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# Maine State Retirement System Employer Update, May 2006

Maine Public Employees Retirement System

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# Maine State Retirement System Employer Update

MAY 2006

## REMINDER FOR TEACHER EMPLOYERS

### Your Monthly Reports Determine Your Employees' Retirement Service Credit

In September 2004, MSRS notified "Teacher" employers of changes in MSRS reporting requirements. In 2004 and 2005, the MSRS held employer training sessions and updated Payroll Training Manuals and other resource material.

When employers follow the new reporting requirements, MSRS can calculate retirement service credit automatically, accurately and efficiently. In order to ensure that your employees' retirement service credit calculates accurately for the 2005/2006 school year, please use the following payroll reporting methods, which meet MSRS reporting standards.

#### Contract

- Use Time Unit Code "**C**" to report "Teacher" members paid according to an **Annual Contract**.
- The payroll detail line must include an **Annual Full-time Equivalent Contract (FTE)** amount for the position.

#### Daily

- Use Time Unit Code "**D**" to report "Teacher" members paid a **Daily** rate of pay.
- The payroll detail line must include a base **Daily Rate of Pay** and **Number of Units of Days Paid** during the reporting period.

#### Hourly

- Use Time Unit Code "**H**" to report "Teacher" members paid an **Hourly** rate of pay.
- The payroll detail line must include a base **Hourly Rate of Pay** and **Number of Units of Hours Paid** during the reporting period.

#### Multiple Positions

- If an employee works in multiple job classifications and/or statuses, report the employee by **each job classification and/or status**.

If your payroll filings are not yet matching the MSRS standards for reporting "Teacher" members, your Employer Services Technician will contact you soon to obtain correct information. Please contact your Employer Services Technician at 800-451-9800 if you need assistance.

#### Grant Funded Teacher Rates Announced

The Employer Contribution Rate for grant and federally funded teacher salaries for the upcoming fiscal year is 19.14%. The new rate applies beginning with the July 2006 payroll report, due on or before August 15<sup>th</sup>.

Please share this rate information with staff, especially those responsible for reporting payrolls and contributions to the MSRS.

#### On-time Payroll Filings

Employers deserve a round of applause for making significant improvements in submitting their MSRS payroll reports and remittances on time. The number of late payroll reports and remittances has been cut in half since this time last year. Keep up the good work and thank you!

## GROUP LIFE INSURANCE INFORMATION

### Leaves of Absence

When an employee is on an approved Leave of Absence, MSRS must continue to receive premiums in order for the employee's group life insurance coverage to remain in force.

Employers, be sure to inform employees of the requirement to continue to make premium payments. Employees need to know that premiums must be paid on a regular basis while they are on a leave of absence.

Failure to make the premium payments will result in the loss of coverage. The employee can re-apply for coverage upon return to work. However, this will require them to produce evidence of insurability (at his/her own expense) according to the requirements of the insurance underwriter.

If the employee is on Family and Medical Act leave, and does not pay premiums, coverage is suspended during the leave. Coverage will be reinstated upon return to work if the employee returns to work immediately after the leave ends. However, if the employee dies while the coverage is suspended, no claim will be paid.

Additional information is available on page 27 of the Group Life Insurance Certificate of Coverage, which may also be found in the Publications section of our Web site ([www.msrs.org](http://www.msrs.org)).

### Changes in Level of Coverage

It's that time of year again! Every year, in the pay period that includes April 1, adjustments are made to an employee's level of group life insurance coverage.

An employee's coverage may increase or decrease based on the previous year's gross compensation. An employee's coverage never changes based on a reduction in gross compensation as a result of time off payroll for medical leave.

Under the Active Work Rule, the employee's level of coverage cannot increase until the employee is physically at work for one regularly scheduled work day. You can find additional information on the Active Work Rule on page 5 of the Group Life Insurance Certificate of Coverage.

If you have an employee who dies while actively employed, the Survivor Services Unit will ask you to substantiate the level of coverage the employee had by using the W-2 or a year-end report. We will also ask for the employment status of the employee and the last date they were physically at work.

If you need assistance making these adjustments, call the Survivor Services Unit at 800-451-9800.

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## WANT TO KNOW MORE ABOUT GROUP LIFE INSURANCE?

MSRS has several comprehensive Q&A documents regarding the Maine State Retirement System Group Life Insurance program. Employers and their employees can find answers to questions such as:

- How do I enroll in the MSRS Group Life Insurance program?
- What kinds of Group Life Insurance coverage are available?
- How much does Group Life Insurance coverage cost?
- Can I change my Group Life Insurance beneficiary?

For answers to these questions and more, go to our Web site ([www.msrs.org](http://www.msrs.org)) and click on the FAQs button. For those employees considering retirement, or who may have already applied, they may find the Group Life Insurance Advisory (Form# CL-0068) helpful. To access this form from our Web site ([www.msrs.org](http://www.msrs.org)), at our homepage, click on the "Forms" button, select "Group Life Insurance," and select "CL-0068, Group Life Insurance Advisory." We hope this information is helpful to you and your employees.