



Retirement Times Employer Newsletter

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Tips, Tricks, and News for Our Public School Employers

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Reminders

Begin & End Dates Must Match Payroll Calendar

All records submitted on your report must match pay period start and end dates on your payroll calendar. Any records that do not match your payroll calendar will be suspended. The Work on Payroll Calendar link on the Employer Self-Service website shows the allowable dates that were previously verified by your reporting unit.

Reporting Retirees Returning to Work

Wages earned after a member's retirement effective date should always be reported with an 07 Wage Code and a Class Code of 9003, 9004, or 9005. The Wage Code 21 or 28 should only be used with active wage codes, and for reporting active wages earned before termination or retirement but not paid until after.

Final Salary Affidavits – Will You Be Ready?

In a few short months you will start receiving *Final Salary Affidavits* (FSAs) for employees

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When to Use an Adjustment Record vs. Retroactive Wage Record

Some of you have asked us to clarify the difference between submitting an *adjustment record* and a *retroactive wage record*. It's a good question because each has a specific purpose.

Let's look at *adjustments* first.

Adjustment records, both positive (Wage Code 05) and negative (Wage Code 06), are used to report wage and/or hour adjustments to a previously submitted payroll report. The records are used to adjust a single record for a single employee.

An adjustment can be made for only one pay period. If multiple pay periods need to be adjusted, submit a separate Detail 2 record for each of those pay periods. Remember, because you are adjusting a record from a prior payroll report, you must use the same employment class code *and* begin and end dates for the pay period you are adjusting.

Now let's look at *retroactive wages*.

Retroactive wage records (Wage Code 04) allow you to report a contract settlement and spread it out over as long as a school fiscal year. This code is used to report retroactive wages for a group of employees (hourly, salaried, or contracted.)

When you submit a retroactive record keep the following in mind:

- Do not include any service hours.
- When you create the original record in your payroll program, do not include the current pay period.

- Submit a separate retroactive wage record for each fiscal year (July 1 to June 30).
- The record must include a pay rate. You can use the current pay rate for that employee.
- Use the employment class code that the original wages were reported under.

Examples of both types of records can be found in the [Frequently Asked Questions](#) on our website. You can find more information by reviewing [Creating and Managing Retroactive Wage Records](#). And as always, the Employer Reporting Call Center can assist you by calling (517) 636-0166 or by email at ORS_Web_Reporting@michigan.gov.



How to Reduce Your TDP-Related Errors

Are you frustrated with the number of TDP-related errors you've been receiving? Here are some suggestions and reminders for reducing the most common errors.

Use the correct deduction code. As you know, TDP records (Detail 3) require a deduction code. If the codes are not used properly, the Detail 3 record will suspend. One error we frequently see is when the final payment record is reported with a dollar amount using Deduction Code 06. Any time a dollar amount is included on your Detail 3 record, the Deduction Code *must be* 01.

After you submit the final payment, another Detail 3 record can be reported without a dollar amount using Deduction Code 06. This will give you a payoff confirmation.

[Click here to review the TDP deduction codes and how to use them.](#)

Know the balance. The Download TDP Agreement Detail tool on the Employer Self-Service website is an excellent way to find an employee's TDP agreement balance. Use it to make sure you're not deducting payments after the agreement has already been paid off. [Click here to learn more about using this tool.](#)

Send Supplemental Agreement to ORS before your increased deduction report. If an employee wants to permanently increase the TDP deduction amount, a [Supplemental TDP Agreement](#) must be completed by the employee and the payroll officer, and a copy sent to ORS. When we receive the form we will enter the increased deduction amount on the member's account, so that the increased amount from your pay period report will be accepted.

When an increased Detail 3 record is submitted *before* the increased amount is entered on the member's account, the record suspends. This is why it is important for you to

with a July 1, 2006, retirement effective date.

By regularly submitting, working on, and accepting your pay period reports, you will be eliminating the need for some of the information that is required on the FSA.

mail or fax the completed Supplemental TDP Agreement form to ORS before the increased Detail 3 record is submitted. [Click here for more information about increasing the TDP deduction.](#)



Use Wage Code 07 to Report Third Party Weekly Workers' Compensation

We heard your concerns, and thanks to the valuable insights of payroll officers, administrators, and technical support staff, ORS has implemented an improved way for you to report third party weekly workers' compensation.

This programming change now allows third party weekly workers' compensation records for past pay periods to post correctly (without MIP contributions) using Wage Code 07. Effective immediately use the Wage Code 07 to report third party weekly workers compensation. The previous pay period dates will be allowed to post with the Wage Code 07 as long as the begin and end dates of the record(s) match the dates in your payroll calendar.

ORS has identified all previously posted records reporting third party weekly worker's compensation that used the Wage Code 05, and will remove the incorrectly posted MIP contributions from those accounts. We do not yet know the date these individual account corrections will be accomplished.

If your reporting unit is self-insured, you will continue to report weekly workers' compensation wages using Wage Code 01, including MIP contributions when applicable. The begin and end dates on these records must match the begin and end dates of the current report.

The [Frequently Asked Questions](#) portion of our employer website has been updated to reflect the change.

We hope this change will make reporting third party weekly workers' compensation wages easier for you. We also hope it demonstrates our commitment to staying flexible while maintaining the quality of the data we collect. If you have any questions or concerns regarding this change, please contact the Employer Reporting Call Center at 517-636-0166 or email us at ORS_Web_Reporting@michigan.gov.



New Beneficiary Nomination Form

A revised Public School Employee [Beneficiary Nomination form](#) is now available under Forms & Publications on both the member website and the employer website.

Previously, we required a member to complete the form naming one person as a pension benefit beneficiary. This meant that if the member was not married and had minor children, only *one* child would be eligible for a monthly benefit and insurance coverage.

This new revision lets members choose the *default provision* of the retirement law, which allows a benefit payment when no beneficiary form has been filed with the Office of Retirement Services. The default provision allows a lifetime monthly pension payment to the spouse. If the member is not married or the spouse dies at the same time, all minor children will share the monthly pension payment until they turn age 18, marry, or are adopted. The benefit stops completely when the youngest child is no longer eligible. If there isn't a spouse or minor children, a monthly benefit can be paid to a disabled parent who was at least 50% financially dependent upon the deceased member. If none of the above eligible beneficiaries exist, then a lump sum refund of all personal contributions and interest is made to the deceased member's estate.

Please remind anyone who is leaving public school employment to make sure they have a completed *Beneficiary Nomination* form on file with ORS. If this form is not on file before an employee terminates, no monthly benefit will be payable to any eligible dependent.

Please destroy any unused forms that have a revision date earlier than 2006.



Important Information For Terminating Employees

With the end of the school year drawing near, keep in mind those employees who will not be returning in the fall. In April, we plan to send you a supply of *Leaving Public School Employment?* This brochure helps departing employees understand what, if anything, should be done regarding their retirement account. Please give terminating employees a copy and also remind them to have a [Beneficiary Nomination form](#) on file with ORS before they terminate. Go to [Forms & Publications on the employer website](#), if additional supplies are needed after you receive your shipment. The brochure is also available on the [member website](#).



Updated Member Handbook now available

The booklet *Your Retirement Plan: A Member Handbook for Michigan's Public School Employees* has been updated. This plan overview is a useful reference at any stage of a member's career. It provides general information about the retirement plan, as well as suggestions for long-term retirement planning.

If you have recently ordered these booklets and they are on back order, we expect to ship them in the next few weeks. [Click here to order a supply](#), or go to [Forms & Publications on the employer website](#). Members can also find the booklet on the [member website](#).

About the Retirement Times

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Thanks for reading!

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