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# HCM User Group Meeting

March 17, 2015

# AGENDA

## HCM User Group Meeting Tuesday, March 17, 2015 West Tower, Rm 1816 A-B, 2:00-4:00pm

- |   |   |                  |
|---|---|------------------|
| 1. Introduction   | Candy Sarvis, DOAS                          | 2 Min            |
| 2. Transactions: Beginning the Employment Relationship<br>with Proper System Onboarding | Charmaine Johnson, DOAS                     | 20 Min           |
| 3. Properly Managing Retirement Enrollment  | Angie Surface, ERS<br>Flavia Peynado, ERS   | 50 Min           |
| a. Retirement Data Flow   |   |                  |
| b. Pension & Savings Plan Data Drivers  |   |                  |
| c. Proper Onboarding: New Hires & Rehires   |   |                  |
| 4. Rehired Retirees Policy & Compliance   |   |                  |
| a. Proper Compensation & Classification   | Jennifer Statham, DOAS<br>Autumn Cole, DOAS | 10 Min<br>10 Min |
| b. Why Proceed with Caution?  | Carlton Lenoir, ERS                         | 20 Min           |

# 2015 HCM User Group Meetings Plan

## Jan 27

- **Transaction Changes: Onboarding with the new Applicant Tracking System**
- **Transaction Process Flow: Healthcare and Flexible Benefits Process Flow**

## Mar

- **Transactions: Onboarding and Offboarding Rehired Retirees**
- **Transactions: Onboarding Action Reason Codes**
- **Transaction Process Flow: Retirement Data Process Flow**

## May

- **Transactions: Changes During Employment Action Reason Codes**
- **Transaction Process Flow: Health, Flex Ben, ERS Changes During Employment**

## July

- **Transactions: Offboarding Action Reason Codes**
- **Performance Management System—Scope TBD**

## Sept

- **Topics: TBD**

## Nov

- **Topics: TBD**

# Transactions

Beginning the Employment Relationship with Proper System Onboarding

# Transactions: Onboarding Action/Reason Codes

**Hire**            **New to State employment or New Record number**

**Rehire**        **Return to state employment after a break in service on  
previous record number.**

**Transfers**    **Within agency**  
                  **From one agency to another**

**Teamworks HCM System Action/Reason Codes (effective 12/1/07)**

**[http://sao.georgia.gov/sites/sao.georgia.gov/files/imported/vgn/images/porta/cit\\_1210/12/5/43873542a\\_r%20manual.pdf](http://sao.georgia.gov/sites/sao.georgia.gov/files/imported/vgn/images/porta/cit_1210/12/5/43873542a_r%20manual.pdf)**

# Transactions: Onboarding Action/Reason Codes

Action Code: Hire (HIR)

- Reason Codes

- **APP(Appointment)**

- Long Term Appointment
- Regular/Perm Labor
- FLX/NOF/HNF

- **ATL ( Appointment Time Limited)**

- Short Term Appointment
- Temporary/Perm Labor
- FLX/NOF/HNF/NBP/HBP

# Transactions: Onboarding Action/Reason Codes

## Action Code: Transfer (XFR)

- **No break in service**
  - **All Employment Types**
  - **All Benefits Codes**
- **Reason Codes**
- **IN (Lateral Transfer from a Different Company)**
    - From one company to another
    - Same paygrade
  - **LAT (Lateral Transfer Within the Same Company)**
    - Same pay grade
  - **PRO (Promotion)**
    - From one company to another
    - Higher paygrade
  - **VDM (Voluntary Demotion)**
    - From one Company to another
    - Lower paygrade

# Transactions:

## Onboarding Action/Reason Codes

### Action Code: Rehire (REH)

- **Previous State Employment With a Break in Service**
- **Returning on Previously Existing Employment Record Number**

- **Reason Codes**

- **REH (Rehire)**
  - Regular/Perm Labor(Long Term Rehire)
  - FLX/NOF/HNF
- **RTL (Rehire Time Limited)**
  - Temporary/Perm Labor (Short Term Rehire)
  - NOF/HNF/NBP/HBP



# Transactions: Onboarding Action/Reason Codes

## Onboarding Correction Action/Reason Codes

- **TER/RHA (Repeal Incorrect Hire Action)**
  - Used to correct any Hire, Rehire, or Add Employment Record transaction entered in error.
  - Effective date must be same as date of hire action.
  
