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Maine State Retirement System Employer Update, September 2007

Maine Public Employees Retirement System

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MainePERS

Employer Update

Special Edition

SEPTEMBER 2007

Public Law 305, An Act Permitting Substitute Teachers to Opt Out of the Maine State Retirement System, takes effect on September 20th. On September 20th substitute teachers who are members of the Retirement System may choose to terminate their membership in the System. As of September 20th substitute teachers may also elect not to join the Retirement System when hired.

FREQUENTLY ASKED QUESTIONS BY EMPLOYERS

1. Q: Are substitute teachers still members of the System?

A: Yes, all substitute teachers are members unless they make a written election not to participate in the System.

2. Q: To whom does the term “Substitute Teacher” apply when it comes to optional membership?

A: The use of the term “Substitute Teacher” applies to any employee who substitutes for a teacher member.

3. Q: If the school district hires a substitute teacher who works before September 20, 2007, does the employee need to contribute to the System on those substitute wages, even if the employee intends to decline membership after the effective date? If yes, how do they decline on or after September 20, 2007?

A: Contributions are required on any compensation paid to a substitute teacher prior to September 20, 2007. To decline membership after the effective date of the new law, the Employer submits a membership application signed by the substitute teacher. The substitute teacher completes the first section, checking the box on item #4 “FOR THOSE WITH OPTIONAL MEMBERSHIP ONLY” and indicates the reason in section 5 by writing in “optional substitute teacher”.

Direct membership questions to System’s Retirement Service Teacher Unit.

4. Q: If an employee is already a member of the System under the Teacher or State Plans for another position, can the member elect not to contribute on the substitute teacher position?

A: Yes. By opting out they have exercised their initial choice to join and opt out, leaving two opportunities to rejoin. The employer submits a membership application signed by the substitute teacher. The substitute teacher checks the box "FOR THOSE WITH OPTIONAL MEMBERSHIP ONLY" and indicates the reason in section 5 by writing in "optional substitute teacher".

5. Q: If substitute teachers have a choice, why does the employer have to provide the System with a membership application every time a member declines or joins?

A: The law limits the number of times a member can re-join (twice) the System. Even when membership is optional, MainePERS requires a membership application. This documentation protects the employer should the individual later seek to gain service credit for the period during which they did not contribute.

6. Q: What paperwork does the employer provide if a newly hired substitute teacher chooses not to join the System?

A: The employer submits a membership application signed by the substitute teacher. The substitute teacher checks the box "FOR THOSE WITH OPTIONAL MEMBERSHIP ONLY" and indicates the reason in section 5 by writing in "optional substitute teacher."

7. Q: If a substitute teacher declines membership when first hired and then joins the System's teacher plan under a different position, must they also contribute under the substitute position? Even if they don't have to, what if they want to?

A: Contributions on the compensation for the substitute position would still be optional. The employee may elect to become a contributing member under the substitute teacher position at this time. If they choose to begin contributing on the substitute earnings, they will have exercised one of two options to join the system and will have one remaining opportunity to stop participating as a substitute teacher and rejoin. A membership application documenting the choice to begin contributions on the substitute position needs to be submitted to MainePERS.

8. Q: If it's discovered that contributions were reported to the System in error, after coming from the pay of a substitute teacher who chose not to join, what happens to the contributions the school sent to the System?

A: If the membership application shows the employee's declined membership election is

effective for the time period that contributions were made then this would be considered contributions taken in error. Contribution dollars would be returned to the employer in the form of a credit memo.

9. Q: Does the Employer have to report a Retiree Return to Work (PSC 53) who is hired as a substitute teacher?

A: Yes.

10. Q: Will the System notify each substitute teacher about the change in law?

A: No. Information about optional membership was in the Systems' August 2007 Newsletter. Frequently Asked Questions (FAQs) will be posted on the System's website at www.maineopers.org. Please feel free to share this information with your employees or direct them to: www.maineopers.org.