

PSERS Employer Bulletin

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Employer Contribution Rate for Fiscal Year 2014-2015

The employer contribution rate for fiscal year 2014-2015 will be 21.40%. The rate applies to salary and wages earned from July 1, 2014, through June 30, 2015.

This rate was determined by PSERS' actuary and reflects the rate caps established by Act 120 of 2010. The rate was certified by the PSERS Board of Trustees at its meeting on December 10, 2013. In addition, the employer

contribution rate may change if pension legislation is enacted prior to June 30, 2014. The employer contribution rate for fiscal year 2014-2015 consists of 20.50% for pension costs and 0.90% for premium assistance payments. The projection for the employer contribution rate for fiscal year 2014-2015, prior to the rate caps being established with Act 120 of 2010 was 33.83%.

Reminder about Shared Risk

Beginning after July 1, 2011, new members of PSERS are automatically enrolled as Class T-E members with the option of electing Class T-F membership. With the new membership classes, PSERS also implemented a "shared risk" program. With a "shared risk" program, Class T-E and Class T-F members benefit when investments of the fund are doing well and share some of the risk when investments under perform.

Effective July 1, 2015, employers may need to implement

programming changes to accommodate the 0.50% potential member contribution rate increase for Class T-E and Class T-F members. The member contribution rate will never go below the base rate of 7.50% for Class T-E and 10.30% for Class T-F members, or above 9.50% for Class T-E and 12.30% for Class T-F members. PSERS posted positive investment performance returns of 7.96% for fiscal year ended June 30, 2013, and 3.85% for the quarter ended September 30, 2013.

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PSERS Using WebEx to Provide Employer Assistance

Your Employer Service Center (ESC) representative can now help you online in real-time. ESC is using WebEx, an online collaborative tool, to assist in solving your everyday issues; from uploading demographics, entering contract records, filing monthly work reports and correcting invalid or exception messages.

WebEx is a distance interactive tool that allows you and your ESC representative to be online together. Your ESC Representative can walk you

through your problem step by step while both of you see the same information on screen. There is no fee associated with using WebEx. WebEx can be conducted with little or no wait depending on your availability and that of your ESC representative. You will receive an email containing the date and time of the WebEx session. You will find WebEx easy to use and a very helpful tool. Contact your ESC representative for more information about using WebEx.

PSERS Comprehensive Annual Report Now Available

The PSERS *Comprehensive Annual Financial Report* (CAFR) for fiscal year ending June 30, 2013, is available on the Publications page of the PSERS website under Publications, Financial Reports. The CAFR is PSERS' signature financial

publication which provides readers with a variety of information concerning the financial, investment, and actuarial aspects of PSERS. If you need a copy of the CAFR in hard copy or CD, you can email ContactPSERS@pa.gov or call toll-free at 1.888.773.7748.

IRS Compensation Limits

The Internal Revenue Service's (IRS) Internal Revenue Code Section 401(a)(17) limits the amount of compensation that is subject to retirement contributions for active employees entering PSERS membership on or after July 1, 1996. **The calendar year reportable compensation**

limit for 2014 is \$260,000. For employees who became PSERS members before July 1, 1996, there is no maximum earning level. Exceptions may be imposed if the employee has received a refund from PSERS and/or retirement benefit and returned to service after July 1, 1996.

Retirement Incentives

Any inducement to retire from an employer is not included as Retirement Covered Compensation, and therefore is not considered when calculating a final average salary.

On occasion, school districts may offer retirement incentive to employees who meet certain requirements. Examples of retirement incentives may be if:

- An employee has 30 years of credited service with PSERS and 10 years of service with the current employer, then the employee may retire with school-sponsored medical insurance until age 65.
- The employer may offer the employee a monetary incentive of \$2,000 per year of service up to 15 years.

Both of these examples encourage employees to consider retirement.

Usually, the employer offers the incentive; it is approved by the school board, then reviewed and agreed to by union leadership. Lastly, the employee submits an *Intent to Retire* letter (often irrevocable) to the employer. These examples may seem favorable to everyone; but there are other factors to consider when considering such incentives.