- **REH/RTA (Repeal Incorrect Termination Action)**
  - Used when an employee has been terminated in error.
    - Returns employee to active status.
    - Effective date must always be the same as the date of termination.
    - An additional transaction, DataChg./CSD (Change Service Date), will normally also be required to properly reset the Service Date (for annual leave accrual purposes).
  - **Update: Will be confirmed with SAO. Any changes will be reviewed during next quarterly HCM meeting**

# Properly Managing Retirement Enrollment

Employees Retirement System

# GSEPS New Hire Data Flow and other general ERS and Peach State Reserves Information



# Selecting the Pension Plan

All State employees should be assigned a pension plan

## ■ ERS

- Full-time employment status
- Required to work a minimum of 35 hrs/week, a minimum of 9 months a year
- 3 Benefit Plans (Contribution Groups)
  - Old Plan (OAR) Hired prior to 07/01/1982
  - New Plan (NAR) Hired on or after 07/01/1982 and prior to 01/01/2009
  - GSEPS (GAR) Hired on or after 01/01/2009

## ■ GDCP

- Temporary, seasonal, or part-time employees of departments, bureaus, institutions, boards, or commissions of the State of Georgia

Visit [www.ers.ga.gov](http://www.ers.ga.gov) and download the [ERS](#) (page 8) and [GDCP](#) (page 7) Employer Manual for more information on eligibility.

# Pension Plan Page Data Drivers

- Pension Plan Page gets populated after entry on Job Data is complete
- Plan Type
  - Drives which pension plan an employee is enrolled
  - Newly hired GSEPS members → ERS
- Benefit Plan (Contribution Group)
  - Drives auto enrollment for GSEPS 401(k) plan
  - Drives EE and ER pension plan deductions
  - Newly hired GSEPS → E2GAR
- Employee Notified of GSEPS Default contribution Amount field
  - Used to track employee notification of the 5% 401(k) auto-enrollment
  - ERS tracks field and will follow up with employers to ensure it is populated
  - Newly hired GSEPS → populated field upon receipt [GSEPS Automatic Enrollment Acknowledgement Form](#)
- Benefit Program Participation
  - Auto-populated from Job Data
  - Drives overall Peach State Reserves Eligibility
    - currently all NOF and FLX employees are permitted to enroll in PSR
    - working on a system change to have PSR eligibility tied to the use of the new ACA code since there is a 30 hour per week requirement for PSR eligibility, too (*targeted live date: June*)

# Savings Plan Page Data Drivers

- Plan Type
  - Determines if contributions/deductions will be for 401(k) or 457 plan
  - Newly hired GSEPS → create record for 401(k)
- Benefit Plan
  - Drives GSEPS matching contributions
  - Determines if additional age 50+ contributions are permitted
  - Newly hired GSEPS → GS401K if under age 50; GS401+ if over age 50
- Percent of Earnings
  - Determines Peach State Reserves contribution amount, as a percent of pay, to be deducted from pay check
  - Newly hired GSEPS → 5%
- Flat Amount
  - Determines Peach State Reserves contribution amount, as a flat dollar amount election, to be deducted from pay check
  - A grandfathered field; all new contribution elections must be made as percent of pay

# Day 1 – GSEPS new hire data flow

- New Hire data entered into Teamworks/PeopleSoft
  - [GSEPS Enrollment Information Notice](#)
  - [GSEPS Automatic Enrollment Acknowledgement Form](#)
- Teamworks/PeopleSoft pension plan process
  - The ERS pension employer benefit code (E4GAR) populated
  - Night after entry-The (EECON) E2GAR and (ERCON) E4GAR deductions populate on paycheck
- **Teamworks/PeopleSoft creates and sends file containing all employee data to GaBreeze**
  - Process runs each night at 6pm to generate file
  - Data checks are completed before file is sent
  - File sent to GaBreeze overnight each business day

# Day 2 – GSEPS new hire data flow

- **Daily file from Teamworks/PeopleSoft is received and processed by GaBreeze**
  - GaBreeze loads files each business day by 5:00am
  - Runs through a series of edits
  - Creates new GSEPS members on the GaBreeze system with a 5% contribution rate
  - Generates Peach State Reserves 401(k) Automatic Enrollment Notices for new GSEPS members
- **GaBreeze creates and sends Teamworks/PeopleSoft the Payroll Deduction (Feedback) file**
  - Sent overnight, each business day
  - Contains the 5% auto enrollment contribution election for new GSEPS members



