



**MICHIGAN OFFICE OF  
RETIREMENT SERVICES**  
*Big Plans. Small Steps.*

# Understanding the Audit Process

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August 2022

# Agenda

- RIM Chapter 4 overview.
- Reportable and Non-reportable Compensation.
- Special Situations.
- Normal Salary Increase (NSI).
- Supporting Documents.
- Questions and answers.

# The role of ORS

- Administer pension benefits.
- Collect information and money to support these benefits.
- Calculate and fund accurate pensions.





# The role of reporting units

- Report accurate wages and hours.
- Remit related retirement contributions by the due date.

# RIM Chapter 4 Overview



## 4.00.00: Reporting compensation

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#### 4.01: Compensation types: reportable, nonreportable, and special situations

#### 4.02: Reportable compensation

#### 4.03: Nonreportable compensation

#### 4.04: Special situations

#### 4.05: Normal salary increases (NSI)

## 4.00.00: Reporting compensation

Reporting units may compensate employees as determined by their governing boards. However, not all compensation earned may be included in the calculation of an employee's final average compensation used to calculate defined benefits (DB), that is, pensions. The Public School Employees Retirement Act ([Public Act 300 of 1980, MCL 38.1303\(a\)](#)) defines the types of earned remuneration that is eligible to be included in a member's final average compensation. This chapter provides a summary of the retirement act's compensation definitions.

The retirement act, this manual, and the Michigan Office of Retirement Services (ORS) are the only sources for determining if compensation is consistent with the retirement statute and

# Reportable and Non-reportable Compensation



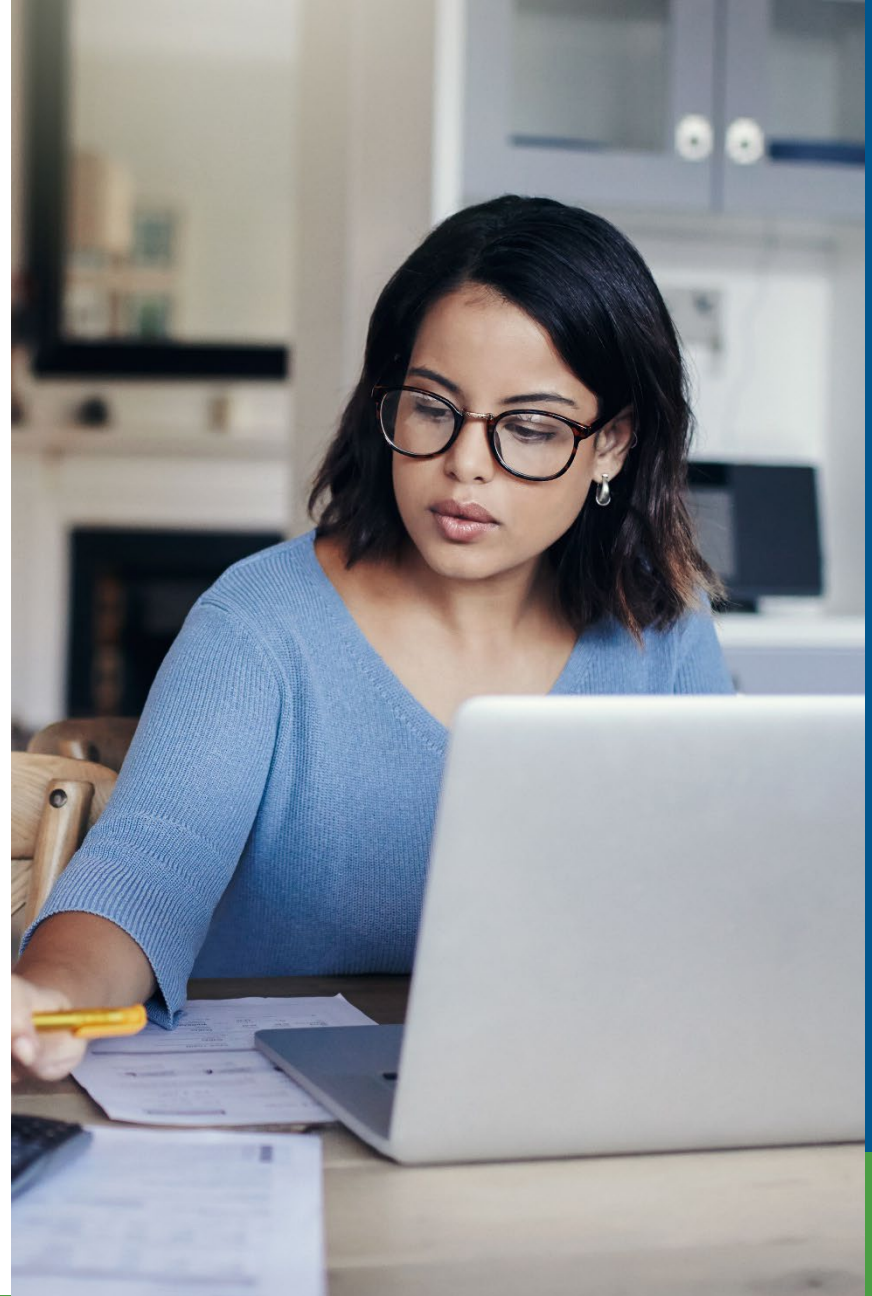
# DTL2 - Reportable vs. Non-reportable Compensation

