



EMPLOYER

b u l l e t i n

June - September 2012

Publication #9214

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 eharrington@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

Summary Reports 2012

Employer Service Center (ESC) representatives will begin sending out 2012 *Employer Summary Reports* for your review. Summary reports provide employers the chance to review service and salary for each member reported to PSERS during the 2011-2012 fiscal year. In order to send an *Employer Summary Report* to you, it is important that you have your August Work Report into PSERS by September 20, 2012. Summary reports are the first step in generating each PSERS member's *Statement of Account*.

Here are some tips to help you through the review process:

1. Review the *Employer Summary Report* when you receive it. PSERS developed the report to help highlight potential issues with salary or service reported in 2012.
2. Make adjustments where needed so that the Summary Report accurately reflects the salary and service.
3. Notify your ESC representative once you review the report and make the necessary adjustments if needed. PSERS will then begin the process of creating the member *Statements of Account*.

PSERS is asking for a two-week turnaround time from when you receive the report to when you notify us that all is ready. Contact your ESC representative if you need any assistance or clarification.

Information for New School Employees

PSERS provides employers with the *Information for New School Employees* handout for your use and for you to provide it to your new employees. This handout provides general educational information about PSERS as well as an overview of the benefits available to PSERS members.

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

Internships and PSERS Eligibility

We want to take a moment to clarify reporting requirements surrounding interns. Interns not receiving school credit for their service should be reported the same way as all other employees.

Interns who are receiving school credit for their internship or whose curriculum requires the internship to be completed prior to graduation:

- Cannot receive PSERS credit for the same service.
- Should not be reported to PSERS while completing their internships.
- Cannot purchase this service at a later date.

An adjustment will need to be done to remove any ineligible salary and/or service. If contributions were withheld, PSERS will reimburse to the district both the employee and employer shares. The district will need to refund the employee through payroll deductions. This process will ensure that the earnings are taxed properly. If you have questions about any interns you may have reported, please contact your ESC Representative.

PSERS uses the following guidelines to determine if an employer/employee relationship exists(ed) and service rendered at a public school while an intern is creditable to be reported or purchased. Note – All criteria will be considered in rendering determinations of eligibility.

The following factors indicate that service credit should be approved:

- The position could have been filled by **any** qualified person, not only a student (even if students were the only individuals recruited or hired for the position).
- The service was not mandated as part of the student's curriculum.

The following factors indicate that service credit should be denied:

- The position was part of a financial aid package (for example, a work-study position).
- The student received a tuition waiver for the employment.
- The service was part of the student's curriculum.
- The student received academic credit for the employment.
- The position is that of a Graduate Assistant or a Resident Assistant.
- The position could only be filled by students (due to restrictions tied to the funding or other limitations, not to institutional practice or policy).

The employee has the responsibility to provide proof of the position type. Such proof may come from the employer or may be supplied by the employee from records of employment history, financial aid, etc. This information is found on the PSERS form *Eligibility of Service Credit for Work Performed While a Student at a College of University* (PSRS-1323), located on our website under Employers, Employerpedia, and Student Employment.

Retirement Incentives

When offering retirement incentives to your employees, keep in mind the time that employees may need to make an informed decision. PSERS strongly suggests that all retiring employees request a staff-prepared Retirement Estimate and schedule a Retirement Exit Counseling session. The processing of PSERS estimates may take 4 to 6 weeks to allow PSERS staff the time to review the retiring employee's account. This review may include contacting multiple employers to verify information and making adjustments to ensure the account reflects accurate salary and service.

Some employees may wish to use the PSERS online Retirement Calculator and go through the retirement process without PSERS assistance. This option, however, may not be available to some employees. They include employees who:

- Work only part-time.
- Have a frozen annuity (previously received a monthly benefit from PSERS).
- Are vested (eligible for a monthly benefit) but are not presently working for a PA public school.
- Are considering disability benefits within the 12 months.
- Are a multiple service member and considering retirement within the next 24 months.

All employers are encouraged to contact PSERS regarding eligible retirement-covered compensation before offering any agreement for additional monies, incentives, bonuses, or payouts.

Contract Records Start and End Dates

Employee contract records should be a timeline of employment history with you. Each contract record start date should reflect the effective date of that particular record. Use the following instructions when entering start dates and end dates:

- When entering the initial ACTIVE contract record for an employee, the start date of the contract should be the first day of actual paid service, NOT the hire date. For subsequent contract records, use the start date of the new record you are entering, not the employee's original start date.
- If the contract record is for an employee who went on leave, use the appropriate leave code in the Work Status and enter the date the leave began in the start date. When they return to work, enter a new ACTIVE record. The start date should be the date they returned to work.
- If one position ends and another one begins, end-date the contract record for the old position and create a new contract record for the new position.
- When an employee terminates ALL employment with your district, enter TRMNTN in the Work Status and enter the last day of paid service in the start date. The end date must be blank.
- If the contract record is for an employee who died, enter DECESD in the Work Status and enter the date of death in the start date. The end date must be blank.

Change To Employer Payment Methods

As first presented in the June 2011 *Employer Bulletin*, PSERS is looking to initiate a best practices requirement for all employers to use the ACH method for submitting payments. PSERS is now in the process of changing the way it accepts payments for Member and Employer Retirement Contributions, as well as payments for monthly Member Purchase of Service. Beginning with your January 2013 payment that is due by February 10, 2013, any employer who currently is using the lockbox method for making payments to PSERS is required to remit payments through an ACH process currently contracted through PNC Bank.

All employers currently using the lockbox to submit payments to PSERS should have received their July through December payment coupons that will accommodate payments through January 2013. Included in this mailing were the two forms necessary for you to participate in the ACH payment process. The forms included with your payment coupons are:

- Authorization Agreement for Restricted (ACH) Debits
- Authorized User of PSERS ACH Remittance Method

If you did not receive your coupons or the ACH forms, please contact Allison Biser at 717-720-4906 or email Allison at abiser@pa.gov. You can print additional copies on the PSERS website under Employer, Employer Forms. Instructions for completing the forms are included online. Please send your completed forms to:

Attn: Allison Biser
Public School Employees' Retirement System
5 N 5th Street
Harrisburg, PA 17101-1905

To have enough time to process your information, we will need your completed forms by October 31, 2012. PSERS will discontinue the use of the lockbox sometime during the spring of 2013. An exact date will be determined and will be communicated to you.

At this time, you must still pay your Employer Lump-Sum billings (Statement of Amount Due letters) by check and mail to our Harrisburg office with the corresponding letters(s). We are hopeful that you will be able to pay your Employer Lump-Sum POS by ACH in the near future. PSERS will notify you when this becomes available.

Please direct any questions or inquiries on the ACH payment process to Allison Biser at the above contact information.

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 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 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. § 8101-8535)

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 Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, 5 N 5th Street, Harrisburg PA 17101-1905. The *CAFR* is also available on the Publications page of the PSERS website.

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 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (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 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions – Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2012, the rate of employer's contribution was 8.65% of covered payroll. The 8.65% rate is composed of a pension contribution rate of 8.00% for pension benefits and 0.65% for healthcare insurance premium assistance.

Please be sure that a copy of this *Employer Bulletin* is given to your business manager or appropriate official responsible for the publication of your school's financial statements. If you have questions, please contact Bill Dudley, PSERS Manager for General Accounting, toll-free at 1-888-773-7748, ext. 4639.