



# EMPLOYER

b u l l e t i n

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*Armstrong, Beaver, Bradford,  
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*Adams, Chester, Cumberland,  
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Lancaster, Mifflin, Montgomery,  
Perry, and York Counties*

### Vacant

### Contact Jane Buchwach

*Berks, Bucks, Carbon, Columbia,  
Lackawanna, Lebanon, Lehigh,  
Luzerne, Monroe, Montour,  
Northampton, Northumberland,  
Pike, Schuylkill, Snyder,  
Susquehanna, Wayne and  
Wyoming Counties*

## Employer Survey

Financial reimbursements made to school entities in Pennsylvania represent a significant part of the Commonwealth of Pennsylvania (COPA) General Fund budget. For this reason, PSERS has created a survey to research the payroll trends as they relate to your budgeting process. PSERS is asking all employers to participate in this survey. This will assist PSERS and COPA to more accurately track and forecast future employer contribution costs to the schools and COPA. Because budgets are developed well in advance of the year being budgeted, your input is valuable and appreciated.

The survey is found on the PSERS website under Employers, Employer News. (The direct link is <http://www.zoomerang.com/Survey/WEB22CNHP5MD33/>.) Please respond to the survey no later than August 8, 2011. Direct any questions to Dominic Pugliese at 717-720-4630, or email at [dpugliese@pa.gov](mailto:dpugliese@pa.gov). Thank you for your help and cooperation.

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## Eliminating the NOWORK Work Status

PSERS is eliminating the NOWORK work status. You will still see the option in the Work Status drop down box but if you try to submit a record with this status, you will receive an error message indicating "Error-NOWORK is not valid work status," and the record will not be transmitted to PSERS.

For those of you who are submitting records each month using NOWORK as the work status and the record doesn't contain any data (meaning wages or service), you must delete the record. You can sort for records with this error and then put a check mark in the Delete column and click "Save" to quickly identify and delete these records. If you have several pages of these errors, you can put a checkmark in the delete field for each person and then click save for each page of errors. Your deletions will not be saved if you forget to click "Save" between pages.

## Qualification Changes for Vested Members

Due to implementation of Act 120, vested members now fall under the guidelines of Once Qualified Always Qualified (OQAQ). Previously, qualification was established only by the employment type and wage type of a member or potential member. OQAQ simplified the analysis by defining all vested members of PSERS as qualified regardless of employment or wage type.

Vesting requirements are defined as follows:

**Class T-C Member** (terminated *prior* to July 1, 2001, and *did not* return to service for at least one year):

- 10 years of credited service

**Class T-C Member** (terminated *after* July 1, 2001, or terminated prior to July 1, 2001, and *returned* to service for at least one year):

- 5 years of credited service

**Class T-D Member:**

- 5 years of credited service

**Class T-E or Class T-F member:**

- 10 years of credited service

Those who have reached superannuation and are eligible for a normal retirement benefit are also considered to be vested. Requirements for reaching superannuation are defined as follows:

**Class T-C or Class T-D Member:**

- 35 years of credited service
- Age 62 with at least one (1) year of credited service
- Age 60 with 30 years of credited service

**Class T-E or Class T-F Member:**

- Age 65 with at least three (3) years of credited service
- Any age/service combination that totals 92 ("Rule of 92") with a minimum of 35 years of credited service. (Example: A member age 57 with 35 years of credited service (57 [age] + 35 [service] = 92) would total 92 and, therefore, would be superannuated.)

More information is found on the PSERS website under Employers, Employerpedia, and the section titled Membership, Qualification, and T-F Election Process.

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## 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 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 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, PO Box 125, Harrisburg PA 17108-0125. 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 percent (Membership Class T-C) or at 6.50 percent (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 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001, contribute at 7.50 percent (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.

Employer Contributions – Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2011, the rate of employer's contribution was 5.64 percent of covered payroll. The 5.64 percent rate is composed of a pension contribution rate of 5.00 percent for pension benefits and 0.64 percent 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.

**Note:** *The provisions of Act 120 of 2010 (Pension Reform Legislation) that relate to member and employer contributions are effective July 1, 2011 and will affect pension plan disclosures for employers in the preparation of their annual financial statements for fiscal year ended June 30, 2012.*