# Day 3 – GSEPS new hire data flow

- **Teamworks/PeopleSoft receives and loads the Payroll Deduction (Feedback) file from GaBreeze**
  - GaBreeze file is available each business day
  - Updates the Teamworks/PeopleSoft Savings Plan Page with Plan Type for 401(k), Deduction Begin Date, Benefit Plan for GSEPS and Percent of Earnings of 5, if not already there
  - The next available payroll will use Percent of Earnings to determine 401(k) payroll deduction and matching contribution
- **GaBreeze mails 401(k) Automatic Enrollment Notices**
  - Sent to home address that was entered into Teamworks/PeopleSoft

# Mid-month – GSEPS new hire data flow

- Each payroll, Teamworks/PeopleSoft calculates employee and employer contributions for both pension and Peach State Reserves
- To have deductions/contributions applied to a paycheck, the Savings Plan and Pension Plan pages must be complete in Teamworks/PeopleSoft prior to Payroll Confirmation day
- Contributions for Peach State Reserves are posted the 15<sup>th</sup> and last day of each month with GaBreeze, once funding is available; for non-semi monthly paid employees, the posting process runs each Friday
- Employers should verify PSR contributions each confirmed payroll using the [GaBreeze Employer Website](#) or the emailed totals
- Contributions for the pension plan are posted with ERS after the end of each month, not each payroll

## Month end – GSEPS new hire data flow

- Teamworks/PeopleSoft consolidates the pension deductions/contributions for all payrolls in the month after confirm of last payroll
- On the evening of the 28<sup>th</sup>, the monthly ERS contribution record is created and can be viewed on Pension Summary/Adjustments under the Pension Data tab
- On the last day of the month Teamworks/PeopleSoft creates and sends the ERS monthly pension file

