PSERS Employer Bulletin

Employer Bulletin - Vol 3 2020 **Publication#9249**

Inside...

Public School Employees' Retirement System
5 N 5th Street
Harrisburg PA 17101

Toll-Free
866.353.1844

Local
717.787.1755

FAX
717.783.8760

Email
ContactESC@pa.gov

Employer Contribution Rate for FY 2021-2022

The employer contribution rate for fiscal year (FY) 2021-2022 will be 34.94%. The rate applies to compensation earned by all members regardless of membership class from July 1, 2021, through June 30, 2022.

The rate was determined by PSERS' actuary and certified by the PSERS Board of Trustees at its meeting on December 3, 2020. The certified employer contribution rate for fiscal year 2021-2022 is slightly less than the previously projected 34.95%.

The employer contribution rate for fiscal year 2021-2022 consists of 33.99% for pension costs, 0.80% for premium assistance payments, and 0.15% for defined contribution (DC) costs. The DC rate is an estimated average. The actual employer DC contribution rate will be based on each employer's Class T-G, Class T-H, and Class DC-only membership.

Of the 34.94% pension portion of the employer contribution rate, 26.79% represents payment toward the unfunded accrued liability (UAL). The UAL of $44.0 billion is down slightly from $44.1 billion and represents the second year in a row that the UAL has declined. For the third year in a row, the funded status of PSERS increased from 58.1% at June 30, 2019 to 59.2% at June 30, 2020. For the sixth consecutive year, the employer rate provides 100% of the actuarially-required rate necessary to pay down the existing pension debt. In the past, various pieces of pension legislation suppressed the employer contributions paid to PSERS by school employers and the Commonwealth. FY 2017 was the first time in fifteen years that the actuarially-required rate was paid. In the past, various pieces of pension legislation suppressed the employer contributions paid to PSERS by school employers and the Commonwealth.

A link to the updated Employer Contribution Rate Fact Sheet can be found here: *psers.pa.gov/Employers/Pages/Employer-Accounting.aspx*

Generate Your Total Service Credit Report On Demand

Through Employer Self-Service (ESS), on the "Home" tab under "Generate Reports," employers can generate a report of the total credited PSERS service as of the end of the previous fiscal year (2020). This on-demand report should be generated for your records at least once every year, typically in December, as many districts need them for GASB purposes. This report also includes the member's rate, class, and qualification status. You can run this report as needed throughout the year.

Employer Service Center Staff

Michael Chappuis
Regional Office Administrator
michappuis@pa.gov

Heather Seilhamer
Regional Office Administrator
heaseilham@pa.gov

Region 1 - Vacant
Erie, Crawford, Warren, Forest, Venango, Mercer, Lawrence, Butler, Beaver, Jefferson, Clarion

Region 2 - Deanna Brown
deabown@pa.gov
Mckean, Potter, Tioga, Bradford, Cameron, Elk, Clearfield, Centre, Clinton, Union, Snyder, Northumberland, Schuylkill, Carbo, Lehigh, Montour, Columbia, Sullivan, Lycoming

Region 3 - Daniel Tapia-Ortiz
dtapiaorti@pa.gov
Susquehanna, Wayne, Wyoming, Pike, Lackawanna, Luzerne, Monroe, North Hampton, Bucks, Montgomery

Region 4 - Scott Rainey
scorainey@pa.gov
Allegheny, Washington, Greene, Fayette

Region 5 - Katie Pajtis
kpajtis@pa.gov
Armstrong, Indiana, Westmoreland, Somerset, Cambria, Bedford, Blair, Huntingdon, Mifflin, Fulton.

Region 6 - Rachael Riddle
rariddle@pa.gov
Juniata, Perry, Franklin, Cumberland, York, Adams, Dauphin, Lancaster, Lebanon, Berks

Region 6 - Lynn Wadley
lwadley@pa.gov
Chester, Delaware, Philadelphia

Earnings Notice and Other DC Plan Tips

Thank you and congratulations on making it through our first year of implementing the new DC Plan! PSERS is in the process of reviewing the DC reporting that came in for the 2019-2020 fiscal year.

As a result of this ongoing review, here are some key things to remember:

- The employer is liable for the payment of earnings when participant contributions and employer contributions are not timely reported and remitted to a participant's DC account.
- Work reporting to the DC plan must be timely and contributions must be submitted on the appropriate payroll date. This includes ALL records, so please be sure that you allow enough time for research to be completed prior to the submission, if errors appear.
- Work reporting to the DC plan must match the reporting PSERS receives from the monthly defined benefit work reports.
- Review your payroll records to ensure that they are up to date.
    - Continue to enter demographic records prior to the employee start date to be sure newly qualified member information is shared with Voya as soon as possible.
    - Review CROQ Reports to look for newly qualified members, and notice of rate changes due to class elections and after-tax contribution elections.
- Conduct periodic reviews during the year to make sure you are appropriately reporting employees to Voya.
    - Full-time (all wage types) and part-time salaried members are qualified from day one of employment. Did the "DC withholding" box get appropriately checked for all of these employees?
    - Is your payroll system selecting the right records to be reported on your files for the DC plan?
    - Are child work orders being corrected? Child work orders represent errors in your DC plan reporting. You must prioritize the researching and processing of these records because they contain errors that, if left unresolved, will result in untimely reporting and charges for earnings. If these errors were not corrected through the Voya payroll system (manually entered or resolved by the Voya team), you must delete these errors by clearing out the child work order from Voya's system.
    - Verify the DC withholding status for participants by cross-referencing employees with your data in the PSERS Employer Self-Service (ESS) Portal.
- Cross-train other business office staff to ensure that multiple people are familiar with PSERS reporting.
- Remind your employees to review their pay statements to confirm their correct pension withholding and to check their account balances by using the PSERS Member Self-Service (MSS) Portal.

