1-1-04 and after	Retirement Agency	Employer Retirement Contributions Due
2	9.5%	10.5%	11.5%	12.5%	SERS	YES
M	5.5%	6.5%	7.5%	8.5%	SERS	YES
N	N/A	N/A	N/A	N/A	SERS	YES
R	9.5%	10.5%	11.5%	12.5%	SERS	YES
S	5.5%	6.5%	7.5%	8.5%	SERS	YES

EMPLOYER PICKUP OF EMPLOYEE RETIREMENT CONTRIBUTIONS

On July 30, 1991, Governor Jim Edgar signed Senate Bill 341(Public Act #87-0105) into law. This Act provides for the establishment of appropriations for the purpose of making payment of the required employee contributions to the State Employees' Retirement System (SERS) from the employing agency. The effective date of the employer pickup is for wages earned **after** December 31, 1991.

In the past, virtually all state agencies have received annual appropriations for the employer pickup of employee requirement contributions (employer pickup).

The employer pickup means that, in most instances, an employee no longer pays the full amount of their contributions to SERS. Generally employees will have a portion of their contributions picked up by the employer and contribute any remaining amount through payroll deduction.

It should be noted, however, that regardless of the source of the employee contributions (i.e., paid by employer pickup or payroll deduction from the employees), ***all contributions will be credited to the individual member's account.***

For most general employees in a bargaining unit (i.e., those employees contributing at 4 percent or 8 percent of their gross wages), the rate of pickup will typically be 2 percent after December 31, 2004. For alternative formula employees (i.e., those employees contributing at 8 1/2 or 12 1/2 percent of their gross wages), the rate of pickup will be 2 3/4 percent after December 31, 2004.

Effective with payrolls beginning January 1, 2006, the employer pickup rate will drop to 0% for most bargaining unit employees, and the entire employee retirement contribution will be deducted from the employee's payroll. For alternative formula positions, the rate also drops to 0% on January 1, 2006.

If any agency varies from this schedule, the specific pickup rates must be certified both to the Comptroller and SERS (See the listing of Employer Pickup Codes and Rates below).

If an agency has a lump sum appropriation from federal funds or similar trust funds, with no separate appropriation for the employer pickup, the agency must manage their budget accordingly if they desire to participate in the employer pickup program. ***THE EMPLOYER PICKUP DOES NOT APPLY TO THE QUALIFYING PERIOD THAT MEMBERS IN POSITIONS COVERED BY SOCIAL SECURITY MUST SERVE.*** If the employee desires to establish service credit for his/her qualifying period, the **employee** must remit the required amount due to SERS upon completion of the qualifying period.

*NOTE: If an agency does not have a balance remaining in their appropriation for the Employer Pickup (Object Code 1129) that is sufficient to cover the required contribution amount for a particular payroll, the agency **may** pay the employer pickup out of their appropriation for Personal Services (Object Code 1120 with a Detail Object Code of 1129).*

Employer Pickup Codes

Code	Percent
00	0.00%
01	4.00%
02	5.50%
03	8.00%
04	4.50%
05	8.70%
06	1.00%
07	9.00%
08	2.00%
09	2.75%
10	3.00%

DEDUCTION CODES AND RATES - RETIREMENT

TABLE 1 GENERAL - Applicable to all positions covered by SERS except those included in other tables which follow.

Employee Status With Retirement System	Retirement Code	Retirement Rate
Not a member of SERS* at date of present employment - has never been a member, OR has been a member, but received (or is receiving) a refund of all contributions	Q	None
After qualifying period is completed*	1	4.0%
Has completed the qualifying period just prior to present appointment or is a member from previous employment (member date after October, 1968) with retirement monies left in SERS OR	1	4.0%
Was a member of SERS on October 31, 1968, not eligible to vote in that election (contact SERS Accounting Division to verify member status) OR	1	4.0%
Was a contributing member of SERS and on payroll (or on authorized leave of absence) as of October 31, 1968, and voted for Retirement ONLY. **Note**: Acceptance of a refund since that date voids the election	0	8.0%
Was a contributing member of SERS and on payroll (or on authorized leave of absence) as of October 31, 1968, and voted for Plan of Coordination with Social Security.	1	4.0%

*Members of Universities, Teachers, General Assembly and Judges Retirement Systems accepting employment in a position covered by SERS are not required to serve the qualifying period.

