# MARYLAND STATE RETIREMENT & PENSION SYSTEM

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# STATE RETIREMENT AGENCY
# EMPLOYER ADJUSTMENT REPORTING MANUAL

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# Introduction

**PURPOSE OF THE EMPLOYER ADJUSTMENT REPORTING MANUAL**

The Code of Maryland Regulations (COMAR), charges each participating employer with the responsibility to report and submit, in a timely manner, retirement payroll data and contributions to the Maryland State Retirement Agency (SRA).[1] The Retirement Agency relies upon reported payroll data to accurately pay death, disability, and retirement benefits. There are occasions where it is necessary for employers to report adjustments to previously reported payroll data. We have developed this manual to help you report payroll adjustments.

The manual is available on our website: https://sra.maryland.gov/submitting-payroll. All information is current as of the revision date listed in the header of each page. However, from time to time, the Retirement Agency will provide updates to the manual to reflect changes in the pension statute or SRA policy which may affect payroll reporting. We will post updates on our website.

We have compiled this manual as a working tool for your use. However, please be aware that although it is designed to be comprehensive in the information it provides, the reporting instructions outlined in this manual in no way should be taken as the basis for any contractual right between the Retirement Agency and the employer or member. The instructions outlined herein do not replace statutory and rule requirements.

The Employer Services Team is responsible for processing and posting incoming employer reports. As we receive reports, the Retirement Agency utilizes validations to ensure that the data is in the correct format and that it complies with our requirements. After employers resolve any validation errors, submit the reports, and make any associated payments, the Retirement Agency posts the data to our member database records. We rely upon each employer to certify that the data is accurate and complete.

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[1] COMAR 22.04.01.01

# Reporting Payroll Adjustments

## GENERAL

Adjustments to reported payroll data may be required from time to time. The Retirement Agency accepts payroll adjustments for <u>any</u> prior payroll period, including additions, deletions, and changes to payroll data. Each employer has the responsibility to report timely and accurate payroll data to the Retirement Agency. This includes making payroll adjustments where applicable.

## REPORTING PAYROLL ADJUSTMENTS

Employers have the same two options for reporting prior period payroll adjustments that they have for reporting current payroll period payroll information. The Employer Portal provides two methods for employers to submit payroll adjustments:
1. Employers may securely upload a file in the prescribed electronic format, or
2. Employers may manually enter the information in the prescribed electronic format. Employers may find this method easier than creating and uploading a file in the prescribed electronic format when there is a small number of adjustments to report.

**All adjustment records must have Record Type = P to indicate adjustments to prior payroll periods.** Employers must upload a file that contains only adjustments. Employers may submit adjustment reports at any time and with any number of adjustments desired.

## OVERVIEW OF ADJUSTMENT REPORTING REQUIREMENTS

Employers must submit payroll information to the Retirement Agency in a prescribed electronic format (see the Electronic Record Format section for more information). The Retirement Agency requires that employers report all adjustment payroll data in a specific comma-separated value (CSV) layout. All of the information in the adjustment report is required by COMAR, so all fields are required fields.

The Retirement Agency is governed by the Code of Maryland Regulations (COMAR) and the Annotated Code of Maryland, State Personnel and Pensions Article for the requirements of reporting payroll data. In general, the following is a summary of those laws and regulations:

<u>PAYROLL SCHEDULE, RECORD TYPE, AND PAYROLL PERIOD DATES</u>
This information helps the Retirement Agency calculate service credit at the end of the fiscal year, to allocate adjustment records to the correct pay period, and to ensure no payroll information is missing for a member.
- Payroll Schedule
  - Employers are required to create Payroll Schedules in the Employer Portal each fiscal year beginning July 1. Each Payroll Schedule defines the payroll period and pay dates for the year. An employer can have one or more payroll schedules (e.g., weekly, biweekly, monthly, etc.). You can find instructions for maintaining Payroll Schedules on Page 17.

