EMPLOYER bulletin

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Legislation Passed that Impacts Members on Military Leave

On July 1, 2013, Governor Corbett signed ACT 32 and Act 33 to bring Pennsylvania up to date with the requirements of the HEART Act, USERRA, and IRC §414(u). The HEART Act impacts active members who go on a military leave on or after July 1, 2013. This legislation does not affect any members already on a military leave or any members extending a current military leave as this is considered a part of the original military leave. The legislation primarily changes the rules regarding service credit and eligibility points earned during the military leave, purchasing this service upon return to school employment, what occurs in the event of a member's death or disability while on a new military leave, and the employer's role in the aforementioned activities. These changes are for members who are activated for military service on or after July 1, 2013. Members who are currently on an activated military leave from a Pennsylvania public school are not affected.

The following is information regarding the changes that affect employers and reporting:

- The legislation does not change the treatment of any credit already granted under the Military Code for military leaves that started before July 1, 2013. Past leaves for which credit has not been acquired will be credited under the previous rules.

- Eligibility points are used to determine superannuation date and eligibility for premium assistance, vesting, and regular (normal or early) retirement. Eligibility points will not be used when determining service eligibility for disability retirement. Once purchased, the school service credits are used in the calculation of the benefit.

  USERRA requires PSERS to grant eligibility points to school employees who return to school service from USERRA leave even if they do not buy the service for benefit accruals. Therefore, school employees automatically will receive eligibility points upon return from USERRA leave or if the member dies while on USERRA leave.

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Legislation Passed... (continued from page 1)

- Members on a USERRA leave will not be permitted to make contributions until they return to Pennsylvania public school service.

- Employers will not be permitted to make contributions until a member on USERRA leave returns to school service and makes contributions. There will be no more up-front billing of Employer Share when WNC and service are reported.

- The Retirement Code was amended to exclude differential wage payments from retirement covered compensation. Differential wage payments are payments some employers make to employees on military leave. They will not be subject to contributions and should not be reported to PSERS.

Reporting Procedures

The following are the steps for reporting a member who goes on a military leave on or after July 1, 2013, until system changes can be implemented:

1. Create a new contract record for the employee using the Work Status “ACTMLN”.

2. Include what the employee’s base wages would have been on each monthly work report under WNC. Be sure to include scheduled increases as they occur.

3. Include the employee’s service that would have been earned on each monthly work report.

4. Approve your work report by the 20th of the following month [late reporting delay in correction of employer SOA].

    - PSERS will run a report to find all individuals being reported this way.

    - PSERS will credit the Employer Contributions that would have been charged to the employer under the old rules.

    - The *Employer Statement of Account* will accurately reflect the Employer Contributions for each month.

Discontinued Use of Lock Box Service

Effective June 28, 2013, PSERS discontinued using the Lock Box service with PNC Bank. This means that if you have not already submitted your form to enroll in the Automated Clearing House (ACH) process to make payments to PSERS you must do so immediately. The *Authorization Agreement for Restricted (ACH) Debits* (PSRS-610L) form is located on the PSERS website under Employer, Employer Forms. Failure to do this could delay proper credit of payments and could cause PSERS to request a subsidy deduction for any payment not posted to your account.

Please direct any questions to Allison Biser at 717.720.4906 or email Allison at abiser@pa.gov.

Your Opinion Matters - Summary of 2013 Employer Service Center Workshop Survey

The Employer Service Center (ESC) is winding down from the 2013 Spring Workshops. We wish to extend a big thank you to all who attended the workshops and to all who participated in the follow-up survey. ESC Representatives visited 30 locations and presented to over 900 school district staff members. The following is some interesting information provided by you through the survey:

- 97.9% of those who attended were satisfied with the workshop.
- 97.9% of those who attended were also satisfied with the presenter and the way the material was covered.
- 57.7% thought a yearly workshop is best while 13.7% preferred the workshop every 2 years.
- 59.7% felt that the workshop should be two hours long, 30% thought one and a half hours long would be adequate, and 10.2% thought workshops should be no more than an hour in length.

