



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

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January 14, 1985

M E M O R A N D U M

DRS Notice No. 85-001

To: Personnel/Payroll Officers of
Public Employees' Retirement System (PERS),
Teachers' Retirement System (TRS) and
Law Enforcement Officers' & Fire Fighters' Retirement
System (LEOFF)

From: Robert L. Hollister, Jr.
Director

RE: Notice of New/Revised Reporting Requirements

Statutory Authority for this Notice: RCW 41.50.140(1)

With your cooperation and assistance, we are undertaking a major effort to improve our member service. To insure that our output is of the highest quality, your department's input must be of equal quality, and we are dedicated to working with you to reach our common goal.

This notice is extremely important and I encourage you to make and distribute copies of it to appropriate staff in your department which should, at a minimum, include your Controller and Data Processing Manager.

The requirements, laid out in the text that follows, will go into effect next year on January 1, 1986. Please note that the reporting of hours of service applies to all PERS, TRS and LEOFF plans, and is a new monthly reporting requirement on all three systems.

The following definitions are provided in order to avoid the possibility of confusion which could result if you assume a different or broader meaning of the terms.

Service: A measured period of time, expressed in hours, spent by an employee performing compensated duties for an employer during a calendar month (as subsequently defined). Employers should be cautious in defining compensated service to avoid the tendency to broaden the definition to include unassigned activities that are not performed for compensation. As an example, "On Call Time" is generally not compensated service and should not be included as service for DRS reporting purposes without my written approval.

Deferred Compensation: Portions of compensation earned in one month with the payment deferred to another period. Deferred compensation programs of this nature are normally found in school districts and their purpose is to provide salary continuation during the summer months when the employee is not normally employed by the district.

Cashouts: For systems/plans that require the reporting of lump sum cashouts of annual leave or sick leave, employers must identify the cashout separately at the time of payment. Other lump sum or deferred payments must be reported as earned.

Calendar Month: Starts with the numeral one and ends with the highest numeric value attained within the same calendar month, i.e., day 28, 29, 30 or 31, whichever is appropriate.

Effective January 1, 1986, all employers must report compensation, contributions and hours of service credit as earned by calendar month (TRS Plan I and Plan II employers will continue to report days in addition to reporting hours). Member and employer contributions are to be rounded down at the one-half cent level to the next whole cent and up to the next whole cent above the half cent point. Service is to be reported in hours and rounded to the nearest hour.

In the event a payroll reporting cycle does not correspond with the definition of a calendar month, the employer will need to modify the process or system used to accumulate information for DRS to meet reporting requirements. This will not prevent paying employees on a different cycle, such as bi-weekly, semi-monthly, etc. However, the component parts (i.e., compensation, contributions and hours/days of service credit) of any payment made to an eligible member shall be identified by the calendar month earned.

Where school districts have deferred compensation programs that spread nine or ten months' salary over a 12 month period, the following reporting requirements will be used. The deferred payments received by the member in July and August for services rendered during the school year must be spread over the period the compensation was actually earned. Since the original transaction normally includes the total service earned during the calendar month, the deferred compensation/contribution transactions would usually not include service as it would have been correctly reported when earned.

To summarize: Starting January 1, 1986, compensation, contributions and service credit (reported in hours) must be reported by calendar month as earned, NOT as paid.

Specific instructions for submitting reports in accordance with our new/revised requirements are being prepared and should be forwarded by July 1, 1985.

Please feel free to call Mr. Dion Fisher at (206) 753-3166 or SCAN 234-3166 if you have any questions regarding this notice.

RLH:crs