There are certain earnings that qualify as Retirement Covered Compensation (RCC). Earnings

such as regular salary and wages, overtime, extracurricular activities, paid sick and personal leave are considered RCC. All other earnings, such as lump-sum payouts for sick, vacation, or personal leave, severance payments, and underwritten insurance costs, are Non Retirement Covered Compensation (NRCC) or unqualified earnings. In addition, any inducement to retire from an employer is not included as RCC, and therefore is not considered when calculating a final average salary.

Employees who decide to retire because of a retirement incentive may find that the additional money awarded by the incentive does not increase their retirement benefit. This happens far too often. Employers offering a retirement incentive should refer to the Retirement Code and the provisions of retirement covered compensation. Employers can also contact PSERS for an official determination regarding RCC.

Remember to – Keep Your Contacts Up to Date

Please remember to keep your Employer Contact information records up to date. Often PSERS sends important time sensitive information via email. If your contacts are not current with PSERS, you may be left out of such information. When updating your contacts, remember to also update the Business Manager and Superintendent contacts. Updating the Employer Newsletter contact will ensure delivery of this publication which contains vital news and reminders to help you with your pension responsibilities. Please take the time to review the Employer Contact information and update these records as necessary.

PSERS Website
www.psers.state.pa.us

The goal of our web-based reporting features, news, Bulletin, Employerpedia, employer forms, and Employer Service Center staff, is to provide you with the information and support you need right at your fingertips. From the PSERS homepage, click on **Employers** to access all online resources.

Meet Your Rep – Michael Chappuis

Michael Chappuis is PSERS' new Employer Service Center Representative for Region 5. He has worked at PSERS for almost three years as a retirement technician for the Member Service and the Employer Service Centers. Michael grew up in New England but has been a resident of Pennsylvania for the last 15 years. His favorite pastime is to ride his motorcycle throughout all of Pennsylvania. Michael looks forward to meeting his employers as he travels to the different districts throughout his region.



New Employer Region

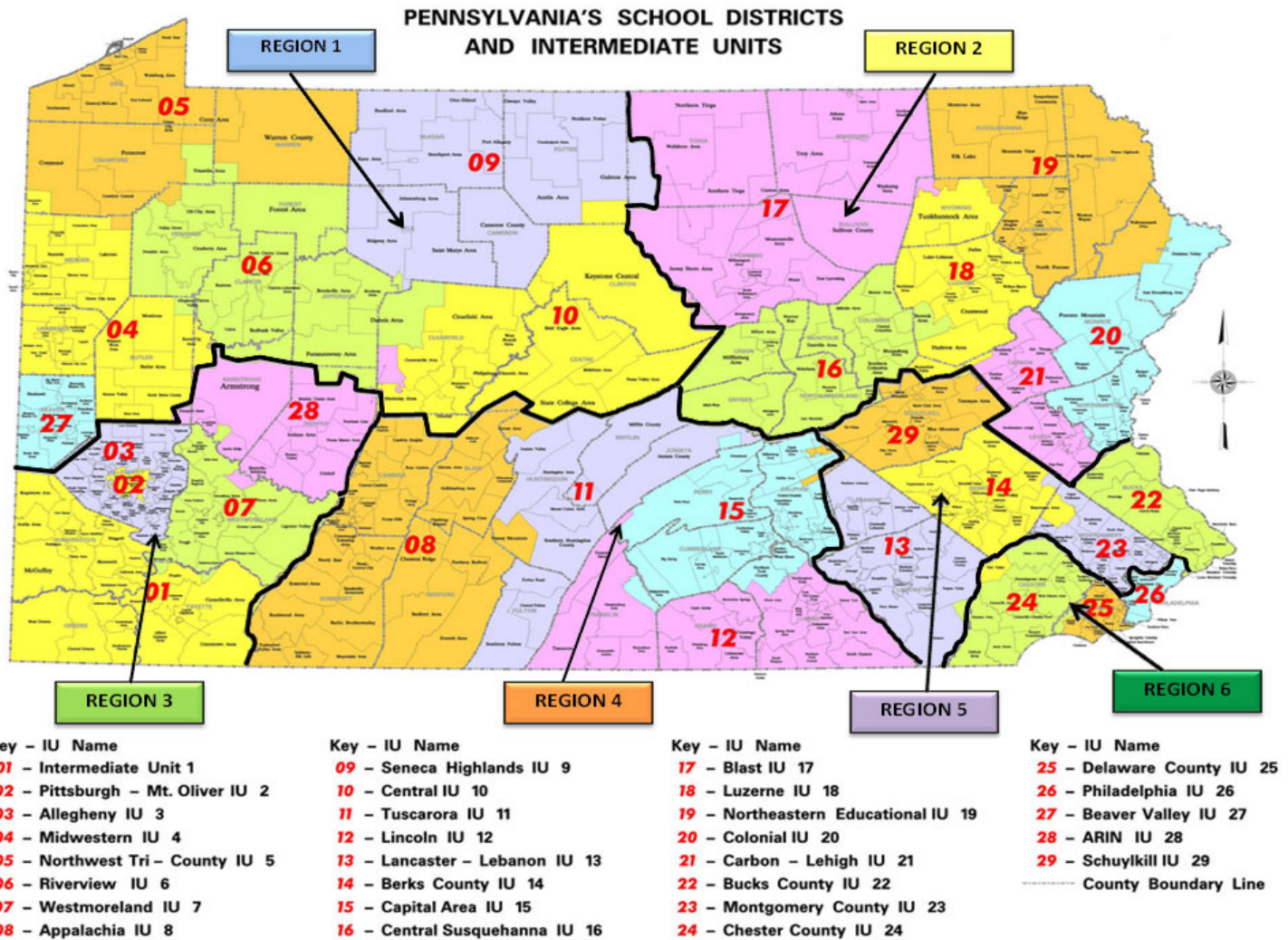
To better serve our employers, PSERS has added a new employer region and reorganized existing regions. Please see the chart below to locate your region and your employer service representative. There is also a map illustrating the new region divisions on page 5.

