



MEMORANDUM
2017-5

TO: PAYROLL/PERSONNEL OFFICERS

FROM: NDPERS BENEFITS AND ACCOUNTING DIVISION

DATE: June 20, 2017

SUBJECT: UPDATE IN WRITTEN AGREEMENT DEFINITION IMPACTS ELIGIBLE RETIREMENT CONTRIBUTIONS

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 monthly salaries and eligible contributions for employees when written agreements are utilized.

NDPERS proposed a new definition for written agreements in April 2017. Following is the *new definition of Written Agreement effective July 1, 2017*.

Written Agreement is defined as a document that includes work to be performed by the employee and signed by both the employee and the employer.

This means that effective July 1, 2017, the employer must retain a job description, employment letter, or any other acknowledgement of duties with the signatures of both the employee and employer in order to be considered a written agreement. NDPERS may request a copy of this document from the employer depending on the nature of the situation. This process ensures that both the employer and employee understand work duties outlined in the written agreement that meet eligibility guidelines for retirement contributions and will be reported to NDPERS each month.

When duties are performed outside of a written agreement or in the absence of a written agreement, the wages will be considered ineligible retirement contributions unless the sum of the hours for duties performed meet eligibility guidelines.

Outline of Implementation Process

Prior to 7/1/2017

Retroactive reporting of eligible wages due to written agreement clarification will not be accepted. This means that if reporting variances occur as a result of the previous interpretation, which considers a written agreement in a member's file as an acceptable document that is signed or unsigned, the retirement contributions will not be corrected.

Effective 7/1/2017

- Any written agreement for the current plan year that is still open may be revised if necessary. For the written agreement to be considered valid and eligible for retirement contributions, it requires the signatures of both the employer and employee.
- Upon becoming aware of ineligible wages being reported under the current written agreement interpretation, the employer must provide a document signed by both the employer and the employee. NDPERS staff will correct the member's account.

As a reminder, written agreement for employees working in several capacities is defined as follows:

- Retirement contributions must be paid on all work performed within a contract or written agreement that meets eligibility. Duties performed outside these arrangements will be considered incidental and therefore, excluded for retirement contribution purposes unless the duties meet eligibility guidelines.
- If an employee works in several capacities for the same employer and does not have any contract or written agreement, and the sum of hours meets eligibility guidelines, retirement contributions should be made on all wages earned, excluding overtime.