

# Retirement Variance Employer Adjustments



Retirement Variance Invoices are sent to the Agency Retirement Coordinator due to retirement contribution adjustments or errors. Each invoice contains supporting documentation, which must be reviewed to determine the necessary corrective actions. Each employee record must be corrected for each incorrect payment. Agency personnel will need to determine if the correction can be made through the PYRL system, or manually using Form DFS-A3-1933. For most prior month adjustments, the manual correction process is necessary to properly reflect taxable salary amounts and result in accurate W-2 information for the employee.

If the error was due to incorrect information in People First, such as an incorrect retirement code, this must be corrected through the People First system as soon as possible.

The first page of the invoice will list the net amount of all adjustments for all employees on the invoice. This will result in either an amount due to FRS from the Agency for underpayment of contributions, or a credit due to the Agency from FRS due to overpayment of contributions. Steps for processing the invoice net amount are listed below:

## Processing Employer Underpayments

1. A Journal Transfer (JT) to FRS for the total amount of the underpayment should be created. The 29-digit FLAIR account code to transfer the underpayment to FRS is **72-73-2-705001-72750300-00-000600-00**.
2. Send complete documentation including the voucher, journal transfer, and the employee records adjustment to the Bureau of Auditing for review and processing within 20 days as required by Section 215.422, F.S. Documentation will only be accepted in paper format. Send no more than **5** employees per batch. Agencies will not be able to process any prior quarter adjustments during the adjustment suspension period at the end of each quarter. Refer to **Volume VI, Section 13** of the **Payroll Manual**.

## Processing Employer Overpayments

Agencies may have a credit due from FRS due to an error with the employee's contribution file. FRS does not automatically refund overpayments by the agency. It is the responsibility of the agency to initiate the JT of overpaid contributions. **Agencies may owe additional contributions.**

To request a credit from FRS:

1. Send an email to **FRS@myflorida.com** requesting a refund via JT. Include the invoice number(s), invoice date(s), and a written statement requesting FRS to JT the credit back to the agency.
2. Notify agency revenue staff of the expected JT refund when a confirmation has been received from FRS.

**NOTE: FRS will not initiate refund until all of the outstanding agency invoices have been paid.**

Retirement adjustments related to worker's compensation leave of absence and military leave of absence are handled differently; please refer to **Volume V, Section 8** of the **Payroll Manual** for further guidance.

# Retirement Variance Employee Process



The retirement variance invoice supporting documentation details the adjustments necessary for each employee. For employee overpayment of contributions, the Agency will need to process a refund to the employee, deduct the necessary taxes, and submit a Miscellaneous Adjustment package to the Bureau of Auditing. For employee underpayment of contributions, the Agency will need to collect the amount necessary from the employee and submit a Miscellaneous Adjustment package to the Bureau of Auditing. The Miscellaneous Adjustment package, is necessary to correct the employee payroll record and maintain compliance with IRS regulations. All incomplete Miscellaneous Adjustment packages will be returned to the agency by the Bureau of Auditing.

## Processing Employee Refunds for Overpayments

For example, the retirement invoice indicates the employee is due a refund of \$100.00. The employee will receive \$78.00 and the remaining \$22.00 will be withheld to cover the tax liability.

Invoice Employee Refund Amount:	\$100.00
Federal Income Withholding Tax <b>22%</b> :	- \$22.00 (journal transfer)
Net Refund Due Employee:	\$78.00 (voucher)

1. Prepare a voucher in the payroll system for the net amount due to the employee. The net will be the 3% employee retirement contribution refund amount due, less **22%** for federal income taxes. Use **Object Code 1100 salary** when preparing the voucher to refund the employee.
2. Prepare a journal transfer in Departmental FLAIR for the federal income tax. This is 22% of the total 3% employee retirement contribution refund amount provided on the retirement invoice. The 29-digit FLAIR account code to transfer the federal income tax is **43-74-2-101001-43200100-00-000600-00**. Use the benefitting **Object Code 0060XX** when preparing the journal transfer.
3. Prepare Miscellaneous Adjustment Form DFS-A3-1933 to:
  - a. Back out incorrect deductions for **each** payment that incorrectly collected retirement contributions.
  - b. Correct each payment that collected retirement contributions erroneously, and
  - c. Reflect the refund payment to the employee if one was due.
4. Submit complete Miscellaneous Adjustment package including the voucher, journal transfer, and the employee records adjustment forms to the Bureau of Auditing for review and processing. The Bureau of Auditing will return all incomplete Miscellaneous Adjustment packages to the Agency for correction.

## Processing Employee Collections for Underpayments

1. Contact employee to notify him/her of the underpayment and the options the employee has to pay the underpayment.
2. If the employee remits the underpayment by personal check or money order, be sure to include a copy in the Miscellaneous Adjustment package submitted to Bureau of Auditing.
3. If the employee requests the underpayment be taken from their salary warrant, the agency must establish the deduction using the correct recovery code and not as a salary refund (code 200). If you do not know your agency recovery code, contact BOSP at (850) 413-5513 for further assistance.
4. Prepare a journal transfer for the total amount of the underpayment being remitted to FRS. The 29-digit FLAIR account code to transfer the underpayment is **72-73-2-705001-72750300-00-000600-00**.
5. Prepare Miscellaneous Adjustment Form DFS-A3-1933 to:
  - a. Back out incorrect deductions for **each** payment that incorrectly collected retirement contributions.
  - b. Correct each payment that collected retirement contributions erroneously.

Form DFS-A3-1933 can be found at: <http://www.myfloridacfo.com/Division/AA/Forms/default.htm>