



MEMORANDUM
2017-4

TO: Payroll/Personnel Officers

FROM: NDPERS Benefits and Accounting Division

DATE: June 2017

SUBJECT: Clarification of Eligible Retirement Contributions Excluding Overtime Earnings

Due to financial reporting requirements under the Governmental Accounting Standards Board (GASB), additional procedures and controls were implemented in the NDPERS PERSLink system to flag monthly salary variances. NDPERS reviewed these variances with employers and noticed that clarification was necessary to accurately report eligible monthly wages for retirement contributions, which excludes overtime wages.

Overtime (OT) whether paid at the regular hourly rate (straight time) or one and one-half (1 ½) the regular rate is not eligible for retirement contributions. NDPERS conducted an online survey and webinar to provide clarification and to ensure consistency in payroll reporting procedures. NDPERS will continue to interpret **overtime as any hours over the regularly scheduled 40 hour work week, and it is to be excluded from the reported salary. Therefore, overtime is not eligible for retirement contribution.**

For further clarification, employees may incur overtime as follows:

- Hours over 40 in a week paid at more than the regular hourly rate.
Example: any time paid at one and one-half (1 ½) times regular rate of pay.
- Hours over 40 in a week paid at the regular hourly rate, also known as straight time.
Example: when a week has 8 hours of holiday pay and the employee works more than 32 hours during the week.

For public safety officers that may not have a standard 40 hour work week, similar provisions apply. Overtime is any hours over the regularly scheduled work period either paid at the regular hourly rate (straight time) or one and one-half (1 ½) time the regular hourly rate.

Example: Employee is regularly scheduled to work 160 hours every 28 days. If employee ends up working 168 hours, 160 hours are reportable to NDPERS.

If you have any other questions or require additional information, please feel free to contact us.