



BULLETIN

To: ALL STATE AGENCIES, DEPARTMENTS, BOARDS, AND COMMISSIONS
ATTENTION: PAYROLL DIVISION

Date: November 30, 2004

Re: New Employer Pickup Codes

As a result of the most recent collective bargaining agreement, several new Employer Pickup Codes have been created.

General Employees

By statute, the required general employee contribution rate is 4.00% of payroll for those employees who are coordinated (i.e. covered) with Social Security and 8.00% of payroll for those employees who are noncoordinated (i.e. not covered) with Social Security. The employee contribution can either be done as a deduction from payroll, paid through the Employer Pickup program, or a combination of both. Currently, most employees do not have any deductions and the entire amount of the required contribution is paid through the Employer Pickup program.

According to the new collective bargaining agreement, coordinated general employees will have to begin paying 2.00% of their employee retirement contribution effective with pay periods beginning on or after January 1, 2005. Noncoordinated general employees will have to pay 6.00% of their employee retirement contributions. The remaining contributions are to be paid to the State Employees' Retirement System (SERS) through the Employer Pickup program.

The retirement deduction code will remain a "1" for covered (i.e. with Social Security) employees, however, the new Employer Pickup code to be used will be "08" rather than "01". For noncovered (i.e. not covered by Social Security) employees who are currently under the Employer Pickup program, the retirement deduction code will remain a "0", and the new Employer Pickup code to be used will be "08", rather than "01".

Note: The Employer Pickup code of "08" should be used for general employees under the new Collective Bargaining Agreement, and any other employees who will be having an Employer Pickup of 2.00% of their payroll. See additional Employer Pickup codes/rates in the table below.