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

FOR ASSISTANCE IN DETERMINING CORRECT CODING AND DEDUCTIONS,
CONTACT THE SERS ACCOUNTING DIVISION AT 217-785-7202 or 217-524-3032.

DEDUCTION CODES AND RATES - RETIREMENT

TABLE 2
a. DEPARTMENT OF CORRECTIONS, SECURITY EMPLOYEES
b. PRISONER REVIEW BOARD–EMPLOYEES AND BOARD MEMBERS WHO HAVE DIRECT OR DAILY CONTACT WITH INMATES
c. DEPARTMENT OF HUMAN SERVICES–CHESTER MENTAL HEALTH CENTER, AND OTHER CERTIFIED SECURITY EMPLOYEES
d. DEPARTMENT OF TRANSPORTATION AND TOLL HIGHWAY AUTHORITY, HIGHWAY MAINTENANCE WORKERS

Employee Status With Retirement System	Retirement Code	Retirement Rate (Eff. 1-1-04)
Not a member of SERS at date of present employment and has never been a member, OR has been a member, but received (or is receiving) a refund of all contributions	N	None
After qualifying period is completed	S	8.5%
Has completed the qualifying period just prior to present appointment or is a member from previous employment (member date after October, 1968)	S	8.5%
Was a member of SERS on October 31, 1968, not eligible to vote in that election (contact SERS Accounting Division to verify member status)	S	8.5%
Was a contributing member of SERS and on payroll (or on an authorized leave of absence) as of October 31, 1968, and voted for Retirement ONLY. **Note:** Acceptance of a refund since that date voids the election	R	12.5%
Was a contributing member of SERS and on payroll (or on an authorized leave of absence) as of October 31,1968, and voted for Plan of Coordination with Social Security.	S	8.5%
TRANSFERS - Any person employed by the Department of Corrections who was a member of the Teachers' Retirement System and elected to become a member of SERS on July 1, 1987, or July 1, 2001, by notifying the SERS board of their election in writing on or before May 31, 1987, or May 31, 2001, shall be under the noncoordinated plan	R	12.5%
TRANSFERS - Any person employed by the Department of Corrections who was a member of the Teachers' Retirement System and elected to become a member of SERS on June 1, 1987, or July 1, 2001, by notifying the SERS board of their election in writing on or before May 31, 1987, or May 31, 2001, shall be under the coordinated plan	S	8.5%

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

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DEDUCTION CODES AND RATES - RETIREMENT

TABLE 3

a. STATE POLICEMEN (Including position of Superintendent)
b. SPECIAL AGENTS, DEPARTMENT OF STATE POLICE (Including Superintendent, Assistant Superintendent)
c. INVESTIGATORS, OFFICE OF SECRETARY OF STATE (Including Directors, Chief Deputy Directors, Deputy Directors, Investigators, Investigators-Commanders, Lieutenants, Sergeants and Trainees, and Special Agents I, II, and III, of BOTH the Department of Police and Department of Inspector General)
d. CONSERVATION POLICE OFFICERS (Including Chief and Assistant Conservation Police Administrator)
e. INVESTIGATORS - DEPARTMENT OF REVENUE
f. POLICE OFFICER POSITIONS - DEPARTMENT OF HUMAN SERVICES and CENTRAL MANAGEMENT SERVICES
g. DEPARTMENT OF ALCOHOLISM AND SUBSTANCE ABUSE - DANGEROUS DRUGS INVESTIGATOR
h. DEPARTMENT OF STATE POLICE (INSPECTORS) INVESTIGATORS
i. INVESTIGATORS, OFFICE OF THE ATTORNEY GENERAL
j. CONTROLLED SUBSTANCE INSPECTORS - DEPARTMENT OF FINANCIAL & PROFESSIONAL REGULATION
k. INVESTIGATORS - OFFICE OF THE STATE'S ATTORNEYS APPELLATE PROSECUTOR
l. COMMERCE COMMISSION POLICE OFFICERS
m. ARSON INVESTIGATOR, OFFICE OF THE STATE FIRE MARSHAL

Employee Status With Retirement System	Retirement Code	Retirement Rate (Eff. 1/1/04)
After qualifying period is completed (for periods prior to July 1, 1991) or is currently a member	2	12.5%

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

FOR ASSISTANCE IN DETERMINING CORRECT CODING AND DEDUCTIONS,
CONTACT THE SERS ACCOUNTING DIVISION AT 217-785-7202 or 217-524-3032.

