

To: Agency GAAP Coordinators, Payroll Coordinators, and Directors
From: State Employee's Retirement System (SERS)
Date: September 7, 2022
Subject: Fiscal Year 2022 Census Data Reconciliation Guidance

During fiscal year 2021, the State Employees' Retirement System (SERS) developed a census data reconciliation process to provide greater assurance that significant membership data accumulated through agency payroll runs and used by the State of Illinois in projections of actuarial liabilities for pensions and other post-employment benefits is complete and accurate. This process was also established to aid the State of Illinois in remedying a significant Statewide financial audit finding. In the first year in this process, SERS worked with participating State agencies to provide encrypted census data extracts and guidance on completing the initial full reconciliation of the significant membership data elements.

SERS is again working with each State agency in completing a more limited review during fiscal year 2022 that will focus primarily on validating significant changes in the membership data identified between fiscal years 2021 and 2022. The FY22 census data reconciliation will generally include a review of changes to the members' recorded date of birth, gender, retirement deduction code, member status, and significant salary rate increases or decreases. In addition to validating these changes, your agency will be responsible for reviewing the completeness of your FY22 active member population and performing a more thorough review of the population of new members identified by SERS. In short, if your agency completed the FY21 reconciliation, the work required from your agency in FY22 will be less labor intensive than the previous year, since fewer members will require a full review of all significant census elements.

SERS is requesting that your agency please complete the FY22 reconciliation before Tuesday, November 1, 2022.

Encryption and Receipt of the FY22 Census Data Extract

Similar to FY21, SERS is asking for each agency to appoint an agency representative responsible for receiving an encrypted census data extract to complete the reconciliation. To ensure the protection of member and agency data, the census data file transmitted will be encrypted using Entrust encryption. SERS is requesting the agency representative to have the Entrust encryption desktop client and a security certificate issued by the State of Illinois through the Department of Innovation and Technology (DoIT).

Each agency will be responsible for maintaining security of this document in accordance with its security protocols after receipt and decryption of the census data file. To ensure the security of membership data, SERS recommends that the provided data be limited to those agency staff requiring access, remains encrypted at rest, and is securely deleted following completion of the reconciliation. This data may not be shared outside of your agency.

Further information on encryption can be found on the DoIT website at:
<https://www2.illinois.gov/sites/doi/services/catalog/security/Pages/pki.aspx>

FY22 Census Data File Explained

The encrypted census data file that your agency will receive consists of one Microsoft Excel workbook. Within this workbook you will find multiple worksheets containing various data sets described below. Depending on the size of your agency, and changes experienced to the membership data at your agency, you may or may not have some of the worksheets listed below. If your file does not contain one of these worksheets listed below, SERS did not identify a census data change of that type at your agency. Below you will find a listing of each worksheet in the census data file, a description of the data, and how to complete your review.

Active – Each file will contain a worksheet that contains every member employed by your agency that was active with SERS at June 30, 2022. SERS considers a member active if they had earnings, service credit, and contributions during June 2022. If the member did not have earnings, service credit, and contributions during June 2022, they are considered inactive. Each agency is responsible for ensuring that the active member population is complete. Simply stated, the purpose of this review is to ensure that every active member participating in the retirement system at June 30, 2022, is included in this listing.

This review can be completed through comparison of agency staff rosters or payroll to the data provided by SERS. If during your review you find that individuals are inadvertently included or excluded in this population, you should report this as an issue on the census data reconciliation template. *Please note that if your agency completed a reconciliation in FY21, you do not need to validate every data field in this worksheet, but rather ensure the completeness of the population.*

New Members – This worksheet displays new members identified by SERS that will require a more thorough review by your agency since these members were not included in the FY21 census data reconciliation. Your agency will be responsible for reviewing the accuracy of the new members' following data fields: social security number, full name, date of birth, gender, retirement deduction code, reported salary rate at June 30, 2022, and participation in SERS. Your staff should ensure the accuracy of this data through comparison with agency personnel or payroll files. Any errors identified during the review of the new member population should be reported on the census data reconciliation template.

DOB Change – This worksheet displays changes in the members' recorded date of birth between FY21 and FY22. Each agency is asked to review the date of birth recorded for FY22 to ensure that this is accurately reported. Your agency can substantiate the member's date of birth through review of various documents which could include a driver's license, birth certificate, or other personnel documents completed by the member. If the member's date of birth recorded during FY22 is incorrect, please report the correct date of birth on the census data reconciliation template.

Gender Correction – This worksheet displays corrections to the members' reported gender between FY21 and FY22. Each agency is responsible for reviewing the member's gender recorded for FY22 to ensure that it is accurately reported. Your agency can substantiate the member's gender through review of a driver's license, birth certificate, passport, or other personnel documents completed by the member. If the member's gender recorded during FY22 is incorrect, please report the correct gender on the census data reconciliation template.

