

EMPLOYER REPORTING COMPENSATION AND PAY DATA



Please review this general summary to better understand Employer Reporting Compensation and Pay Data. Topics covered:

- **Compensation Eligible for Retirement**
- **Salary and Wage Records**
- **\$0.00 Salary Records**
- **Prior Period Pay Adjustments**
- **RETRO Adjustments**
- **Paycheck Void and Reissues**
- **Tips on reporting Pay Period Dates**

What type of compensation is eligible for Retirement?

The Retirement System laws govern the types of compensation employers can include when reporting an employee's compensation to the Retirement System each month and when completing an employee's retirement paperwork. The guidance for compensation is found in both the Employer Manual and the North Carolina Retirement Systems Law Book under G. S. 135-1(7a) and 128-21(7a). These publications are located on the "Employers" page on our Web site at www.myncretirement.com.

Highlights of the Retirement Systems laws governing compensation

Compensation should be reported to the Retirement System via ORBIT for:

- Salary and wages paid to a member for work performed as a part of their job. This would be before deductions to cafeteria plans, 401(k), 403(b), 414(h)(2), and 457 plans.
- Bonuses, provided they are based on performance or years of service, for a member.
- Lump sum vacation or annual leave payouts (provided they adhere to retirement statutes and are non-discriminatory).

Compensation should **NOT** be reported to the Retirement System via ORBIT for:

- Sign-on bonuses.
- Bonuses that are not based upon performance or longevity.
- Terminal payouts for unused sick leave.
- Travel, housing, moving, business or automotive allowances or reimbursement.
- Allowances or compensation paid to a member for the purpose of purchasing additional benefits such as medical insurance, disability insurance.
- Reimbursement of medical expenses or other personal expenses.
- Incentive payments for early retirement or contract buyouts or severance payments.
- Law enforcement officer special separation allowance.

Salary and Wage Records

When reporting the following salary and wage types, see the bulleted tips to ensure accurate ORBIT reporting.

Please note: if salary and wage records are reported through ORBIT while a member is applying for a refund, the refund process will be stopped.

Also, every month, please double check that the Total Salary Amount in the Footer of your Detail report matches up to the Totally Salary Amount on your CSI. When those two amounts are do not match, your report will be in Unbalanced status and an invoice will be issued to correct the discrepancy.

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Annual Leave Exhaustion

- Refers to a day to day exhaustion of annual leave
- Report as REG

Annual Leave Payout

- Report as ANNLEAVE.
- Note: Annual Leave Payouts should not exceed 240 hours.
- Can only be reported when the member has terminated and the termination date and reason are reported for the member.
- Pay period dates CANNOT extend after the retirement/termination dates.
- **If the Annual Leave payout is paid in the same month as the retirement/termination date, please breakout the various pay types and follow the examples below.**
 - To properly report an Annual Leave payment for a member that retires on 7/1/2xxx (retirement effective dates are always the 1st of the month):
 1. Enter the payment amount coded with the pay type of ANNLEAVE
 2. Enter pay period dates prior to the term date such as 6/1/2xxx thru 6/30/2xxx.
 3. For the last day of the pay period, use the last day worked NOT the retirement date.
 4. The last day worked and retirement effective date CANNOT be the same date.
 - To properly report an Annual Leave payment for a member that terminates on 6/15/2xxx:
 1. Enter the payment amount coded with the pay type of ANNLEAVE
 2. Enter pay period dates prior to the termination date such as 6/1/2xxx thru 6/15/2xxx.
 3. For the last day of the pay period, use the last day worked, 6/15/2xxx in this example.
- **If the Annual Leave payment is paid AFTER the retirement/termination date, please breakout the various pay types and adjust the pay period dates per below.**
 - To properly report an Annual Leave payment for a member that retires on 7/1/2xxx (retirement effective dates are always the 1st of the month):
 1. Enter the payment amount coded with the pay type of ANNLEAVE
 2. Code it as a RETRO adjustment
 3. Enter pay period dates prior to the term date such as 6/1/2xxx thru 6/30/2xxx.
 4. For the last day of the pay period, use the last day worked NOT the retirement date.
 5. The last day worked and retirement effective date CANNOT be the same date.
 - To properly report an Annual Leave payment for a member that terminates on 6/15/2xxx:
 1. Enter the payment amount coded with the pay type of ANNLEAVE
 2. Code it as a RETRO adjustment
 3. Enter pay period dates prior to the termination date such as 6/1/2xxx thru 6/15/2xxx.
 4. For the last day of the pay period, use the last day worked, 6/15/2xxx in this example.

