

Introducing Your New ESC Representative



PSERS is pleased to introduce Catherine (Kate) Nollau as the new Employer Service Center representative for Region 4. Some employers may already know her through her previous position in PSERS' Account Verifications Unit. Kate graduated from Pennsylvania State University with a B.S. in Human Development and Family Studies. Prior to working for the Commonwealth, she worked in the Human Service field as a Case Manager, including one year as an AmeriCorps volunteer in New York City. In her free time, Kate enjoys staying active, traveling, and watching Penn State football.

Kate is very excited for this new role and looks forward to meeting her employers and being a part of the PSERS Employer Service Center!

(Return to Service Reminders...continued from page 1)

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

Act 91 and Return to Service

Act 91 of 2021 was enacted to provide additional flexibility in hiring substitute teachers through the 2022-2023 school year. For PSERS, this means that employers may hire a PSERS retiree as a day-to-day substitute teacher under the emergency provisions of the Public School Employees' Retirement Code without having to first offer such employment to a non-PSERS retiree.

To support the employers in filling these much-needed positions while avoiding the potential impact on a PSERS retiree's pension, PSERS encourages retirees to verify that an employer has received pre-approval using the PSERS School Year Approval Process. This process approves an employer's methods to recruit short-term and long-term substitutes, including under the new provisions of Act 91, and should provide reassurance to PSERS retirees that their pension will not be stopped should they return to the classroom in a substitute capacity. A list of employers who have received a School Year Approval for positions like substitute teachers and transportation drivers can be found <https://www.psers.pa.gov/Retired/Pages/Employers-with-School-Year-Approval.aspx>.

With every new school year, employers must resubmit their request for pre-approval of their processes for bringing PSERS retirees back to assist in filling staffing shortages.

If eligible, an employer may request a school year approval of emergency employment for PSERS retirees as short-term or long-term substitutes by submitting the following sample letter to PSERS Administrative Determinations at the address provided below or by fax to 717.772.3860. Additional information regarding emergency employment of retired PSERS members is contained in PSERS' Return to Service Exceptions publication.

Understanding Retirement Incentives

Offering a retirement incentive may be an opportunity for you and your employee, but it is important to understand how a retirement incentive may interplay with PSERS. Understanding and using the right language will help avoid any misunderstanding of your incentive program.

When crafting a retirement incentive, it is important to clearly identify the steps to be taken, the time frame to take those steps, and the eligibility requirements to receive the incentive. Are you requiring your employee to retire from PSERS or resign from employment? Is submitting a retirement application to PSERS enough to trigger the incentive? How far in advance must the employee provide notice of their intent to retire? What if they change their mind? Do they need to have a certain number of years of credited service with PSERS or with the employer?

Retiring vs. Submitting a Retirement Application: Members can submit a retirement application to PSERS at any time, but within the application, they may choose to delay their retirement to a future date.

Retiree vs. Participant: Additionally, if your employee is a Class DC member, as a participant of the PSERS DC Plan, they cannot “retire” from PSERS. Rather, once terminated, Class DC members can request a full or partial distribution of their account or leave their money with PSERS. By taking a partial distribution, they are “participants receiving distributions.” Once the account is fully distributed, however, they are no longer PSERS participants.

And remember . . . Retirement Incentive Payments are not Retirement Covered Compensation

Retirement Covered Compensation (RCC) is qualified earnings such as: regular salary and wages, overtime, extracurricular activities, and sick and personal leave that is used during employment. All other earnings, such as lump sum payouts for sick, vacation, or personal leave, severance payments, underwritten insurance costs, and any inducement to retire from an employer are Non-Retirement Covered Compensation (NRCC) or unqualified earnings. NRCC will not be used in calculating contributions to be remitted or the final average salary for retirement benefits. NRCC should not be reported on either the PSERS DB work reports or the Voya DC work orders. Wages reported must match in both systems.

Examples:

The school district's retirement incentive plan states that, although the teacher's union agrees to a pay freeze for the current fiscal year, employees who submit an intent to retire document by January 1st will receive a pay increase. A number of employees decide to take advantage of this incentive. Because the incentive is only available to retiring employees, the pay increase is a severance payment paid in exchange for retiring. Although the payment can be made, as unqualified earnings, such severance payments are not used to calculate the final average salary and contributions cannot be remitted. This also means that the employer will have additional work removing the salary increase from employees' base wages when reporting to PSERS. Thus, the union, the employees, and the district should understand and clearly identify the purpose and implications of a retirement incentive plan.

The Retirement Code does not prohibit what an employer pays to an employee. The Retirement Code does, however, prohibit the reporting of certain payment to PSERS for retirement calculations. PSERS must, therefore, review and analyze all reported payments to confirm that such payments are RCC. For this reason, all employers are urged to contact your Employer Service Center representative in writing for a determination prior to entering into any agreement for additional monies, incentives, bonuses, or payouts.