Retire Code Change – This worksheet displays identified changes to the member’s retirement deduction code between FY21 and FY22. The retirement deduction code indicates the member’s tier, formula, and the member’s participation or coordination with Social Security. This code also impacts the employee contribution percentage to SERS.

There are a variety of reasons why an individual’s retirement deduction code could change between fiscal years, but generally this occurs because of a tier determination, a payroll correction, or a change in the member’s position or employing agency when that individual moving to or from a regular or alternative formula position. Each agency is responsible for reviewing the retirement deduction code changes to determine that it the FY22 retirement deduction code correctly reflects the members’ tier, participation in either the regular formula or alternative formula, and their respective coordination with Social Security. For additional information on retirement deduction codes, please see the “Other Payroll and Census Data Supplemental Information” that follows.

Salary Change – This worksheet displays members identified as experiencing a significant salary change during fiscal year 2022. For this reconciliation, a significant salary change is considered to be a change in the member’s monthly rate of pay of plus or minus 15% from FY21 to FY22. Each agency is responsible for reviewing the salary rate of each member at FY22 in comparison to personnel files or related systems to ensure the accuracy of the members’ reported salary at June 30, 2022. Any errors in the reported pay rate should be recorded on the census data reconciliation template provided.

Active to Inactive – This worksheet displays those members that were deemed to be active members during FY21, but were found to be inactive during FY22, having no posted earnings, service, and contributions during June 2022. Each agency is responsible for reviewing this listing in comparison to agency payroll to ensure that those members reported as inactive at June 30, 2022 is correct. If during your review you find a member that appears to be active at June 30, 2022, please report that error on the census data reconciliation template provided.

Active to Retire – This worksheet displays those members that were active in FY21 but have since retired in FY22. Each agency is responsible for reviewing this listing to ensure that the member is no longer on payroll and is contributing to SERS. Any identified errors should be reported to SERS on the census data reconciliation template.

Other –Prior to providing data to your agency, SERS may have identified potential errors to member accounts that require a special review. If this is the case, your agency’s file will contain a worksheet labeled “PLEASE REVIEW”. Your agency is responsible for manually reviewing any potential errors identified by SERS. If your agency agrees with the potential errors identified, please report these errors on the census data reconciliation template, so that SERS staff can work with your staff to resolve the error.

Certification of Census Data Reconciliation

Following completion of the census data reconciliation, each agency should certify to SERS that the reconciliation has been completed by compiling all error into the provided Microsoft Excel® template. Following receipt of the reconciliation, SERS may correspond with payroll coordinators for additional information and to provide guidance on correcting verified census data errors. SERS suggests maintaining a copy of the census data certification for audit purposes. Completed Census Data Certifications can be emailed to: casey.evans@srs.illinois.gov

Other Payroll and Census Data Supplemental Information

Retirement Deduction Codes Explained

The retirement deduction code is a significant element in the payroll process. Errors in these codes can impact the member, agency, and the retirement system. It is imperative that payroll coordinators and staff ensure the correct retirement deduction code is used in processing agency payroll. Below you will find a listing of the retirement deduction codes, their description, social security coordination, and the applicable employee contribution rate. Members that are coordinated are covered and participate in Social Security, whereas members that are non-coordinated are not covered and do not participate in Social Security. Should you have any questions about the retirement deduction codes, please contact SERS' Accounting Division.

Retirement Deduction Code	Deduction Code Description
1	Tier 1, Regular Formula Coordinated, 4%
B	Tier 2, Regular Formula Coordinated, 4%
0	Tier 1, Regular Formula Non-Coordinated, 8%
A	Tier 2, Regular Formula Non-Coordinated, 8%
S	Tier 1, Alternative Formula Coordinated Corrections, 8.5%
S	Tier 1, Alternative Formula Coordinated Highway, 8.5%
M	Tier 1, Alternative Formula Coordinated Air Pilots, 8.5%
D	Tier 2, Alternative Formula Coordinated Corrections, 8.5%
K	Tier 2, Regular Formula Non-Coordinated Highway, 8.5%
2	Tier 1, Alternative Formula Non-Coordinated, 12.5%
C	Tier 2, Alternative Formula Non-Coordinated, 12.5%
R	Tier 1, Alternative Formula Non-Coordinated Corrections, 12.5%
W	Ineligible for Participation in SERS, 0%
4	Contractual Payroll & Special Circumstances, 0%

Contractual Workers Ineligible for SERS Participation

It is important to note that there is a distinct difference between members participating in SERS and those individuals that should not participate in SERS. Contractual workers who are paid on contractual payroll vouchers and contractual pay codes do not participate in SERS. In this situation, the individual should be coded with a retirement deduction code of "4" under contractual or other circumstances. Agency staff that are hired on a seasonal or short-term basis that are paid on regular State payroll and where there is no contractual agreement, should be considered members of the plan.

Should you have questions related to this memo and related guidance, please contact Casey Evans by email at casey.evans@srs.illinois.gov or by telephone at 217-785-6972.