DEDUCTION CODES AND RATES - RETIREMENT

TABLE 4 a. INSTITUTION FIRE CHIEFS, ASS'T. INSTITUTION FIRE CHIEFS, FIRE FIGHTERS
b. DEPARTMENT OF MILITARY AFFAIRS - MILITARY CRASH, FIRE, RESCUE I, II, III

Employee Status With Retirement System	Retirement Code	Retirement Rate (Eff. 1-1-04)
After qualifying period is completed (for periods prior to July 1, 1991) or is currently a member	2	12.5%
Was a contributing member of SERS, employed in one of these positions (or on an authorized leave of absence) on December 31, 1969, AND voted for Alternate Retirement Plan	2	12.5%
Was a contributing member of SERS, employed in one of these positions (or on an authorized leave of absence) on December 31, 1969, AND voted for Regular Retirement Plan	0	8.0%

TABLE 5 RETIREES RETURNING TO STATE EMPLOYMENT/LUMP SUM PAYMENTS WITHOUT EMPLOYEE CONTRIBUTIONS

Employee Status With Retirement System	Retirement Code	Retirement Rate
Employee returning to state employment on a non-permanent basis, limited to 75 working days or less per calendar year (any part of a day is counted as one work day). Form 3905, "Report of Retiree Returning to State Employment" should be filed with SERS. At the end of each pay period, Form 3904,"Report of Retiree Employed on a Non-permanent Basis" should also be filed with SERS	W	None
Lump Sum Payment	W	None
Permanent basis, expected to work more than 75 working days per calendar year. Form 3905, "Report of Retiree Returning to State Employment" should be filed with SERS (Or refer to tables for specific position titles, if applicable)	1	4.0%

CODE "W": Retirement deduction code "W" should be used only when making lump sum salary payments separately from other wage payments that are excluded from any employee retirement contribution liability to general employees, or if a general retiree returns to state employment on a non-permanent basis.

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

FOR ASSISTANCE IN DETERMINING CORRECT CODING AND DEDUCTIONS, CONTACT THE SERS ACCOUNTING DIVISION AT 217-785-7202 or 217-524-3032.

DEDUCTION CODES AND RATES - RETIREMENT

TABLE 6 FOREIGN STUDENT OR EXCHANGE VISITORS IN THE U. S. ON TEMPORARY VISA (i.e., F-1, J-1, M-1 or Q-1), not subject to FICA or Medicare. Employee must complete Form 1204, "Certification for Exemption from Social Security Coverage-Visa". Form should be witnessed by payroll officer or clerk and forwarded to SERS, Accounting Division. Only those services performed by the nonimmigrant student or exchange alien or cultural exchange visitor to carry out the purpose for which the alien was admitted to the U.S., e.g., services performed in connection with his/her teaching or conducting research), are excepted from coverage.

All other services performed by the alien are covered unless excluded by some other provision of law.

Other classifications, such as F-2, J-2, or M-2, are not excepted from coverage.

Employee Status With Retirement System	Retirement Code	Retirement Rate
After qualifying period is completed (for periods prior to July 1, 1991), or is a member	0	8.0%

Please notify SERS, Accounting Division of any change in VISA status.

TABLE 7 FOREIGN STUDENT OR EXCHANGE VISITORS IN THE U.S. ON PERMANENT VISA (i.e., applying for citizenship)

Employee Status With Retirement System	Retirement Code	Retirement Rate
Not a member of SERS at date of present employment and has never been a member, OR has been a member but received (or is receiving) a refund of all contributions	Q	None
After qualifying period is completed	1	4.0%

Please notify SERS, Accounting Division, of any change in VISA Status.

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

FOR ASSISTANCE IN DETERMINING CORRECT CODING AND DEDUCTIONS, CONTACT THE SERS ACCOUNTING DIVISION AT 217-785-7202 or 217-524-3032.