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Annual Longevity

- Report as ANNLONG.
- Can be reported on an annual basis or upon retirement/termination.
- Pay period dates CANNOT extend after the retirement/termination dates.
- **If the Longevity payment is paid in the same month as the retirement/termination date, please breakout the various pay types and follow the examples below.**
 - To properly report an Annual Longevity payment for a member that retires on 7/1/2xxx (retirement effective dates are always the 1st of the month):
 1. Enter the payment amount coded with the pay type of ANNLONG.
 2. Enter pay period dates prior to the retirement effective date such as 6/1/2xxx thru 6/30/2xxx.
 3. For the last day of the pay period, use the last day worked NOT the retirement date.
 4. The last day worked and retirement effective date CANNOT be the same date.
 - To properly report an Annual Longevity payment for a member that terminates on 6/15/2xxx:
 1. Enter the payment amount coded with the pay type of ANNLONG
 2. Enter pay period dates prior to the termination date such as 6/1/2xxx thru 6/15/2xxx.
 3. For the last day of the pay period, use the last day worked, 6/15/2xxx in this example.
- **If the Longevity payment is paid AFTER the retirement/termination date, please breakout the various pay types and adjust the pay period dates per below.**
 - To properly report an Annual Longevity payment for a member that retires on 7/1/2xxx (retirement effective dates are always the 1st of the month):
 1. Enter the payment amount coded with the pay type of ANNLONG
 2. Code it as a RETRO adjustment
 3. Enter pay period dates prior to the retirement effective date such as 6/1/2xxx thru 6/30/2xxx.
 4. For the last day of the pay period, use the last day worked NOT the retirement date.
 5. The last day worked and retirement effective date CANNOT be the same date.
 - To properly report an Annual Longevity payment for a member that terminates on 6/15/2xxx:
 1. Enter the payment amount coded with the pay type of ANNLONG
 2. Code it as a RETRO adjustment
 3. Enter pay period dates prior to the termination date such as 6/1/2xxx thru 6/15/2xxx.
 4. For the last day of the pay period, use the last day worked, 6/15/2xxx in this example.

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Bonus Leave Payout (TSERS agencies ONLY)

- Report as BONUS and adjust pay dates (see above).

Comp Time Payout (Local agencies ONLY)

- Report as ANNLEAVE and adjust pay dates (see above).

Holiday Comp Pay

- If the member is actively employed, report as REG.
- If the member is not active, report as ANNLEAVE and adjust pay dates (see above).

Installment Pay (for Community Colleges, Schools and Universities)

- Report as REG
- Employer and Employee contributions should be made
- Retirement Service is not granted

Military Differential Pay

- Report as SUMMERPAY
- Employer and Employee contributions should be made

Overtime Pay

- Report as OVERTIME
- This is ONLY accepted when sent paired together with a corresponding REG payment record for a member.
- If an Overtime record is transmitted without a REG record, the monthly ORBIT report will be rejected.

Performance Based Salary

- If paid on a regular monthly basis, report as REG.
- If paid on a quarterly, semi-annual or annual basis, report as BONUS.

Salary and Earned Wages

- Report as REG
- This is the ONLY pay type that grants retirement service and \$0.00 amounts are NOT accepted.

Severance Pay

- Do not report on the ORBIT report
- Does not meet the definition of "compensation"

Sick Leave Exhaustion

- Refers to a day to day exhaustion of sick leave
- Report as REG
- If on 1/3 exhaustion of leave while in receipt of Worker's Comp benefits, report a \$0.00 Worker's Comp record. Do not report the payment amount.