- o Each Payroll Schedule in the Employer Portal has a Retirement Agency Payroll Schedule ID and an Employer Payroll Schedule ID. The Retirement Agency will accept both Payroll Schedule IDs – employer can report either as convenient.
  - o **Format:** This is a required field. Payroll Schedule is a 10 character alphanumeric field.
- Record Type
  - o Employers can only report adjustment payroll records using this file format.
  - o Adjustment records must be for one or more prior payroll periods as defined in your Payroll Schedule. You must report adjustment records as Record Type **P** to indicate they are for prior payroll periods. You may include as many adjustment records as needed for a member.
  - o **Format:** This is a required field. Record Type is a 1 character alpha field. It must contain **P** to indicate adjustments for **prior** payroll periods.
- Payroll Period Beginning Date
  - o The first date in the pay period for which the member was paid. For example, if you paid the member for work performed between January 4, 2021 and January 15, 2021, the Payroll Period Beginning Date is **01/04/2021**.
  - o **Format:** This is a required field. Date fields are 10 characters in the format **MM/DD/YYYY**.
- Payroll Period Ending Date
  - o The last date in the pay period for which the member was paid. For example, if you paid the member for work performed between January 4, 2021 and January 15, 2021, the Payroll Period Ending Date is **01/15/2021**.
  - o **Format:** This is a required field. Date fields are 10 characters in the format **MM/DD/YYYY.**

## SOCIAL SECURITY NUMBER AND NAME

- Social Security Number
  - o The Retirement Agency Employer Portal will accurately identify any Social Security number on incoming payroll data which does <u>not</u> match an existing record on our files. In these instances, our automated system will put that record in an error condition. **Employers must resolve this error –** the Retirement Agency **will not accept records in this error condition.** You may contact the Retirement Agency Employer Services Teamfor assistance if you cannot resolve the error.
  - o **Format:** This is a required field. Social Security Number is an 11 character alphanumeric field in the format **123-45-6789**. If the first or second character is a zero, the zero must be included.
- Last Name
  - o The Last Name field is only included to perform a cross-reference validation to the Social Security Number. The Retirement Agency does **not** update the Last Name reported in the adjustment file to the member account.
  - o **Format:** This is a required field. Last Name is a 35 character alphanumeric field. All name fields must begin and end with double quotation marks. It should not contain any suffix (e.g., "Jr.", "III", "MD", etc.). It can contain hyphens (e.g., "Smith-Garcia") and apostrophes ("O'Rourke").

## EMPLOYER LOCATION CODE

- Location Code
    - The Location Code is an identifier specific to each individual employer.
    - The Retirement Agency assigns Location Codes for local participating governmental units. Location Codes for State agencies are assigned by the State. A current list of valid Location Codes for your employer can be found on the Employer Portal >Profiles > View Organization Information.
    - **Format:** This is a required field. Location Code is an 8 character numeric field

## EARNABLE COMPENSATION PAID DURING THE PAY PERIOD

- Payroll Period Base Salary Paid
    - The Payroll Period Base Salary Paid represents the gross earnable compensation payable at the end of the payroll period.
    - For salaried employees this is the gross recurring salary payable at the end of each pay period during the fiscal year. This can generally be determined by taking the gross total salary divided by the total number of regular pays for the fiscal year.
    - For hourly workers this is the earnable gross wages payable at the end of the pay period.
    - The Payroll Period Base Salary Paid should not include overtime, shift differential, bonus, summer school wages, or any other compensation not included in the definition for Earnable Compensation.
    - **Format:** This is a required field. Payroll Period Base Salary Paid is a maximum 9 character numeric field in the format **DDDDDD.CC** where D is dollars and C is cents. Do not round to the nearest whole dollar. No commas or dollar signs. For example, report $1,154.95 as **1154.95**.

## ACTUAL HOURS WORKED DURING THE PAYROLL PERIOD

- Actual Hours Worked
    - The Actual Hours Worked field reflects the actual number of hours worked during the payroll period. For full-time salaried employees, the actual hours worked should equal the Total Standard Hours for the pay period[2].
    - For employees on paid leave during the payroll period, the Actual Hours Worked should equal the sum of the hours worked and the leave hours paid
    - Must not reflect overtime.
    - Must not be greater than Total Standard Hours for the pay period.
    - **Format:** This is a required field. Actual Hours Worked is a maximum 5 character numeric field. You may report fractional hours as decimal numbers up to two places to the right of the decimal. Whole numbers do not require a decimal, but decimals are allowed. For example: report 35.5 hours as **35.5** or **35.50** and 40 hours as **40** or **40.0**.