DEDUCTION CODES AND RATES - RETIREMENT

TABLE 8 AIR PILOTS

Employee Status With Retirement System	Retirement Code	Retirement Rate (Eff. 1-1-04)
Not a member of SERS at date of present employment and has never been a member, OR has been a member, but received (or is receiving) a refund of all contributions	N	None
After qualifying period is completed	M	8.5%
Has completed the qualifying period prior to present appointment or is a member from previous employment (member date after June 30, 1969)	M	8.5%
Was a member of SERS on June 30, 1969 and was a Pilot on a State payroll at that time; has not had a refund of contributions since that date	2	12.5%

TABLE 9 CONTRIBUTING MEMBERS OF RECIPROCAL RETIREMENT SYSTEMS TRANSFERRING TO POSITIONS UNDER STATE EMPLOYEES' RETIREMENT SYSTEM

Employee Status With Retirement System	Retirement Code	Retirement Rate
Not a member of SERS* at date of present employment - has never been a member, OR has been a member, but received (or is receiving) a refund of all contributions	Q	None
Not previously a member of SERS * (Or refer to tables for specific position titles if applicable)	1	4.0%
Previously a member of SERS	Refer to TABLE 1 - GENERAL, or to tables for specific position titles if applicable.	

*Members of Universities, Teachers, General Assembly and Judges Retirement Systems accepting employment in a position covered by SERS are not required to serve the qualifying period.

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

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DEDUCTION CODES AND RATES - RETIREMENT

TABLE 10 TRANSFERS FROM COOK COUNTY DEPARTMENT OF PUBLIC AID AND PUBLIC HEALTH

There were three group transfers of employees from Cook County Department of Public Aid occurring in August, September 1969 - August, September 1971 and January, February 1974. There was also one transfer from Cook County Department of Public Health occurring in February 1994. Members of the County Employees' Annuity and Benefit Fund had the option of the Noncoordinated or the Coordinated plan when they became members of SERS.

Employee Status With Retirement System	Retirement Code	Retirement Rate
Employee was part of a group transfer, was a member of the CEA & B Fund, voted for the Coordinated Plan and has been continuously a member of SERS since the transfer	1	4.0%
Employee was part of a group transfer, was a member of the CEA & B Fund, voted for the Noncoordinated Plan and has been continuously a member of SERS since the transfer	0	8.0%
Member received refund of all SERS contributions after the date of the transfer	See TABLE 1	

TABLE 11 WAIVERS OF MEMBERSHIP

Employee Status With Retirement System	Retirement Code	Retirement Rate
Employee who waived membership in SERS in 1944, regardless of whether they did or did not elect in October, 1968 to participate in Social Security	W	None
Any person who meets the definition of "Employee" as defined in Section 14-103.05 of the Illinois Pension Code (40 ILCS 5/14-103.05) but elects to waive membership. ***NOTE: SERS form 2034 should be completed by the employee and filed with the SERS Service and Refunds Division.***	W	None

TABLE 12 POSITION CLASSIFICATIONS UNDER OTHER RETIREMENT SYSTEMS

Employee in a position under Judges', General Assembly, Teachers', or Universities Retirement System. Use retirement codes and rates as prescribed by the appropriate retirement system. Generally, an employee is not eligible for Social Security coverage; however, he/she may be required to contribute to Medicare.

NOTE: If the agency/department participates in the employer pickup of employee retirement contributions, the amount due from the employee is reduced by the amount of the contributions picked up or paid for by the employing agency/department.

CERTIFICATION OF BASIS TIME WORKED, TIME WORKED AND RATE

These fields on payrolls are interrelated and are the basis on which retirement credits are granted. The following are examples of payroll information from which the SERS computer can **correctly** determine creditable service for an employee:

Pay Basis	Work Requirement	BTW	Time Worked*	Rate
Monthly	Full Time	1	1	Monthly rate for full time position
Monthly	Part Time	1	Number of days worked	Monthly rate for full time position
Semi-monthly	Full Time	1	1/2	Monthly rate for full time position
Semi-monthly	Part Time	1	Number of days worked	Monthly rate for full time position
Daily		5	Number of days worked	Daily Rate
Hourly		6	Number of hours	Hourly Rate

* Time worked reported should be only for the current pay period. ***Do not** add in time worked in prior periods.* When reporting the number of days or hours worked, paid holiday time should be included.

The following conversion table is used to compute retirement service credit for a semi-monthly payroll:

Hours	Work Days		Calendar Days	Service
Minimum 75	Minimum 10	=	15	1 month
38 but less the 75	5 but less than 10	=	8 but less than 15	1/2 month
Less than 38	Less than 5	=	Less than 8	1/4 month

When the basis time worked is "1" and time worked is shown as "1", the computer reads this as 30 or 31 calendar days; if BTW is "1" and time worked is shown as 1/2, it is read as 15 calendar days. Fifteen or more calendar days in a month equals 1 month of service.