Gender Designations

Gender designation does not affect and is not used as part of the member's benefit calculation. As a defined benefit plan, however, PSERS uses different mortality assumptions for males and females for actuarial funding purposes. Gender designation information, in addition to other demographic assumptions, affect those mortality assumptions and are required to be reported by the employer upon hire.

In an effort to serve the differing needs of our members and provide inclusive services, an employer can change a member's gender designation at any time in the Employer Self-Service (ESS) Portal. At this time, PSERS does not have an option for a non-binary designation. If no gender is selected, the default will be male.

PSERS Information to Share with New Employees

Introducing PSERS and preparing your new employees starts with you as their employer. Below are some resources to help you introduce PSERS to your new hires and get them started on their retirement journey:

- **Information for New Employees Handout** - Distributing *Information for New Employees* handout is your first step in educating your employees about PSERS and to help them get started on the path to financial security. This handout is on our website at psers.pa.gov. It is the first document at the top of the *Employer Forms* page. The *Information for New Employees* handout includes information on what PSERS is, how to qualify for membership, what actions they need to take as a new employee, and more! Within the first few weeks of qualifying for membership, PSERS will send the employee a Welcome Packet and Class Election Packet with more information. This initial handout will help remind the employee to look for those packets.
- **Class Election Videos for Class T-G Members** – We have three new videos to help new members understand their PSERS benefit and their membership class options. Class election videos are located on psers.pa.gov under *Active Members>Class Election> Class Election Videos*.
- **New Member Class Election Calculator** – New members can use this calculator to see what the different benefit amounts may be when they plan on retiring. Members just need to enter their age, starting annual salary, and the number of years they plan on working. Class election videos are located on psers.pa.gov under *Active Members>Class Election*.
- **Active Member Handbook** – The *Active Member Handbook* provides information about their PSERS' benefits and services to help them make informed decisions about their future retirement.

About PSERS Employer Service Center (ESC)

The Employer Service Center (ESC) is the primary and first line of contact for employers when they have questions or need help with reporting. School employers across the state are divided into seven regions with one ESC representative acting as the liaison for the region. ESC representatives are available Monday through Friday, 8 AM to 4 PM, to assist employers either by email or by the Employer HELP LINE 1.866.353.1844.

ESC representatives are available for in-person or virtual trainings. Recorded trainings are created and maintained by ESC on the PSERS website. We also offer training for new monthly reporting staff or for cross training any additional staff members. As the employer's first point of contact, ESC representatives are happy to answer questions, schedule additional trainings, provide guidance, and point employers in the right direction.

Trainings available on the PSERS Website:

- Statement of Account
- Employer Self-Service Portal
- Spring Workshops

ESC can also assist with some of your DC reporting questions by:

- Helping you with entering or correcting contract records for your employees.
- Explaining CROQ Report notifications and actions that need to be taken depending on membership class.
- Forwarding request to Voya to correct a past payroll submission.

New Functionality Coming Fall 2022

Redesigned Employer Statement of Account

There is a new format design under development for the Employer Statement of Account! Anticipated changes include:

- Transaction details will be listed in separate documents for Member Transactions and Employer Transactions.
- Statements for both Member and Employer Transactions will be provided in two versions, a Summary version to provide beginning and ending totals, and a Detailed version to provide a comprehensive listing of the open DB transactions within the month.
- Member Transaction statements will be available on the second or third business day of the month and will include an **Amount Past Due** total.
- Employer Transaction statements will be made available about the 10th of the month to include all final reporting to the DC plan from the prior month.
- Employer Statements will include **Amount Due & Amount Past Due** totals.

Open Transaction Reports

In November, we will also have two new reports available: one for open member transactions and one for open employer transactions. These reports will help make finding your open transactions easier and quicker to confirm your monthly and quarterly payments. The reports will include the activity date and transaction number of each transaction for easy reference back to the Transaction Page in ESS that will contain additional details. You will find the reports on the Forms and Reports page in ESS. The new format and reports are designed to help you keep track of your PSERS financial records a little easier.

Free In-Person PSERS Educational Sessions Return This Fall

PSERS in-person Foundations for Your Future (FFYF) education programs are back! Open to any PSERS member at any time in their career, these programs help them better understand their PSERS retirement benefits and provide members with the opportunity to meet and interact with a PSERS retirement representative to help plan for their future. Regardless of the position the member holds or how close they are to retirement, members should attend this free program at least once prior to retirement.

FFYF programs cover topics that will help members better understand their retirement by answering questions such as:

- What are my benefits through PSERS?
- When can I retire?
- How is my pension calculated?
- What do all the numbers on my retirement estimate mean?
- What are the retirement milestones?
- What are purchases of service?
- How do I apply to purchase service?

FFYF programs are held around the Commonwealth. The schedule for FFYF programs and a copy of the FFYF presentation can be found on the PSERS website under *Leaving Employment> Foundations for Your Future*.

Please note, FFYF programs do not include information for Class T-G, Class T-H, or Class DC members at this time.

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