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[2] In some cases it won't equal the Standard Hours. For example, if the employee is on unpaid leave or is on furlough.

BUDGETED EARNABLE COMPENSATION FOR THE POSITION
- Actual Annual Compensation
    - The Actual Annual Compensation represents the total earnable salary on an annualized basis.
    - For full-time employees, the Actual Annual Compensation will equal the budgeted salary for the position. The Actual Annual Compensation will equal the Annual Earnable Compensation.
    - For part-time employees, the Actual Annual Compensation will also equal the budgeted salary for the part-time position (not the Full-Time Equivalent).
    **Format:** This is a required field. Actual Annual Compensation is a maximum 6 character numeric field in the format **DDDDDD** where D is dollars. Round to the nearest whole dollar. No commas or dollar signs. For example, report $42,499.88 per year as **42500**.

BUDGETED EARNABLE COMPENSATION FOR THE POSITION ON AN ANNUALIZED BASIS
- Annual Earnable Compensation
    - The Annual Earnable Compensation represents the total earnable salary on an annualized basis for a Full-Time Equivalent.
    - For full-time employees, the Annual Earnable Compensation will equal the budgeted salary for the position. The Annual Earnable Compensation will equal the Actual Annual Compensation.
    - For part-time employees, the Annual Earnable Compensation will represent the total amount a full-time employee would earn in that position.
    **Format:** This is a required field. Annual Earnable Compensation is a maximum 6 character numeric field in the format **DDDDDD** where D is dollars. Round to the nearest whole dollar. No commas or dollar signs. For example, report $42,499.88 per year as **42500**.

STANDARD HOURS FOR THE POSITION
- Standard Hours
    - The Standard Hours field reflects the normal or regular hours for a full-time employee working in that position during each payroll period.
    - Should not reflect overtime.
    - The Board of Trustees has established Weekly Minimum Standard Hours of 30 hours for Teachers and 35 hours for Employees. The Standard Hours must be greater than or equal to the applicable Weekly Minimum Standard Hours for the payroll period.
    - **Format:** This is a required field. Standard Hours is a maximum 5 character numeric field. You may report fractional hours as decimal numbers up to two places to the right of the decimal. Whole numbers do not require a decimal, but decimals are allowed. For example: report 35.5 hours as **35.5** or **35.50** and 40 hours as **40** or **40.0**.

MEMBER CONTRIBUTIONS
- Member Contribution
    - The Member Contribution field represents the actual contribution amount withheld for the member for the payroll period.
    - The member contributions due each payroll period is calculated using the formula: ((Actual Annual Compensation x Contribution Rate) ÷ Number of Annual Pays).
    **Format:** This is a required field. Member Contribution is an maximum 8 character numeric field in the format **DDDDD.CC** where D is dollars and C is cents. Do not round to the nearest whole dollar. No commas or dollar signs. For example, report $54.95 as **54.95**. If a member is not required to make a contribution, report as **0.00**.

## RETROACTIVE SALARY ADJUSTMENTS

Retroactive salary adjustments cover situations where an employee's salary has been increased or decreased as of a prior date. This may be due to acting capacity pay, retroactive promotion, or any other situation where the employee's salary was changed retroactive to a prior date. An adjustment is required if the correct salary was not accurately reported in prior pay periods. As member contributions are based upon the reported salary, salary changes also require an adjustment to a payroll remittance depending upon the plan requirements of the affected member or members.

**Example A**: [3]
Retroactive Salary Increase

| | |
|---|---|
| Name: | John Doe |
| Previous Salary: | $50,000 |
| Current Salary: | $60,000 |
| Contribution Rate: | 7% [4] |
| Effective Date of Increase: | 6/7/2019 |
| Current Pay Period Ending: | 8/29/2019 |
| Pays: | 26 |

In this example of a retroactive salary increase, the employee, John Doe, received a retroactive salary increase effective June 7, 2019. The employer reports the old salary and contribution amount through regular payroll submissions. In this instance, the employer reported the old salary and contribution amount as follows since 6/20/19.

