EMPLOYER bulletin

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Employer Contact Information

Toll-Free: 866.353.1844
Local: 717.787.1755
FAX: 717.783.8760

Jayne Buchwach
Supervisor
717.720.6325
jbuchwach@pa.gov

Carolina Baez
717.720.6320
cbaez@pa.gov
Adams, Chester, Cumberland, Dauphin, Delaware, Franklin, Fulton, Huntington, Juniata, Lancaster, Mifflin, Montgomery, Perry, York Counties, and PASSHE

Rose Diehl
717.720.6323
rosdiehl@pa.gov
Armstrong, Beaver, Bradford, Butler, Cameron, Centre, Clarion, Clearfield, Clinton, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, Lycoming, McKean, Mercer, Potter, Sullivan, Tioga, Union, Venango, Warren Counties, and Warrior Run SD

Ellen Harrington
717.720.6321
eharringto@pa.gov
Charter Schools, Philadelphia County, and Philadelphia School District

Matt Hartman
717.720.6327
mahartman@pa.gov
Berks, Bucks, Carbon, Columbia, Lackawanna, Lebanon, Lehigh, Luzerne, Monroe, Montour, Northampton, Northumberland, Pike, Schuylkill, Snyder, Susquehanna, Wayne, and Wyoming Counties

Rosie Mesich
717.720.6324
rmesich@pa.gov
Allegheny, Bedford, Blair, Cambria, Fayette, Greene, Indiana, Somerset, Washington, and Westmoreland Counties

What to do When an Employee Dies

When an employee and PSERS member who was actively working or on leave (not terminated or retired) dies, enter a Contract Record with the Work Status of DECESD. The start date of the deceased contract is the date of death. The end date must be left blank. If there are wages to report in the month following the employee's death, set the BOC and Outstanding Service Flags to "Yes". Set the BOC/Svc Report Date to the month in which the final wages will be paid. Make sure that all remaining salary and service earned prior to his or her death is included on the last Work Report. No death benefits can be issued by PSERS to beneficiaries of the deceased employee until all the necessary information is received by you the employer. We can all agree that losing a loved one is hard enough without having to unnecessarily wait for benefits due to additional processing time.

If the deceased has terminated employment or retired, there is nothing that you need to do. The family member must contact PSERS directly to report the employee's death. The caller must provide the deceased name, social security number, address, and date of death. PSERS will ask the family member for a copy of the death certificate along with a letter containing the name, address, and phone number of a contact person in case PSERS needs further information or documentation.

PSERS Applications and Forms

Employers should not keep PSERS applications in stock to hand out to your employees. You should instruct employees who need PSERS applications to go to the PSERS website under Forms to download and print the applications or contact PSERS at 888.773.7748. This instruction will ensure that employees are not using outdated applications and that PSERS is receiving the necessary information to process the request.

Also, as a reminder, completed *Nomination of Beneficiaries* (PSRS-187) forms must be submitted directly to PSERS by your employees. If you receive a *Nomination of Beneficiaries* (PSRS-187) form, instruct the employee to mail the form to PSERS, 5 N 5th St, Harrisburg PA 17101-1905, or fax the form to 717.772.3860. If you do take the responsibility of submitting the form for the employee, please make sure this gets to PSERS promptly. Like the *Application for Retirement* (PSRS-8), a *Nomination of Beneficiaries* (PSRS-187) form is a legal document that must be processed as soon as possible.

Retirement Subsidy Reimbursement Reconciliation Process

The Commonwealth reimburses school entities (school districts, charter schools, intermediate units and area vocational-technical schools) for a portion of the employers' share of retirement contributions to PSERS. This reimbursement is received by schools on a quarterly basis, and more specifically, five (5) business days prior to the required date that the schools make payment to PSERS. Each school must then submit a payment representing 100 percent of the employer's share of the retirement contribution to PSERS. The reimbursement is based on two (2) classes of employees: "existing" and "new." An "existing" employee is one who has been employed by a Commonwealth public school entity, at any time prior to July 1, 1994. A "new" employee is one who is hired by a school entity after June 30, 1994, and has never worked for a public school entity prior to July 1, 1994.

The basis of the reimbursements from the Commonwealth are the school's monthly work reports and ad-hoc work history adjustment reports submitted to PSERS. PSERS determines which employees are "new" and which employees are "existing" based on the employee's enrollment date with PSERS. A final payment is made on the basis of an actual accounting of the school's total eligible retirement salaries. PSERS currently reconciles these payments two times each fiscal year, with the *June Retirement Subsidy Reimbursement* and the *December Retirement Subsidy Reimbursement*.

The calculation for the Retirement Subsidy Reimbursement includes the following:

1. Reported salaries submitted on the monthly work reports.

2. Adjusted salaries reported on the ad-hoc work history adjustment reports.

3. The employer contribution rate in effect for the fiscal year being reimbursed.

4. The member enrollment dates as reported by the employers (or updated due to purchase of service activity) to determine the "existing" and "new" employees.

