

Handling Net-Negative Contributions

[What are net-negative contributions?](#)

[Are PPMS processes available to assist with net-negative contributions?](#)

[What are the FMS procedures related to net-negative contributions?](#)

[FMS Example](#)

[Contacting SBCTC-ITD for help](#)

What are net-negative contributions?

TIAA/CREF defines net-negative adjustments to employee accounts as those situations when the total contributions for a given employee, for a single reporting period are less than zero. When this situation occurs, the transaction must be processed manually with TIAA/CREF; that is not included with the normal electronic process for typical TIAA/CREF contributions. Generally, the college must notify TIAA/CREF, via a fax or mail, that too much has been paid for a specific employee providing both the amount of overpayment and when it occurred. TIAA/CREF will determine the current value of the overpaid amount and reimburse the college accordingly.

Are PPMS processes available to assist with net-negative contributions?

To assist with this process, some changes were incorporated into the PPMS reporting process. PPMS report, CR7105J (TIAA/CREF Remittance Register) was expanded into three parts:

- CR7105A – TIAA/CREFF Remittance Register
- CR7105B – Negative EFT's/Net Zero Adjustments Not Reported
- CR7105C – Summary Report

PPMS also produces the following reports to aid in the billing and reconciliation process:

- PS1250A – TIAA/CREF Negative EFT Adjustments
- PS1250B – TIAA/CREF Deduction Code Adjustment Summary

These two reports will print from an existing job, PS1250J (Create Vendor EFT), which can be used for the billing process to TIAA/CREF.

In addition to the standard entries generated by PPMS, it will also generate an accounting entry to record the amount due from TIAA/CREF.

What are the FMS procedures related to net-negative contributions?

The accounting batch created by PPMS for net-negative contributions will show up in an error (A) batch with missing 0's in the Charge ID field. The net-negative amounts in the error batch

should agree with the amounts reported on the PPMS PS1250-B report. To post this entry into FMS:

- Establish an Accounts Receivable ID# (ARID) in Customer Accounts for TIAA/CREF negative contributions.
- Open the pending error batch and fill in the missing zeros in the Charge ID field and change the ARID to the TIAA/CREF ARID and release the batch.
- Generate a billing to TIAA/CREF for the amount of net-negatives on a given payroll. The billing will need to include the following for each affected employee:
 - Name
 - SSN
 - Amount of over contribution
 - Type of contribution (i.e. Plan-Employee, Plan-Employer, TDA-Employee)
 - Premium Payment Group (PPG)
 - Date of over contribution

FMS Example

Payroll processes and records TIAA/CREF contributions and net negative transactions. Assumes the gross amount due TIAA/CREF is \$8,000 including \$500 net negative contributions.

Fund790 transactions posted from PPMS

To record net liability to TIAA/CREF:

TC	AI	PI	OI	DR/CR	Amount
800	790	3xx	xxxx	1110/5111	8,000.00

To record EFT to TIAA/CREF for gross amount due (excluding net negative contributions):

801R	790	3xx	xxxx	5111/1110	8,500.00
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To record receivable from TIAA/CREF for net negative contributions. Note: this entry will result in a pending A1 batch that must be released manually after entering zeros in the charge ID fields:

803	790	3xx	xxxx	1312/5111	500.00
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Colleges will then need to manually invoice TIAA/CREF based on payroll detail report and the receivable amount posted to GL 1312 (\$500 in our example). When billing TIAA/CREF in addition to the amount due, the college must communicate the name(s), SSN, amount of over-contribution, type of contribution (i.e. Plan-Employee, Plan-Employer, TDA-Employee), Premium Payment Group (PPG) and Date of over-contribution. TIAA/CREF will refund these amounts to the colleges net of any investment market losses. TIAA/CREF has indicated that they will accept billings via the mail or by fax.

Transactions to record receipt of payment from TIAA/CREF (assuming payment in full)

To record receipt of payment from TIAA/CREF.

OR

Transactions to record receipt of payment from TIAA/CREF (assuming payment is less than invoiced due to loss in value of \$50.00):

TC	AI	PI	OI	DR/CR	Amount
067	790	3xx	xxxx	1110/1312	500.00

To record receipt of payment from TIAA/CREF:

TC	AI	PI	OI	DR/CR	Amount
067	790	3xx	xxxx	1110/1312	450.00

To record expense for interest loss on pension contributions and liquidation of remaining receivable in Fund 790:

002	14x	xxx	xxxx	BB	6510/1110	50.00
067	790	3xx	xxxx		1110/1312	50.00

Note: Colleges may want to set up a unique budget account number for the expense entry for recording the cost of TIAA/CREF investment losses to allow ease of tracking.

Contacting SBCTC-ITD for Help

If you have any questions or concerns, call SBCTC-ITD Support at (425) 803-9721.