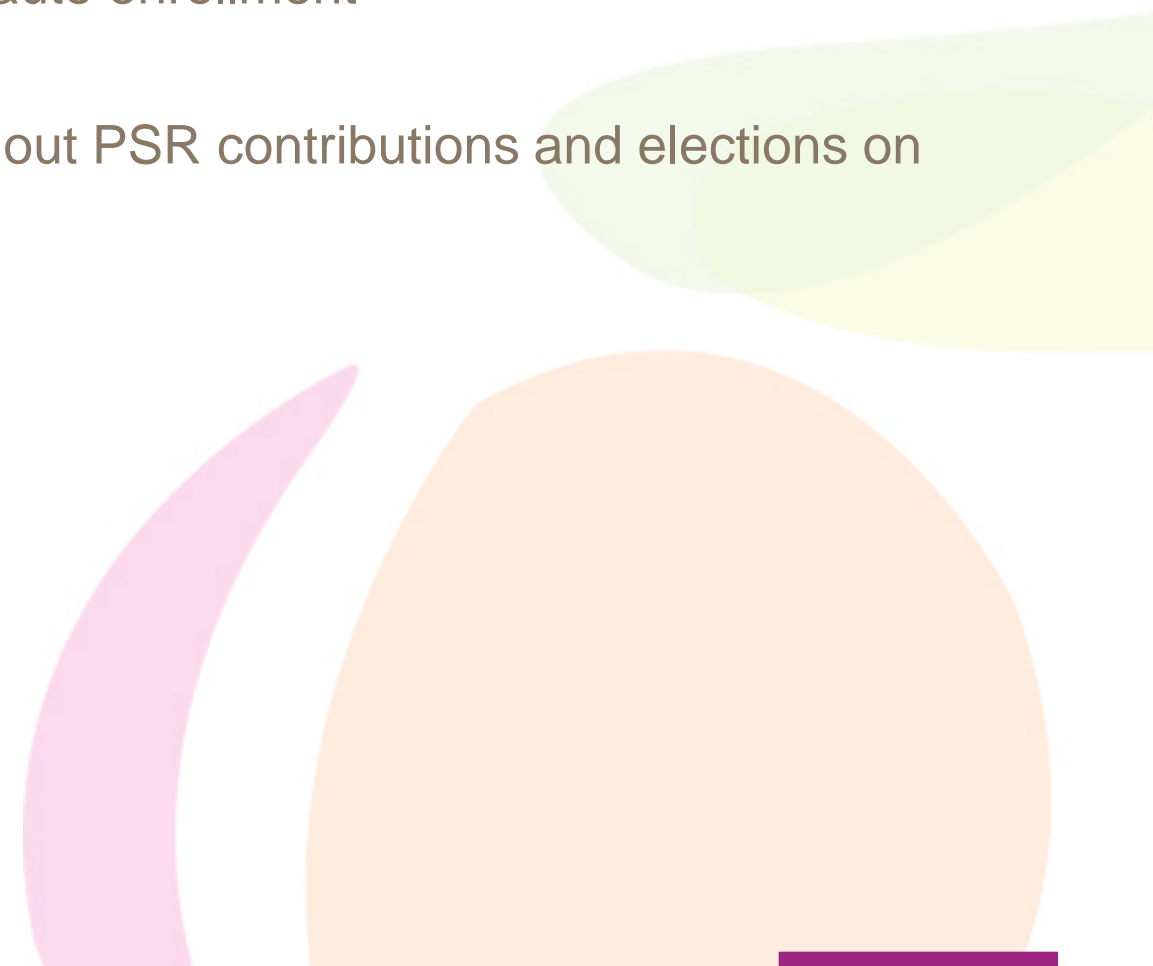
# Month end – GSEPS new hire data flow

- ERS loads the monthly pension file the first week of each month
  - File contains new hire data from previous month
  - A member account is created upon load
  - Contributions are posted to member account after the monthly summary report and payment are received and reconciled
  - Upon post the
    - member enrolled in the plan
    - GSEPS Welcome letter generated and mailed via USPS and via email
  - Member creates their online account and updates beneficiary information

# Employees Rehired within 31 days

- GaBreeze sends the contribution rates that are on file in GaBreeze back to Teamworks/PeopleSoft
- The previous rate can be manually entered into to PeopleSoft (or left in place if never updated to zero)
  - this entry is not required since the file process will populate

# Employees Rehired after 31 days

- Zero out contribution and flat dollar amounts, if they exist
    - If GSEPS, enter 5% auto enrollment
  - GaBreeze system zeros out PSR contributions and elections on their side
- 