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Sick Leave Payout

- Do not report on the ORBIT report
- Does not meet the definition of “compensation”

Sign-On Recruitment Bonus

- Do not report on the ORBIT report
- Does not meet the definition of “compensation”

Summer Pay

- SUMMERPAY does not grant retirement service but salary will be included in the member’s Average Final Compensation (AFC) calculation.
 - Below are some examples of when to report a payment as SUMMERPAY. This typically refers to members at educational institutions working summer school.
 - For an 11-month school employee that works starting 8/15/2xxx and ending on 6/14/2xxx, report any salary earned from 6/15/2xxx through 8/14/2xxx as SUMMERPAY.
 - For an employee on a 10-month contract who works part-time in the summer, report any time salary earned as SUMMERPAY.

Supplements for Teachers

- If paid on a monthly basis, report the pay as REG.
- If paid in a lump-sum once or twice a year, report the pay as SUMMERPAY.

“Thank You” and Holiday Bonuses

- Do not report on the ORBIT report
- Does not meet the definition of “compensation”

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\$0.00 Salary Records

These are the only instances when \$0.00 records will be accepted. Other record data combinations with \$0.00 will be deleted. These records DO NOT grant retirement service. Do not report records which are over 90 days old. Do not report records that cross calendar years.

Leave Without Pay

- Plan Code STG or LOCG and LeavePay
- Note that Salary and Contributions are \$0.00
- Placeholder record showing time on any type of Leave except for time on the State Disability Plan. Examples include Military Leave.
- If a member changes status during a reporting period, the pay periods should be split up and 2 records should be sent, one for the time worked and one for the time on Leave.

Retirement Plan	Report Date	Pay Period Begin Date	Pay Period End Date	Pay Type	Salary	EECON	ERCON
STG or LOCG	mm/dd/year	mm/dd/year	mm/dd/year	LEAVEPAY	\$0.00	\$0.00	\$0.00

Workers' Compensation

- Plan Code STG or LOCG and WORKCOMP
- Note that Salary and Contributions are \$0.00
- WC Benefit Payments should not be reported
- If on 1/3 exhaustion of leave while in receipt of WC Benefits, do not report leave payments
- Placeholder record showing time on Workers' Compensation
- Members may be eligible to purchase retirement credit using Form 441

Retirement Plan	Report Date	Pay Period Begin Date	Pay Period End Date	Pay Type	Salary	EECON	ERCON
STG or LOCG	mm/dd/year	mm/dd/year	mm/dd/year	WORKCOMP	\$0.00	\$0.00	\$0.00

State Disability

- Plan Code STDIS must be reported with Leave Pay
- Note that Salary and Contributions are \$0.00

Retirement Plan	Report Date	Pay Period Begin Date	Pay Period End Date	Pay Type	Salary	EECON	ERCON
STDIS	mm/dd/year	mm/dd/year	mm/dd/year	LEAVEPAY	\$0.00	\$0.00	\$0.00

Local Waiting Period

- Plan Code LOCWP and REG
- Note that Salary and Contributions are \$0.00

Retirement Plan	Report Date	Pay Period Begin Date	Pay Period End Date	Pay Type	Salary	EECON	ERCON
LOCWP	mm/dd/year	mm/dd/year	mm/dd/year	REG	\$0.00	\$0.00	\$0.00

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Prior Period Adjustments (Negative Adjustments)

Use **PRIOR PERIOD ADJ** whenever money is owed to you or an overpayment has occurred and you are trying to get the money back

The record **MUST** be coded as a **PRIOR PERIOD ADJ** and the pay period dates **MUST** refer to the original record requiring adjustment. **Negative prior period adjustments CANNOT cross calendar years. If any of these conditions are not met, the record will be flagged in error.**

Recovery of overpayments reported via ORBIT for active employees, retired members and refunded members are handled as follows:

Active Employees:

- If a negative prior period adjustment is reported via ORBIT and the time period in question has crossed calendar years, the ORBIT record will be deleted and an invoice will be generated.
- If the member is still an active employee and your agency attempts to recover contributions that cross calendar years, only the member will be eligible to recover his/ her contributions via a manual refund commonly referred to internally as a pink sheet refund. Your agency will not be able to recover the employer contributions.

Retired Members:

- If the member has retired and your agency is attempting to recover an overpayment from the prior calendar year, your agency should send us a letter on agency letterhead detailing the situation.
- We will issue a supplemental benefit payment to the retiree; your agency will not be allowed to recover any portion of its employer contributions that were reported in error.