The top four topics attendees wanted to see covered most are:

1. Contract records and reporting of leaves, waivers, and coaches.
2. Work Reports and the most common errors.
3. Work Report Adjustments.
4. Reading and understanding the *Employer Statement of Account*.

Comments also indicated that there was a need for more specialized workshops on basic PSERS reporting for those new to the position as well as refresher workshops for those who have been submitting reports to PSERS for one year or more. Also suggested was a more "hands on" approach to the workshops. Thanks to your participation with the survey and your helpful comments. As a result of this input, PSERS will make improvements to the workshops and add clinics throughout the coming year.

Information for New School Employees

The PSERS handout *Information for New School Employees* contains general educational information about PSERS as well as an overview of the benefits available to PSERS members. You should provide all your new employees with this handout.

Copies are available for printing through the PSERS website under Employers, Employerpedia, and New Employees.

Letters Requesting Termination Records

As an employer, you are sure to be familiar with letters requesting a termination contract record. The letters are generated automatically by PSERS when a member submits an *Application for Refund* or an *Application for Retirement* and a termination contract record has not been received.

The system will send a letter to all employers who have any open non-termination contract records for that member. The letters have a due date of 30 days from the date the application is received by PSERS. When that due date passes, a follow-up letter will go out with the due date extended by another 30 days.

If you do not have all the information you need and are unable to submit the termination contract record right away, you should wait and enter the termination contract record when you have all the information. For example, if you are unsure of the exact last day of work or need the member's resignation or are waiting for board approval. **Keep in mind that PSERS cannot continue to process the member's benefit until the termination contract records are entered.**

You can submit the termination contract record up to six months in advance, as long as you are certain of the member's last day of work. The start date of the termination record should be the last day of work unless the member requests a later date in order to reach a retirement milestone. In which case, submit a LEAVEN contract record with the start date as the member's last day of work. Then submit a termination contract record with the start date as the date the member elected. If you will be reporting salary and/or service (days/hours) to PSERS after the termination month, mark the BOC flag(s) "yes" and fill in the BOC/SVC End Date with the same month and year as the last Work Report for which you will be reporting the member's final salary and service. This allows you to report the remaining wages in the months following the member's termination, if necessary.

After you submit the termination contract record, contact your ESC representative to make any changes or corrections. For example, if the member decides to receive his or her final pay in June instead of August or if the member's last day of work changes. Your representative can correct the BOC flag and the BOC/SVC End Date value.

The work status should be listed as ACTIVE on all work reports up through the month the termination contract record starts, even if the member only worked one day in that month. The work status should then be listed as TRMNTN on Work Reports after that month. If you use ACTIVE after the termination month, you will get an error that says "no valid contract exists…" Changing the status to TRMNTN and clicking "Save" should correct the error, as long as the BOC date was set properly. If you try to report wages on a Work Report after the BOC date, you will get an error telling you to contact your ESC representative. The ESC representative can change the BOC date allowing the record to go through as long as the member's benefit has not been paid. If the benefit was paid, the representative will request a post-retirement adjustment.

Meet Your Rep - Rose Diehl

Rose Diehl is the regional representative for the Northwest and Northcentral regions. She grew up in the small town of New Oxford near Gettysburg, and lived in the surrounding area until 2007. Rose currently resides in Harrisburg with her cat, Nicki. She has two beautiful grown daughters, Erin and Holly.

Rose began her career at the Bank of Hanover and has extensive experience in the financial services field. She has an Associate's Degree in Business with a concentration in Computer Technology. She is currently taking additional accounting courses at Harrisburg Area Community College. Rose has worked with PSERS for 8 years and joined the Employer Service Center in September 2009. She loves working with her employers and insists that her schools are the best!!