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/4/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/18/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/1/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/15/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |

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[3] Adjustment examples do not reflect all the required data elements of the prescribed electronic format. When submitting payroll adjustments, please complete all data elements for each applicable pay period.
[4] Alternate Contributory Pension System

Total:          $673.10
**Exhibit A-1**

However, now Mr. Doe has received a retroactive salary increase. The employer must now submit adjustments in the prescribed electronic format to reflect the higher salary and contribution amount. Employers should report adjustments for this example as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 7/4/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 7/18/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 8/1/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 8/15/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| Total: | $134.60 | | | | | |

**Exhibit A-2**

In this example, on the next pay period ending date, the employer should submit one or more records in the payroll file with Record Type=**P** with the additional salary and the extra contribution amount owed for Mr. Doe. **Adjustment records must always reflect the net change.** In this case, there is an additional $384.62 in salary and an additional $26.92 in contributions to report for each payroll period.

## CONTRIBUTION ADJUSTMENT

In instances where the reported contribution amount was incorrect, whether over or understated, the employer should report an adjustment at the earliest possible date. A contribution adjustment may be required due to a reporting error or salary adjustment.

**Example B**: [5]
Contribution Adjustment
    Name:                                John Doe
    Reported Contribution:        $67.69
    Actual Contribution Due:      $57.69
    Effective Date:                     6/20/2019
    Current Pay Period Ending:   8/29/2019
    Pays:                                 26

In this contribution adjustment example, the employer incorrectly reported and submitted contributions for John Doe. The correct amount of the bi-weekly pension contributions should have been $57.69 per pay period. However, due to a reporting error, the actual contribution amount reported and remitted was $67.69 per pay period. Therefore, a retroactive adjustment is required.

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[5] Adjustment examples do not reflect all the required data elements of the prescribed electronic data format. When submitting payroll adjustments, please complete all data elements for each applicable pay period.

The actual reported payroll data is as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $67.69 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/4/2019 | $67.69 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/18/2019 | $67.69 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/1/2019 | $67.69 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/15/2019 | $67.69 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| | $338.45 | | | | | |

**Exhibit B-1**

Employers should report adjustments for this example as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $(10.00) | 0 | 0 | $0 | $0 | $0 |
| 7/4/2019 | $(10.00) | 0 | 0 | $0 | $0 | $0 |
| 7/18/2019 | $(10.00) | 0 | 0 | $0 | $0 | $0 |
| 8/1/2019 | $(10.00) | 0 | 0 | $0 | $0 | $0 |
| 8/15/2019 | $(10.00) | 0 | 0 | $0 | $0 | $0 |
| | $(50.00) | | | | | |

**Exhibit B-2**

In this example, both the reported contribution data and actual contribution remittance were greater than the actual contribution amount due. Therefore, the employer must report an adjustment for the difference of $(10.00) for the contributions, but no adjustments to the hours or salary.

**Example C**:[6]
Contribution Adjustment

| | |
|---|---|
| Name: | John Doe |
| Reported Contribution: | $87.50 |
| Actual Contribution Due: | $100.00 |
| Effective Date: | 9/06/2019 |
| Current Pay Period Ending: | 10/31/2019 |
| Pays: | 20 |

The employer incorrectly reported and submitted remittance for John Doe. The correct amount of bi-weekly pension contributions should have been $100.00 per pay period. However, due to a reporting error, the actual contribution amount reported and remitted was $87.50 per pay period. Therefore, a retroactive adjustment is required. The actual reported payroll data is as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 9/5/2019 | $87.50 | 70 | 70 | $2,000.00 | $40,000 | $40,000 |

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[6] Adjustment examples do not reflect all the required data elements of the prescribed electronic format. When submitting payroll adjustments, please complete all data elements for each applicable pay period.

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 9/19/2019 | $87.50 | 70 | 70 | $2,000.00 | $40,000 | $40,000 |
| 10/3/2019 | $87.50 | 70 | 70 | $2,000.00 | $40,000 | $40,000 |
| 10/17/2019 | $87.50 | 70 | 70 | $2,000.00 | $40,000 | $40,000 |
| | Total: $350.00 | | | | | |

**Exhibit C-1**

Employers should report adjustments for this example as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 9/5/2019 | $12.50 | 0 | 0 | $0 | $0 | $0 |
| 9/19/2019 | $12.50 | 0 | 0 | $0 | $0 | $0 |
| 10/3/2019 | $12.50 | 0 | 0 | $0 | $0 | $0 |
| 10/17/2019 | $12.50 | 0 | 0 | $0 | $0 | $0 |
| Total: | $50.00 | | | | | |

**Exhibit C-2**

In this example, both the reported contribution data and actual contribution remittance were less than the actual contribution amount due. Therefore, the employer must report an adjustment for the difference of $12.50 for the contributions, but no adjustments to the hours or salary.

