



A New Look For Employer Self Service

Employer Self Service (ESS) is getting a new look!

Our long awaited upgrade is scheduled to be “live” this winter. Enhancements include updated forms and easier navigation, throughout.

Please watch for additional electronic communications from us which will provide you with much more detail.

Group Life Insurance Premium Changes - July 2017 State and Teacher Plan

Based on a recent Group Life Insurance Premium Study and recommendation by the actuary, the Board of Trustees adopted new premium rates effective July 1, 2017.

- The **Basic** premium for State participants will **increase**. State employer entities include Maine State Government: Judicial, Legislative and State Agencies; Maine Community College System, MECDHH Governor Baxter School for the Deaf, Maine Developmental Disabilities Council, Northern NE Passenger Rail Authority, Wild Blueberry Commission, Maine Potato Board and Maine Dairy & Nutrition Council.
- **Age-based Supplemental** rates will **decrease** by 10% for State of Maine participants and by 40% for Teacher participants.
- There is **no change** in either **Participating Local District** or **dependent** premiums.

The new rates will be ready for publication with the next Employer Update so you can begin working with your vendors and IT support to implement these changes.

Phishing, Social Engineering and Information Security



We share your commitment to the safety and security of your employees' data. If you receive a suspicious email or telephone call concerning MainePERS, please feel free to end the call and contact MainePERS using your normal and routine means of communication. MainePERS will never ask you to visit a temporary Internet link. We will also use our normal routine links and webpages you are accustomed to seeing. For employers this will usually involve use of our secure employer self-service reporting website (ESS) or use of our secure, Zixmail email service for protected information.

Phishing is the term frequently used in reference to a con artist who is using technology to trick someone into providing information. The phishing attempt is a form of social engineering where someone is impersonating a legitimate business partner or organization, such as MainePERS. The phishing attack can occur through a telephone call, email, text message, or even through a fictitious website. The message may seem very real as the criminals use clever techniques to fool you and get you to take some action.

When in doubt, check it out.

**REPORTING
REMINDER****Earnable Compensation and
Cash In Lieu of Benefits**

It is important for you to report earnable compensation accurately because the majority of employees' MainePERS benefits – life insurance levels, disability, service retirement, death benefits, etc. - are at least partially based on reported earnings. When earnings reported include payments made to an employee that cannot be included in their benefit calculation, the result can be benefits that are lower than the employee or their beneficiary expected. Like you, we do what we can to avoid those situations. In this article, we'll talk specifically about handling payments made in lieu of benefits.

When an employee is given a choice between receiving a benefit and receiving monetary compensation, or an employer-paid benefit stops and is replaced with monetary compensation, it is a "cash in lieu of benefits" situation. By definition, a member's earnable compensation does not include cash in lieu of any benefit. It is, therefore, important that MainePERS contributions not be withheld from any such payments, nor should those payments be included in your payroll reporting files. It is also essential that the rate of pay you report to MainePERS not include any cash in lieu amounts. Here are some examples to help illustrate and clarify.

Example #1: An employee has an annual salary of \$45,000. Their employer has a provision which allows employees to receive \$2,000 if they do not take health insurance. The \$2,000 payment is in place of a benefit making it cash in lieu and not earnable compensation. The \$2,000 should not be reported to MainePERS. The FTE Contract Amount reported would be \$45,000.

Example #2: An employee has an annual salary of \$58,000 and receives employer-paid health insurance. Under a newly negotiated contract, a paid health insurance benefit is no longer offered by the employer, and as a result the employee's salary increases to \$63,000. The situation described constitutes cash in lieu of benefits and the resulting increase in salary is not earnable compensation. Only \$58,000 of the employee's gross earnings should be subject to MainePERS withholding and be reported as earnable compensation. The annual FTE Contract Amount would be reported as \$58,000.

Example #3: An employee has an annual contract that provides a salary of \$60,000, plus an additional 20% (\$12,000) to be used at the employee's discretion to purchase life insurance, place in a tax sheltered annuity (TSA) or to receive as "additional salary." Regardless of the choice the employee makes - insurance, TSA or additional salary – the \$12,000 involved is not earnable compensation. The FTE Contract Amount reported to MainePERS would remain at \$60,000.

The fact that payments are excluded from earnable compensation does not mean that an employer cannot enter into a cash in lieu situation. Employers and employees can enter into an employment agreement providing higher earnings and lower or no health insurance (or other benefit). However, any increase or payment that results from this type of agreement is in lieu of a benefit and is not earnable compensation, so not subject to MainePERS contributions. Additionally, the FTE you report must exclude any non-earnable compensation, in order for the employee to receive the appropriate MainePERS service credit.

If you are uncertain whether a situation constitutes cash in lieu, contact Retirement Services for a determination.