# All Rehired Employees

- Verify benefit plan (contribution group)
  - Rehired employees with a refunded or lost ERS membership are only eligible for GSEPS
  - Rehired employees with an inactive (not refunded or lost) ERS membership are eligible to remain in the benefit plan they had at termination
  - Use the Check Plan Eligibility function on the secure ERSGA Employer Website or
  - [Contact Pension Reporting Analyst](#) – contact list available at [www.ers.ga.gov](http://www.ers.ga.gov)
- Be sure the pension plan page is not terminated and denotes correct plan upon return to work

# PSR Contribution rate changes

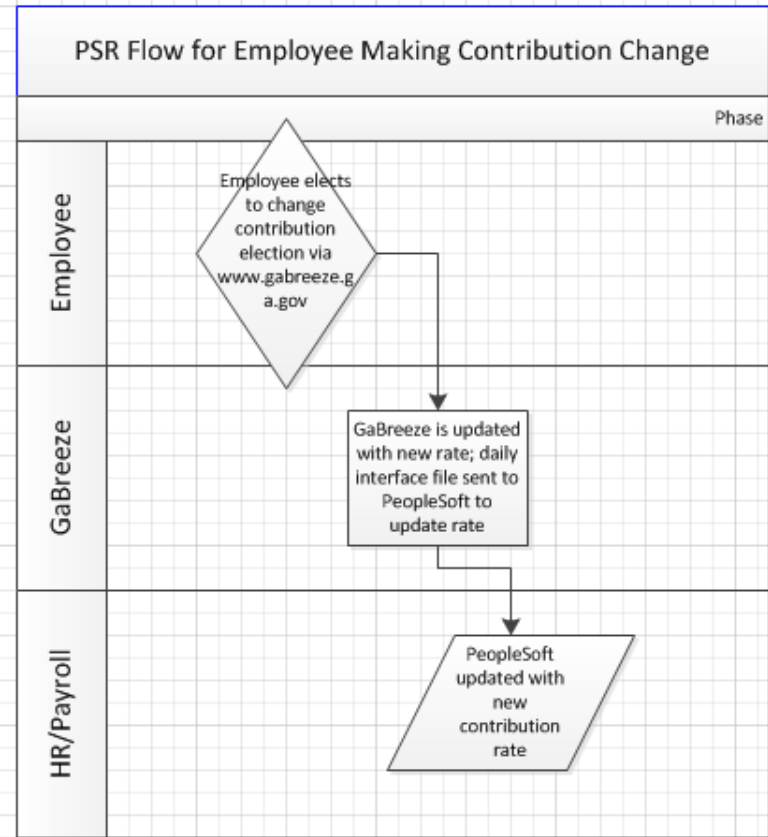
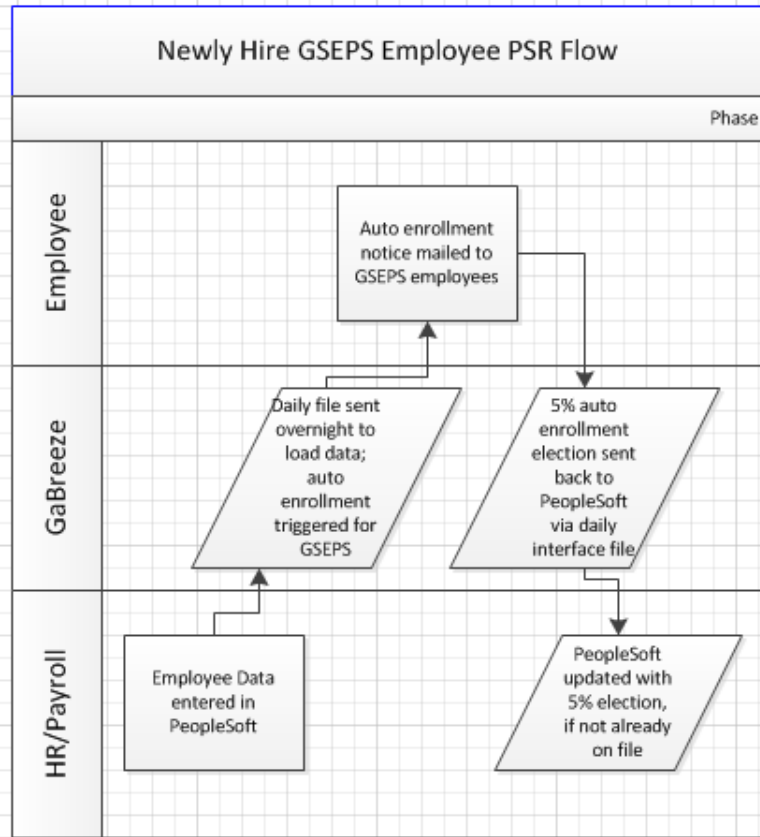
- 401(k) changes immediately sent to Teamworks/PeopleSoft on daily feedback file
- 457 contribution changes and 457 initial enrollments round to the first of the monthly following the date elected
  - Rounded 457 elections will be effective on the first paycheck with pay period end date greater than the 1<sup>st</sup>
  - Exception: 457 rate changes to zero do not round and are sent immediately