## HOURS WORKED/STANDARD HOURS ADJUSTMENT

It's important that each employer report the correct Hours Worked and Standard Hours each pay period. This is especially true for members of the Pensions systems, as the reported hours determine the amount of creditable and eligibility service awarded. If an employer incorrectly reported payroll hours, then a retroactive adjustment is necessary. For each affected pay period, the employer should submit an adjustment.

**Example D[7]:**
Hours Adjustment
    Name:                          John Doe
    Current Pay Period Ending:  8/29/2019
    Pays:                         26

In this example of an hours worked/standard hours adjustment, the employer incorrectly reported the hours worked for John Doe. The actual reported payroll hours are as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $96.15 | 40 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/4/2019 | $96.15 | 50 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/18/2019 | $96.15 | 60 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/1/2019 | $96.15 | 50 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/15/2019 | $96.15 | 40 | 80 | $1,923.07 | $50,000 | $50,000 |
| | $480.75 | | | | | |

**Exhibit D-1**

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[7] Adjustment examples do not reflect all the required data elements of the prescribed electronic format. When submitting payroll adjustments, please complete all data elements for each applicable pay period.

In the reported data above, although the hours worked reflects a part-time employee, the employee is actually full-time and salaried. The employer, to correct the previously reported data, should make an as adjustment as follows:

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $0 | 40 | 0 | $0 | $0 | $0 |
| 7/4/2019 | $0 | 30 | 0 | $0 | $0 | $0 |
| 7/18/2019 | $0 | 20 | 0 | $0 | $0 | $0 |
| 8/1/2019 | $0 | 30 | 0 | $0 | $0 | $0 |
| 8/15/2019 | $0 | 40 | 0 | $0 | $0 | $0 |
| | $0 | | | | | |

**Exhibit D-2**

This adjustment does <u>not</u> require an adjustment to the contributions, remittance, or salaries. However, the difference in the reported data would make a difference in the amount of creditable service the member earns.

## FAILURE TO REPORT PAYROLL DATA FOR ONE OR MORE EMPLOYEES

Adjustments are required when a participating employer fails to report payroll data for one or more employees. Failure to report payroll data falls into 2 categories: 1) a new employee who has never been enrolled in the system and has <u>not</u> had payroll data reported or 2) an employee who is enrolled, but has <u>not</u> had all payroll reported.

For new employees who have <u>not</u> been enrolled in SRPS and have <u>not</u> had retirement payroll reported, the employer must first properly enroll the employee into SRPS. The law requires immediate enrollment for all new employees who are eligible for membership in the System. The employer must submit adjustments for the hours, contributions, and salary for any missed payroll periods. Lastly, the employer must also take the necessary steps to ensure that the employee is added to the payroll data for all future payroll periods.

For employees who are already enrolled in the System, a new enrollment should <u>not</u> be necessary. However, the employer must take steps necessary to begin reporting retirement payroll data for that individual. In addition, the employer must also submit adjustments in the prescribed electronic format for the missed hours, contributions, and salary payroll data.

## PAYROLL CANCELLATION ADJUSTMENT

Due to timing differences, there may be instances where an employer must submit a payroll cancellation adjustment to delete previously reported data. As some employers submit their retirement payroll before the actual pay period ending date, those employees may require a payroll cancellation adjustment for payroll data submitted for terminated, resigned, or employees on leave without pay.

The payroll cancellation adjustment differs from other payroll adjustments in that the cancellation has the effect of deleting the entire pay period data, as if it was never reported.

**Example E**: [8]
Payroll Cancellation Adjustment
| | |
|---|---|
| Name: | John Doe |
| Effective Date: | 10/03/2019 |
| Pays: | 26 |

For example, the employer reported payroll data for pay period ending October 03, 2019 in advance of the pay period ending date. In this instance, the employee did <u>not</u> actually work this pay period due to termination or resignation of employment.