Regarding COVID-19 Related Leaves

Generally, leave taken under the Families First Coronavirus Response Act (FFCRA) and the Emergency Paid Sick Leave Act (EPSLA) is not creditable with PSERS because the leave provisions do not fit any of the approved leaves of absence in the Retirement Code. Thus, PSERS is unable to recognize such time as an approved leave for which the employee receives credited service.

To receive retirement credit, a public school employee who is unable to work onsite due to COVID-19 related reasons and who is unable to telework must use accrued leave (e.g. sick, vacation, personal) or be granted an approved leave of absence, including a Special Sick Leave (SSL). See *Employer Reference Manual*, Chapter 10, "Leaves of Absence."

The granting of a SSL is discretionary with the employer. To receive credit with PSERS under the SSL, the employee must use the leave for the employee's own illness or physical condition that prevents the employee from performing their job, which may include a requirement of the employee to quarantine.

For more information you may reference the *Navigating with PSERS through COVID-19* section of the PSERS website.

Shared Risk Provision

Under the shared risk provision from Act 120 of 2010 and Act 5 of 2017, member contribution rates may fluctuate up or down every three years depending on a review of the Fund's investment performance for members hired after July 1, 2011 or July 1, 2019.

PSERS' performance, despite COVID-19 market downturns this year, met the shared risk threshold and will not change for the affected classes. The rates remain: 7.50% for Class T-E; 10.30% for Class T-F; 8.25% for Class T-G; and 7.50% for Class T-H for the next three fiscal years (July 1, 2021 to June 30, 2024).

Member contribution rates also did not change in the prior two review periods (2014 and 2017). The next measurement period for the shared risk provisions ends June 30, 2023.

Employer Reference Manual Upgrade

Thank you for completing the Employer Reference Manual Survey! Your responses are important to us and will help us provide better service to you.

Using your survey responses, PSERS is working to improve the *Employer Reference Manual*!

Proposed changes include one manual created to focus on policies such as retirement-covered compensation and leaves of absence. A different manual will focus on system procedures minimizing the duplication of information and splitting the manual into two manuals.

While the manual is under construction over the next year, the current employer manual chapters will still be available on PSERS website.

Tip! Using Ctrl+F will allow you to search for specific keywords in the individual chapters as well as the full manual.

PSERS Offers Member Resources Online

All PSERS offices are open for picking up or dropping off documents but **no in-person counseling or presentations are permitted**. For everyone's safety, PSERS continues to offer retirement counseling through distance communication methods. If members are unable to participate via webinar, they may participate via phone. We also will post to our website recordings of Foundations for Your Future, our large group educational presentations, in six segments for members to view at their leisure at any time throughout their career. A copy of the presentation with speaker notes is also available on the website.

Members should call/email or mail/fax documents to avoid person to person contact when feasible. To protect our staff and our members, masks are required when you enter any PSERS building.

Return to Service Reminders

The current pandemic may be delaying retirements, pushing some employees into early retirement, or calling for the return of retirees. Despite the current environment, the rules regarding the return to service of PSERS retirees have not changed. The Retirement Code generally prohibits retirees from returning to school service for a public school in any capacity, full-time or part-time, qualifying or non-qualifying service, while receiving a PSERS retirement benefit. If you are considering hiring a PSERS retiree as a school employee, the member's monthly retirement benefit will be stopped unless one of the following exceptions applies:

- Emergency that Increases the Workload - Employment as a result of an unforeseen emergency which increases the workload and creates a serious impairment of service to the public.
- Personnel Shortage - Employment in the event of a shortage of appropriate subject-certified teachers or other personnel.
- Extracurricular Position - Employment in an extracurricular position under a separate written contract.
- Independent Contractor – Employment when validly employed as an independent contractor.
- Employment with a Third-Party Employer – Employment when validly employed by, and providing services through, a legitimate third-party employer that is not a reporting unit of PSERS.
- Enrollment in Alternate Retirement Plan – Employment by any of the state's community colleges, Pennsylvania State University, or the 14 state-owned universities where the retiree enrolls in an alternate retirement plan (e.g., SERS-State Employees' Retirement System or TIAA-Teachers Insurance and Annuity Association).

These exceptions, including the request and approval process, are detailed in the *Return to Service Exceptions* (Publication #9682) handbook, which is available on the PSERS website. As the employer, you must obtain approval from PSERS under one of the processes before hiring a PSERS retiree under one of these exceptions.

If PSERS determines that the PSERS retiree does not qualify for any of these exceptions, their monthly payment will be stopped and they will again become an active, contributing member of PSERS. The PSERS retiree will also be required to pay back the benefit they received, if any, after their return to active service. If the PSERS retiree can be returned to service under one of the exceptions, then the member will not be eligible to earn or purchase service credits for the period of time they were employed under the exception.

Special rules may apply for employment in a community college, public university, or Pennsylvania charter school.

Please contact your ESC representative if you have questions on hiring a PSERS retiree