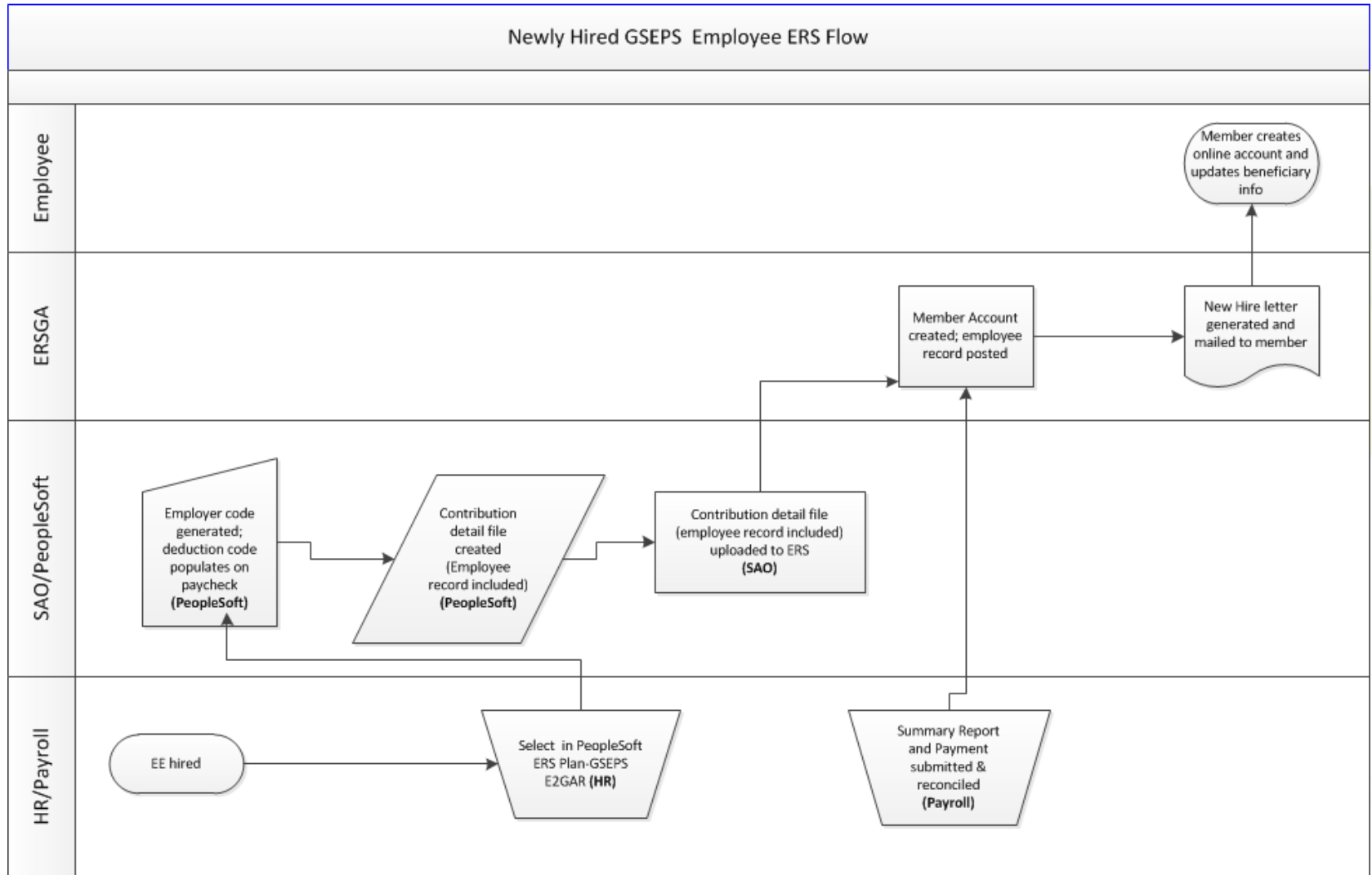
# Manual Savings Plan Page Entry

- Except for the two scenarios below, the Savings Plan Page should never be manually updated in Teamworks/PeopleSoft:
  - 1) the entry of 5% for auto enrollment of GSEPS members
  - 2) the zeroing out of contribution amounts/percents for employees rehired with a break in service greater than 31 days.

# PSR Data Flows



# Pension Data Flow



Rehired Retirees  
Proper Compensation & Classification  
HRA Policy and Compliance

# Rehired Retirees Compensation

- **Statewide Policy 8 - Rehired Retirees**
  - Joint policy issued by OPB and DOAS
  - Establishes statewide policy concerning rate of pay for rehired retirees
- **Pay consistent with duties and responsibilities of position**

# Rehired Retirees Compensation

- Rate of pay no greater than rate paid to a newly hired employee with similar qualifications
- Rate of pay for same or similar position prior to retirement not to exceed previous rate of pay unless:
  - Position improperly classified on lower paygrade
  - Retiree obtains additional skills, experience, or education that warrant a higher salary
- Part-time salary may not be the same as full-time salary prior to retirement

# Rehired Retirees Compensation

The screenshot shows the DOAS website home page with the following elements:

- Header:** Georgia Department of Administrative Services logo, search bar, and navigation links (Mobile, Sitemap, Careers@DOAS, Contact Us).
- Navigation Menu:** DOAS Home, About Us, State and Local, Suppliers, Public and Non-Profit.
- Home Section:** Three main categories: STATE & LOCAL, SUPPLIER SERVICES, and PUBLIC & NON-PROFIT. Each category has a set of icons representing various services.
- Team Georgia Marketplace:** A section with the tagline "Changing the way we do business!" and a "Featured Navigation" area.
- News:** A list of recent news items with dates and titles, including "Mar 04: New and improved DOAS.ga.gov website set to launch at the end of March".
- Direct Links:** A list of quick links to various services and portals, such as "State Agency Directory" and "Team Georgia Marketplace Bidder & Supplier Portal".
- Events:** A section for upcoming events, currently empty.

A black arrow points to the "State HRA" link in the "STATE & LOCAL" section.

# Rehired Retirees Compensation

The screenshot shows the website for the Georgia Department of Administrative Services, Human Resources Administration. The browser address bar displays <https://doas.ga.gov/StateLocal/HRA/Pages/Home.aspx>. The page features a navigation menu with links for DOAS Home, About Us, State and Local, Suppliers, and Public and Non-Profit. A search bar is located in the top right corner. The main content area is titled "EXPLORE STATE HUMAN RESOURCES ADMINISTRATION" and includes a "Compensation" link in the left-hand navigation menu, which is highlighted by a black arrow. Below the navigation menu, there is a "News" section with a list of recent news items, a "Direct Links" section with a list of useful links, and a "Features" section with a list of features. The "Compensation" link is located in the left-hand navigation menu, which also includes links for Benefits Administration, Board Rules, Policy and Compliance, HR Development and Tools, and Performance Management.

