

### Overview

Compensation and hours worked are key factors for retirement benefits, so employment changes, like furloughs, that reduce these amounts can impact a member's retirement. Generally, members do not earn service credit or earn compensation towards their final average compensation if they do not render service.

For retirement purposes, "furlough" means the employer/employee relationship has not ended and the employee will return to work in some capacity in the future. The employee has not terminated covered service and remains an active member.

### Impact on Benefits

Based on APERS retirement laws, below is a list of benefit aspects that can be affected by a furlough:

- Members who are furloughed and work at least 80 hours in a month will receive a full month of service credit. Members who work at least 20 hours in a month will receive partial service credit, but they will not receive any service credit if they work fewer than 20 hours.
- DROP participants who are furloughed and work at least 80 hours in a month will receive their DROP contribution for that month. DROP participants will not receive the DROP contribution for any month in which they do not work at least 80 hours.
- Members who are furloughed cannot apply for a monthly benefit or a refund of their member contributions, if any.
- Non-contributory members who are furloughed retain their non-contributory status when they return to work because there is no termination of covered service.
- Public safety members who are furloughed retain their status when they return to work because there is no termination of covered service.

### Impact on Employee and Employer Contributions

Based on AASIS configuration, below is an overview and list of payroll and contribution aspects that can be affected by a furlough:

- AASIS is configured to automatically withhold APERS employee and employer contributions on certain types of wages.
- If employees are paid a wage type that is retirement eligible, employee and employer contributions are withheld when payroll processes and remitted to our financial institution account on the corresponding pay date.
- If furloughed employees do not receive pay, we do not receive any contributions and do not otherwise invoice employers for any estimated or projected contributions.
- When furloughed employees resume work, AASIS will withhold contributions on the total amount of retirement-eligible compensation paid – current or retroactive – to them in the next regular pay period.
- If any retroactive compensation is paid through an off-cycle payroll, AASIS will also withhold contributions on the total amount of retirement-eligible compensation paid.