

The Massachusetts State Employees' Retirement System



Payroll User Group Meeting - March 13, 2019

Points of Discussion

- Deducting Retirement Contributions on Retroactive Earnings
- Deducting Retirement Contributions on Ineligible Earnings
- Providing Retiree Salary Information to the MSRB

Deductions & Retroactive Earnings

- Retroactive deductions should not be processed as make-up payments. Retirees are not allowed to buy back service using make-up payments.
- Retroactive earnings must have retirement deducted.

Earnings Not Subject to Retirement

- Deductions taken on overpayments to members:
 1. The member is not entitled to a refund from the MSRB, because they were not entitled to these earnings.
 2. The member's employer must submit a receipt voucher to take back deductions on overpayments.
- **Please note: 960 hour employee earnings are not subject to retirement.**

Reporting Retiree Salary Information

- Salary rates must be reported as they were scheduled to occur not when the retroactive compensation was received.
- Salary rates reported incorrectly cause accounts to appear as though excess retirement deductions were taken in error.
- MSRB representatives must contact agency payroll personnel to resolve these discrepancies, which then delays the retirement process.

Example: Salary Rates Reported Incorrectly

- A member retires effective June 30, 2018. This member contributes to the MSRB at a flat rate of 7%.
- The scheduled salary rate from 1/7/18-6/30/18 was \$55,000, but the member was not compensated at this rate until pay period beginning on 3/18/18. The retroactive compensation due is included in the member's check for pay period 3/18/18 - 3/31/18.
- The agency reports salary rates as \$50,000 from 1/7/18-3/17/18 and \$55,000 from 3/18/18 - 6/30/18.

Example Continued – Deduction Balance

1/7/18 - 3/17/18

1. $\$50,000 \times 7\% = \$3,500.00$
2. $\$3,500/26 = \134.62 per pay period
3. 5 pay periods occur from 1/7/18 - 3/17/18.
4. $\$134.62 \times 5: \673.10 (expected deductions)
5. $\$673.10$ was received during this period
6. $\$673.10 - \$673.10 = \$0$ (no variance)

Example Continued – Deduction Balance

3/18/18 - 6/30/18

1. 3/18/18 - 6/30/18: $\$55,000 \times 7\% = \$3,850.00$
2. $\$3,850.00/26 = \148.08 per pay period
3. 7.5 pay periods occur between 3/18/18-6/30/18
4. $\$148.08 \times 7.5 = \$1,110.60$ (expected deductions)
5. $\$1,177.90$ (deductions received)
6. $\$1,177.90 - \$1,110.60 = +\$67.30$ (variance) ??

Example: Salary Rates Reported Correctly

- Agency reports salary rate as \$55,000 from 1/7/18-6/30/18.
 1. \$148.08 per pay period
 2. 12.5 pay periods (1/7/18-6/30/18)
 3. \$1,851.00 (deductions expected)
 4. $\$673.10 + \$1,177.90 = \$1,851.00$ (received)
 5. $\$1,851.00 - \$1,851.00 = \$0$ (no variance)

Contact us

Walk-in Appointment Hours: 10:00 a.m. - 3:00 p.m.

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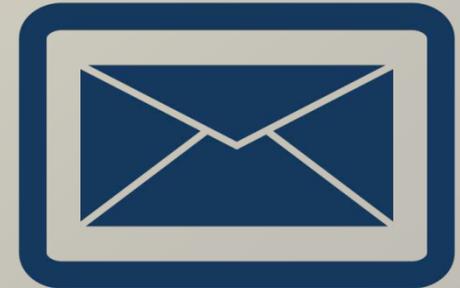
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Questions?