Georgia  
Department of  
Administrative Services

Mobile Sitemap Careers@DOAS Contact Us

Search...  
Advanced Search

HUMAN RESOURCES ADMINISTRATION

DOAS Home About Us State and Local Suppliers Public and Non-Profit

Home > State and Local > State Human Resources Administration

EXPLORE STATE HUMAN RESOURCES ADMINISTRATION

Benefits Administration  
Board Rules, Policy and Compliance  
Compensation  
HR Development and Tools  
Performance Management

Statewide Contracts *the way we do business | save the state money*

Features

Georgia CommuteSmart [-]  
Learn about commute options and flexible work scheduling for eligible employees. [Learn more...](#)

ATS Implementation Project [+]  
Contact HRA Staff [+]  
HR Resources [+]  
HRA FAQ's [+]  
HRA Advisories [+]

News

- Mar 04: New and improved DOAS.ga.gov website set to launch at the end of March
- Jan 30: Give us your feedback on your Enterprise or Hertz car rental experience
- Jan 27: HCM User Group December Meeting Presentations
- Nov 16: FY2014 Workforce Report

Direct Links

- JCCP HR Toolkit
- Careers.Ga.Gov
- Team.Georgia.Gov
- GABreeze Employer Website
- Recruiter Resource Center
- Georgia CommuteSmart
- Substance Abuse Testing Program
- Search for Job Descriptions
- State of Georgia Directory

Events

More News...

100%



# Rehired Retirees Compensation

The screenshot shows a web browser window with the URL <https://doas.ga.gov/StateLocal/HRA/Rules/pages/home.aspx>. The page title is "RULES OF THE STATE PERSONNEL BOARD". Under the "Statewide Policies" section, there is a table with the following content:

Type	Title	Description
	Rehired Retiree Policy	The Rehired Retiree policy establishes standards concerning salaries and hourly rates for rehired retirees.
	State OT Policy	The State OT Policy provides the rules, regulations, and procedures governing working hours, the payment of overtime, and the granting of compensatory time.
	Appendix 1 for OT Policy	Appendix 1 provides definitions and checklists to guide determining exemption status under the FLSA.
	Appendix 2 for OT Policy	Appendix 2 is an Employee Acknowledgement form regarding FLSA Compensatory Time.
	Appendix 3 for OT Policy	Appendix 3 provides definitions and examples to guide determining qualifying work time for calculating compensation.
	Appendix 4 for OT Policy	Appendix 4 is the Office of Planning and Budget form Request for Overtime Approval.
	Appendix 5 for OT Policy	Appendix 5 provides a list of the U.S. Code of Federal Regulations and the Federal Register provisions governing the Fair Labor Standards Act.
	Emergency Overtime Policy	The Emergency Overtime Policy provides the uniform practices applicable to employees affected by a Georgia gubernatorial declaration of emergency.

Below the table, there are sections for "Inclement Weather", "Substance Abuse Testing Program", and "Medical & Physical Examination Program (MAPEP) Objective".

# Rehired Retirees Independent Contractor

- To classify a rehired retiree as an independent contractor you must certify to the retirement system the following:
  - Retiree has multiple employees or works for a contracting entity with multiple employees
  - Contracting entity has multiple contracts and the contracts are not limited to State of Georgia Employers
  - No prior agreement existed between the agency and the retiree prior to the retirement date
  - Contractual relationship was not created to extend employment to a retiree in a position similar to that held before retirement
- Another factor that the IRS will use to determine whether a retiree is properly classified as an independent contractor is the right to control the performance of the work

# Rehired Retirees Independent Contractor

- Agencies should submit Independent Contractor Verification Form to ERS within 30 days of hire
- When Rehired Retirees meet the Independent Contractor classification:
  - Not subject to the 1,040 hour restriction
  - Agency is not responsible for employment taxes

# Rehired Retirees

## Consequences of Misclassification

- An agency can be held liable for employment taxes for any worker that is misclassified as an independent contractor by the IRS.
- Any employee who believes they have been improperly classified may fill out an IRS form to report the share of uncollected Social Security and Medicare taxes due.
- Only employers with a reasonable basis for classifying an employee as an independent contractor will be granted any relief from having to pay employment back taxes on that worker.
- USDOL Wage and Hour Division has an Employee Misclassification Initiative, under which scrutiny on an entire program may be brought for the misclassification of workers as independent contractors.