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 10/03/06 | $40.38 | 80.0 | 80.0 | $1,346.15 | $35,000 | $35,000 |
| | $40.38 | | | | | |

Exhibit E-1

To correct the situation, the employer should submit a cancellation (negative) adjustment as follows to reflect that the employee did <u>not</u> work during this pay period.

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 10/03/06 | ($40.38) | (80.0) | (80.0) | ($1,346.15) | ($35,000) | ($35,000) |
| | ($40.38) | | | | | |

Exhibit E-2

## PAYROLL ADJUSTMENTS FOR MULTIPLE PAY PERIODS

Employers can report adjustments for each individual pay period. However, employers often make payroll adjustments at one time that impact multiple prior pay periods. In these cases, employers have the option of reporting these payroll adjustments in a single adjustment record. For example, an employee may have been given a retroactive salary adjustment that impacts multiple pay periods. In that case, the employer may provide the beginning payroll period date, the ending payroll period date, and the total increase in salary over that time period. The Employer Portal will use the payroll schedule provided by the employer for that employee, and create an appropriate adjustment for each payroll period between the beginning date and ending date. We will equally distribute the adjustment for each full payroll period. If there are any partial payroll periods, we will pro-rate appropriately.

**Example F**: [9]
Retroactive Salary Increase
| | |
|---|---|
| Name: | John Doe |
| Previous Salary: | $50,000 |

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[8] Adjustment examples do not reflect all the required data elements of the prescribed electronic format. When submitting payroll adjustments, please complete all data elements for each applicable pay period.
[9] Adjustment examples do not reflect all the required data elements of the prescribed electronic format. When submitting payroll adjustments, please complete all data elements for each applicable pay period.

Current Salary:                      $60,000
Contribution Rate:                   7% [10]
Effective Date of Increase:          6/7/2019
Current Pay Period Ending:           8/29/2019
Pays:                                26

In this example of a retroactive salary increase, the employee, John Doe, received a retroactive salary increase effective June 7, 2019. The employer reports the old salary and contribution amount through regular payroll submissions. In this instance, the employer reported the old salary and contribution amount as follows since 6/20/19.

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/4/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 7/18/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/1/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| 8/15/2019 | $134.62 | 80 | 80 | $1,923.07 | $50,000 | $50,000 |
| Total: | $673.10 | | | | | |

Exhibit F-1

However, now Mr. Doe has received a retroactive salary increase. The employer must now submit adjustments in the prescribed electronic format to reflect the higher salary and contribution amount. Instead of reporting adjustments for each individual payroll period, employers have the option of providing a single adjusting record with the total net change for the entire time period like the example below:

| Pay Period Beginning | Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|---|
| 6/21/2019 | 8/29/2019 | $134.60 | 0 | 0 | $1923.10 | $10,000 | $10,000 |
| | Total: | $134.60 | | | | | |

Exhibit F-2

In this example, the Retirement Agency will use the employer's payroll schedule to automatically create adjusting entries for each payroll period, like those below. The Employer Portal will present the individual adjusting entries to the employer for confirmation prior to submission.

| Pay Period Ending | Contribution Amount | Hours Worked | Hours Standard | Pay Period Base Salary | Actual Annual Compensation | Annual Earnable Compensation |
|---|---|---|---|---|---|---|
| 6/20/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 7/4/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 7/18/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 8/1/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| 8/15/2019 | $26.92 | 0 | 0 | $384.62 | $10,000 | $10,000 |
| Total: | $134.60 | | | | | |

Exhibit F-3

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[10] Alternate Contributory Pension System

## REPORTING REQUIREMENTS FOR THE FILE UPLOAD METHOD

The following requirements apply to employers electing to upload payroll files using the Employer Portal[11].

1. The upload file must be in a comma-separated value (CSV) format that conforms to Internet Engineering Task Force RFC 4180 (https://tools.ietf.org/html/rfc4180).
2. The upload file must contain the fields below in the order prescribed below.
3. All fields are required by COMAR and must be reported.
4. Each field must be formatted as prescribed below.

