

This document contains general information for employers regarding IPERS covered wages and employment. Please contact [Centralized Payroll](#) with specific wage-related IPERS questions. For questions on IPERS benefits and retirement, refer employees directly to [IPERS](#).

New Hires, Re-Employments, and Transfers

IPERS coverage is **mandatory** and immediate for all **permanent full-time and part-time employees**, unless an employee is specifically excluded from coverage by law, or allowed to elect out of IPERS coverage per IPERS rules.

Employees in IPERS-covered positions should submit a [Beneficiary Designation](#) form directly to IPERS at the beginning of their membership period. Employers are encouraged to include a copy of the form in their new hire paperwork packet.

High school students are not eligible for IPERS-covered employment. Departments must be proactive to ensure high school students hired into IPERS-covered positions are excluded from IPERS at the time of hire. Upon graduation, you will need to start deducting IPERS as required. Please refer to the [Temp Workers Qualified for IPERS - Screenshots](#) job aid to add or remove the additional job classification.

Temporary Employees

IPERS defines a temporary employee as an individual hired to work less than six months on an irregular, seasonal, or on-call basis. In general, temporary employees are excluded from IPERS coverage immediately upon hire.

A temporary employee may qualify for mandatory IPERS coverage at a later time when an "ongoing relationship" with the employer is established as follows:

- When wages paid are **\$1,000 or more** in two consecutive quarters, or
- When a person is employed for 1040 hours or more in a calendar year

Mandatory IPERS coverage begins for the qualified temporary employee on the first day of the quarter following the establishment of the ongoing relationship as defined above. Centralized Payroll will be responsible for adding the additional job classification to their position to update the retirement code and occupation code so that IPERS deductions can begin for the new quarter.

The only action required by the department is to notify or provide the newly qualified temporary employee with a [Beneficiary Designation](#) form, or the web link to obtain the form, so it may be completed and submitted directly by the member to IPERS.

Once a temporary employee has qualified for IPERS-covered service, the employee remains eligible for IPERS-covered wages as long as there is no formal termination or break in service. Keep IPERS eligibility in mind when you have position changes (i.e. moving employees from a temporary to temporary position; from permanent to temporary; or when terminating a temporary employee to rehire to give an increase).

Prior to moving the worker, you can tell if the employee has qualified for IPERS by looking at their positions > additional job classification to see if they have IPERS listed. If the employee was in an IPERS-covered position prior to the position change, then once the job change business process to move the worker to the new position has been completed, you will need to do the start job change task for the job classification to add the applicable IPERS retirement plan and IPERS occupation code.

IPERS coverage for a temporary employee ceases if the temporary employee is not paid wages by the employer for four consecutive calendar quarters.

Covered and Non-Covered Wages

For IPERS members, **covered wages** generally include:

- Regular pay
- Vacation pay, unless paid in a lump sum
- Sick pay, unless paid in a lump sum
- Compensatory leave, unless paid in a lump sum (max 240 hrs per fiscal year)
- Overtime
- Back pay attributable as wages
- Supplemental workers compensation pays.

Non-covered wages generally include:

- Lump sum payouts for accrued sick, vacation leave, banked or compensatory leave bonuses
- Subsistence pays
- Relocation pays
- Lump sum legal settlements made in lieu of actual back pay
- Imputed income
- Workers Compensation paid by a third party
- Short- or long-term disability payments made by a third party
- Pay for certain job classes that are not covered as these job classes are considered to be non employees (i.e. client/Patients, AmeriCorps)

Wage Adjustments for Missed Covered Wages

If an employee receives wages that are not appropriately treated as IPERS covered, Centralized Payroll will need to, once notified:

- collect missed contributions from both the employee and the department
 - submit wage adjustments to IPERS to properly record the covered wages for the member.
- Then we will make the necessary IPERS wage adjustments with IPERS.

Application for Military Credit

All [IPERS Application for Free Military Credit](#) forms are to be submitted to Centralized Payroll for wage certification and submission to IPERS. Members must also attach a copy of their DD-214 form (showing active duty begin/end dates) with the application form. Centralized Payroll will complete the wage certification sections and sign/submit the application form to IPERS. Copies of the completed forms will then be returned to the department to retain in the employee personnel file.

Termination

When an employee terminates AFTER six months of covered employment:

- The employee may decide to leave contributions with IPERS and continue to accumulate interest on the balance until a later date, until attainment of retirement eligibility, or until the account is subject to IPERS mandatory account distribution rules. **OR**
- The employee may request a contribution refund directly from IPERS. Terminating members interested in an IPERS refund should contact IPERS directly to initiate the process and obtain a refund application. As part of the application process, one page of the IPERS refund request form is to be completed by the employer and returned back to the member for submission to IPERS.

When a permanent employee terminates with LESS THAN six months of covered employment, the agency/employer can make the discretionary decision to issue an in-house refund to the employee for all IPERS deductions collected. Workday will send the Human Resource Associate (HRA) a To Do to request a refund. The agency must send a request to Centralized Payroll to initiate the IPERS refund process. Refunds may take up to two months to process.

IPERS refunds will be considered taxable wages in the calendar year in which the refund was issued, since the contributions were originally taken as a pre-tax deduction from the employee's pay. During the in-house IPERS refund process, the State share of IPERS contributions for terminating employees will be returned to the department as well.

When an IPERS-covered employee becomes DECEASED, you or a family member should contact IPERS immediately (Toll free 800-622-3849) to notify them of the situation. Be ready to provide the deceased employee's name, SSN, date of death, and the name, address, and phone number of the deceased employee's contact person.

Retirement

To have a bona fide retirement in IPERS, the retiree must:

- submit an IPERS benefit retirement application, which IPERS has approved.
- leave employment with all IPERS covered employers, including non-covered positions with covered employers.
- be currently receiving benefits.
- follow the time restrictions for providing services for an IPERS covered employer.

Please Note:

- A retiree may not enter into reemployment or independent contractor agreements, either written or verbal, before receiving at least one benefit payment from IPERS.
- A retiree may not work as an independent contractor for, or in a non-IPERS covered position with, an IPERS covered employer before receiving at least one benefit payment from IPERS.
- A retiree may accept temporary employment after the first month of entitlement in their previous position. However, reemployment in a previous position cannot be used as a means of evading the bona fide retirement rules.

Contact [Centralized Payroll](#) with any questions, or visit ipers.org for more information.