Rehired Retirees  
Why Proceed With Caution?  
Employees Retirement System

# Rehired retirees Proceed with caution

**HCM User Group Meeting  
March 17, 2015**



# The Rehired retiree debate

- **Reasons to hire retirees:**

- Ready Institutional knowledge
- Experience, Skill and Ability
- Can fill Critical Organizational Roles
- Ideal for short term projects
- Possible Cost savings (Pension/Training)

- **Reasons to consider alternatives:**

- Fewer opportunities to advance
- Decrease in employee morale
- Practice can become a crutch (failed succession planning)
- Pension Plan Qualification Risks
- Pension Plan Actuarial Risks



# Rehired Retiree Reminders

- Normal Service Retirement (Age 60/30 years svc; LE: Age 55/10): No return to service during 1<sup>st</sup> month after retirement; Early retirement: No return to service for first 2 months following retirement and no arrangements to return to work before rtrmt.
- A rehired retiree is a rehire that has received at least one pension payment – Under ERS and JRS –there is no provision to return to active contributing service. Allowed under LRS.
- Rehired ERS, LRS, and JRS retirees are limited to 1,040 hours of work per calendar year
- Rehired Retirees cannot be enrolled into the plan from which they retired or into GDCP
- However, if employment is covered by another plan, follow normal enrollment rules
  - Example: Retired District Attorney (JRS) becomes Assistant DA – enroll in ERS and report as a rehired retiree



# Rehired Retiree Reminders

- Once 1,040 hours reached – pension suspended for balance of the calendar year – automatically reinstated the following January
- Independent Contractor Exception – Exception to 1,040 hour rule applies when:
  - Working for or as a contracting entity, the retiree has multiple employees,
  - The contracting entity has multiple contracts and the contracts are not limited to State of Georgia Employers, **and**
  - The contractual relationship was not created to extend employment to a retiree in a position similar to that held before retirement
- General Assembly Exception – applies only to JRS retirees



# Rehired Retiree Employer Responsibilities

- Within 30 days of hire - Notify ERSGA using the Rehired Retiree Reporting Form (available on ERS website)
- Employers can be liable for pension overpayments as a result of failure to notify the plan
- If retiree returns to service as employee, the data is provided by SAO - review the salary and hours worked, approve and submit
- If retiree returns to service as an independent contractor, Employer must add the rehired employee to the rehired retiree list, report salary and hours worked, approve and submit
- Notify ERSGA when the rehired retiree terminates employment – via Rehired Retiree module

# Rehired Retiree Plan Risks

## • Defined Benefit Plan Risk of Disqualification

- Recent private letter ruling – IRS says rehired employees without a bona fide break or with pre-arrangements to return are NOT retirees (waiting for some time period is not enough)
- The employer and employee relationship must be completely severed or an individual is not considered retired
- So what happens when a pension plan pays pension benefits to someone still employed? In service Distribution – prohibited by IRS and can lead to disqualification.
- If a pension plan trust loses its qualified status, the results are disastrous to employees, the employer and the plan:
  - All income sources: member contributions, employer contributions and investment earnings become taxable
  - Generally, employees must add employer contributions to income

# Rehired Retiree Plan Risks

- Increased Actuarial Risk on the Retirement Plan
  - ERS is a defined benefit plan – benefits are defined upfront by statute; paid regardless of market returns
  - Every defined benefit plan administrator wants to have \$1.00 in assets for each \$1.00 in actuarially accrued liability – That's called a 100% Funding Ratio – typically leads to lower employer rates
  - *Funded Ratio = Assets Available for Benefits/Actuarial Accrued Liability*
  - As of the last Actuarial Evaluation - ERS Funding Ratio was 71.4% (National Average 70.9%) NASRA
  - What can happen if the plan has enough non-contributors who also collect benefits – reduced funding ratios, neutral or decreasing benefits and increasing employer contributions
  - Studies indicate that as few as 100 Rehired Retirees in a workforce of 8,000 (1.25%) can make an actuarial impact

# Next steps – How we can be audit proof

- Strengthen our Rehired Retiree Policy to include more safeguards designed to protect against:
  - Plan disqualification Risk – ensure that the plan only pays retirees
  - Negative Plan actuarial Risk – manage the numbers of rehired retirees
- Decrease reliance on Retirees - Work toward statewide improvements in succession planning, training and mentoring
- Improve internal reporting controls on reporting hours worked so its clear that the rehire retiree process is well managed and in compliance with IRS Regulations

# Final Thoughts

- The discretion to rehire retired employees is a valuable management tool when well planned and with adequate controls in place
- Allows agencies to maintain institutional knowledge and fill critical short term needs
- However, when controls are not in place, the practice can put the plan at risk of disqualification and jeopardizing current employees' benefits
- Thank you