Refunded Members:

- If the member has received a refund and your agency attempts to recover an overpayment, the ORBIT record will be deleted and an invoice will be generated.

Retro Adjustments (Positive Adjustments)

Use **RETRO** whenever you owe money or an underpayment has occurred and you are trying to make an additional payment.

The record **MUST** be coded as a **RETRO** and reported to ORBIT **within 90 days of the underpayment** or it will be flagged in error.

If your agency does not report an underpayment within the 90-day window, your employee may have to purchase retirement credit with his or her own money.



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Underpayments for active employees, retired members, and refunded members should be handled as follows:

Active Employees:

- If your agency is attempting to remit additional funds to the Retirement System that were omitted from an earlier ORBIT report for active members, within 90 days the contributions can be reported as a RETRO adjustment. The pay periods should match the period(s) of time that were underreported.
- If you have an active employee who was underreported and the period since the omission has been more than 90 days, the member may request a cost calculation for purchasing this service by completing a Form 466, *Purchasing Retirement Credit for Unreported Service Omitted Through Error*. This salary should not be reported via ORBIT.

Retired Members:

- If a member has retired and your agency underreported the member's salary and contributions, your agency may report the underpayment via ORBIT within a period of 90 days as a RETRO adjustment.
- If the period of omission for a retired member is more than 90 days, the member may request a cost calculation for purchasing this service by completing a Form 466.

Refunded Members:

- If a member has received a refund and your agency reports a RETRO adjustment via ORBIT within 90 days from omission, the member will receive a supplemental refund.
- If 90 days has passed and the member has received a refund, the record cannot be processed in ORBIT and, whenever possible, should not be reported in ORBIT. If the record is reported in ORBIT, the record will be deleted and an invoice will be generated.

Paycheck Void and Reissues

When a paycheck is voided and reissued resulting in a complete wash, the process is considered internal balancing for an agency. Please delete these records from your ORBIT report.

When a paycheck is voided and reissued in a new amount, delete the negative record for the voided check and go to the Adjustment screen and enter the difference between the two checks on your ORBIT report.

For example:

1. In January, a check for \$1,000.00 was issued and transmitted on the Details report granting service for January.
2. In March, it was discovered that the check was lost and should have been for \$1,500.00.
3. The void record for -\$1,000.00 should be deleted from the ORBIT report to not affect January service.
4. The reissued check record for \$1,500.00 should also be deleted from the ORBIT report.
5. Go to the Adjustments screen. Enter a \$500.00 amount as a RETRO with the original January dates so the correct salary will be included in the member's Average Final Compensation (AFC) calculation.

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Tips on reporting Pay Period Dates

The pay period dates are critical to the process of determining service for the member. These fields (along with the Retirement Service Period dates, Retirement Service Type, and pay type code) determine how much service a member will receive.

- Pay Period Dates must fall within the Retirement Service Period.
- Pay dates can be recorded in arrears, advance, mid-month or begin to end of month.
- Pay Period Begin and End dates CANNOT be on the same day.
- Pay Period Begin date CANNOT be more than 90 days prior to the report date.
- The Pay Period End date CANNOT occur before the Pay Period Begin date. When reporting a termination, some agencies default the Pay Period End date to match the termination date which sometimes causes a problem with the Pay Period Begin date. For example, if a Termination Date of 5/14/2xxx is reported during the 5/17/2xxx – 6/15/2xxx pay period, the result will be 5/17/2xxx – 5/14/2xxx which will be flagged in error status. These agencies should address this with their software vendor.

Can multiple pay period records appear on the same Employer Report for a member?

Yes. To do this, it must be one of the two scenarios:

- Pay Type code is the same for each record and pay period dates do not overlap

Member ID	Report Date	Pay Period Begin Date	Pay Period End Date	Pay Type Code
0000000	09/2xxx	09/01/2xxx	09/15/2xxx	REG
0000000	09/2xxx	09/16/2xxx	09/30/2xxx	REG

- Pay Type code is different for each record

Member ID	Report Date	Pay Period Begin Date	Pay Period End Date	Pay Type Code
0000000	09/2xxx	09/01/2xxx	09/15/2xxx	REG
0000000	09/2xxx	09/01/2xxx	09/15/2xxx	BONUS