5. The Market Value/Personal Income (MV/PI) Aid Ratio as calculated by the PA Department of Education. (More information can be found on the PDE web site at www.education.state.pa.us.)

All "existing" salaries are reimbursed at a rate of 50%. All "new" salaries are reimbursed at the greater of 50% or the MV/PI Aid Ratio.

Please see the following sample calculation:

Total Reported Salaries-1st Qtr (Jan – Mar)	$ 100,000
Total "Existing" Salaries	$ 75,000
Total "New" Salaries	$ 25,000
Employer Contribution Rate	12.36%
MV/PI Aid Ratio	. 5600

"Existing" Salaries	$ 75,000
X Employer Contribution Rate	12.36%
X Reimbursement Rate	50%
Reimbursement on "Existing" Salaries	$ 4635

"New" Salaries	$ 25,000
X Employer Contribution Rate	12.36%
X Reimbursement Rate (MV/PI Aid Ratio	.5600
Reimbursement on "New" Salaries	$ 1730

Reimbursement on "Existing" Salaries	$ 4635
+ Reimbursement on "New" Salaries	$ 1730
Total Retirement Subsidy Reimbursement	$ 6365

Test Your Knowledge – File Uploads

Employers must do file uploads to submit Demographic Records, Contract Records, and Work Reports to PSERS. Work Reports must be submitted to PSERS by the 20th of each month. The following information are some tips & tricks for successful file uploading:

- Uploading and approving the files in a particular order will eliminate some unnecessary errors and exceptions that may be present. In other words, upload and approve the Demographic file prior to uploading the Contract file. Then, approve the Contract file prior to uploading and approving the Work Report. Each report builds off of the previous report.

- When files are uploaded, they are automatically validated by the system. You should wait until you receive a message showing the number of rows processed prior to moving onto the Work Area from the File Upload screen.

- When uploading your reports each month, be sure to enter the month and year after the pre-filled system description. This will allow you to easily identify the reports in the Work Area. Here is an example of a Work Report Description for Employer 9999: R009999 March 2013.

- Demographic and Contract Record files can be uploaded multiple times each month. Both reports can also be omitted for months where there is no data output from your payroll system.

- There can only be one ***approved*** Work Report for each month. Multiple Work Reports can be ***uploaded*** for a month. If this is the case, the uploaded reports must all be ***approved*** at the same time. This is common for July and August Work Reports where payroll systems generate separate reports for each fiscal year.

As always, please contact your employer service representative if you have any additional questions or if you are having difficulties with your file uploads.

Understanding BOC Fields

Any time you enter a Termination or a Deceased Contract, you must fill in the Outstanding Service Credit Flag and Balance of Contract (BOC) Flag. Do not enter a Termination Contract unless a member has left your employment completely.

Outstanding Service Credit Flag – Enter "Yes" if you will report any days or hours on a Work Report after the **month** of termination or death. Enter "No" if no service will be reported after the termination **month**.

BOC Flag – Enter "Yes" if you will report any wages/salary on a Work Report after the **month** of termination or death. Enter "No" if all wages/salary will be reported in the Work Report for the **month** of termination or death.

If both the Outstanding Service Credit Flag and BOC Flag fields are no, the contract is complete. If either is yes, you need to fill in the BOC/SVC End Date with **the month and year of the last Work Report in which they will appear**.

It is very important that the BOC/SVC End Date is correct. If a terminated employee submits an *Application for Retirement* or a *Refund Application*, his or her benefit will not be calculated until after the Work Report entered in the BOC/SVC End Date field is released. Incorrect or delayed BOC/SVC information can also slow down the processing of a death benefit. You will receive an error message if you try to report additional salary after the BOC month passes. Please contact your ESC representative as soon as possible if anything on the Termination Contract needs corrected.

Meet Your ESC Representative – Matt Hartman

Matt has worked in the Employer Service Center since October 2011. He has been with PSERS since December 2008 and began his career with the Commonwealth in March 2006 with the Department of Labor and Industry. Matt has a Bachelor of Science in Business Administration from Shippensburg University. He lives in Mechanicsburg, PA with his wife Erika. Matt often spends his time away from PSERS helping Erika with her catering business. They enjoy mountain biking, fishing, and traveling together when time allows.

Employers' Corner

Thank you to Mary Hendershot from Morrisville School District for submitting the following article:

As the years went by and I found multiple errors with my contract and work records, I decided that I needed to find a solution to make the process easier. I believe all records begin with a good payroll department, record keeping, and software. The solution I found to help me is to run reports after each payroll to check for errors. I have learned that by doing this, it has cut down on my time waiting until the beginning of the next month to try and correct any errors. Reporting accurate and timely records has always been a priority for me and should be for every district.