



Employer Bulletin

18-01

September 13, 2017

Reporting Participants with Pending Licensure

On June 15, 2017, the Board of Trustees adopted the IRS regulation known as the Lookback Rule.

The rule is important to Employers as it allows the reporting of participants when an educator's license is pending or in a renewal status.

Under the IRS Lookback Rule, 26 CFR 31.3121(b)(7)-2(d)(3), an employee may be treated as a qualified participant in a pension fund throughout a year if he or she was a qualified participant in the pension fund at the end of the preceding year. For the first year of participation, an employee may be treated as a qualified participant during the entire year only if it is reasonable to believe that the employee will be a qualified participant on the last day of that school year.

Below are two examples that illustrate how an Employer may apply the Lookback rule:

EXAMPLE 1:

Assume a participant is licensed and a qualified participant in CTPF on the last day of the school year ending June 30, 2014. Using the IRS Lookback rule, the Employer may report the participant to CTPF as a qualified participant for the school year beginning July 1, 2014, through June 30, 2015.

EXAMPLE 2:

An Employer hires a new participant with a start date of September 2, 2014. The employee has recently graduated from an education program and is not yet licensed. The employee has notified their Employer that they are in the licensing process. The Employer believes it is reasonable to assume that the employee will have their educator's license by the last day of the school year. The Employer may report the unlicensed participant to CTPF as a qualified participant beginning September 2, 2014, but no later than June 30, 2015.

Below is the **new** process to follow when you're reporting the participant and/or adding a new participant into the Employer Reporting System (ERS). This is the placeholder number to utilize until you receive license information for the new and existing participants. As an Employer, it is your responsibility to update the licensure in ERS once it's available.

New Participants who are in the licensure application process

License Number: 1111111

Issue Date: Beginning of the Fiscal Year
(For example, 7/1/17)

Expiration Date: End of the Fiscal Year
(For example, 6/30/18)

Existing Participants with pending licensure renewal

License Number: 2222222

Issue Date: Beginning of the Fiscal Year
(For example, 7/1/17)

Expiration Date: End of the Fiscal Year
(For example, 6/30/18)

Please submit questions to ComplianceInquiries@ctpf.org.
