PSERS Employer Bulletin

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Employer Contribution Rate for FY 2023-24

The employer contribution rate for fiscal year 2023-2024 will be 34.00%. This is the first year-to-year decline in the rate in more than a decade. The rate applies to salary and wages earned from July 1, 2023 through June 30, 2024.

The rate was determined by PSERS' actuary and certified by the PSERS Board of Trustees at its meeting on December 16, 2022.

The employer contribution rate for fiscal year 2023-2024 consists of 33.09% for pension costs, 0.64% for premium assistance payments, and 0.27% for defined contribution costs. The defined contribution (DC) rate is an estimated average. The actual employer DC contribution rate is based on each employer's Class T-G, Class T-H and Class DC-only membership. Of the 34.00% employer contribution rate, 27.23% represents payment toward the unfunded liability.

The certification marks the eighth consecutive year the employer rate will provide the full actuarially required contributions, which are necessary to pay down the PSERS' long-term pension debt. That debt payment makes up more than 80% of the newly certified employer contribution rate. The debt was the result of years of suppressed employer contributions, unfunded benefit enhancements, and two major market downturns since 2000.

A link to the FY 2023-2024 Employer Contribution Rate Fact Sheet can be found here: *https://www.psers.pa.gov/About/PFR/Documents/20221216%20FY%202023-2024%20ECR%20fact%20sheet%20FINAL.pdf*

The employer contribution rate is certified each December by the Board. The rate-setting methodology is set forth in statute and is comprised of a sum of actuarially determined rates. The rate is the same per school employee regardless of membership class and is applied across the total payroll of those who are members of the defined benefit (DB) and DC plans.

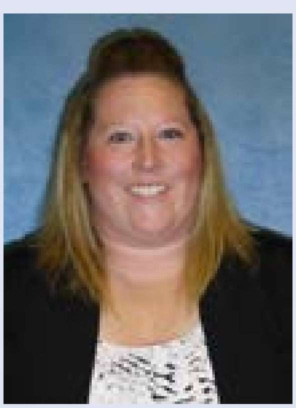
Both the employer and the Commonwealth are responsible for paying a portion of the employer contribution rate. Employers are divided into two groups: school entities and non-school entities. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses school entities for one-half the payment for employees hired on or before June 30, 1994. School entities are reimbursed by the Commonwealth based on a statutory formula for employees hired after June 30, 1994, who were not previously employed by any school entity within the Commonwealth, but not less than one-half of the payment. Non-school entities and the Commonwealth each contribute one-half of the total employer rate.

ESC Welcomes Jeanette Riedel

In October 2022, ESC welcomed Jeanette Riedel to the team. Jeanette comes to PSERS from an extensive banking background. She brings with her four plus years of Marketing and training for the banking industry, where she excelled in customer service. The other 14 years provided Jeanette with the opportunity to learn the banking industry from all sides. She worked as teller, customer service representative, and call center agent until she worked her way to Marketing and Training.

ESC is excited to have her join the team and bring all her financial knowledge with her. “I am looking forward to working with the state’s school employers. I enjoy the role of training and can’t wait to start meeting with my region!”

Jeanette is currently being trained, so you may have the opportunity to speak with her on the ESC Help Line. Once her training is completed this spring, Jeanette will be taking on the Southeast Region 7. Jeanette is eager to hit the Schuylkill and start meeting her region. “Being familiar with the Philadelphia area, I am enthusiastic about the opportunity to educate employers on PSERS Reporting and processes and revisit my hometown.”



Reminder: Reporting Service for Employees Who Terminate Mid-Year

In an earlier article, we discussed the importance of entering a termination contract record when an employee terminates all positions with an employer during the school year. One of the most forgotten aspects of reporting a terminated employee mid-year is the employee’s service. It is important to submit the termination contract record with the accurate last day of work, populate the Balance of Contract (BOC) flag with the last work report that PSERS should expect, and complete the Service (Svc) flag to indicate when the final days or hours will be reported. This service flag MUST be followed up with reporting the employee’s service for the year.

Because salaried days are not required by the system until the June work report, salaried members terminating at any time other than the end of the school year are not receiving all the service credit due for their final fiscal year. This oversight can impact the member’s retirement benefit calculation, or delay when the employee receives their finalized retirement benefit.

Employer Self-Service (ESS) is set up to only require service day reporting in the June work report for salaried wage type positions. This means employers may need to edit the final work report submission for a terminating salaried employee to include the salaried service days worked prior to June. Final pay and service reporting for salaried members should be included on the last Work Report and include any balance of contract, as well as any remaining service due for that fiscal year. If supplemental work was rendered, any unreported additional hours worked also needs to be reported with the final work report. If the payroll database does not include service days on each monthly work report, employers may submit the service days using a manual adjustment.

For per diem and hourly wage type positions, the service units (i.e., days and hours) are required by ESS when submitting each Work Report.

Generate Your Total Service Credit Report On-Demand

Through ESS employers can generate a report of the total credited PSERS service as of the end of the previous fiscal year (2022). This on-demand report includes the member’s rate, membership class, and qualification status. The report should be generated for your records at least once every year, typically in December. You can also run this report as needed throughout the year.

Timely Reporting Reminders

Member payments, employer payments, and work reporting must be submitted by their respective due dates. Meeting these due dates allows efficient and timely processing of member benefits and enables members to view accurate details on their statements and in their Member Self-Service (MSS) portal. Beginning in February, ESS will have added functionality to ensure timely reporting.

Estimated Work Reports:
On the first business day after the 20th of the month when the PSERS work report is due, the system will look for missing work reports and will trigger the creation of an estimated work report in its place. Because the system does not know the actual totals of the work report, the estimated work report will be based on the previous year's reporting for the same month. The estimated work report will include an increase of 5.00% to account for salary growth and additional staff. This estimated work report will be visible with the system-calculated total on the ESS Transaction Page. The Employer Statement of Account will also show the estimated amount, if the late reporting is not resolved prior to the statements running.

The estimated work report will not contain any details like a member-by-member breakdown nor does the estimated work report replace the need for an actual work report with the specific member work history. The estimate is a place holder for billing purposes. When the actual work report is submitted, the estimated work report will be reversed to zero and the totals from the actual work report will replace the estimated totals.
If the actual work report is not loaded before payment is due for the work report, the estimated totals will be charged. Interest will also be charged for late reporting.

Delinquency Interest Batch:
An automated process will be implemented that applies interest to delinquent employer accounts due to incorrect or late payments of Member Contributions, Member Purchase of Service, Employer Contributions, and Employer Purchase of Service. For example, member contribution payments are due on the 10th of each month. If sthe payment is late or is less than the amount due, interest will automatically be posted. Interest will be calculated using the system's Assumed Rate of Return.

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