## PAYROLL UPLOAD FILE FORMAT

| FIELD NAME | LENGTH | TYPE | FORMAT |
|---|---|---|---|
| Social Security Number | 11 | Alphanumeric | XXX-XX-XXXX<br>Example: 123-45-6789 |
| Last Name | 35 | Alphanumeric | Must start and end with double quotation marks if any names contain an apostrophe.<br>Example: "O'Rourke" |
| Employer Location Code | 8 | Numeric | XXXXXXXX<br>Example: 40100000 |
| Employer Payroll Schedule | 10 | Alphanumeric | |
| Record Type | 1 | Alpha | P - Prior pay period |
| Payroll Period Beginning Date | 10 | Date | Month-Day-Year (MM/DD/YYYY)<br>Example: 01/01/1999 |
| Payroll Period Ending Date | 10 | Date | Month-Day-Year (MM/DD/YYYY)<br>Example: 01/01/1999 |
| Actual Annual Compensation | 6 | Numeric | Dollars only. No dollar sign, comma, or decimal point.<br>Example: $42,499.88 = 42500 |
| Member Contribution | 8 | Numeric | Dollars and cents. No dollar sign or comma.<br>Example: $26.80 = 26.80 |
| Payroll Period Base Salary Paid | 9 | Numeric | Dollars and cents. No dollar sign or comma.<br>Example: $1,154.95 = 1154.95 |
| Annual Earnable Compensation | 6 | Numeric | Dollars only. No dollar sign, comma, or decimal point.<br>Example: $42,499.88 = 42500 |

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[11] For employers electing to use the manual entry method on the Employer Portal, the Portal will ensure that information provided comply with these requirements.

| FIELD NAME | LENGTH | TYPE | FORMAT |
|---|---|---|---|
| Actual Hours Worked | 5 | Numeric | The number of actual hours worked during this pay period, exclusive of overtime. Example: 35.5 represents 35.5 hours. |
| Standard Hours | 5 | Numeric | The number of normal or regular hours for the full- time equivalent position during this pay period. Example: 71.0 represents 71.0 hours. The Agency has established a Weekly Minimum Standard Hours of 30 hours for Teachers and 35 hours for Employees |

**EMPLOYER RESPONSIBILITIES: PAYROLL ADJUSTMENTS**
- ✓ Employers must promptly report adjustments for any changes to salary, contributions, or hours not previously reported.
- ✓ Employers must report the net difference in adjustment records.
- ✓ The Retirement Agency requests that employers contact Employer Services should you have any questions or concerns related to retirement payroll reporting adjustments.

# Reporting Payroll Schedules

**GENERAL**

Maryland State law mandates that employers report all payroll data to the Retirement Agency on or before the pay date. the Retirement Agency requires employers to report their payroll schedules each fiscal year to monitor the timeliness of payroll reports and payments. Employers may report one or more payroll schedules. The information required for each payroll schedule is:

- ✓ The payroll schedule ID and name;
- ✓ The employer location and system codes;
- ✓ The payroll schedule frequency;
- ✓ The beginning and ending payroll date for each payroll period;
- ✓ The pay date for each payroll period.

**OVERVIEW OF PAYROLL SCHEDULE REPORTING REQUIREMENTS**

Employers must submit payroll information to the Retirement Agency in a prescribed electronic format. The Retirement Agency requires that employers report payroll schedule information using the Employer Portal. Below are the payroll schedule reporting requirements.

1. Employers must report at least one payroll schedule each fiscal year using the Employer Portal Pay Schedule feature.
2. Each payroll schedule must include all of the payroll periods that end within the fiscal year. For example, only include the payroll periods that end after July 1 and before June 30.
3. Employers may report more than one payroll schedule if employees are paid on differing frequencies (e.g., weekly and biweekly)
4. Employers must properly associate the payroll schedules to the appropriate location and system codes
5. The payroll schedule must align with the actual pay dates planned (including non-banking dates)
6. For employers that do not pay employees during certain months of the year, the payroll schedule must accurately describe the payroll periods where employees <u>are</u> paid.

Step-by-step instructions for creating and updating payroll schedules on the Employer Portal are available at the Employer Portal > Help.