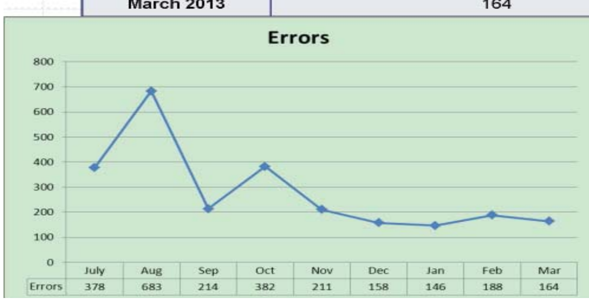
2013 Employer Report Card Results

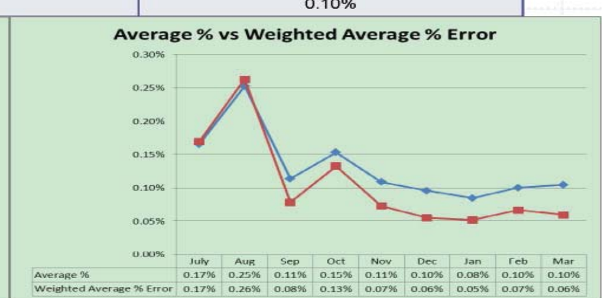
The Employer Service Center (ESC) has developed a series of templates summarizing the monthly error and exception messages captured from the approved monthly Work Reports submitted by all employers. This report is known as the "Employer Report Card."

ESC representatives may be contacting employers who are submitting Monthly Work Reports with errors and exceptions that could be fixed prior to approving the Work Report. The following chart is a summary of the errors captured by the Employer Report Card from July 2012 through March 2013.

Summary of Work Report Errors(2013)

Report Month	Total Number of Errors	Error Rate
July 2012	378	0.17%
August 2012	683	0.25%
September 2012	214	0.11%
October 2012	382	0.15%
November 2012	211	0.11%
December 2012	158	0.10%
January 2013	146	0.08%
February 2013	188	0.10%
March 2013	164	0.10%





The "Total Number of Errors" column summarizes all Monthly Work Reports submitted by all employers during this period. The "Error Rate Column" represents the percentage of errors based on actual number of records reported on the Monthly Work Report. Weighted Average % is defined as the percentage of the summation of all of the errors (for that district, month) divided by the amount of rows submitted by that specific previously defined population.

Timely and Accurate Reporting - Work Reports

Work reports can be uploaded and approved as soon as your final payroll for that month is complete; however, they must be finalized and approved by the 20th of the following month. For example, the April work report is due by May 20. Since payments are due on the 10th of the following month, many employers find it convenient to approve the reports between the last payroll and the 10th of the next month. This way, they know the exact amount of money due to PSERS.

In addition to timely reporting, it is imperative that employers report accurate salaries and service to PSERS. After a work report is uploaded, employers should verify that there are no errors or exceptions. If there are invalid records, the errors should be corrected prior to approving the file. Exceptions, including those for contribution rates, should be researched and the data verified before approving the file. Employers should also verify the report totals displayed across the bottom of the work report details before approving the file. Lastly, complete a final check once the file is approved.

The Employer Web will not check for "duplicate" records or records where the fiscal year and wage type are the same for one person until the file is approved. If the system finds "duplicate" records, one of the records will not be processed. Once the file is approved, check the Work Area one more time to verify the Invalid Row count is 0.

Pension Plan Disclosure Information

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute. PSERS is providing the following information in accordance with GASB requirements to assist the employers in the preparation of their annual financial statements.

Plan Description

Name of plan: Public School Employees' Retirement System (the System)

Type of plan: Governmental cost-sharing multiple-employer 401 (a) defined-benefit plan

Benefits: Retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-9102)

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Pension Plan Disclosure Info. (continued from page 6)

Annual Financial Report: The System issues a *Comprehensive Annual Financial Report* (*CAFR*) that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 N 5th Street, Harrisburg PA 17101-1905 or by emailing Beth at bgirman@pa.gov. The *CAFR* is also available on the Publications page of the PSERS website, www.psers.state.pa.us.

Funding Policy

Authority: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Contribution rates:

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions – Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36% of covered payroll. The 12.36% rate is composed of a pension contribution rate of 11.50% for pension benefits and 0.86% for healthcare insurance premium assistance.

Please be sure that a copy of this *Employer Bulletin* is given to your business manager or appropriate official(s) responsible for the publication of your school's financial statements. If you have questions, please contact Tony Meadows toll-free at 1-888-773-7748, ext. 4695 or at gmeadows@pa.gov.