Definitions of discrepancy codes and how they should be used

The MERS Employer Portal reviews the wage and contribution data you report to determine when further explanation is needed to help MERS staff understand any variances in the reporting. You may be promplted to select a discrepancy code and provide additional details in the notes field. There are two types of discrepancies, which you manually select after **saving** your submission of wages and contributions follow by **checking for errors**.

Wage Discrepancy:

Required if the reported wage is flagged as an error when system validation is performed.

- A participant's reported wage is validated by comparing to a previously reported wage (within past 12 months) as long as the previous wage was reported with service credit and NO wage discrepancy code).
- If there is no valid wage for comparison, the reported wage becomes the new wage used for comparison for future reporting. The number of pay periods reported may have an effect on validation comparison.

Contribution Discrepancy:

Required if the contributions remitted do not align with the employee wages reported (using the employee's percentage rate in effect for the division).

- For contributory divisions, employee contributions are mandatory and must be remitted.
- Ensuring MERS always has the most up-to-date employee contribution percentage rate on record for all divisions will aid in eliminating errors when submitting your data.
- Contributions remitted are flagged as an error if the amount reported is outside the margin of error for the expected percentage adopted by employer for division (reported wages x employee percentage rate).

Wage Discrepancy

Codes	Used When	Considerations	Format for Note Section
Hours Low	Reporting a lower wage variance due to a fluctuation in hours worked.	If the wage variance is low due to a leave of absence, please select the proper leave code and enter the start and end dates of the leave.	Low wage = "WHY" (for example, no overtime paid; less hours worked), likely due to part-time [if allowed under employee classification]
Leaves of Absence (LOA): Disability, FMLA, Worker's Comp, Other	Reporting an employee's disability leave (short- or long-term), unpaid FMLA (and/or intermittent leave), worker's comp leave, or other leave type allowed within your Adoption Agreement Addendum. For example, unpaid leave. A wage discrepancy code is required to describe leave taken regardless if service is awarded or if system flags wage due to threshold.	Report any employer-paid wages (no third party wages) issued to the employee, along with applicable contributions **No wages reported = No employer contributions** Employer determines if service is awarded for leave of absence ° For contributory divisions – if service is allowed employee contributions are mandatory and must be reported by the employer at the time of the employee's leave (for each month of leave) ° Employer assumes initial payment responsibility for employee contributions ° Employer responsible for collecting employee contributions required upon employee's return to work. Amount collected is NOT reported to MERS; amount collected is to repay the employer for initially assuming payment responsibility on employee's behalf ° Employee contributions are calculated using a formula (service credit qualification x pay rate x employee percentage rate) for months whereby zero (0.00) wages are reported. No additional employee contributions are required if wages and contributions were reported due to a partial or intermittent leave	When reporting a Leave of Absence, you will be prompted to provide the "Start Date" and "End Date" of the employee's absence during the reporting period, as well as their "Hourly Pay Rate." If you select "Leave: Other," you will be asked to enter a description of the leave (for example, Parental) that matches what's in your provisions.

Wage Discrepancy – continued

Codes	Used When	Considerations	Format for Note Section
Leave: Military	Reporting an employee's qualified deployment, weekend reserves, or National Guard leave	Report service credit as 'Yes' during Leave of absence Calculate and report historical wages to MERS using the Military Leave discrepancy code Compensation is the amount the employee would have earned in pension reportable compensation. The amount must factor in all raises, bonuses, and other pension reportable compensation the employee would have received during the period of military leave, and the amount must be determined based on the number of hours the employee regularly works Report any employer-paid wages and/or lump sum payouts issued to the employee while on leave Report employee contributions due based on historical wages reported using division's employee contribution % rate	When reporting Military Leave, you will be prompted to provide the "Start Date," "End Date," and "Hourly Pay Rate."
Lump Sum Payment	Reporting a LUMP sum payment issued annually or at time of termination of employment (reported payment may be used in calculation of benefit)	Payouts can be issued during the year or at the time of termination of employment Payment type and amount If a payout, (for example, vacation) can be paid to employees annually, alert MERS so we can note your account. Also, include the number of "hours" the employee was paid in the Note field.	When reporting a Lump Sum Payment, you will be prompted to provide "Payment Type" and "Payment Amount." If you selected a Payment Type of "Other," you will be asked to enter a description of the payment (for example, pay advance) that matches what's listed in your provisions.
Miscellaneous	Reporting notification employee met IRS annual income limit or any other variance that doesn't fit in an existing discrepancy code Do not use to report a leave of absence » select code **Leaves of Absence or Military** Do not use to report a lump sum payout » select code **Lump Sum Payout**	Regardless of reason, employer note required to explain +/- wage variance Payment type and amount	Explanation of wage "TYPE" (for example, IRS Annual Limit)
Overtime/ Shift Premium	Reporting a higher wage variance due to overtime, shift differential, on-call pay received, etc.	If the wage variance is high due to a lump sum payment or a retro-wage adjustment, please select that code instead and enter the applicable information.	High wage = "WHY?" (for example, overtime, double time, shift premium, on-call, extra pay period)
Regular Wages	1. Reporting a change in salary for an employee within the **same division** 2. A wage validation system reset is needed	When there is no wage variance, but the system requires a code; the regular wages discrepancy code is the only code which allows the employer the ability to 'reset' the system for wage reporting	
Retro Wage Split	Reporting a retro pay adjustment. Likely due to a contract settlement or wage adjustment issued	Payment type, amount, and period of coverage are required ○ If the employee is still working, the employee's retro wage adjustment is included with their regular wage in the month the adjustment is issued. Include a portal note with details. ○ If the employee is terminated and entitled to a retro wage adjustment, a corrected report is required to remit the retro adjustment in the last month of employment with service, so the retro adjustment is considered for benefit calculation. Include a portal note with details.	Wage adjustment for "TYPE" = "$Amt."; spread adj. = "MM/YYYY thru MM/YYYY" **Example:** Wage adj. for PTO = $2,000; spread adj. = 12/2020 thru 12/2021

Contribution Discrepancy

Codes	Used When	Considerations	Data Entry Format for Note Section
Contribution Correction	Reporting a contribution correction for a month	Participant paid more contributions for previous month(s) Participant paid less contributions for previous month(s)	More/less remitted in MM/YYYY due to under/ overpayment previously reported in MM/YYYY
Division-Wide Rate Change	Reporting a **division-wide** percentage rate change for all employees (for example, all employees in Division 01 had a % rate change effective Jan 2023, changing from 4% to 6%). Do not use to report an employee's transfer to a different division	Adoption paperwork needed to initiate system change; please contact MERS	**Division** rate changed Effective "MM/YYYY; %" (for example, 12/2021; 4%)
Misc. Contribution Discrepancy	Reporting a **ONE-time** contribution variance Do not use this code to report a division-wide rate change or an employee's transfer to a different division	Contributions remitted do not align with wages reported due to an employee Leave of Absence (Service Credit is awarded)	"Explanation of variance" (for example, Covid-19; IRS limitation met – no contributions withheld) **OR** "Explanation of variance" (for example, MERS approved compensation variance – contributions remitted on base wage, employee wage, gross wage only)
Transfer Employee Rate Change	Reporting an employee who transfered into a different division where the employee contribution % rate is different (for example, John Doe transfered from Division 01 with a 4% to a Division 10 with a 6% rate).	Contributions remitted do not align with reported wage due to the employee's transfer to a different division.	Effective "MM/YYYY"; transfer = % rate (for example, 03/2023; transfer = 6%)

For assistance with reporting, please contact the MERS Service Center at 800.767.6377.

PUB 10330 (version 2025-4-14)