# Paying Contributions

**GENERAL**

Maryland State law mandates that employers report all payroll data and remit all employee contributions to the Retirement Agency no later than the pay date. State law mandates that the Retirement Agency assess a late charge of $250 for each payroll for which the supporting data is late and interest on the delinquent late charges at 10% per year if the late charge is <u>not</u> paid by the date certified.[12]  Furthermore, employee contributions which are <u>not</u> paid by the pay date are assessed a penalty of 10% of the amounts due and interest on delinquent amounts at 10% per year until paid.[13]

**PROCESS FOR PAYING CONTRIBUTIONS**

The Retirement Agency has implemented a simplified process for paying member contributions on the Employer Portal. Below are the steps in the standard process for paying contributions:

1. Employer submits an adjustment report on the Employer Portal
2. The Retirement Agency Employer Services Team reviews the adjustment report.
3. If the adjustment report is approved, the Employer Portal automatically and immediately creates an invoice for the contributions due. The invoice date and due date are the same as the date the report is approved (or the next business day if approved on a non-business day). The invoice total equals the total contributions due. One invoice line item is created for each System for which contributions are due.  If the total contributions for the adjustment report are negative, we will create a credit invoice you will use to pay future invoices.
4. The Employer Portal sends an email notification to all Employer Portal users for that employer assigned the **Payment** user role. The email notification tells these users that there is a new invoice ready to be paid.
5. The employer Payment user logs into the Employer Portal and clicks the Invoice tab to view the current list of invoices. All unpaid invoices are listed together above the list of invoices previously paid. **All invoices must be paid on or before the invoice due date to avoid late charges and/or interest.**
6. The Payment user selects one or more invoices to be paid and clicks **Pay.**
7. The Employer Portal automatically creates and processes ACH debit payment transactions based on the bank info previously setup by the employer.
8. The Employer Portal locks the paid invoice to prohibit any changes to the invoice after payment.
9. If the payment transaction is processed without issues, the Employer Portal will update the payroll information to the member accounts three business days later. If there is a payment processing issue, the Retirement Agency will contact the employer to resolve.

If an employer has an organizational policy that prohibits ACH debit transactions, employers may request a waiver in writing to the Retirement Agency Executive Director. If granted,

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[12] SPP, Ann. MD Code §21-314(d)(2)
[13] SPP, Ann. MD Code §21-314(d)

employers must make ACH credit payments on the same day invoices are created in the exact amount of each invoice.

Step-by-step instructions for updating employer bank information and making contribution payments on the Employer Portal are available at the Employer Portal > Help.

## LATE CHARGES AND INTEREST

The Employer Portal lists any past due invoices first and separately on the Invoice tab. It will display the current amount of late charges and interest for each invoice **if payment is made that day**. It will automatically calculate and display those late charges and interest each day. When the invoice is paid, those late charges and interest are locked in and permanently included on the invoice.

# Employer Assistance

## GENERAL

The Retirement Agency has attempted to provide complete and comprehensive employer reporting information within this manual. However, the Retirement Agency provides many other methods for employers to get employer reporting help when you need it.

## EMPLOYER PORTAL HELP

The Help menu in the Employer Portal provides a collection of reference materials (like this Manual) about employer reporting and other employer processes. It also provide step-by-step instructions on how to use the Employer Portal to upload files, enter payroll information, and make payments (and all other Employer Portal features).

## EMPLOYER SERVICES

The Retirement Agency Employer Services Team is ready to provide you with technical support on request. You can contact Employer Services using the methods below.

### Secure Message

You can send and receive secure messages to and from the Employer Services Team on the Employer Portal. Because these messages are secure, you can feel confident using these messages for any topic, including sending and receiving confidential member information. You also have the convenience of sending and reading messages anytime you'd like. You can also attach documents to the message. You will receive an email notification when we respond to your secure message to let you know our secure response is waiting on the Employer Portal. We will try to respond to your messages within one business day.

### Employer Hotline

The Employer Service Team is ready to take your phone calls Monday through Friday from 8:00 a.m. to 4:30 p.m. (State holidays excluded). The Hotline phone number is **410-625-5531**.

### Mail Address

Maryland State Retirement and Pension system
ATTN: Employer Services
120 East Baltimore Street
Baltimore, Maryland 21202-6700