4.02: Reportable	4.03: Non-Reportable
Coaches Wages, Regular Wages, and Salary	Bonus payments
Education pay or increased academic certifications	Cash paid in lieu of benefit
Holiday, Sick Leave, Vacation Leave pay	Fringe benefits
Longevity Pay	Incentives (Attendance, Referral, Retirement)
Merit Pay	Payments to increase retirement benefits
Overtime Pay	Reimbursements and Allowances
Weekly Workers' Compensation	Unused leave payout (vacation leave and/or sick leave)

As defined by Public Act 300

## Detail 2 - Reportable

- Education.
- Holiday, sick leave, vacation leave pay.
- Longevity.
- Merit pay.
- Overtime pay.







## Detail 2 – Non-reportable

- Fringe benefit.
- Bonus payments.
- Incentives.
- Reimbursements and allowances.
- Unused leave payout.

# DTL4 - Reportable vs. Non-reportable compensation

4.02: Reportable	4.03: Non-Reportable
Gross Earnings	Weekly Workers' Compensation (When paid by 3 <sup>rd</sup> party)
Life insurance over 50k	Short- and Long-Term Disability
Allowances	Reimbursements

As defined by Public Act 300

# Retiree earnings - Reportable vs. Non-reportable Compensation

4.02: Reportable	4.03: Non-Reportable
Gross Earnings	Reimbursements
Life insurance over 50k	
Allowances	

# Special Situations



# RIM Section 4:04 Special Situations



- Arbitration, settlements, awards, court orders.
- Additional duties.
- Other payments.

# RIM Section 4:04 Special Situations

- Tax-sheltered annuity (TSA) investments.
- Stipends.



# Normal Salary Increase (NSI)



# RIM Section 4:05 Normal Salary Increases (NSI)

- Why is there an NSI?
- Where can I find the NSI percentages?
- What if I know someone is over their percentage?





# RIM Section 4:05 Normal Salary Increases (NSI)

- Can I ask for an NSI review?
- What if I disagree with an NSI determination?



# Supporting Documents



# Supporting Documents

## Current

- Contract, minutes, memos, and emails.

## Past

- Must include dates from the time the payment occurred.



# Contacts

## Office of Retirement Services

- Website - [www.michigan.gov/ors](http://www.michigan.gov/ors)
- Customer Service – 800-381-5111
- Employer Reporting – 800-381-5111
  - Email – [ORS\\_Web\\_Reporting@michigan.gov](mailto:ORS_Web_Reporting@michigan.gov)
  - [ORS-Contract-Review@michigan.gov](mailto:ORS-Contract-Review@michigan.gov)
  - Website – [www.michigan.gov/psru](http://www.michigan.gov/psru)

Thank you