Entering a reduced rate for a part-time employee on a monthly or semi-monthly basis (so that earnings equals rate or 1/2 of rate), and entering 1 or 1/2 in time worked can result in unearned retirement credit being granted; which, when discovered, may require recertification of time worked on a retroactive basis.

Actual entries to the BTW (Basis Time Worked) and the TW (Time Worked) fields may vary with different computer system requirements. If the entries shown above are not those you normally use, follow the instructions for your particular system.

RECOVERY OF EMPLOYEE AND EMPLOYER RETIREMENT CONTRIBUTIONS

The SAMS manual, in Deduction Correction Procedure 23.50.10, describes a method of correcting erroneous deduction amounts by debiting or crediting the employee's record on a subsequent voucher, **however it also states that this procedure should not be used to recover retirement contributions.**

The following procedures are suggested for the correction of retirement contributions:

PAYROLL REVERSALS OF RETIREMENT CONTRIBUTIONS

When a reversal involves contributions to SERS, as soon as possible, furnish the SERS Accounting Division, with written notification on Form 1210 that a payroll reversal will be processed. The employee's account will be flagged to prevent the refunding of contributions to be recovered on the reversal.

Upon SERS receipt of this form, a review of the employee's account will be performed. The Accounting Division will notify the agency if there are insufficient funds in the member's account to process the reversal. You may also notify SERS by telephone (217-785-7202) to be followed with written confirmation.

When processing a payroll reversal, ***please indicate the employee retirement deduction and employer pickup code*** used on the original pay record.

By following procedures 23.20.60 in the SAMS manual, your reversal entries should recover both employee and employer retirement contributions. If the employee had retirement contributions paid under the employer pickup program and the net amount is not sufficient to process the reversal, contact the SERS Accounting Division.

If a payroll reversal cannot be processed, SERS will, upon written request, voucher the amounts due the employing agency.

CORRECTION OF CODING AND/OR CONTRIBUTION ERRORS (OTHER THAN REVERSALS)

The process of correcting retirement contributions and/or coding errors can be broken down into the following two categories: a) those adjustments which correct errors for current fiscal year payrolls and, b) those adjustments which correct errors for prior fiscal year payrolls.

A. Correction of an error on a current fiscal year payroll: There can be various situations which result in an agency remitting an incorrect amount of retirement contributions to SERS.

Examples of common reporting exceptions are the following:

1. Agency erroneously did not pickup contributions of an employee after the employee had completed his/her qualifying period, or changed from non-union to union position;

2. Agency erroneously deducted retirement contributions while the employee was serving a qualifying period;

3. Agency erroneously paid the employer pickup for an employee who was serving a qualifying period;

4. Agency erroneously deducted retirement contributions from an employee which should have been paid with the employer pickup appropriation.

When errors occur involving retirement contributions, either deductions or employer pickup, the following procedures should be followed:

a. Notify SERS Accounting Division via Form 1000, or call 217-785-7192 to report the error.

b. If additional contributions are due from the employee, SERS Accounting Division will bill the employee directly. If contributions are due to the employee as a refund, SERS will process a refund to the employee. DO NOT process an employee refund on your payroll, as it can cause tax problems for the employee.

c. If additional employer pickup contributions are due from the agency, the agency has two methods of

optional payment.

OPTION 1: The employing agency may increase the amount of employer pickup of employee retirement contributions to be paid to SERS on current payroll; OR

OPTION 2: The employing agency may submit a commercial voucher (Form C-13) to the Office of the Comptroller payable to SERS for the amount of employer pickup of employee retirement contributions which should have been paid to SERS.

B. Correction of errors - prior fiscal year(s): Payroll adjustments of employer pickup of employee retirement contributions must be made in the same fiscal year in which the error occurred. If the error cannot be corrected in the same fiscal year, however, the required contribution information still must be furnished to the SERS Accounting Division on the Form 1000.

NOTE: Employee retirement adjustments can be made retroactively for any period of time.

All requests for correction of deduction or coding errors must be approved by the payroll division of the department or agency requesting the correction.

If you have any questions concerning the contents of this bulletin, please contact:

Accounting Division
State Employees' Retirement System
2101 South Veterans Parkway
P. O. Box 19255
Springfield, IL 62794-9255

Telephone 217-785-7202
217-524-3032

Fax 217-785-7019