If you are a charter school, your employer service representative will be the person responsible for the county in which the charter school is located. Contact your representative with any questions or the toll-free employer service center number, 866.353.1844.

Region 1 Rose Diehl	Region 2 Matt Hartman	Region 3 Jonathan Malnick	Region 4 Carolina Baez	Region 5 Michael Chappuis	Region 6 Ellen Harrington
Beaver Butler Cameron Centre Clarion Clearfield Clinton Crawford Elk Erie Forest Jefferson Lawrence McKean Mercer Potter Venango Warren	Bradford Carbon Columbia Lackawanna Lehigh Luzerne Lycoming Monroe Montour Northampton Northumberland Pike Snyder Sullivan Susquehanna Tioga Union Wayne Wyoming	Allegheny Armstrong Fayette Greene Indiana Washington Westmoreland	Adams Bedford Blair Cambria Cumberland Dauphin Franklin Fulton Huntington Juniata Mifflin Perry Somerset York	Berks Bucks Lancaster Lebanon Montgomery Schuylkill	Chester Delaware Philadelphia

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New Employer Region (continued from page 4)



Keeping PSERS Applications in Stock

PSERS is asking employers not to keep PSERS applications in stock to hand out to your employees and to destroy any applications that you may have in stock. You should instead instruct employees who need PSERS applications to go to the PSERS website under Forms to download and print the applications or contact PSERS at 1.888.773.7748.

Due to specialized processing requirements, some forms such as the refund and disability retirement applications are only available by contacting PSERS directly. Following this instruction will ensure that employees are not using outdated applications and that PSERS is receiving the necessary information to process the request.

Future Enhancement for Employer Payments

One of the features that you have requested is the ability to designate your payments to specific charges in your account. Currently, any payments you make are automatically applied to the oldest outstanding charges. Enhancements to the PNC Bank website will now allow you to apply your payments to specific charges you choose. ***PSERS is looking to implement this change for you in March or April 2014.***

You will not need to submit new authorization forms unless you are updating your authorized users. You will, however, need to update your logon information to the PNC Bank website. This will be coordinated by PSERS Employer Accounting Staff. You will receive more detailed information along with the required training materials as we get closer to implementation of this new process.