

## **Public Safety Personnel Retirement System – Tier 2 Member Automatic Enrollment**

### **Period Begins Early-April 2017 & Runs Through June 30, 2017**

With the enactment of SB1428, beginning July 1<sup>st</sup> 2017, Tier 2 members (those hired between **1/1/2012 and 6/30/2017**) will have coverage in the Public Safety Personnel Defined Contribution (DC) Retirement Plan. Their participation and contributions into the DC plan will be limited to those periods in which they are in a PSPRS-covered position that is not covered by the *Old-Age and Survivors Insurance Trust Fund* (i.e., Social Security). Their participation in the DC plan during those periods will be automatic unless they opt-out of participation through this acknowledgement process.

Members will have the opportunity to opt-out via their **Members Only account** located on [www.psprs.com](http://www.psprs.com)

***It is important that members evaluate this choice carefully, as this will be an irrevocable decision that applies throughout their entire participation in the PSPRS.***

#### **Step 1: Understanding their participation in DC plan**

Participation in this DC program is supplemental to their required contributions and participation in the PSPRS Defined Benefit (DB) plan. PSPRS will send direct communications to all Tier 2 members. The same communication material will be provided to Local Boards & Employers. This material will include information on understanding the components of a DC plan. This information will be disseminated in **Late-March/early-April 2017**.

The contribution for the DC plan is set within statute at 3% of a member's pensionable compensation. Additionally, as an employer you will also be contributing into the DC plan on a member's behalf. For a limited period, the employer contribution will be set at 4% based on a tier structure of when the member began participation in PSPRS.

<b>Employer Contribution Rate</b>		
<b>Calendar year member hired</b>	<b>4% contribution Rate</b>	<b>3% contribution</b>
2012	Beginning 7/1/2017 through 06/30/2024	Beginning 7/1/2024 and thereafter
2013	Beginning 7/1/2017 through 6/30/2023	Beginning 7/1/2023 and thereafter
2014	Beginning 7/1/2017 through 6/30/2022	Beginning 7/1/2022 and thereafter
2015	Beginning 7/1/2017 through 6/30/2021	Beginning 7/1/2021 and thereafter
2016	Beginning 7/1/2017 through 6/30/2020	Beginning 7/1/2020 and thereafter
Up to June 30, 2017	Beginning 7/1/2017 through 6/30/2018	Beginning 7/1/2018 and thereafter

#### **Step 2: Making their DC Participation decision (beginning early April 2017)**

Once they have reviewed the DC program, beginning in April, Tier 2 members will have the opportunity to make their election electronically via our **Members Only Portal**. Employers are encouraged to recommend that their employees sign up for this PSPRS service. **Remember:** Members submit their elections directly with PSPRS, and, as such, any inquiries can be directed to the PSPRS Administrative Office.

#### **Step 3: Collection and Reporting of Results to Employers (Beginning early July)**

Once the initial opt-out period closes (**June 30, 2017**), we will send reports to those employers affected by this new DC plan (those who do not have their members contribute to Social Security). These reports will provide only those members who have elected to opt-out and not those remain enrolled. In other words, non-Social Security employers should assume all their affected PSPRS members will contribute into the plan, unless our office reports otherwise. We anticipate having these reports available/distributed on or before **July 14, 2017**.

#### **Step 3: Enrollment in the DC Program**

If a member did not opt-out of the DC program, prior to participation and contributions into the DC program, they will need to complete vendor specific enrollment documents. Further information will be sent regarding their enrollment and contribution into the program once the vendor and investment options have been finalized.

### Extension of Opt-Out Period & Appeal Process

PSPRS will provide for an extended opt-out period for PSPRS members hired in **May & June 2017**

- This period will only extend until **August 31, 2017**
- The member will still need to make their election via **Members Only Portal**, or contact the PSPRS Administrative Office to make other arrangements
- The Administrative Office will report to affected employers only those members who have elected to opt-out and employers can assume automatic enrollment of their PSPRS membership unless our office has reported otherwise

PSPRS will also provide for an “appeal period” for very limited circumstances:

- This is only available to Tier 2 members who were automatically defaulted into the DC plan
- Members must contact PSPRS directly to submit a written appeal
- Appeal must include extenuating circumstances and appeals will be reviewed on a case-by-case basis
  - **Example:** A member is on military leave during opt-out period
  - Simply forgetting to take action will not be an acceptable reason
- Appeals must be received by PSPRS no later than **August 31, 2017**

**No exceptions will be made.**