

Michigan Public School Employees' Retirement System

A Pension and Other Postemployment Benefit Trust Fund of the State of Michigan

Archived Reporting Instruction Manual

Chapter 1 – Introduction

Archived on March 18, 2022
for historical reference by reporting units of the
Michigan Public School Employees' Retirement System



**MICHIGAN OFFICE OF
RETIREMENT SERVICES**

Big Plans. Small Steps.

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1. Introduction

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1.00.00: Introduction

Welcome to retirement reporting. Through this system, payroll offices and the Office of Retirement Services (ORS) work together to ensure accurate account information and pension payments for our members. This Reporting Instruction Manual (RIM) will help you understand what you are reporting, why you are reporting it, and how to report it accurately and timely.

The Reporting Instruction Manual is a summary of basic plan provisions under Michigan's Public Act 300 of 1980, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this manual and the actual law, the provisions of the law govern.

Last updated: 03/08/2012

For historical reference only
Valid through March 18, 2022

1.02.00: ORS's Role

The Office of Retirement Services administers these pension benefits, including the collection of information and money to support these benefits. To calculate (and fund) accurate pensions, we need to know how much a member makes and how much service credit is earned in each pay period.

Last updated: 05/18/2012

For historical reference only
Valid through March 18, 2022

1.02.01: Targeted Audits

Under PA 300 of 1980, ORS is responsible for the administration of the Michigan Public School Employees' Retirement plan. In meeting these responsibilities, ORS may conduct a targeted audit of any reporting unit. A targeted audit focuses on reporting unit records related to wage and service reporting. Contracts with independent contractors may also be reviewed to determine if the relationship is that of an employee.

As part of ORS's ongoing commitment to providing its membership with the most sound and accurate retirement system possible, your reporting unit may be selected for an audit as part of the routine audit cycle. We review documentation supporting the member information reported to the system relative to the applicable audit period. Public Act 300 of 1980, as amended, provides the statutory authority for such reviews to ensure proper reporting to ORS.

Last updated: 03/12/2012

For historical reference only
Valid through March 18, 2022

1.02.02: Common Audit Findings

A targeted audit focuses on reporting unit records related to wage and service reporting. Below are some examples of an audit ORS may conduct.

Classification of work status as independent contractor versus employee. Some reporting units are improperly classifying individuals providing services as independent contractors when they should be classified as employees and reported to the retirement system.

To determine if an individual is an independent contractor or employee of a reporting unit, the retirement system primarily uses the IRS common-law rules. Under common-law rules, anyone who performs services for you is your employee if you can control what will be done and how it will be done. Control over when the services are rendered, the location where the services are to be provided, and how the services are to be performed define an employee relationship under common-law rules. Furthermore, the control does not need to actually be exercised for an employer/employee relationship to exist. The right of the employer to exert such control is enough. Facts that must be considered to provide evidence of the degree of control usually fall into the categories of behavioral control, financial control, and the type of relationship of the parties (IRS Publication 15-A).

Classification of workers' compensation (WWC). Some reporting units are not reporting wages and hours for employees collecting workers' compensation.

Statute law and the Michigan Supreme Court upheld the retirement system's adopted policy to recognize workers' compensation as sick leave pay effective July 1, 1992. Workers' compensation is considered sick leave pay while the employee is absent from work and therefore is considered reportable compensation unless the employer/employee relationship is terminated. Additionally, payments to make up the difference between workers' compensation and full wages, if paid by a reporting unit as sick leave pay, are also considered reportable compensation.

For all employees receiving workers' compensation (from the reporting unit or a third party), the proper employment class code to be used on the Detail 2 (DTL2) record is 8000.

Returning retirees. Some reporting units are not reporting wages and hours for retirees subsequently returning to work as employees of the reporting unit. According to the retirement act, if retirees return to public school employment, wages and hours must be reported.

Last updated: 03/14/2012

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Last updated: 03/14/2012

1.03.00: Your Role

Your primary role, as a reporting unit, is to report accurate wages and hours to ORS for each member and remit the related retirement contributions by the due date so we can calculate and pay accurate pensions.

Reporting unit: An employer participating in the retirement plan. They include K-12 schools, intermediate school districts, some participating public school academies, tax-supported community colleges, seven Michigan universities, and district libraries. A complete list can be found in the Comprehensive Annual Financial Report, published at the end of each fiscal year.

