

Memo 2025-7

To: Participating School Districts

From: NDPERS

Date: May 20, 2025

HOW TO REPORT SUMMER WAGES TO NDPERS PER SALARY ARRANGEMENTS

SEASONAL EMPLOYEES WITH SALARY AGREEMENTS

Do you have any seasonal employees?

Seasonal employees – *those working nine, ten, or eleven months, and receiving salary payments over a period greater than the employee's actual physical time at work* – must have a salary arrangement with their employer.



Your organization must pay special attention when reporting salary agreement wages to NDPERS.

This will avoid additional work for your payroll department and incorrect information being provided to employees regarding benefits.

EXAMPLE OF SEASONAL EMPLOYEE

An eligible employee working ten months for a school and receiving monthly wages for twelve months. The eligible employee physically performs the job duties for ten months (August – May). The employer and the employee establish a salary or written agreement, also known as a contract payout, and spread the ten-month wages over 12 months.

TWO WAYS TO REPORT SALARY AGREEMENT WAGES TO NDPERS

OPTION 1. Report wages monthly for each non-worked month in the summer

1. Employer reports wages and remits payment for each month from August – July.
2. Employer must review the payroll report and confirm status is “posted” before remitting payment to NDPERS.
3. Employee receives 12 months of service credit when employer remits monthly contributions according to their regular payroll cycle.

OPTION 2. Report a lump sum payout for each non-worked month in the summer

1. Employer pays wages and remits payment for each month from August – May.
2. Employer pays out remainder of salary agreement in May as lump sum to employee.
3. Employer submits an adjustment report for each summer month separately at the time the monthly payroll report is due. All applicable employees should be included in the same adjustment report for each specific month.
4. Employer is required to review the payroll adjustment report, enter a comment confirming the wages for the salary agreement payout, and **once report status is “posted” remit payment to NDPERS for each individual month.**
 - Example of comment from employer confirming the wages: *This is a salary agreement payout for June 2025.*

NDPERS will not post adjustment reports without a comment from the employer confirming the reason for the adjustment report.

HOW DOES INCORRECT REPORTING AFFECT EMPLOYEES?

An employee termination date entered must be consistent with (the same as) your reporting method and monthly payroll cycle.

Failure to report lumpsum payout wages accurately will result in a **change to your employee’s termination date** on file at NDPERS.

- a. An employee may receive incorrect information from NDPERS if a lumpsum payout is incorrectly posted to their account.
 - b. An employee waiting for a refund payment, or a retirement check, will experience a **delay in payment** due to compliance with the salary arrangement.
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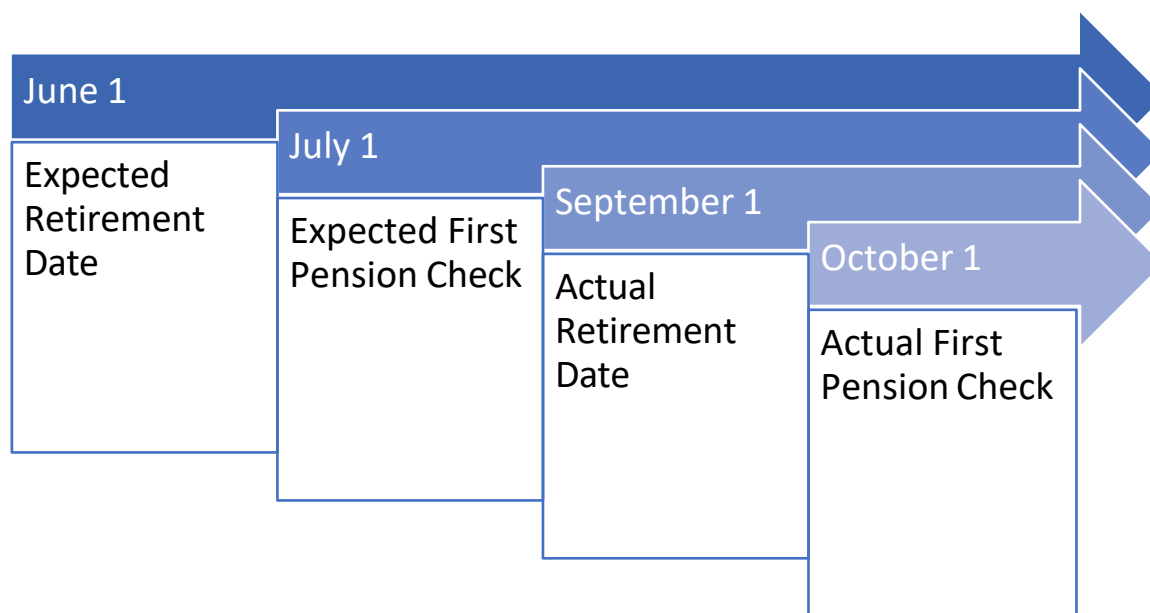
LET'S EXAMINE TWO REAL-LIFE EXAMPLES

- Seasonal employee (working 9-10 months) has agreement to be paid over 12 months.
- Employee submits application to NDPERS prior to last day worked on May 31.
- In June, employer submits remaining salary payout for June, July, and August.

I. A RETIRING EMPLOYEE WILL EXPERIENCE A THREE-MONTH DELAY COLLECTING THEIR FIRST PENSION CHECK.

June 1 is expected Retirement date with July 1 issued first pension check.

September 1 is now the new Retirement date with October 1 issued 1st pension check, which is delayed an additional 3 months from the expected retirement date.



II. APPLICATIONS FOR REFUND/ROLLOVER ARE IMPACTED BY A DELAY.

- **August 1** is expected refund / rollover of account balance.
- **November 1** is new Refund/Rollover of account balance to member. It is delayed an additional 3 months.



- c. Additional work efforts will be required to correct wages reported incorrectly, and this can be **extremely time-consuming for your payroll department**, if this affects multiple years of employment.
- Read through [Appendix B of the Employer Guide](#) and the [Payroll Reporting - Avoid Common Mistakes that can affect your Employees Retirement](#)

RULES SUMMARY: REPORTING SUMMER WAGES TO NDPERS

- All salaries cannot be paid at the end of the fiscal year.
- Salaries must be applied to each summer month.
- NDPERS must receive contributions for each of the summer months that wages are spread (generally crossing over the employer's fiscal year end).
- If salaries are paid out at the end of the fiscal year, contributions may not be reported to NDPERS prior to regular monthly reporting cycle.
- Employers must wait for each monthly report to be posted before payment can be remitted.