Last updated: 03/08/2012

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1.04.00: Tools to Help You

In addition to this Reporting Instruction Manual, ORS provides the following tools to help you understand who, what, when, and how to report as well as how and when to remit retirement contributions:

- The Employer Information website, the site you are currently on, which provides information relevant to reporting units including this *Reporting Instruction Manual*, forms and publications employers use, employer webinars and seminars being offered, and a list of non-business days.
- The Employer Reporting website, a secure site is where you report wage and service information for your employees each pay period. The home page includes a message board for bulletins that could affect your reporting.
- Telephone support is available on business days from 8:00 a.m. to 5:00 p.m. at 800-381-5111.
- Email support at ORS_Web_Reporting@michigan.gov.
- Webinars/seminars covering a range of reporting activities. Dates, times, and registration are on our employer information website.
- Email communications as needed to keep you informed of reporting activities.
- The member website and publications. When your employees have questions about their retirement plan, you can direct them to our member website at <http://www.michigan.gov/ORSschools>, where information is always current. We also offer publications for each career life stage. They're available on the member website or by contacting ORS. If you wish to share publications with employees, some can be ordered in bulk from the online Publications Order Form.

Last updated: 12/27/2018

For historical reference only
Valid through March 10, 2022

1.05.00: ORS Business and Non-Business Days

ORS business days are Monday through Friday, except for the days listed below. Non-business days are:

- Weekends (Saturday and Sunday)
- State of Michigan holidays
- As otherwise notified

State office closings for state holidays are regulated by the Michigan Department of Civil Service, Regulation 5a.08. Public Act 124 of 1965 is the Michigan law governing official state holidays.

The current schedule of ORS business and non-business days is posted on the non-business days page, found under the **Contact Us** link at the top of every page.

Last updated: 10/10/2013

For historical reference only
Valid through March 18, 2022

1.06.00: Responsibilities and Ethics

ORS holds superintendents, web administrators, and web users responsible for submitting accurate information to the retirement system. Intentionally submitting fraudulent information is a violation of PA 300 of 1980 and is punishable by fines and, in some cases, imprisonment.

Last updated: 03/08/2012

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1.07.00: Reporting Authorization Certification

A certification letter is sent annually to each superintendent. By signing and returning it to ORS, the superintendent certifies that, to his or her knowledge, no violations of law or official policy occur in the retirement detail reports submitted to ORS by the identified reporting users.

It is the superintendent's responsibility to make certain that accurate information is reported to the retirement system and that the associated funds are paid in a timely manner.

- The superintendent is responsible for what gets reported by the reporting unit.
- The superintendent validates that the web administrator and web users of the online retirement reporting system have been correctly identified and that their level of access is appropriate.

Last updated: 03/08/2012

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1.08.00: Online Certification by the Web User

As a reporting unit web user, you are required to report accurate wage, hour, and contribution information for your employees each pay period. After certain account-related transactions (i.e., updating your user profile, creating a new user account, or resetting a password), a Wage and Contribution Reporting Certification screen will appear. This screen will ask you to certify that you are in compliance with the provisions of PA 300 of 1980 and all the instructions in this Reporting Instruction Manual. You must click on the I agree button at the bottom of the screen to continue with any transactions.

In addition, before the final steps of submitting a retirement report, you will see a screen that asks you to verify your report's accuracy by comparing your current report totals with the totals of the preceding report. This then gives you the opportunity to agree with the totals and continue, or disagree and go back.

Last updated: 03/08/2012

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1.09.00: How Reporting Units Are Activated and Inactivated

Once ORS has received the necessary forms from a newly created institution, ORS assigns each reporting unit a 5-digit employer number. We use it for identification and tracking purposes; you will see it or may be asked for it in correspondence and on many online reporting screens. See the New Reporting Units link on the left navigation bar for the required forms.

From time to time reporting units may consolidate, annex, close, or reopen under the direction of the Michigan Department of Education. In these situations, we will need written notice from the affected reporting unit(s) along with notification from the Department of Education and a copy of the reporting unit(s) board minutes concerning the action.

To begin the process please complete the *Reporting Unit Status Change, Closing, Inactive, or Merging (R1048C)* form found under the Reporting Forms link on the left navigation bar.

Last updated: 05/23/2013

For historical reference only
Valid through March 18, 2022